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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): April 1, 2016

**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)

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))
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## **Item 2.02. Results of Operations and Financial Condition**

Vector Group Ltd.'s (the "Company") Annual Report on Form 10-K for the year ended December 31, 2015 contained retrospectively adjusted financial statements that reflected its adoption of the equity method of accounting for two investments (Ladenburg Thalmann Financial Services Inc. and Castle Brands, Inc.). Under Generally Accepted Accounting Principles ("GAAP"), the equity method of accounting was retroactively applied to each investment since inception.

The Company is filing this Current Report on Form 8-K to retrospectively adjust its previously reported Statement of Operations for the quarterly periods ended March 31, 2015, June 30, 2015 and September 30, 2015, which are included as Exhibit 99.1.

The Company is also filing this Current Report on Form 8-K to retrospectively adjust certain non-GAAP Financial Measures previously reported in the Company's Current Reports on Form 8-K, dated October 2, 2015 and November 2, 2015. Exhibit 99.2 of this Current Report on Form 8-K includes retrospectively adjusted Pro-forma Adjusted EBITDA, Pro-forma Adjusted Net Income and Pro-forma Adjusted Operating Income for periods previously reported. In addition to Exhibit 99.2, Exhibits 99.3, 99.4 and 99.5 contain the Non-GAAP Financial Measures discussed below.

### **Non-GAAP Financial Measures**

Non-GAAP Financial Measures include adjustments for purchase accounting associated with the Company's acquisition of its additional 20.59% interest in Douglas Elliman Realty, LLC, and the related purchase accounting adjustments, occurred prior to the beginning of each period presented. Non-GAAP Financial Measures also include adjustments for litigation settlement and judgment expenses in the Tobacco segment, settlements of long-standing disputes related to the Master Settlement Agreement in the Tobacco segment, restructuring and pension settlement expense in the Tobacco segment, non-cash stock compensation expense (for purposes of Pro-forma Adjusted EBITDA only) and non-cash interest items associated with the Company's convertible debt.

Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Adjusted Net Income, Pro-forma Adjusted Operating Income, Tobacco Adjusted Operating Income, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Adjusted Revenues, and Douglas Elliman Realty, LLC Adjusted EBITDA (hereafter referred to as "the Non-GAAP Financial Measures") are financial measures not prepared in accordance with GAAP. The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances 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.

Pro-forma Adjusted Revenues is defined as Revenues plus the additional revenues as a result of the consolidation of Douglas Elliman plus 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. EBITDA is defined as Net Income before Interest, Taxes, Depreciation and Amortization. Pro-forma Adjusted EBITDA is EBITDA, as defined above, and as adjusted for changes in fair value of derivatives embedded with convertible debt, equity gains (losses) on long-term investments, gains (losses) on sale of investment securities available for sale, equity income from non-consolidated real estate businesses, loss on extinguishment of debt, acceleration of interest expense related to debt conversion, stock-based compensation expense, litigation settlement and judgment expense, settlements of long-standing disputes related to the Master Settlement Agreement ("MSA"), restructuring and pension settlement expense, gains on acquisition of Douglas Elliman, changes to EBITDA as a result of the consolidation of Douglas Elliman and other charges.

New Valley LLC ("New Valley"), the real estate subsidiary of the Company, owns real estate and 70.59% of Douglas Elliman, the largest residential brokerage firm in the New York metropolitan area, as well as a minority stake in numerous real estate investments. New Valley LLC Pro-forma Adjusted Revenues and New Valley LLC Pro-forma Adjusted EBITDA are defined as the portion of Pro-forma Adjusted Revenues and Pro-forma Adjusted EBITDA that relate to New Valley. New Valley's Pro-forma Adjusted EBITDA does not include an allocation of expenses from the Corporate and Other segment of Vector Group Ltd.

**Item 9.01. Financial Statements and Exhibit**

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Selected Financial Data.
99.2	Non-GAAP Financial Measures (furnished pursuant to Regulation FD).
99.3	Investor Presentation of Vector Group Ltd. dated April 2016 (furnished pursuant to Regulation FD).
99.4	Fact Sheet of Vector Group Ltd. (furnished pursuant to Regulation FD).
99.5	Fact Sheet of New Valley LLC (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: April 1, 2016

**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**SELECT FINANCIAL DATA**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Dollars in Thousands, Except Per Share Amounts)**

Three Months Ended

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
	(Unaudited)			
<b>Revenues</b>				
Tobacco*	\$ 270,616	\$ 264,170	\$ 254,890	\$ 228,085
Real estate	162,565	185,563	161,022	132,256
E-Cigarettes	(2,851)	201	261	419
Total revenues	<u>430,330</u>	<u>449,934</u>	<u>416,173</u>	<u>360,760</u>
<b>Expenses:</b>				
Cost of sales:				
Tobacco*	191,585	174,418	174,867	157,030
Real estate	100,981	121,078	103,870	84,358
E-Cigarettes	22	421	467	630
Total cost of sales	<u>292,588</u>	<u>295,917</u>	<u>279,204</u>	<u>242,018</u>
Operating, selling, administrative and general expenses	86,772	79,352	79,916	74,181
Litigation settlement and judgment expense	14,229	3,750	1,250	843
Restructuring expense	5,709	1,548	—	—
Operating income	<u>31,032</u>	<u>69,367</u>	<u>55,803</u>	<u>43,718</u>
<b>Other income (expenses):</b>				
Interest expense	(24,286)	(32,898)	(31,761)	(31,746)
Change in fair value of derivatives embedded within convertible debt	5,695	7,044	5,256	6,460
Equity in earnings (losses) from real estate ventures	723	(916)	1,856	338
Equity in (losses) earnings from investments	(26)	(1,103)	(2,163)	612
(Loss) gain on sale of investment securities available for sale	(880)	(821)	(190)	13,029
Impairment of investment securities available for sale	(635)	(12,211)	—	—
Other, net	1,308	1,342	1,821	1,937
Income before provision for income taxes	<u>12,931</u>	<u>29,804</u>	<u>30,622</u>	<u>34,348</u>
Income tax expense	<u>3,494</u>	<u>13,694</u>	<u>11,178</u>	<u>12,867</u>
Net income	9,437	16,110	19,444	21,481
Net income attributed to non-controlling interest	<u>(1,533)</u>	<u>(3,644)</u>	<u>(1,837)</u>	<u>(260)</u>
Net income attributed to Vector Group Ltd.	<u>\$ 7,904</u>	<u>\$ 12,466</u>	<u>\$ 17,607</u>	<u>\$ 21,221</u>
<b>Per basic common share:</b>				
Net income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.06</u>	<u>\$ 0.10</u>	<u>\$ 0.14</u>	<u>\$ 0.18</u>
<b>Per diluted common share:</b>				
Net income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.06</u>	<u>\$ 0.10</u>	<u>\$ 0.14</u>	<u>\$ 0.18</u>
Cash distributions declared per share	<u>\$ 0.40</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>

\* Revenues and Cost of goods sold include excise taxes of \$118,342, \$112,773, \$108,912 and \$97,359 respectively.

