
**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): November 7, 2014

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))
-
-

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 previously reported in its Current Reports on Form 8-K, dated October 6, 2014 and October 29, 2014. The Company has made adjustments in this Form 8-K, which are discussed below, to previously reported Pro-forma Adjusted EBITDA, Pro-forma Adjusted Net Income and New Valley LLC Pro-forma Adjusted EBITDA as a result of the recasting of E-cigarettes as a separate segment, to include an additional component of purchase account adjustments related to the Company's acquisition of an additional 20.59% interest in Douglas Elliman Realty, LLC in December 2013, and the correction of previously reported non-cash interest expense for the three months ended September 30, 2014.

The Company assessed the materiality of the errors and concluded that they were immaterial to all previously reported periods.

Revisions being made to the following non-GAAP financial measures included in Exhibit 99.1 were previously reported in the Company's Current Reports on Form 8-K, dated October 6, 2014 and October 29, 2014: Pro-forma Adjusted EBITDA, Pro-forma Adjusted Net Income and New Valley LLC Pro-forma Adjusted EBITDA. These measures are presented in Exhibit 99.1.

The Company has made adjustments in this Form 8-K, which are discussed below, to previously reported Pro-forma Adjusted EBITDA, for the three months ended June 30, 2014, March 31, 2014, December 31, 2013 and September 30, 2013 and the twelve months ended December 31, 2013.

- For the three months ended March 31, 2014 and June 30, 2014, the Company corrected a previous omission of a component of purchase accounting adjustments related to the Company's increased ownership of Douglas Elliman Realty, LLC. Adjustments for these amounts (\$239 and \$367 for the three months ended March 31, 2014 and June 30, 2014, respectively) should have been included during the respective periods for both Pro-forma Adjusted EBITDA and New Valley Pro-forma Adjusted EBITDA. The adjustment impacts the Real Estate segment only. The amount attributable to the Company and New Valley (i.e. 70.59% of the adjustment) is \$169 and \$259 for the three months ended March 31, 2014 and June 30, 2014, respectively.
- As a result of the amount of operating losses of the Company's Zoom E-cigarette brand as of September 30, 2014, when compared to the remaining components of the Company's Corporate and Other segment, the Company has reevaluated its operating segments and has separated its E-cigarette's operations from the Corporate and Other segment for previously reported 2014 periods and from the Tobacco segment for the previously reported 2013 periods. For the three months ended June 30, 2014, March 31, 2014, December 31, 2013 and September 30, 2013, the amount of the recast was a loss of \$3,765, \$425, \$459 and \$560, respectively.
- Earnings per share related to the Company's Pro-forma Adjusted Net Income for the three months ended December 31, 2013 has been corrected to \$0.35 per diluted common share (from \$0.36 per diluted common share).
- For the three and nine months ended September 30, 2014, the Company corrected "Non-cash amortization of debt discount on convertible debt" and the related tax impact, Pro-forma Adjusted Net Income attributed to Vector Group Ltd., and Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd which is summarized in the table below.

Pro-forma Adjusted Net Income	(Dollars in thousands)					
	For the Three Months Ended			For the Nine Months Ended		
	September 30, 2014			September 30, 2014		
	As Previously Reported	Revision	As Revised	As Previously Reported	Revision	As Revised
Non-cash amortization of debt discount on convertible debt	\$ 14,033	\$ 548	\$ 14,581	\$ 41,180	\$ 548	\$ 41,728
Tax expense related to adjustments	(3,877)	(227)	(4,104)	(17,677)	(227)	(17,904)
Pro-forma Adjusted Net Income attributed to Vector Group Ltd.	21,684	321	22,005	52,395	321	52,716
Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	\$ 0.20	\$ 0.01	\$ 0.21	\$ 0.50	\$ —	\$ 0.50

- For the last twelve months ended September 30, 2014, Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA has been corrected to include a previously omitted component of purchase accounting adjustments totaling \$1,013 related to the Company's increased ownership of Douglas Elliman Realty, LLC.

