
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 2, 2015

VECTOR GROUP LTD.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-5759

(Commission File Number)

65-0949535

(I.R.S. Employer Identification No.)

4400 Biscayne Boulevard, Miami, Florida

(Address of Principal Executive Offices)

33137

(Zip Code)

(305) 579-8000

(Registrant's Telephone Number, Including Area Code)

(Not Applicable)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02. Results of Operations and Financial Condition

Vector Group Ltd. (the "Company") is filing this Current Report on Form 8-K to revise previously reported non-GAAP financial measures to reflect the impact of its recent 5% stock dividend, which was paid on September 29, 2015 to stockholders of record on September 16, 2015, in calculating its non-GAAP financial measure of Adjusted Pro-forma Net Income (related to Earnings Per Share). The Company is also including Pro-Forma Adjusted Revenues, Pro-forma Adjusted EBITDA, New Valley LLC Pro-forma Adjusted EBITDA, and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA (collectively, with Adjusted Pro-forma Net Income, the "non-GAAP financial measures") for certain of the periods presented in the Selected Financial Data. All non-GAAP financial measures and their reconciliations to GAAP measures have been presented as part of Exhibit 99.2. New Valley's Pro-forma Adjusted EBITDA does not include an allocation of expenses from the "Corporate and Other" segment of Vector Group Ltd. These non-GAAP financial measures included in Exhibit 99.2 were previously reported in the Current Reports on Form 8-K, which were filed on August 5, 2015, July 29, 2015, April 29, 2015, March 2, 2015, November 10, 2014 and October 6, 2014.

Non-GAAP Financial Measures

Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Adjusted Net Income, New Valley LLC Pro-forma Adjusted EBITDA, and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA (hereafter referred to as "the Non-GAAP Financial Measures") are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhance an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company's business and management and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company's business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company's measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies. Included in Exhibit 99.2 as Tables 1 through 5 is information for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 and the three months ended June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014, June 30, 2014 and March 31, 2014 reconciling these non-GAAP Financial Measures to the most comparable GAAP financial measures for the periods above.

Item 8.01. Other Events

On September 2, 2015, the Company's Board of Directors declared a 5% stock dividend to stockholders of record as of September 16, 2015. The stock dividend was paid on September 29, 2015. The Company is filing updated Selected Financial Data to reflect the stock dividend as Exhibit 99.1.

Revisions to December 31, 2014, 2013, 2012, 2011 and 2010 Consolidated Balance Sheets. The Company has revised its December 31, 2014, 2013, 2012, 2011 and 2010 Consolidated Balance Sheets, which originally presented deferred income tax assets and liabilities (current and noncurrent) on a gross basis, rather than a net basis. The revisions conform to ASC 740-10-45-6 which states all current deferred tax liabilities and assets shall be offset and presented as a single amount and all noncurrent deferred tax liabilities and assets shall be offset and presented as a single amount. The Company assessed the materiality of this error on previously issued financial statements and concluded that the error was immaterial.

The revisions are presented in the tables below:

	December 31, 2014		
	As Previously Reported	Revision	As Revised
Current assets	\$ 857,846	\$ (29,192)	\$ 828,654
Total assets	1,573,392	(80,321)	1,493,071
Current liabilities	270,095	(29,192)	240,903
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	\$ 252,032	\$ (51,129)	\$ 200,903

December 31, 2013

	As Previously Reported	Revision	As Revised
Current assets	\$ 588,311	\$ (45,734)	\$ 542,577
Total assets	1,264,261	(97,208)	1,167,053
Current liabilities	405,110	(45,734)	359,376
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	\$ 247,060	\$ (51,474)	\$ 195,586

December 31, 2012

	As Previously Reported	Revision	As Revised
Current assets	\$ 639,056	\$ (27,299)	\$ 611,757
Total assets	1,086,731	(76,441)	1,010,290
Current liabilities	195,159	(27,299)	167,860
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	\$ 211,750	\$ (49,142)	\$ 162,608

December 31, 2011

	As Previously Reported	Revision	As Revised
Current assets	\$ 509,741	\$ (35,885)	\$ 473,856
Total assets	927,768	(66,902)	860,866
Current liabilities	315,198	(35,885)	279,313
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	\$ 159,229	\$ (31,017)	\$ 128,212