**TABLE 1**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**COMPUTATION OF PRO-FORMA ADJUSTED EBITDA**  
**(Unaudited)**  
**(Dollars in Thousands)**

	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Net income attributed to Vector Group Ltd.	\$ 7,904	\$ 12,466	\$ 17,607	\$ 21,221
Interest expense	24,286	32,898	31,761	31,746
Income tax expense	3,494	13,694	11,178	12,867
Net income attributed to non-controlling interest	1,533	3,644	1,837	260
Depreciation and amortization	6,258	6,673	6,442	6,281
EBITDA	\$ 43,475	\$ 69,375	\$ 68,825	\$ 72,375
Change in fair value of derivatives embedded within convertible debt (a)	(5,695)	(7,044)	(5,256)	(6,460)
Equity in losses (earnings) from investments (b)	27	1,103	2,163	(612)
Loss (gain) on sale of investment securities available for sale	880	821	190	(13,029)
Impairment of investment securities available for sale	635	12,211	—	—
Equity in (earnings) losses from real estate ventures (c)	(723)	916	(1,856)	(338)
Pension settlement charge	—	—	1,607	—
Stock-based compensation expense (d)	1,972	1,248	1,236	1,164
Litigation settlement and judgment expense (e)	14,229	3,750	1,250	843
Impact of MSA settlement (f)	1,351	(5,715)	—	—
Restructuring expense	5,709	1,548	—	—
Purchase accounting adjustments (g)	379	366	358	332
Other, net	(1,309)	(1,342)	(1,821)	(1,937)
Pro-forma Adjusted EBITDA	\$ 60,930	\$ 77,237	\$ 66,696	\$ 52,338
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(2,535)	(4,735)	(2,913)	(1,084)
Pro-forma Adjusted EBITDA attributed to Vector Group Ltd.	\$ 58,395	\$ 72,502	\$ 63,783	\$ 51,254
<b>Pro-forma Adjusted EBITDA by Segment</b>				
Tobacco	\$ 63,794	\$ 66,084	\$ 62,024	\$ 53,472
E-cigarettes	(5,327)	(2,146)	(2,400)	(3,164)
Real Estate (h)	6,413	15,981	10,326	5,391
Corporate and Other	(3,950)	(2,682)	(3,254)	(3,361)
Total	\$ 60,930	\$ 77,237	\$ 66,696	\$ 52,338
<b>Pro-forma Adjusted EBITDA Attributed to Vector Group by Segment</b>				
Tobacco	\$ 63,794	\$ 66,084	\$ 62,024	\$ 53,472
E-cigarettes	(5,327)	(2,146)	(2,400)	(3,164)
Real Estate (i)	3,878	11,246	7,413	4,307
Corporate and Other	(3,950)	(2,682)	(3,254)	(3,361)
Total	\$ 58,395	\$ 72,502	\$ 63,783	\$ 51,254

- 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 from investments that the Company accounts for under the equity method.
- c. Represents equity income (loss) 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 accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.
- f. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- g. Amounts represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.

- h. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC of \$5,855, \$16,294, \$9,906, and \$3,685 for the three months ended December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015, 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 \$4,133, \$11,502, \$6,993, and \$2,601 for the three months ended December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015, respectively. Amounts reported in this footnote have adjusted Douglas Elliman Realty, LLC's Pro-forma Adjusted EBITDA for non-controlling interest.

**TABLE 1**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**COMPUTATION OF PRO-FORMA ADJUSTED EBITDA**  
**(Unaudited)**  
**(Dollars in Thousands, Except Per Share Amounts)**

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Net income attributed to Vector Group Ltd.	\$ 59,198	\$ 36,856	\$ 37,300	30,675	\$ 74,478
Interest expense	120,691	160,991	132,147	110,102	100,706
Income tax expense	41,233	33,165	23,672	23,131	47,767
Net income (loss) attributed to non-controlling interest	7,274	12,258	(252)	—	—
Depreciation and amortization	25,654	24,499	12,631	10,608	10,607
<b>EBITDA</b>	<b>254,050</b>	<b>267,769</b>	<b>205,498</b>	<b>174,516</b>	<b>233,558</b>
Change in fair value of derivatives embedded within convertible debt (a)	(24,455)	(19,409)	(18,935)	7,476	(7,984)
Gain on liquidation of long-term investments	—	—	—	—	(25,832)
Equity in losses (earnings) on long-term investments (b)	2,681	(3,140)	(3,126)	(264)	710
Loss (gain) on sale of investment securities available for sale	(11,138)	11	(5,152)	(1,640)	(23,257)
Impairment of investment securities	12,846	—	—	—	—
Equity in earnings from real estate ventures (c)	(2,001)	(4,103)	(22,925)	(29,764)	(19,966)
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	—
Pension Settlement Charge	1,607	—	—	—	—
Stock-based compensation expense (d)	5,620	3,251	2,519	5,563	3,183
Litigation settlement and judgment expense (e)	20,072	2,475	88,106	—	—
Impact of MSA Settlement (f)	(4,364)	(1,419)	(11,823)	—	—
Restructuring expense	7,257	—	—	—	—
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
Purchase accounting adjustments (h)	1,435	1,478	—	—	—
Other, net	(6,409)	(9,396)	(4,573)	(593)	(1,375)
<b>Pro-forma Adjusted EBITDA</b>	<b>257,201</b>	<b>242,722</b>	<b>249,259</b>	<b>201,812</b>	<b>187,402</b>
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(11,267)	(15,858)	(13,717)	(9,281)	(9,114)
Pro-forma Adjusted EBITDA attributed to Vector Group Ltd.	245,934	226,864	235,542	192,531	178,288
<b>Pro-forma Adjusted EBITDA by Segment</b>					
Tobacco	245,374	211,168	198,866	185,798	173,721
E-cigarettes	(13,037)	(13,124)	(1,019)	—	—
Real Estate (i)	38,111	56,036	64,866	29,959	29,388
Corporate and Other	(13,247)	(11,358)	(13,454)	(13,945)	(15,707)
<b>Total</b>	<b>257,201</b>	<b>242,722</b>	<b>249,259</b>	<b>201,812</b>	<b>187,402</b>
<b>Pro-forma Adjusted EBITDA by Segment Attributed to VGR</b>					
Tobacco	245,374	211,168	198,866	185,798	173,721
E-cigarettes	(13,037)	(13,124)	(1,019)	—	—
Real Estate (j)	26,844	40,178	51,149	20,678	20,274
Corporate and Other	(13,247)	(11,358)	(13,454)	(13,945)	(15,707)
<b>Total</b>	<b>245,934</b>	<b>226,864</b>	<b>235,542</b>	<b>192,531</b>	<b>178,288</b>

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 from investments that the Company accounts for under the equity method.
- c. Represents equity income (loss) 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 accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.
- f. Represents the Company's tobacco segment'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. Amounts represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- i. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC of \$35,740, \$50,655, \$45,710, \$30,910, and \$30,991 for the years ended December 31, 2015, 2014, 2013, 2012, and 2011, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Pro-forma Adjusted EBITDA.
- j. Includes Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC less non-controlling interest of \$25,229, \$35,757, \$31,993, \$21,629, and \$21,877 for the years ended December 31, 2015, 2014, 2013, 2012, and 2011 respectively. Amounts reported in this footnote have adjusted Douglas Elliman Realty, LLC's Pro-forma Adjusted EBITDA for non-controlling interest.

**TABLE 2**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF PRO-FORMA ADJUSTED NET INCOME**  
**(Unaudited)**  
**(Dollars in Thousands, Except Per Share Amounts)**

	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Net income attributed to Vector Group Ltd.	\$ 7,904	\$ 12,466	\$ 17,607	\$ 21,221
Change in fair value of derivatives embedded within convertible debt	(5,695)	(7,044)	(5,256)	(6,460)
Non-cash amortization of debt discount on convertible debt	7,565	7,187	6,516	5,943
Litigation settlement and judgment expense (a)	14,229	3,750	1,250	843
Cash interest capitalized to real estate venture	(9,928)	—	—	—
Impact of MSA settlement (b)	1,351	(5,715)	—	—
Pension settlement charge	—	—	1,607	—
Restructuring expense	5,709	1,548	—	—
Douglas Elliman Realty, LLC purchase accounting adjustments (c)	1,358	1,351	1,343	1,251
Total adjustments	14,589	1,077	5,460	1,577
Tax expense related to adjustments	(6,089)	(448)	(2,258)	(652)
Pro-forma Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 16,404</u>	<u>\$ 13,095</u>	<u>\$ 20,809</u>	<u>\$ 22,146</u>
Per diluted common share:				
Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.17</u>	<u>\$ 0.18</u>

a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.