Non-GAAP Financial Measures

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, impact of the settlement of a dispute related to the Master Settlement Agreement ("MSA"), gains on acquisition of Douglas Elliman, changes to EBITDA as a result of the consolidation of Douglas Elliman and other charges. Pro-forma Adjusted Net Income is defined as Net Income adjusted for acceleration of interest expense related to debt conversion, changes in fair value of derivatives embedded with convertible debt, non-cash amortization of debt discount on convertible debt, loss on extinguishment of 11% senior secured notes due 2015, litigation settlement and judgment expenses, impact of the MSA settlement, interest income from MSA settlement, gain on acquisition of Douglas Elliman, adjustment to reflect 20.59% of net income from Douglas Elliman, out of period adjustments related to Douglas Elliman and Douglas Elliman purchase accounting adjustments. The Pro-forma non-GAAP financial measures are presented assuming Vector Group Ltd.'s acquisition of the additional 20.59% interest in Douglas Elliman Realty LLC, and the related purchase accounting adjustments, occurred prior to beginning of each period presented.

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 EBITDA is defined as the portion of Pro-forma Adjusted EBITDA that relates 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.

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 are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). The Company believes that Pro-forma Adjusted EBITDA, Pro-forma Adjusted Net Income, New Valley Pro-forma Adjusted EBITDA and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes 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 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 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 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 (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) of the Company's business. While management considers 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 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, 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 are susceptible to varying calculations and the Company's measurement of 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 may not be comparable to those of other companies. Included in Exhibit 99.2 attached hereto as Tables 1, 2, 3 and 4 is information for the years ended December 31, 2013, 2012, 2011 and 2010 and the LTM ended September 30, 2014 and the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013 relating to the Company's 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, respectively. Reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures for the periods above are included in Tables 1, 2, 3 and 4 of Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

Vector Group Ltd. has prepared materials for presentations to investors updated for the three and nine month periods ended September 30, 2014 and 2013. The materials are furnished (not filed) as Exhibits 99.2, 99.3 and 99.4 to this Current Report on Form 8-K pursuant to Regulation FD.

Non-GAAP Financial Measures

Exhibits 99.2, 99.3 and 99.4 contain the Non-GAAP Financial Measures discussed below. The Pro-forma non-GAAP financial measures are presented assuming Vector Group Ltd.'s acquisition of the additional 20.59% interest in Douglas Elliman Realty LLC, and the related purchase accounting adjustments, occurred prior to beginning of each period presented.

Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Pro-forma Adjusted Revenues and Douglas Elliman Pro-forma Adjusted EBITDA are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). 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, impact of the settlement of a dispute related to the Master Settlement Agreement ("MSA"), gains on acquisition of Douglas Elliman, changes to EBITDA as a result of the consolidation of Douglas Elliman and other charges. Pro-Forma Capital Expenditures is defined as Capital Expenditures adjusted for Vector Group Ltd.'s acquisition of the additional 20.59% interest in Douglas Elliman Realty LLC and reduced by Vector's non-controlling interest in Douglas Elliman Realty LLC. Pro-forma Free Cash Flow is defined as Pro-forma Adjusted EBITDA reduced by Pro-forma Capital Expenditures.

New Valley LLC ("New Valley"), the real estate subsidiary of the Company, 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 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.

The Company believes that Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Pro-forma Adjusted Revenues and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Pro-forma Adjusted Revenues and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA 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 Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Pro-forma Adjusted Revenues and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA 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 (Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Pro-forma Adjusted Revenues and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA) of the Company's business. While management considers Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA 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, Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Pro-forma Adjusted Revenues and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA are susceptible to varying calculations and the Company's measurement of Pro-forma Adjusted Revenues, Pro-forma Adjusted EBITDA, Pro-forma Capital Expenditures, Pro-forma Free Cash Flow, New Valley LLC Pro-forma Adjusted Revenues, New Valley LLC Pro-forma Adjusted EBITDA, Douglas Elliman Realty, LLC Pro-forma Adjusted Revenues and Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA may not be comparable to those of other companies

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words "could", "believe," "expect," "estimate," "may," "will," "could," "plan," or "continue" and similar expressions are intended to identify forward-looking statements. The Company's actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 and the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2014. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibit

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Non-GAAP Financial Measures (furnished pursuant to Regulation FD).
99.2	Investor presentation of Vector Group Ltd. dated November 2014 (furnished pursuant to Regulation FD).
99.3	Fact Sheet of Vector Group Ltd. dated November 1, 2014 (furnished pursuant to Regulation FD).
99.4	Fact Sheet of New Valley LLC dated November 1, 2014 (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: November 7, 2014

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

	LTM		Three Months Ended					
	September 30, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net income (loss) attributed to Vector Group Ltd.	\$ 86,495	\$ 14,879	\$ 7,925	\$ 2,580	\$ 64,005	\$ (36,891)	\$ 13,511	\$ (1,681)
Interest expense	156,772	44,034	44,183	35,453	33,102	33,583	32,086	33,376
Income tax expense (benefit)	52,983	11,964	6,101	2,942	34,082	(18,969)	10,017	(335)
Net income attributed to non-controlling interest	10,629	4,826	5,106	949	(252)	—	—	—
Depreciation and amortization	23,225	6,045	5,462	7,092	4,626	2,772	2,637	2,596
EBITDA	\$ 330,104	\$ 81,748	\$ 68,777	\$ 49,016	\$ 135,563	\$ (19,505)	\$ 58,251	\$ 33,956
Change in fair value of derivatives embedded within convertible debt (a)	(18,083)	(7,127)	(1,970)	1,650	(10,636)	(2,800)	(2,450)	(3,049)
Equity (gain) loss on long-term investments (b)	(2,758)	(829)	273	(906)	(1,296)	53	(846)	23
Loss (gain) on sale of investment securities available for sale	(4)	(33)	18	53	(42)	99	197	(5,406)
Equity income real estate ventures (c)	(4,153)	(3,258)	1,808	(1,552)	(6,151)	(9,489)	(6,804)	(481)
Loss on extinguishment of debt	—	—	—	—	—	—	—	21,458
Acceleration of interest expense related to debt conversion	17,526	994	439	3,679	12,414	—	—	—
Stock-based compensation expense (d)	2,613	1,040	464	523	586	678	686	569
Litigation settlement and judgment expense (e)	1,918	225	—	1,500	193	87,913	—	—
Impact of MSA Settlement (f)	(2,279)	—	(1,419)	—	(860)	(4,016)	(1,345)	(5,602)
Gain on acquisition of Douglas Elliman	(60,842)	—	—	—	(60,842)	—	—	—
Reclassification of EBITDA as a result of the consolidation of Douglas Elliman (g)	13,804	—	—	—	13,804	18,359	13,554	923
Purchase accounting adjustments	1,013	407	367	239	—	—	—	—
Other, net	(10,566)	(2,466)	(3,575)	(2,126)	(2,399)	(2,871)	(1,471)	(809)
Pro-forma Adjusted EBITDA	\$ 268,293	\$ 70,701	\$ 65,182	\$ 52,076	\$ 80,334	\$ 68,421	\$ 59,772	\$ 41,582
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(17,324)	(5,660)	(5,712)	(2,242)	(4,060)	(5,399)	(3,986)	(271)
Pro-forma Adjusted EBITDA attributed to Vector Group Ltd.	\$ 250,969	\$ 65,041	\$ 59,470	\$ 49,834	\$ 76,274	\$ 63,022	\$ 55,786	\$ 41,311
Pro-forma Adjusted EBITDA by Segment								
Tobacco	\$ 207,462	\$ 56,097	\$ 53,273	\$ 46,915	\$ 51,746	\$ 53,849	\$ 49,323	\$ 43,948
E-cigarettes	(7,559)	(2,910)	(3,765)	(425)	(459)	(560)	—	—
Real Estate (h)	80,572	19,369	18,890	9,330	32,983	17,447	13,299	1,137
Corporate and Other	(12,182)	(1,855)	(3,216)	(3,744)	(3,936)	(2,315)	(2,850)	(3,503)
Total	\$ 268,293	\$ 70,701	\$ 65,182	\$ 52,076	\$ 80,334	\$ 68,421	\$ 59,772	\$ 41,582
Pro-forma Adjusted EBITDA Attributed to Vector Group by Segment								
Tobacco	\$ 207,462	\$ 56,097	\$ 53,273	\$ 46,915	\$ 51,746	\$ 53,849	\$ 49,323	\$ 43,948
E-cigarettes	(7,559)	(2,910)	(3,765)	(425)	(459)	(560)	—	—
Real Estate (i)	63,248	13,709	13,178	7,088	28,923	12,048	9,313	866
Corporate and Other	(12,182)	(1,855)	(3,216)	(3,744)	(3,936)	(2,315)	(2,850)	(3,503)
Total	\$ 250,969	\$ 65,041	\$ 59,470	\$ 49,834	\$ 76,274	\$ 63,022	\$ 55,786	\$ 41,311