December 31, 2010

	As Previously Reported	Revision	As Revised
Current assets	\$ 526,763	\$ (31,786)	\$ 494,977
Total assets	949,595	(69,614)	879,981
Current liabilities	226,872	(31,786)	195,086
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	\$ 121,893	\$ (37,828)	\$ 84,065

Item 9.01. Condensed Consolidated Financial Statements and Exhibit

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Selected Financial Data adjusted to reflect 5% stock dividend paid September 29, 2015 to stockholders of record on September 16, 2015.
99.2	Non-GAAP Financial Measures (furnished pursuant to Regulation FD).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Vice President, Treasurer and Chief Financial Officer

Date: October 2, 2015

Selected Financial Data

The following table sets forth our summary condensed consolidated financial data for the periods presented below and our earnings per share as adjusted for the stock dividends described below. The summary condensed consolidated financial data as of June 30, 2015 have been derived from our unaudited condensed consolidated financial statements. Our unaudited condensed consolidated financial statements include only normal and recurring adjustments, necessary to state fairly the data included therein.

The per-share amounts shown below have been retroactively adjusted to reflect the 5% stock dividend which was paid on September 29, 2015 to stockholders of record on September 16, 2015 (see note (2) below).

Our historical results are not necessarily indicative of the results of operations for future periods, and our results of operations for the six-month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2015. You should read the following summary condensed consolidated financial data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the period ended June 30, 2015.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Statement of Operations Data:					
Total revenues (1)	\$ 1,591,315	\$ 1,079,921	\$ 1,095,533	\$ 1,137,646	\$ 1,066,546
Operating income	213,388	112,036	154,933	143,321	111,313
Net income attributed to Vector Group Ltd.	36,978	38,944	30,622	75,020	54,084
Per basic common share (2)					
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.33	\$ 0.38	\$ 0.31	\$ 0.77	\$ 0.56
Per diluted common share (2)					
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.33	\$ 0.37	\$ 0.31	\$ 0.77	\$ 0.56
Cash distributions declared per common share (2)	\$ 1.47	\$ 1.40	\$ 1.33	\$ 1.27	\$ 1.21

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Balance Sheet Data:						
Current assets	\$ 745,058	\$ 828,654	\$ 542,577	\$ 611,757	\$ 473,856	\$ 494,977
Total assets	1,462,843	1,493,071	1,167,053	1,010,290	860,866	879,981
Current liabilities	230,676	240,903	359,376	167,860	279,313	195,086
Notes payable, embedded derivatives, long-term debt and other obligations, less current portion	1,029,782	1,029,213	633,700	759,074	542,371	647,064
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	204,051	200,903	195,586	162,608	128,212	84,065
Total stockholders' (deficiency) equity	(1,666)	22,052	(21,609)	(79,252)	(89,030)	(46,234)

	For the Three Months Ended						For the Six Months Ended	
	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	June 30, 2015	June 30, 2014
Statement of Operations Data:								
Total revenues (3)	\$ 416,173	\$ 360,760	\$ 417,590	\$ 419,876	\$ 406,613	\$ 347,236	\$ 776,933	\$ 753,849
Operating income	56,040	43,955	47,374	62,984	60,308	42,722	99,995	103,030
Net income attributed to Vector Group Ltd.	17,868	20,956	11,594	14,879	7,925	2,580	38,824	10,505
Per basic common share (2)								
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.15	\$ 0.17	\$ 0.10	\$ 0.13	\$ 0.07	\$ 0.02	\$ 0.32	\$ 0.10
Per diluted common share (2)								
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.15	\$ 0.17	\$ 0.10	\$ 0.13	\$ 0.07	\$ 0.02	\$ 0.32	\$ 0.10
Cash distributions declared per common share (2)	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.76	\$ 0.73

(1) Revenues include excise taxes of \$446,086, \$456,703, \$508,027, \$552,965, and \$538,328, respectively.

(2) Per share computations include the impact of 5% stock dividends on September 29, 2015, September 26, 2014, September 27, 2013, September 28, 2012, September 29, 2011, and September 29, 2010, respectively.

(3) Revenues include excise taxes of \$108,912, \$97,359, \$118,655, \$115,323, \$109,695, \$102,413, \$206,271, and \$212,108 respectively.