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

c. Represents 70.59% of purchase accounting adjustments in the periods presented for assets acquired in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.

**TABLE 2**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF PRO-FORMA ADJUSTED NET INCOME**  
**(Unaudited)**  
**(Dollars in Thousands, Except Per Share Amounts)**

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Net income attributed to Vector Group Ltd.	\$ 59,198	\$ 36,856	\$ 37,300	30,675	\$ 74,478
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	(24,455)	(19,409)	(18,935)	7,476	(7,984)
Non-cash amortization of debt discount on convertible debt	27,211	51,472	36,378	18,016	10,441
Loss on extinguishment of 11% Senior Secured Notes due 2015	—	—	21,458	—	—
Litigation settlement and judgment expense (a)	20,072	2,475	88,106	—	—
Capitalized Interest	(9,928)	—	—	—	—
Impact of MSA Settlement (b)	(4,364)	(1,419)	(11,823)	—	—
Interest income from MSA Settlement (c)	—	—	(1,971)	—	—
Pensions Settlement Charge	1,607	—	—	—	—
Gain on acquisition of Douglas Elliman Realty, LLC (d)	—	—	(60,842)	—	—
Restructuring expense	7,257	—	—	—	—
Gain on liquidation of long-term investments	—	—	—	—	(25,832)
Gain on townhomes	—	—	—	—	(3,843)
Adjustment to reflect additional 20.59% of net income from Douglas Elliman Realty, LLC (e)	—	—	8,557	5,947	5,811
Out-of-period adjustment related to Douglas Elliman acquisition in 2013 (f)	—	(1,231)	—	—	—
Douglas Elliman Realty, LLC purchase accounting adjustments (g)	5,303	6,019	1,165	—	—
<b>Total adjustments</b>	<b>22,703</b>	<b>43,112</b>	<b>74,507</b>	<b>46,399</b>	<b>(20,190)</b>
Tax (expense) benefit related to adjustments	(9,447)	(17,827)	(29,467)	(19,332)	8,197
One-time adjustment to income tax expense due to purchase accounting (h)	—	1,670	—	—	—
<b>Pro-forma Adjusted Net Income attributed to Vector Group Ltd.</b>	<b>72,454</b>	<b>63,811</b>	<b>82,340</b>	<b>57,742</b>	<b>62,485</b>
<b>Per diluted common share:</b>					
<b>Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.</b>	<b>0.60</b>	<b>0.57</b>	<b>0.79</b>	<b>0.58</b>	<b>0.64</b>

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.
- 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 and 2011. 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 Realty in the fourth quarter of 2013 and would have increased the Company's gain on acquisition of Douglas Elliman in 2013.
- g. Represents 70.59% of purchase accounting adjustments in the periods presented for assets acquired in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 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 3**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF PRO-FORMA ADJUSTED OPERATING INCOME**  
**(Unaudited)**  
**(Dollars in Thousands)**

	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Operating income	\$ 31,032	\$ 69,367	\$ 55,803	\$ 43,718
Litigation settlement and judgment expense (a)	14,229	3,750	1,250	843
Pension settlement charge	—	—	1,607	—
Restructuring expense	5,709	1,548	—	—
Impact of MSA settlement (b)	1,351	(5,715)	—	—
Douglas Elliman Realty, LLC purchase accounting adjustments (c)	1,925	1,913	1,903	1,772
Total adjustments	23,214	1,496	4,760	2,615
Pro-forma Adjusted Operating Income (d)	<u>\$ 54,246</u>	<u>\$ 70,863</u>	<u>\$ 60,563</u>	<u>\$ 46,333</u>

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.
- b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- c. Amounts represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- d. Does not include a reduction for 29.41% non-controlling interest in Douglas Elliman Realty, LLC.

**TABLE 3**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF PRO-FORMA ADJUSTED OPERATING INCOME**  
**(Unaudited)**  
**(Dollars in Thousands)**

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Operating income	\$ 199,920	\$ 212,438	\$ 111,186	\$ 154,083	\$ 142,621
Litigation settlement and judgment expense (a)	20,072	2,475	88,106	—	—
Pension settlement charge	1,607	—	—	—	—
Restructuring expense	7,257	—	—	—	—
Impact of MSA settlement (b)	(4,364)	(1,419)	(11,823)	—	—
Reclassification of operating income as a result of the consolidation of Douglas Elliman Realty, LLC (c)	—	—	42,598	27,894	27,299
Douglas Elliman Realty, LLC purchase accounting adjustments (d)	7,513	8,527	1,650	—	—
Total adjustments	32,085	9,583	120,531	27,894	27,299
Pro-forma Adjusted Operating Income (e)	<u>\$ 232,005</u>	<u>\$ 222,021</u>	<u>\$ 231,717</u>	<u>\$ 181,977</u>	<u>\$ 169,920</u>

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.
- b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- c. Represents Adjusted Operating Income 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 in its financial statements. The Company had previously accounted for its interest in Douglas Elliman under the equity method and operating income from Douglas Elliman Realty, LLC was not included in the Company's operating income.
- d. Amounts represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- e. Does not include a reduction for 29.41% non-controlling interest in Douglas Elliman Realty, LLC.



INVESTOR PRESENTATION

April 2016

## DISCLAIMER

This document and any related oral presentation does not constitute an offer or invitation to subscribe for, purchase or otherwise acquire any equity securities or debt securities instruments of Vector Group Ltd. ("Vector", "Vector Group Ltd." or "the Company") and nothing contained herein or its presentation shall form the basis of any contract or commitment whatsoever.

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The following presentation may contain "forward-looking statements," including any statements that may be contained in the presentation that reflect Vector's expectations or beliefs with respect to future events and financial performance, such as the expectation that the tobacco transition payment program could yield substantial incremental free cash flow. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of the Company, including the risk that changes in Vector's capital expenditures impact its expected free cash flow and the other risk factors described in Vector's annual report on Form 10-K for the year ended December 31, 2015, as filed with the SEC. Please also refer to Vector's Current Reports on Forms 8-K, filed on October 2, 2015, March 8, 2016 and April 1, 2016 (Commission File Number 1-5759) as filed with the SEC for information, including cautionary and explanatory language, relating to Non-GAAP Financial Measures in this Presentation labeled "Pro-forma Adjusted" or "Adjusted".

Results actually achieved may differ materially from expected results included in these forward-looking statements as a result of these or other factors. Due to such uncertainties and risks, potential investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date on which such statements are made. The Company disclaims any obligation to, and does not undertake to, update or revise and forward-looking statements in this presentation.

