
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): December 11, 2012

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.)

100 S.E. Second Street, Miami, Florida

(Address of Principal Executive Offices)

33131

(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:

- 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))
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Items to be Included in this Report

Item 8.01. Other Events.

On December 11, 2012, the Compensation Committee of the Board of Directors of Vector Group Ltd. (the "Corporation") approved an acceleration of the vesting to December 11, 2012 of an aggregate of 243,101 shares of restricted stock (the "Award Shares") that were previously awarded to Howard M. Lorber, the Corporation's President and Chief Executive Officer. The Award Shares had been granted under a Restricted Share Award Agreement between the Corporation and Mr. Lorber, dated April 7, 2009 (the "Award Agreement"), and were previously scheduled to vest in equal parts on September 15, 2013 and September 15, 2014. In accordance with the terms of the Award Agreement, Mr. Lorber will also receive upon vesting all accrued and unpaid dividends on the Award Shares (the "Accrued Dividends").

In connection with, and as a condition to, the acceleration of the vesting schedule, Mr. Lorber entered into an Amendment to the Award Agreement (the "Amendment") and an Agreement (the "Agreement") with the Corporation, effective as of December 11, 2012. Pursuant to the Agreement, Mr. Lorber agreed, in the event his employment with the Corporation terminates prior to September 15, 2014, to repay to the Corporation, in either shares of the Corporation's common stock or cash, the fair market value on the termination date of that portion of the Award Shares that he would have otherwise had to forfeit under the Award Agreement had the vesting of the Award Shares not been accelerated, plus cash in the amount of any Accrued Dividends and any additional dividends declared on such shares. The Compensation Committee approved the Agreement and the Amendment on December 11, 2012.

The foregoing description of the Agreement and Amendment is summary in nature and is qualified in its entirety by reference to the Agreement and Amendment, copies of which are attached hereto as Exhibits 10.1 and 10.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Agreement, effective as of December 11, 2012, by and between Vector Group Ltd. and Howard M. Lorber.
10.2	Amendment, effective as of December 11, 2012, to the Restricted Share Award Agreement, dated as of April 7, 2009, by and between Vector Group Ltd. and Howard M. Lorber

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: December 14, 2012

Exhibit Index

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10.1	Agreement, effective as of December 11, 2012, by and between Vector Group Ltd. and Howard M. Lorber.
10.2	Amendment, effective as of December 11, 2012, to the Restricted Share Award Agreement, dated as of April 7, 2009, by and between Vector Group Ltd. and Howard M. Lorber

AGREEMENT

THIS AGREEMENT (this "Agreement"), effective as of December 11, 2012 (the "Effective Date"), by and between Vector Group Ltd., a Delaware corporation (the "Company"), and Howard M. Lorber (the "Executive").

WITNESSETH:

A. WHEREAS, the Executive serves as the President and Chief Executive Officer of the Company, pursuant to an Amended and Restated Employment Agreement dated as of January 27, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Employment Agreement"); and

B. WHEREAS, pursuant to a Restricted Share Award Agreement, effective as of April 7, 2009, between the Company and the Executive (as amended, restated, supplemented or otherwise modified from time to time, the "Award Agreement"), the Company previously granted to the Executive 607,753 shares (collectively, the "Award Shares") of its Common Stock, \$.10 par value per share (the "Common Stock"), pursuant to the Company's Amended and Restated 1999 Long-Term Incentive Plan (as amended, restated, supplemented or otherwise modified from time to time, the "Plan"); and

C. WHEREAS, pursuant to the terms of the Award Agreement and the Plan, the Executive is entitled to receive dividends declared by the Company with respect to any unvested portion of the Award Shares; and

D. WHEREAS, as of the Effective Date, 121,550 Award Shares are scheduled to vest on September 15, 2013 and 121,551 Award Shares are scheduled to vest on September 15, 2014 (the "Remaining Award Shares"); and

E. WHEREAS, in accordance with the terms of the Award Agreement and the Plan, the Compensation Committee of the Company's Board of Directors (the "Committee") has agreed to (i) accelerate the vesting schedules of the Remaining Award Shares to the Effective Date, and (ii) pay all accrued and unpaid dividends on the Remaining Award Shares (the "Accrued Dividends") to the Executive on the Effective Date, provided that the Executive concurrently enters into this Agreement with respect to such shares and dividends (the "Acceleration");

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Company and the Executive hereby agree as follows:

1. Upon the vesting of the Remaining Award Shares on the Effective Date, the Remaining Award Shares shall be freely transferable, subject to any restrictions on transfer required by applicable United States federal and state securities laws.