TABLE 1
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF PRO-FORMA ADJUSTED REVENUES
(Unaudited)
(Dollars in Thousands)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Revenues, as revised	\$ 1,591,315	\$ 1,079,921	\$ 1,095,533	\$ 1,137,646	\$ 1,066,546
Reclassification of revenues as a result of the consolidation of Douglas Elliman (a)	—	416,453	378,175	346,309	348,136
Purchase accounting adjustments (b)	1,768	1,357	—	—	—
Total adjustments	1,768	417,810	378,175	346,309	348,136
Pro-forma Adjusted Revenues, as revised	<u>\$ 1,593,083</u>	<u>\$ 1,497,731</u>	<u>\$ 1,473,708</u>	<u>\$ 1,483,955</u>	<u>\$ 1,414,682</u>
Pro-forma Adjusted Revenues by Segment					
Tobacco	\$ 1,021,259	\$ 1,014,341	\$ 1,084,546	\$ 1,133,380	\$ 1,063,289
E-cigarettes	8,589	—	—	—	—
Real Estate (c)	563,235	483,390	389,162	350,575	351,393
Corporate and Other	—	—	—	—	—
Total	<u>\$ 1,593,083</u>	<u>\$ 1,497,731</u>	<u>\$ 1,473,708</u>	<u>\$ 1,483,955</u>	<u>\$ 1,414,682</u>

- a. Represents revenues of Douglas Elliman Realty, LLC for the respective annual periods. For the year ended December 31, 2013, represents revenues from Douglas Elliman Realty, LLC for the period from January 1, 2013 to December 13, 2013. On December 13, 2013, the Company increased its ownership of Douglas Elliman Realty, LLC from 50% to 70.59%. Consequently, after December 13, 2013, the Company consolidates the operations and financial position of Douglas Elliman Realty, LLC in its financial statements. The Company had previously accounted for its interest in Douglas Elliman Realty, LLC under the equity method and revenues from Douglas Elliman Realty, LLC was not included in the Company's revenues.
- b. Amounts represent one-time purchase accounting adjustments to fair value for deferred revenues recorded in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC on December 13, 2013.
- c. Includes Pro-forma Adjusted Revenues from Douglas Elliman Realty, LLC of \$543,230, \$456,909, \$384,267, \$346,309 and \$348,136 for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

TABLE 2
VECTOR GROUP LTD. AND SUBSIDIARIES
COMPUTATION OF PRO-FORMA ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Net income attributed to Vector Group Ltd.	\$ 36,978	\$ 38,944	\$ 30,622	\$ 75,020	\$ 54,084
Interest expense	160,991	132,147	110,102	100,706	84,096
Income tax expense	33,251	24,795	23,095	48,137	31,486
Net income (loss) attributed to non-controlling interest	12,258	(252)	—	—	—
Depreciation and amortization	24,499	12,631	10,608	10,607	10,790
EBITDA	\$ 267,977	\$ 208,265	\$ 174,427	\$ 234,470	\$ 180,456
Change in fair value of derivatives embedded within convertible debt (a)	(19,409)	(18,935)	7,476	(7,984)	(11,524)
Gain on liquidation of long-term investments	—	—	—	(25,832)	—
Equity (gain) loss on long-term investments (b)	(1,242)	(2,066)	1,261	859	(1,489)
Gain on sale of investment securities available for sale	11	(5,152)	(1,640)	(23,257)	(19,869)
Equity income from real estate ventures (c)	(4,103)	(22,925)	(29,764)	(19,966)	(23,963)
Gain on sale of townhomes	—	—	—	(3,843)	—
Loss on extinguishment of debt	—	21,458	—	1,217	—
Acceleration of interest expense related to debt conversion	5,205	12,414	14,960	—	—
Stock-based compensation expense (d)	3,251	2,519	5,563	3,183	2,704
Litigation settlement and judgment expense (e)	2,475	88,106	—	—	19,161
Impact of MSA Settlement (f)	(1,419)	(11,823)	—	—	—
Gain on acquisition of Douglas Elliman	—	(60,842)	—	—	—
Reclassification of EBITDA as a result of the consolidation of Douglas Elliman (g)	—	46,640	31,558	30,991	44,778
Purchase accounting adjustments	1,478	—	—	—	—
Other, net	(10,552)	(7,550)	(1,179)	(1,736)	(1,508)
Pro-forma Adjusted EBITDA	\$ 243,672	\$ 250,109	\$ 202,662	\$ 188,102	\$ 188,746
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(15,858)	(13,717)	(9,281)	(9,114)	(13,169)
Pro-forma Adjusted EBITDA attributed to Vector Group Ltd.	\$ 227,814	\$ 236,392	\$ 193,381	\$ 178,988	\$ 175,577
Pro-forma Adjusted EBITDA by Segment					
Tobacco	\$ 211,168	\$ 198,866	\$ 185,798	\$ 173,721	\$ 157,528
E-cigarettes	(13,124)	(1,019)	—	—	—
Real Estate (h)	56,036	64,866	29,959	29,388	44,445
Corporate and Other	(10,408)	(12,604)	(13,095)	(15,007)	(13,227)
Total	\$ 243,672	\$ 250,109	\$ 202,662	\$ 188,102	\$ 188,746
Pro-forma Adjusted EBITDA Attributed to Vector Group by Segment					
Tobacco	\$ 211,168	\$ 198,866	\$ 185,798	\$ 173,721	\$ 157,528
E-cigarettes	(13,124)	(1,019)	—	—	—
Real Estate (i)	40,178	51,149	20,678	20,274	31,276
Corporate and Other	(10,408)	(12,604)	(13,095)	(15,007)	(13,227)
Total	\$ 227,814	\$ 236,392	\$ 193,381	\$ 178,988	\$ 175,577