## INVESTMENT HIGHLIGHTS & PORTFOLIO

### Overview

- Diversified Holding Company with two unrelated, but complementary, businesses with iconic brand names: tobacco (Liggett Group) and real estate (Douglas Elliman)
- History of strong earnings, and Pro-Forma Adjusted EBITDA has increased from \$175.6 million in 2010<sup>(1)</sup> to \$245.9 million for year ended December 31, 2015 (7.0% compounded annually)<sup>(2)</sup>
  - Tobacco Adjusted EBITDA of \$245.4 million for the year ended December 31, 2015 <sup>(3)</sup>
  - Douglas Elliman, which is a 70.59%-owned subsidiary, produces Pro-Forma Adjusted Revenues of \$637 million and Pro-Forma Adjusted EBITDA of \$35.7 million for year ended December 31, 2015 <sup>(4)</sup>
- Diversified New Valley portfolio of consolidated and non-consolidated real estate investments
- Maintains substantial liquidity with cash, marketable securities and long-term investments of \$534 million as of December 31, 2015 <sup>(5)</sup> and has no significant debt maturities until February 2019
- Uninterrupted quarterly cash dividends since 1995 and an annual 5% stock dividend since 1999
- Seasoned management team with average tenure of 23 years with Vector Group
- Management team and directors beneficially own approximately 13% of Vector Group
- Perpetual cost advantage over the three largest U.S. tobacco companies – currently worth approximately \$165 million annually<sup>(6)</sup>

*(1) Vector's Net income for the year ended December 31, 2010 was \$54.1 million. Pro-Forma Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, dated October 2, 2015 (Table 1) for a reconciliation of Net income to Pro-Forma Adjusted EBITDA as well as the Disclaimer to this document on Page 2.*

*(2) Vector's Net income for the twelve months ended December 31, 2015 was \$59.2 million. Pro-Forma Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, filed on March 8, 2016, for a reconciliation of Net income to Pro-Forma Adjusted EBITDA as well as the Disclaimer to this document on Page 2.*

*(3) All "Liggett" and "Tobacco" financial information in this presentation includes the operations of Liggett Group LLC, Vector Tobacco Inc., and Liggett Vector Brands LLC unless otherwise noted. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 3 of Exhibit 99.1 to the Company's Current Report on Form 8-K, dated March 8, 2016.*

*(4) Douglas Elliman's revenues were \$635.1 million and its Net income was \$22.2 million for the twelve months ended December 31, 2015. Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA are Non-GAAP Financial Measures. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, dated March 8, 2016, for a reconciliation to Revenues of Non-GAAP financial measures and Net Income to Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA (Tables 9 and 10) as well as the Disclaimer to this document on Page 2.*

*(5) Excludes real estate investments.*

*(6) Cost advantage applies only to cigarettes sold below applicable market share exemption.*





# TOBACCO OPERATIONS

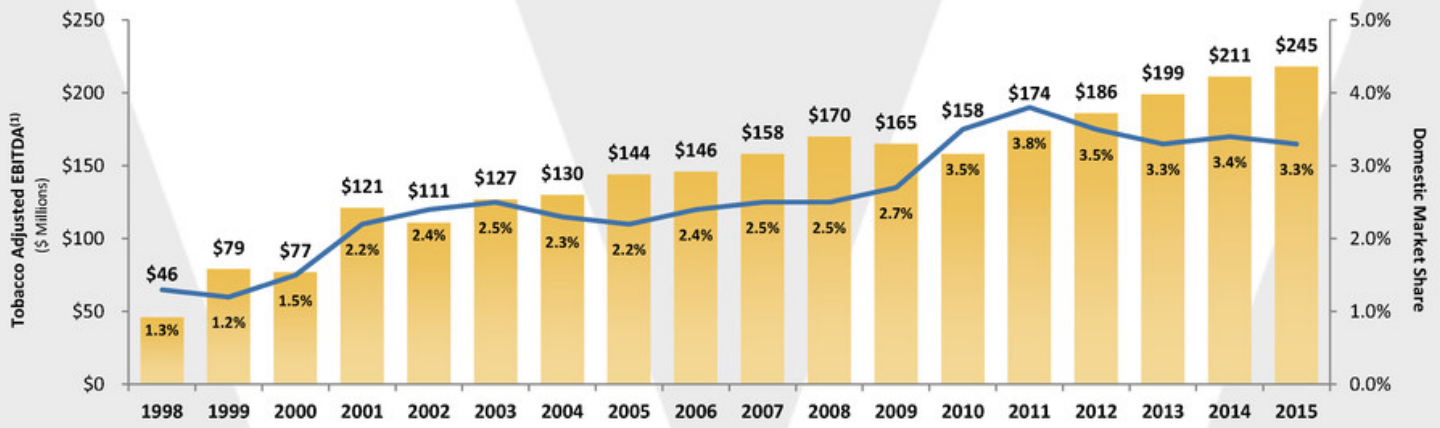
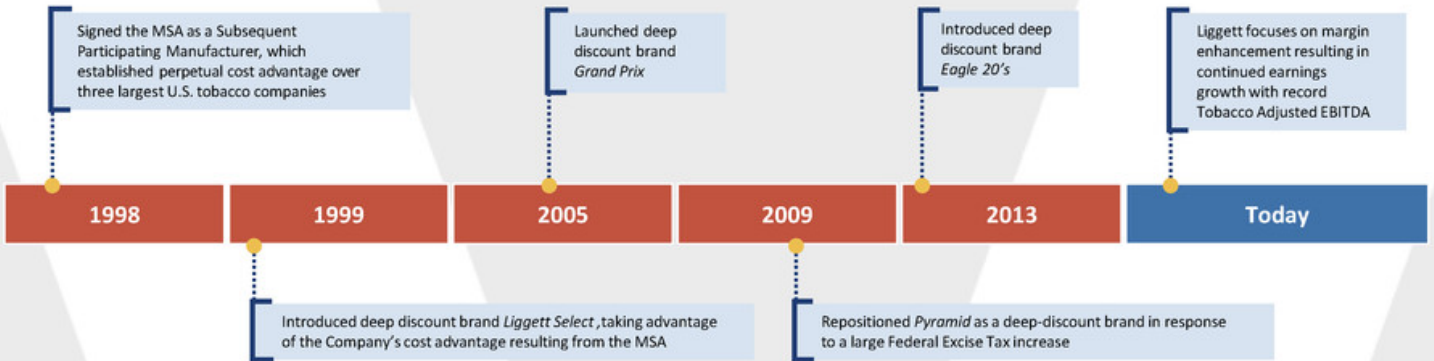
## LIGGETT GROUP OVERVIEW

- Fourth-largest U.S. tobacco company; founded in 1873
  - Core Discount Brands – *Pyramid, Grand Prix, Liggett Select, Eve and Eagle 20's*
  - Partner Brands – *USA, Bronson and Tourney*
- Consistent and strong cash flow
  - Tobacco Adjusted EBITDA of \$245.4 million for the twelve months ended December 31, 2015 <sup>(1)</sup>
  - Low capital requirements with capital expenditures of \$3.7 million related to tobacco operations for the twelve months ended December 31, 2015
- Current cost advantage of 65 cents per pack compared to the three largest U.S. tobacco companies expected to maintain volume and drive profit in core brands
  - Pursuant to the MSA, Liggett has no payment obligations unless its market share exceeds a market share exemption of approximately 1.65% of total cigarettes sold in the United States, and Vector Tobacco has no payment obligations unless its market share exceeds a market share exemption of approximately 0.28% of total cigarettes sold in the United States
  - MSA exemption currently worth approximately \$165 million annually for Liggett and Vector Tobacco



<sup>(1)</sup> Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 3 of Exhibit 99.1 of the Company's Current Report on Form 8-K, dated March 8, 2016. Please also refer to the Disclaimer to this document on Page 2.

# LIGGETT GROUP HISTORY



Source: MSA CRA wholesale shipment database.  
 Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.

(1) Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 3 of Exhibit 99.1 of the Company's Current Reports on Form 8-K, dated March 8, 2016, as well as Table 2 to Exhibit 99.2 of the Company's Current Report on Form 8-K, dated October 2, 2015.