2. In connection with, and as consideration for, the Acceleration, the Executive hereby agrees as follows:

a. In the event the Executive's employment with the Company terminates between the Effective Date and September 15, 2014 (any such termination date, the "Termination Date") and, pursuant to the terms of

the Award Agreement and the Plan, the Executive would have otherwise had to forfeit any or all of the Remaining Award Shares (assuming the Acceleration had not occurred) (the number of shares of Common Stock, the “Replacement Shares”), the Executive shall, as promptly as practicable, but in no event more than ten (10) business days after such termination, transfer to the Company shares of Common Stock and/or cash in the amounts set forth immediately below, without payment in either case of additional consideration by the Company:

(i) either shares of Common Stock (the “Termination Date Replacement Shares”) with a value equal to, or cash in an amount equal to, the Fair Market Value of the Replacement Shares; plus

(ii) an amount in cash equal to the amount of the Accrued Dividends; plus

(iii) an amount in cash equal to any other dividends declared on the Replacement Shares between the Effective Date and the Termination Date.

For purposes of this Section 2(a), the “Fair Market Value” of shares of Common Stock shall be calculated by reference to the closing price of the Company’s Common Stock on the New York Stock Exchange on the Termination Date.

Any cash payment shall be made by wire transfer of immediately available funds to the account designated by the Company. Notwithstanding the foregoing, in the event that a transfer of the Termination Date Replacement Shares would obligate the Executive to disgorge profits under Section 16 of the Securities Exchange Act of 1934, as amended (“Section 16”), the Executive shall transfer the Termination Date Replacement Shares to the Company within ten (10) business days following the date on which disgorgement under Section 16 becomes inapplicable; provided that in no event shall the transfer occur more than six (6) months from the Executive’s termination date.

b. The Executive shall be solely responsible for any and all fees, expenses and taxes associated with the transfer of the Termination Date Replacement Shares to the Company. In the event of a default by the Executive under Section 2(a) of this Agreement, the Executive hereby consents to a deduction from any severance amounts or other payments the Company may owe the Executive from time to time after the date of the Executive’s termination with the Company, to the extent of the amounts the Executive owes the Company pursuant to the terms of this Agreement. In addition, in the event of a breach of the Executive’s obligations under this Agreement, the Executive agrees to pay to the Company all costs of enforcement of this Agreement, including, but not limited to reasonable attorney fees.

3. This Agreement and any obligations hereunder shall not be assigned, pledged, alienated, sold, attached, encumbered or transferred in any way by the Executive and any attempt to do so shall be void. The Company may assign or transfer its rights and obligations under this Agreement, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs (in the case of the Executive) and assigns.

4. This Agreement shall not confer upon the Executive any right to continued employment with the Company, nor shall it interfere in any way with the right of the Company to terminate the employment of the Executive pursuant to the terms of the Employment Agreement.

5. In the event of any change in the outstanding shares of the same class of shares of the Company as the Replacement Shares, the Accrued Dividends, or any other dividends declared on the Replacement Shares by reason of a stock dividend, recapitalization, merger, consolidation, split-up, subdivision,

contribution or exchange of shares, or the like, the aggregate amount the Executive owes the Company pursuant to the terms of this Agreement shall be proportionately adjusted by the Company.

6. If any provision of this Agreement shall, for any reason, be adjudicated by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not effect, impair or invalidate the remainder of this Agreement but shall be confined in its operation to the jurisdiction in which made and to the provisions of this Agreement directly involved in the controversy in which such judgment shall have been rendered.

7. This Agreement may be modified only by a writing signed by both parties hereto, and then only to the extent expressly set forth in such writing. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach or violation of the same or other provision hereof. Any waiver must be in writing.

8. This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument, and all signatures need not appear on any one counterpart.

9. This Agreement and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof. **The Company and the Executive each hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or any transaction contemplated hereby.**

10. This Agreement embodies the entire understanding, and supersedes all other oral or written agreements or understandings, between the parties regarding the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Vice President, Treasurer and Chief Financial Officer

/s/ Howard M. Lorber

Howard M. Lorber

December 11, 2012

Mr. Howard M. Lorber
Vector Group Ltd.
100 SE 2nd Street; 32nd Floor
Miami, FL 33131

Dear Howard:

This letter agreement constitutes an amendment to the Restricted Share Award Agreement (the "Agreement"), dated as of April 7, 2009, by and between Vector Group Ltd., a Delaware corporation (together with its successors and assigns, the "Company"), and Howard M. Lorber (the "Executive"). The Company and Executive hereby amend the Agreement such that the Award Shares scheduled to vest on September 15, 2013 and September 15, 2014 will now vest on December 11, 2012.

This letter agreement constitutes an amendment to and a modification of the Agreement and shall for all purposes be considered a part of the Agreement. Except as amended hereby, the Agreement is confirmed and ratified in all respects and shall remain in full force and effect.

Please indicate your agreement with the foregoing by countersigning two copies of this letter agreement in the space provided below and returning one of such copies to us.

Very truly yours,

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Vice President, Treasurer and Chief Financial
Officer

The foregoing letter agreement
is consented and agreed to as
of the date first above written.

By: /s/ Howard M. Lorber

Howard M. Lorber