- a. Represents income or losses recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.
b. Represents income or losses recognized on long-term investments that the Company accounts for under the equity method.

- c. Represents equity income recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- d. Represents amortization of stock-based compensation.
- e. Represents accrual for a settlement of an *Engle* progeny judgment.
- f. Represents the Company's tobacco business's settlement of a long-standing dispute related to the Master Settlement Agreement.
- g. Represents EBITDA of Douglas Elliman Realty, LLC for all periods prior to December 13, 2013. On December 13, 2013, the Company increased its ownership of Douglas Elliman Realty, LLC from 50% to 70.59%. Consequently, after December 13, 2013, the Company consolidates the operations and financial position of Douglas Elliman Realty, LLC in its financial statements. The Company had previously accounted for its interest in Douglas Elliman Realty, LLC under the equity method, and operating income as well as depreciation and amortization expense from Douglas Elliman Realty, LLC, were not included in the Company's Adjusted EBITDA.
- h. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC of \$50,655, \$45,710, \$30,910, \$30,991, and \$44,778 for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Pro-forma Adjusted EBITDA.
- i. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC less non-controlling interest of \$35,757, \$32,267, \$21,629, \$21,877, and \$31,609 for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 respectively. Amounts reported in this footnote have adjusted Douglas Elliman Realty, LLC's Pro-forma Adjusted EBITDA for non-controlling interest.

TABLE 3
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF PRO-FORMA ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net income attributed to Vector Group Ltd.	\$ 17,868	\$ 20,956	\$ 11,594	\$ 14,879	\$ 7,925	\$ 2,580
Acceleration of interest expense related to debt conversion	—	—	93	994	439	3,679
Change in fair value of derivatives embedded within convertible debt	(5,256)	(6,460)	(11,962)	(7,127)	(1,970)	1,650
Non-cash amortization of debt discount on convertible debt	6,516	5,943	9,744	14,581	14,691	12,456
Litigation settlement and judgment expense (a)	1,250	843	750	225	—	1,500
Impact of MSA Settlement (b)	1,607	—	—	—	(1,419)	—
Out-of-period adjustment related to Douglas Elliman acquisition in 2013 (c)	—	—	—	—	—	(1,231)
Douglas Elliman Realty, LLC purchase accounting adjustments (d)	1,343	1,251	1,189	1,252	1,223	2,356
Total adjustments	5,460	1,577	(186)	9,925	12,964	20,410
Tax expense related to adjustments	(2,258)	(652)	77	(4,104)	(5,360)	(8,440)
Adjustments to income tax expense due to purchase accounting (e)	—	—	365	1,305	—	—
Pro-forma Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 21,070</u>	<u>\$ 21,881</u>	<u>\$ 11,850</u>	<u>\$ 22,005</u>	<u>\$ 15,529</u>	<u>\$ 14,550</u>
Per diluted common share:						
Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.10</u>	<u>\$ 0.20</u>	<u>\$ 0.14</u>	<u>\$ 0.14</u>

a. Represents accrual for a settlement of an *Engle* progeny judgment.

b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.

c. Represents an out-of-period adjustment related to a non-accrual of a receivable from Douglas Elliman in the fourth quarter of 2013 and would have increased the Company's gain on acquisition of Douglas Elliman in 2013.

d. Represents 70.59% of one-time purchase accounting adjustments to fair value for assets acquired in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC on December 13, 2013.

e. Represents adjustments to income tax expense due to a change in the Company's marginal income tax rate from 40.6% to 41.35% as a result of its acquisition of 20.59% of Douglas Elliman Realty, LLC on December 13, 2013.