## TOBACCO LITIGATION AND REGULATORY UPDATES

### Litigation

- Liggett led the industry in acknowledging the addictive properties of nicotine while seeking a legislated settlement of litigation
- In 2013, Liggett reached a settlement with approximately 4,900 *Engle* plaintiffs, which represented substantially all of Liggett's pending litigation
  - Liggett agreed to pay \$60 million in a lump sum in 2014 and the balance in installments of \$3.4 million in the following 14 years (2015 – 2028)
  - Approximately 255 *Engle* progeny plaintiffs remain
  - As of December 31, 2015, there were presently another ten cases under appeal, and the range of loss in these cases is \$0 to \$28.5 million (plus attorneys' fees and interest) of which Liggett has secured approximately \$12.8 million in outstanding bonds

### Regulatory

- Since 1998, the MSA has restricted the advertising and marketing of tobacco products
- In 2009, Family Smoking Prevention and Tobacco Control Act granted the FDA power to regulate the manufacture, sale, marketing and packaging of tobacco products
  - FDA is prohibited from issuing regulations that ban cigarettes
- Federal Excise Tax is \$1.01/pack (since April 1, 2009) and additional state and municipal excise taxes exist.



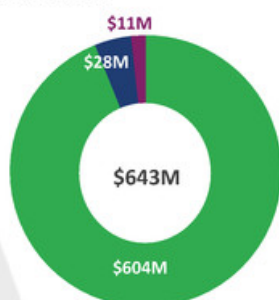
# REAL ESTATE OPERATIONS

## REAL ESTATE OVERVIEW

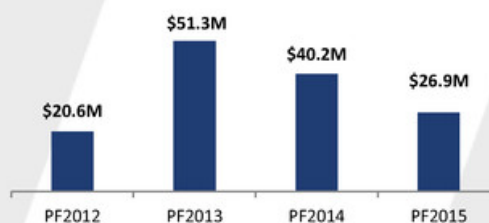
- New Valley, which owns 70.59% of Douglas Elliman Realty, LLC, is a diversified real estate company that is seeking to acquire additional operating companies and real estate properties
- New Valley has invested approximately \$217 million, as of December 31, 2015, in a broad portfolio of 23 real estate investments

### New Valley Pro-Forma Adjusted Revenues – LTM December 31, 2015<sup>(1)</sup>

■ Real Estate Brokerage Commissions    ■ Other  
■ Property Management



### New Valley Pro-Forma Adjusted EBITDA<sup>(1)</sup>

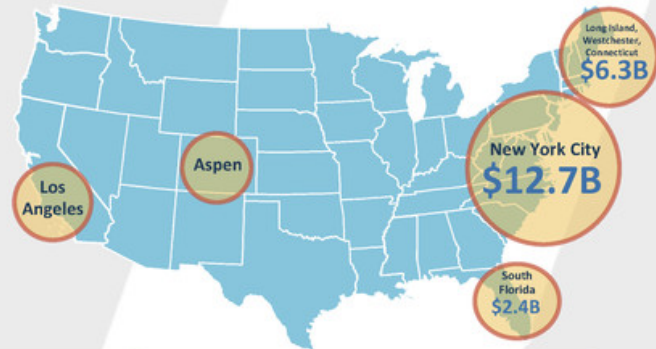


<sup>(1)</sup> New Valley's revenues were \$641.4 million and New Valley's net income was \$16.4 million, \$59.4 million, \$21.4 million and \$11.7 million for the periods presented. Pro-Forma Adjusted EBITDA and Pro-Forma Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Revenues to Pro-Forma Adjusted Revenues and Net income to Pro-Forma Adjusted EBITDA, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on April 1, 2016 (Exhibit 99.2) and March 8, 2016 (Exhibit 99.1) and Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759) as well as the Disclaimer to this document on Page 2. New Valley's Pro-Forma Adjusted EBITDA do not include an allocation of Vector Group Ltd.'s Corporate and Other Expenses (for purposes of computing Pro-Forma Adjusted EBITDA) of \$ 13.9M, \$13.5M, \$11.4M and \$13.2M, for the periods presented, respectively.

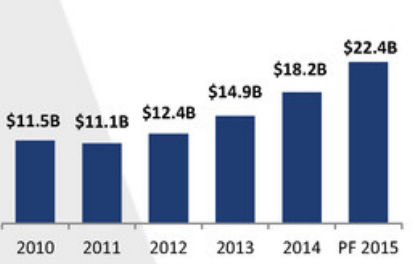
# DOUGLAS ELLIMAN REALTY, LLC

- Largest residential real estate brokerage firm in the highly competitive New York metropolitan area and fourth-largest residential brokerage firm in the U.S. in 2014
- Approximately 6,000 affiliated agents and 80 offices in the U.S.
- Alliance with Knight Frank provides a network with 400 offices across 55 countries with 22,000 affiliated agents
- Also offers title and settlement services, relocation services, and residential property management services through various subsidiaries
- Became a consolidated subsidiary in December 2013

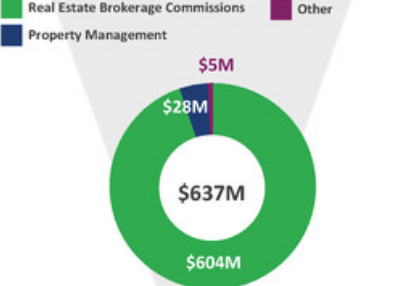
Douglas Elliman Closed Sales – LTM December 31, 2015



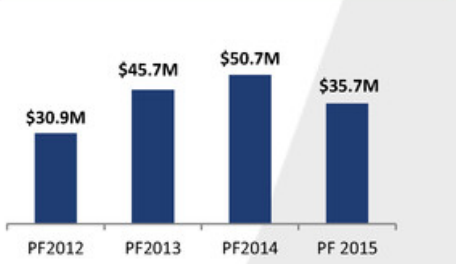
Douglas Elliman Closed Sales – LTM December 31, 2015



Douglas Elliman Pro-Forma Adjusted Revenues – LTM December 31, 2015 <sup>(1)</sup>



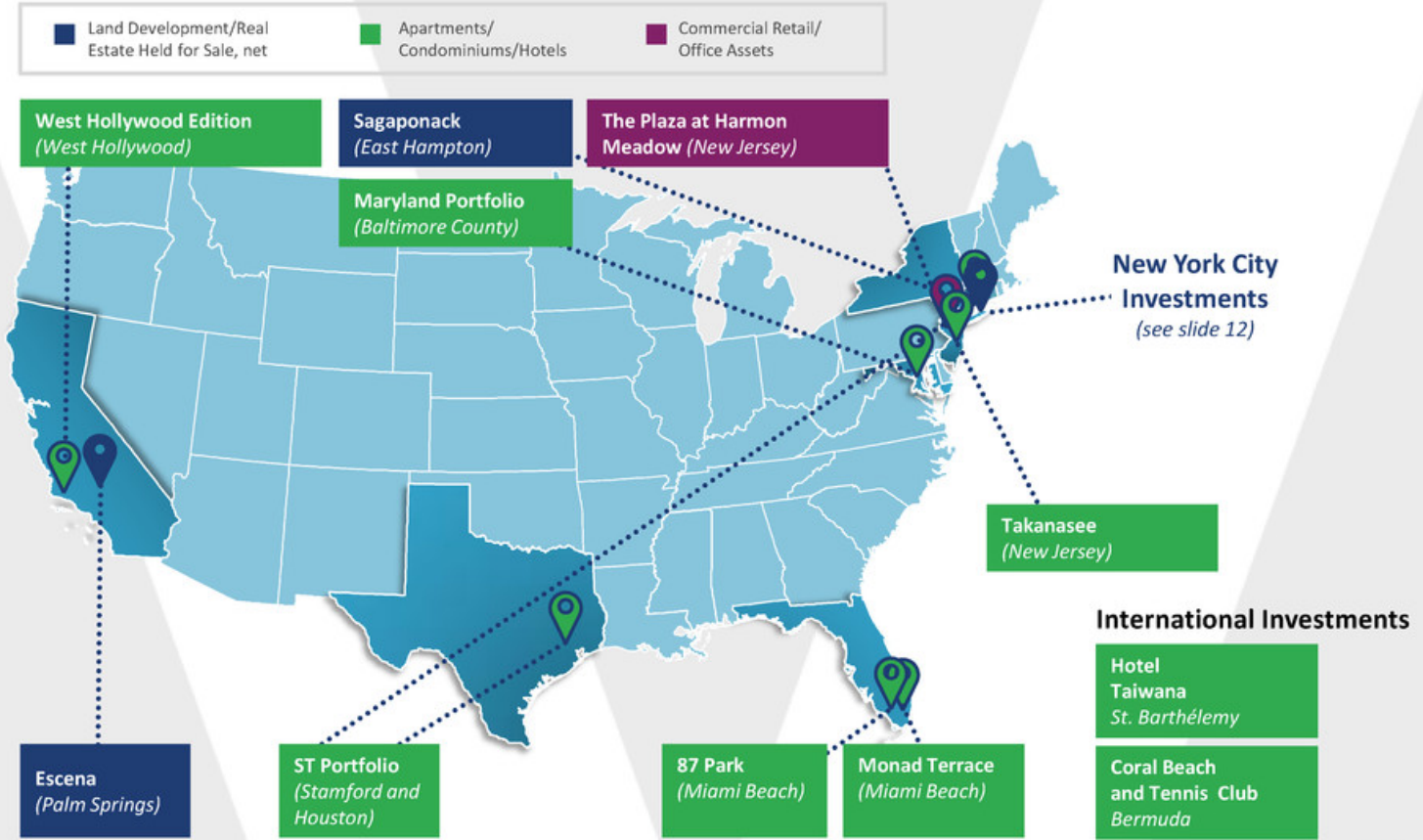
Douglas Elliman Pro-Forma Adjusted EBITDA<sup>(1)</sup>



<sup>(1)</sup> Douglas Elliman's Revenues were \$635.1M for the twelve months ended December 31, 2015 and Douglas Elliman's net income was \$28.9M, \$38.1M, \$38.4M and \$22.2M for the periods presented. Pro-forma Adjusted EBITDA and Pro-forma Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Pro-forma Adjusted EBITDA to net income and Pro-forma Adjusted Revenues to revenues, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on October 2, 2015 (Exhibit 99.2) and March 8, 2016 (Exhibit 99.1) and Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759) as well as the Disclaimer to this document on Page 2.



# NEW VALLEY'S REAL ESTATE INVESTMENTS AT DECEMBER 31, 2015 <sup>(1)</sup>



[1] For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - located on page 45 of Vector Group Ltd.'s Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759).



## NEW VALLEY'S REAL ESTATE INVESTMENTS IN NEW YORK CITY<sup>(1)</sup>



1. **The Marquand** Upper East Side
2. **10 Madison Square Park West** Flatiron District/NoMad
3. **11 Beach Street** TriBeCa
4. **20 Times Square** Times Square
5. **111 Murray Street** TriBeCa
6. **357 West Street** Greenwich Village
7. **PUBLIC Chrystie House** Lower East Side
8. **The Dutch** Long Island City
9. **Queens Plaza** Long Island City
10. **Park Lane Hotel** Central Park South
11. **125 Greenwich Street** Financial District
12. **76 Eleventh Avenue** West Chelsea

(1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations - located on page 45 of Vector Group Ltd.'s Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759).

## NEW VALLEY'S REAL ESTATE SUMMARY AS OF DECEMBER 31, 2015 <sup>(1)</sup>

(Dollars in thousands)	Net cash invested	Cumulative earnings (loss)	Carrying value	Projected cumulative area	Projected construction end date	Range of ownership per investment	Number of investments
<b>Land owned</b>							
New York City SMSA	\$ 12,602	\$ -	\$ 12,602		N/A	100.0%	1
All other U.S. areas	1,975	8,741	10,716	450 Acres	N/A	100.0%	1
	\$ 14,577	\$ 8,741	\$ 23,318				2
<b>Condominium and Mixed Use Development (minority interest owned)</b>							
New York City SMSA	\$ 114,398	\$ 19,169	\$ 133,567	2,885,000 Square feet	2015 - 2019	3.1% - 49.5%	11
All other U.S. areas	28,867	1,589	30,456	530,000 Square feet	2017 - 2019	15.0% - 48.5%	4
	\$ 143,265	\$ 20,758	\$ 164,023	3,415,000 Square feet			15
<b>Apartments (minority interest owned)</b>							
All other U.S. areas	16,079	(325)	15,754	6,005 Apartments	N/A	7.6% - 16.3%	2
	\$ 16,079	\$ (325)	\$ 15,754				2
<b>Hotels (minority interest owned)</b>							
New York City SMSA	\$ 23,695	\$ (3,998)	\$ 19,697	628 Hotel rooms	N/A	5.2%	1
International	13,500	(3,272)	10,228	123 Hotel rooms	N/A	17.0% - 49.0%	2
	\$ 37,195	\$ (7,270)	\$ 29,925	751 Hotel rooms			3
<b>Commercial (minority interest owned)</b>							
New York City SMSA	5,451	(2)	5,449	217,613 Square feet	N/A	49.0%	1
	\$ 5,451	\$ (2)	\$ 5,449				1
<b>Total</b>	<b>\$ 216,567</b>	<b>\$ 21,902</b>	<b>\$ 238,469</b>				<b>23</b>

### SUMMARY

New York City SMSA	\$ 156,146	\$ 15,169	\$ 171,315				14
All other U.S. areas	46,921	10,005	56,926				7
International	13,500	(3,272)	10,228				2
	\$ 216,567	\$ 21,902	\$ 238,469				23

(1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - located on page 45 of Vector Group Ltd.'s Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759).



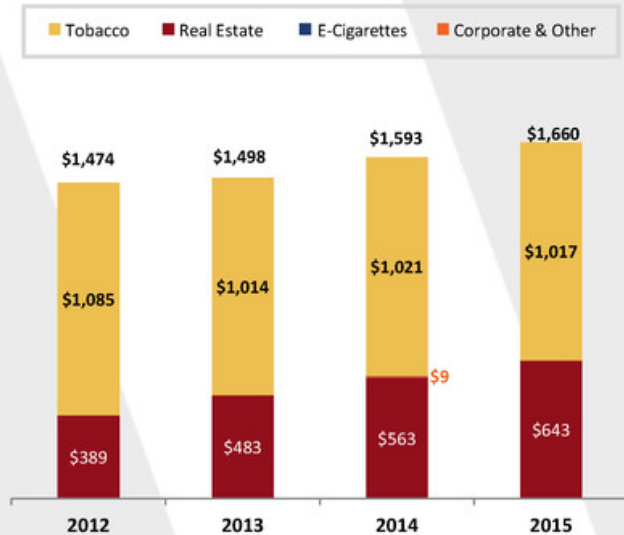
FINANCIAL DATA

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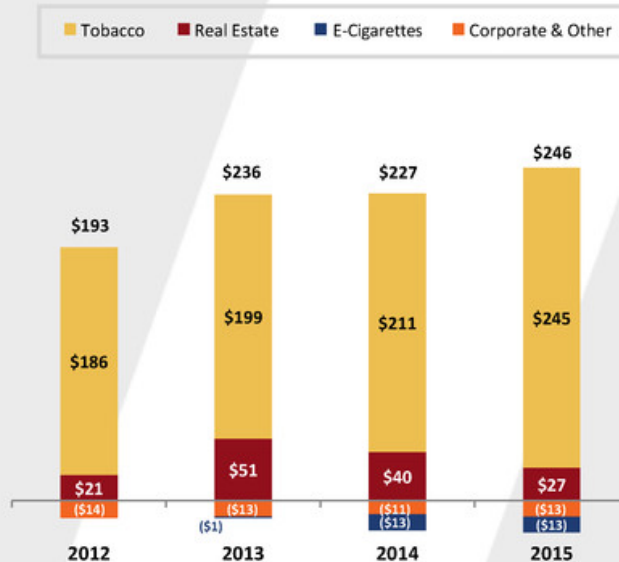
## PRO-FORMA HISTORICAL FINANCIAL DATA