TABLE 3
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF PRO-FORMA ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Net income attributed to Vector Group Ltd.	\$ 36,978	\$ 38,944	\$ 30,622	\$ 75,020	\$ 54,084
Acceleration of interest expense related to debt conversion	5,205	12,414	14,960	1,217	—
Change in fair value of derivatives embedded within convertible debt	(19,409)	(18,935)	7,476	(7,984)	(11,524)
Non-cash amortization of debt discount on convertible debt	51,472	36,378	18,016	10,441	6,967
Loss on extinguishment of 11% Senior Secured Notes due 2015	—	21,458	—	—	—
Litigation settlement and judgment expense (a)	2,475	88,106	—	—	19,161
Impact of MSA Settlement (b)	(1,419)	(11,823)	—	—	—
Interest income from MSA Settlement (c)	—	(1,971)	—	—	—
Gain on acquisition of Douglas Elliman Realty, LLC (d)	—	(60,842)	—	—	—
Adjustment to reflect additional 20.59% of net income from Douglas Elliman Realty, LLC (e)	—	8,557	5,947	5,811	8,509
Out-of-period adjustment related to Douglas Elliman acquisition in 2013 (f)	(1,231)	—	—	—	—
Douglas Elliman Realty, LLC purchase accounting adjustments (g)	6,019	1,165	—	—	—
Gain on liquidation of long-term investments	—	—	—	(25,832)	—
Gain on townhomes	—	—	—	(3,843)	—
Total adjustments	43,112	74,507	46,399	(20,190)	23,113
Tax (expense) benefit related to adjustments	(17,827)	(29,467)	(19,332)	8,197	(9,384)
Adjustments to income tax expense due to purchase accounting (h)	1,670	—	—	—	—
Pro-forma Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 63,933</u>	<u>\$ 83,984</u>	<u>\$ 57,689</u>	<u>\$ 63,027</u>	<u>\$ 67,813</u>
Per diluted common share:					
Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.57</u>	<u>\$ 0.81</u>	<u>\$ 0.58</u>	<u>\$ 0.64</u>	<u>\$ 0.70</u>

a. Represents accrual for a settlement of an *Engle* progeny judgment.

b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.

c. Represents interest income from the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.

d. Represents gain associated with the increase of ownership of Douglas Elliman Realty, LLC.

e. Represents 20.59% of Douglas Elliman Realty LLC's net income from January 1, 2013 to December 13, 2013 and the years ended December 31, 2012, 2011, and 2010. On December 13, 2013, the Company increased its ownership of Douglas Elliman Realty, LLC from 50% to 70.59%. Consequently, after December 13, 2013, the Company includes an additional 20.59% of Adjusted Net Income from Douglas Elliman Realty, LLC in the Company's Adjusted Net Income.

f. Represents an out-of-period adjustment related to a non-accrual of a receivable from Douglas Elliman in the fourth quarter of 2013 and would have increased the Company's gain on acquisition of Douglas Elliman in 2013.

g. Amounts represents 70.59% of one-time purchase accounting adjustments to fair value for assets acquired in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC on December 13, 2013.

h. Represents adjustments to income tax expense due to a change in the Company's marginal income tax rate from 40.6% to 41.35% as a result of its acquisition of 20.59% of Douglas Elliman Realty, LLC on December 13, 2013.