(Dollars in millions)

### Pro-Forma Adjusted Revenues<sup>(1)</sup>

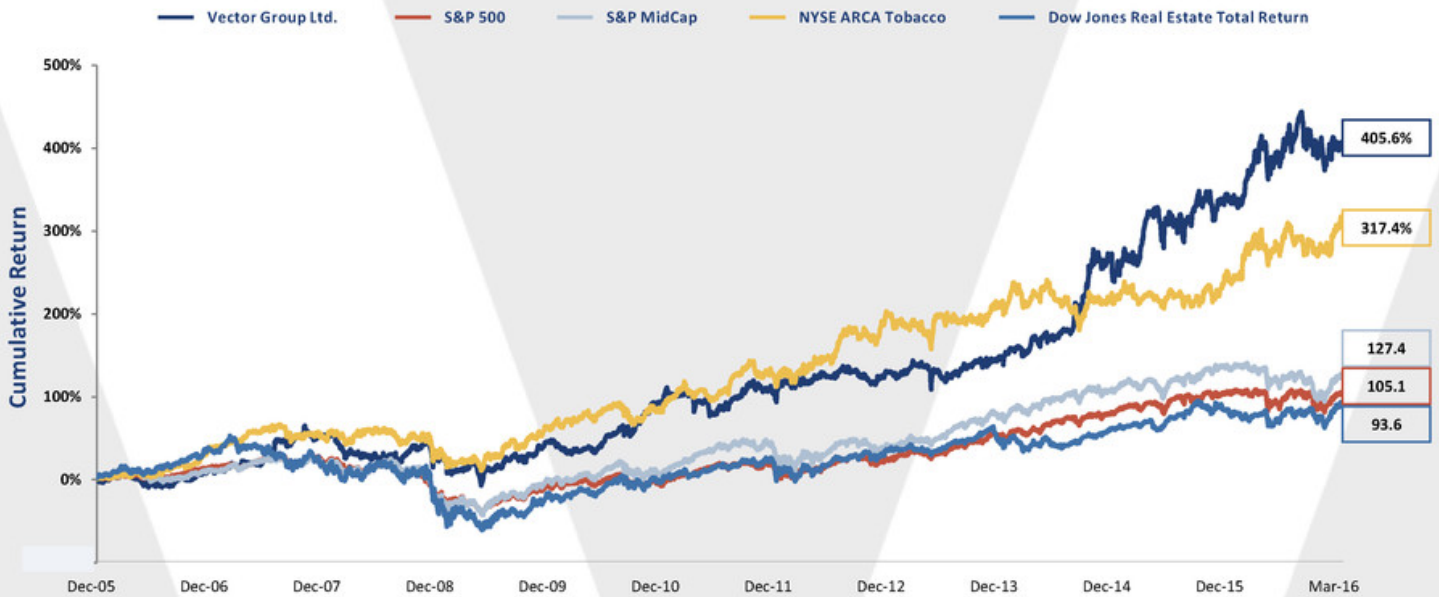


### Pro-Forma Adjusted EBITDA<sup>(1)</sup>



(1) Vector's revenues for the periods presented were \$1.096B, \$1.080B, \$1.591B and \$1.657B, respectively. Vector's Net income for the periods presented was \$30.7M, \$37.3M, \$36.9M and \$59.2M, respectively. Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA are Non-GAAP Financial Measures. Please refer to the Company's Current Report on Forms 8-K, filed on October 2, 2015 (Exhibit 99.2), March 8, 2016 (Exhibit 99.1) and April 2, 2016 (Exhibit 99.2) for a reconciliation of Non-GAAP financial measures to GAAP as well as the Disclaimer to this document on Page 2.

# HISTORICAL STOCK PERFORMANCE



## Value of \$100 Invested – December 31, 2005

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Vector Group Ltd.</b>	100.0	112.1	143.4	112.5	135.4	192.7	227.0	219.3	279.5	411.4	513.2	505.6
<b>S&amp;P 500</b>	100.0	115.8	122.2	77.0	97.4	112.0	114.4	132.7	175.6	199.7	202.4	205.1
<b>S&amp;P MidCap</b>	100.0	110.3	119.1	76.0	104.3	132.1	129.8	152.9	204.1	224.0	219.1	227.4
<b>NYSE ARCA Tobacco</b>	100.0	140.2	154.2	123.0	173.7	207.4	243.9	289.5	319.0	317.0	384.1	417.4
<b>Dow Jones Real Estate Total Return</b>	100.0	135.5	110.9	66.5	86.9	110.4	117.1	139.2	141.6	180.2	184.1	193.6

Note: The graph above compares the total annual return of Vector's Common Stock, the S&P 500 Index, the S&P MidCap 400 Index, the NYSE ARCA Tobacco Index and the Dow Jones Real Estate Total Return for the period from December 31, 2005 through March 31, 2016. The graph assumes that all dividends and distributions were reinvested. Source: Bloomberg LP





Vector Group Ltd. owns Liggett Group, Vector Tobacco, Zoom E-Cigs, and New Valley.  
New Valley owns a 70% interest in Douglas Elliman.

## TOBACCO

- Fourth-largest cigarette manufacturer in the U.S. with a strong family of brands — *Pyramid*, *Grand Prix*, *Liggett Select*, *Eve* and *Eagle 20's* — representing 12% share of the discount market.
- Focused on brand strength and long-term profit growth, while continuing to evaluate opportunities to pursue incremental volume and margin growth.
- Annual cost advantage of approximately \$165 million due to favorable treatment under the Master Settlement Agreement.
- The only cigarette company to have reached a comprehensive settlement resolving substantially all of the individual *Engle* progeny product liability cases pending in Florida. The *Engle* progeny cases have represented the most significant litigation against the U.S. cigarette industry in recent years.



## E-CIGARETTES

- In 2014, entered e-cigarette category with national rollout of *Zoom*, a superior disposable product featuring Tobacco and Menthol flavors.



## REAL ESTATE

- New Valley, which owns 70.59% of Douglas Elliman Realty, LLC, is a diversified real estate company that is seeking to acquire additional operating companies and real estate properties.
- New Valley has invested approximately \$217 million, as of December 31, 2015, in a broad portfolio of 23 real estate investments.
- Douglas Elliman is the largest residential real estate brokerage firm in the New York metropolitan area and the fourth-largest in the U.S.
- Douglas Elliman's closings totaled \$22.4 billion for the year ended December 31, 2015 and it has approximately 6,000 affiliated agents and 80 offices throughout the New York metropolitan area, South Florida, Aspen, Greenwich, and Los Angeles.



## EXECUTIVE MANAGEMENT

**Howard M. Lorber**  
President and Chief Executive Officer

**Richard J. Lampen**  
Executive Vice President

**J. Bryant Kirkland III**  
Vice President, Chief Financial Officer and Treasurer

**Marc N. Bell**  
Vice President, General Counsel and Secretary

**Ronald J. Bernstein**  
President and Chief Executive Officer of Liggett Group LLC and Liggett Vector Brands LLC

## COMPANY HIGHLIGHTS

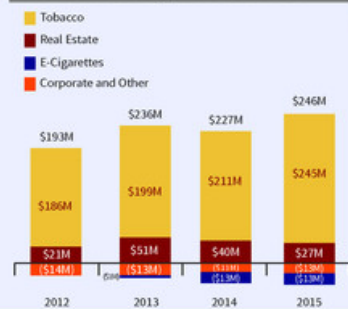
- Headquartered in Miami with an executive office in Manhattan and tobacco operations in North Carolina
- Employs approximately 1,400 people
- Executive management and directors beneficially own 13% of the Company
- Reported cash of \$240 million and investments with fair value of \$294 million at December 31, 2015
- Recognized as one of America's Most Trustworthy Companies by *Forbes* in 2013



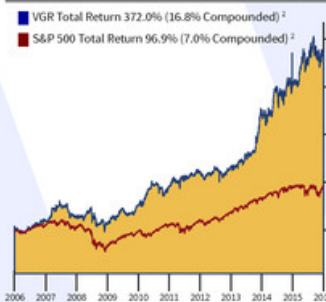
“Vector is a largely underfollowed company with a highly competent management team and numerous ways to unlock value”

Oppenheimer analyst Ian Zaffino  
*Barron's Online, August 14, 2014*

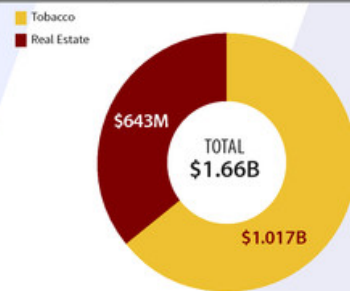
### Pro-Forma Adjusted EBITDA<sup>1</sup>



### 10-Year Stockholder Return



### Pro-Forma Adjusted Revenues 12/31/15<sup>1</sup>



<sup>1</sup> Company's net income attributable to Vector Group Ltd. for the periods presented was \$31M, \$37M, \$37M and \$56M, respectively. The Company's revenues for the twelve months ended December 31, 2015 were \$1.6B. Pro-Forma Adjusted EBITDA and Pro-Forma Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Pro-Forma Adjusted EBITDA to net income and Pro-Forma Adjusted Revenues to revenues, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on March 8, 2016 and April 1, 2016 and Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-01559).

<sup>2</sup> 10-Year return from March 31, 2006 to March 31, 2016 and assumes reinvestment of dividends received.

This summary contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have identified these forward-looking statements using words such as "could" and "similar expressions. These statements reflect our current beliefs. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements.

Contact: Emily Deissler / Ben Spiechandler / Spencer Waybright of Sard Verbrinnen & Co (212) 687-8080

[www.vectorgroup.com](http://www.vectorgroup.com)







New Valley LLC, the real estate subsidiary of Vector Group Ltd. (NYSE: VGR), owns real estate and 70% of Douglas Elliman, the largest residential brokerage firm in the New York metropolitan area, as well as a minority stake<sup>1</sup> in numerous real estate investments.

## NEW VALLEY REAL ESTATE INVESTMENTS<sup>1</sup>

New Valley has invested approximately \$217 million, as of December 31, 2015, in a broad portfolio of real estate projects.

### New Valley's Real Estate Investment Portfolio<sup>2</sup>



### New Valley's New York Real Estate Investments<sup>3</sup>

- The Marquand** Upper East Side
- 10 Madison Square Park West** Flatiron District/NoMad
- 11 Beach Street** TriBeCa
- 20 Times Square** Times Square
- 111 Murray Street** TriBeCa
- 357 West Street** Greenwich Village
- PUBLIC Chrystie House** Lower East Side
- The Dutch** Long Island City
- Queens Plaza** Long Island City
- Park Lane Hotel** Central Park South
- 125 Greenwich Street** Financial District
- 76 Eleventh Avenue** West Chelsea

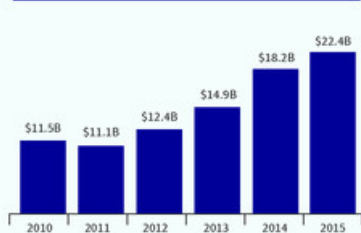
### International Investments<sup>1</sup>

- Hotel Taiwana, St. Barthélemy
- Coral Beach and Tennis Club, Bermuda

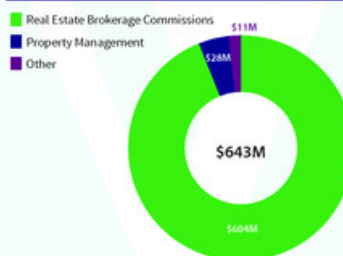
## DOUGLAS ELLIMAN

- Largest residential real estate brokerage firm in New York metropolitan area and fourth-largest in United States.
- Closings of \$22.4 billion for the last twelve months ended December 31, 2015; Douglas Elliman has approximately 6,000 affiliated agents and 80 offices throughout the New York metropolitan area, South Florida, Aspen, Greenwich, and Los Angeles.
- Strategic Marketing Partnership with Yahoo!-Zillow<sup>®</sup> Real Estate Network that provides advertising exclusivity for Douglas Elliman's listings.
- Maintains an alliance with Knight Frank—the largest independent residential brokerage in the United Kingdom—to jointly market high-end properties, providing a network with 400 offices across 55 countries with 22,000 affiliated agents.
- Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA of Douglas Elliman of \$637 million<sup>2</sup> and \$35.7 million<sup>2</sup>, respectively, for the last twelve months ended December 31, 2015.

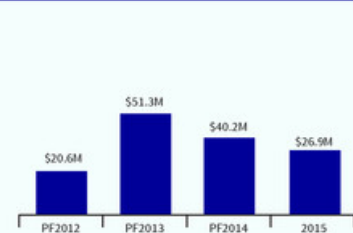
### Douglas Elliman Closings



### New Valley Pro-Forma Adjusted Revenues - LTM December 31, 2015<sup>2</sup>



### New Valley Pro-Forma Adjusted EBITDA<sup>2</sup>



### EXECUTIVE MANAGEMENT

- Howard M. Lorber**  
President and Chief Executive Officer
- Richard J. Lampen**  
Executive Vice President
- J. Bryant Kirkland III**  
Vice President, Treasurer and Chief Financial Officer
- Marc N. Bell**  
Vice President, Secretary and General Counsel
- Bennett P. Borko**  
Executive Vice President of New Valley Realty division
- Dorothy Herman**  
President and Chief Executive Officer of Douglas Elliman

### COMPANY HIGHLIGHTS

- Executive offices in Manhattan and Miami
- Employs approximately 900 people

<sup>1</sup> For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - located on page 45 of Vector Group Ltd.'s Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759).

<sup>2</sup> Douglas Elliman's Revenues were \$638.1M and Douglas Elliman's net income was \$22.2M for the year ended December 31, 2015. New Valley's net income for the periods presented was approximately \$18.4M, \$58.4M, \$21.4M and \$11.7M, for the periods presented, respectively. New Valley's revenues for the year ended December 31, 2015 were \$411.4M. Pro-Forma Adjusted EBITDA and Pro-Forma Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Pro-Forma Adjusted EBITDA to net income and Pro-Forma Adjusted Revenues to revenues, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on March 8, 2015 and October 2, 2015 and Form 10-K for the fiscal year ended December 31, 2015 (Commission File Number 1-5759). New Valley's Pro-Forma Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s Corporate and Other Expenses (for purposes of computing Pro-Forma Adjusted EBITDA) of \$13.9M, \$13.5M, \$11.4M and \$13.2M, for the periods presented, respectively.