TABLE 4
VECTOR GROUP LTD. AND SUBSIDIARIES
COMPUTATION OF NEW VALLEY LLC PRO-FORMA ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Net income attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 21,420	\$ 59,422	\$ 16,406	\$ 12,917	\$ 13,797
Interest expense (a)	41	14	23	32	41
Income tax expense (a)	17,428	40,740	11,403	8,829	9,197
Net income (loss) attributed to non-controlling interest (a)	12,258	(252)	—	—	—
Depreciation and amortization	12,204	2,421	414	326	298
EBITDA	\$ 63,351	\$ 102,345	\$ 28,246	\$ 22,104	\$ 23,333
Income from non-guarantors other than New Valley	93	131	—	—	—
Equity income from real estate ventures (b)	(4,103)	(22,925)	(29,764)	(19,966)	(23,963)
Gain on sale of townhomes	—	—	—	(3,843)	—
Gain on acquisition of Douglas Elliman	—	(60,842)	—	—	—
Reclassification of EBITDA as a result of the consolidation of Douglas Elliman (c)	—	46,640	31,558	30,991	44,778
Purchase accounting adjustments	1,478	—	—	—	—
Other, net	(4,786)	(348)	(136)	—	—
Pro-forma Adjusted EBITDA	\$ 56,033	\$ 65,001	\$ 29,904	\$ 29,286	\$ 44,148
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(15,858)	(13,717)	(9,281)	(9,114)	(13,169)
Pro-forma Adjusted EBITDA attributed to New Valley LLC	\$ 40,175	\$ 51,284	\$ 20,623	\$ 20,172	\$ 30,979
Pro-forma Adjusted EBITDA by Segment					
Real Estate (d)	\$ 56,036	\$ 64,866	\$ 29,959	\$ 29,388	\$ 44,445
Corporate and Other	(3)	135	(55)	(102)	(297)
Total (f)	\$ 56,033	\$ 65,001	\$ 29,904	\$ 29,286	\$ 44,148
Pro-forma Adjusted EBITDA Attributed to New Valley LLC by Segment					
Real Estate (e)	\$ 40,178	\$ 51,149	\$ 20,678	\$ 20,274	\$ 31,276
Corporate and Other	(3)	135	(55)	(102)	(297)
Total (f)	\$ 40,175	\$ 51,284	\$ 20,623	\$ 20,172	\$ 30,979

- a. Amounts are derived from Vector Group Ltd.'s Consolidated Financial Statements. See Note entitled "Vector Group Ltd.'s Condensed Consolidating Financial Information" contained in Vector Group Ltd.'s Form 10-Q and 10-K for each respective period.
- b. Represents equity income recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- c. Represents EBITDA of Douglas Elliman Realty, LLC for all periods prior to December 13, 2013. On December 13, 2013, the Company increased its ownership of Douglas Elliman Realty, LLC from 50% to 70.59%. Consequently, after December 13, 2013, the Company consolidates the operations and financial position of Douglas Elliman Realty, LLC in its financial statements. The Company had previously accounted for its interest in Douglas Elliman Realty, LLC under the equity method, and operating income as well as depreciation and amortization expense from Douglas Elliman Realty, LLC, were not included in the Company's Adjusted EBITDA.
- d. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC of \$50,655, \$45,710, \$30,910, \$30,991, and \$44,778 for the years ended December 31, 2014, 2013, 2012, 2011, and 2010, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Pro-forma Adjusted EBITDA.
- e. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC less non-controlling interest of \$35,757, \$32,267, \$21,629, \$21,877, and \$31,609 for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 respectively. Amounts reported in this footnote have adjusted Douglas Elliman Realty, LLC's Pro-forma Adjusted EBITDA for minority interest.
- f. New Valley's Pro-forma Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s "Corporate and Other" segment's expenses of \$10,408, \$12,604, \$13,095, and \$15,007 for the years ended December 31 2014, 2013, 2012, and 2011, respectively.

TABLE 5
VECTOR GROUP LTD. AND SUBSIDIARIES
COMPUTATION OF DOUGLAS ELLIMAN REALTY, LLC PRO-FORMA ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	Twelve Months Ended		
	December 31,		
	2014	2013	2012
Net income attributed to Douglas Elliman Realty, LLC	\$ 38,414	\$ 38,095	\$ 28,881
Interest expense	38	18	62
Income tax expense	1,374	996	780
Depreciation and amortization	11,855	6,209	3,664
Douglas Elliman Realty, LLC EBITDA	\$ 51,681	\$ 45,318	\$ 33,387
Equity income from real estate ventures (a)	(110)	(57)	(1,829)
Purchase accounting adjustments	1,478	1,357	—
Income from Douglas Elliman Florida LLC	—	(930)	(648)
Other, net	(2,394)	22	—
Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA	\$ 50,655	\$ 45,710	\$ 30,910

a. Represents equity income recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.