-
- 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 before 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 \$57,699 of Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC for the twelve months ended September 30, 2014 and \$20,749, \$16,156, \$7,625, \$13,169, \$18,395, \$13,465, and \$681 of Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Pro-forma Adjusted EBITDA.
 - i. Includes \$40,730 of Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC, less non-controlling interest, for the twelve months ended September 30, 2014 and \$14,646, \$11,404, \$5,383, \$9,297, \$12,996, \$9,479, and \$410 of Pro-forma Adjusted EBITDA for Douglas Elliman Realty, LLC less non-controlling interest for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, 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)
Continued

	Year Ended December 31,			
	2013	2012	2011	2010
Net income attributed to Vector Group Ltd.	\$ 38,944	\$ 30,622	\$ 75,020	\$ 54,084
Interest expense	132,147	110,102	100,706	84,096
Income tax expense	24,795	23,095	48,137	31,486
Net income (loss) attributed to non-controlling interest	(252)	—	—	—
Depreciation and amortization	12,631	10,608	10,607	10,790
EBITDA	<u>\$ 208,265</u>	<u>\$ 174,427</u>	<u>\$ 234,470</u>	<u>\$ 180,456</u>
Change in fair value of derivatives embedded within convertible debt (a)	(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)	(2,066)	1,261	859	(1,489)
Gain on sale of investment securities available for sale	(5,152)	(1,640)	(23,257)	(19,869)
Equity income from real estate ventures (c)	(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	12,414	14,960	—	—
Stock-based compensation expense (d)	2,519	5,563	3,183	2,704
Litigation settlement and judgment expense (e)	88,106	—	—	19,161
Impact of MSA Settlement (f)	(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
Other, net	(7,550)	(1,179)	(1,736)	(1,508)
Pro-forma Adjusted EBITDA	<u>\$ 250,109</u>	<u>\$ 202,662</u>	<u>\$ 188,102</u>	<u>\$ 188,746</u>
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(13,717)	(9,281)	(9,114)	(13,169)
Pro-forma Adjusted EBITDA attributed to Vector Group Ltd.	<u><u>\$ 236,392</u></u>	<u><u>\$ 193,381</u></u>	<u><u>\$ 178,988</u></u>	<u><u>\$ 175,577</u></u>
Pro-forma Adjusted EBITDA by Segment				
Tobacco	\$ 198,866	\$ 185,798	\$ 173,721	\$ 157,528
E-cigarettes	(1,019)	—	—	—
Real Estate (h)	64,866	29,959	29,388	44,445
Corporate and Other	(12,604)	(13,095)	(15,007)	(13,227)
Total	<u>\$ 250,109</u>	<u>\$ 202,662</u>	<u>\$ 188,102</u>	<u>\$ 188,746</u>
Pro-forma Adjusted EBITDA Attributed to Vector Group by Segment				
Tobacco	\$ 198,866	\$ 185,798	\$ 173,721	\$ 157,528
E-cigarettes	(1,019)	—	—	—
Real Estate (i)	51,149	20,678	20,274	31,276
Corporate and Other	(12,604)	(13,095)	(15,007)	(13,227)
Total	<u>\$ 236,392</u>	<u>\$ 193,381</u>	<u>\$ 178,988</u>	<u>\$ 175,577</u>

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 \$54,739 for the last twelve months ended June 30, 2014 and \$45,710, \$30,910, \$30,991 and \$44,778 for the years ended December 31 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 \$38,463 for the last twelve months ended June 30, 2014 and \$31,993, \$21,629, \$21,877 and \$31,609 for the years ended December 31 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 2
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF PRO-FORMA ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended						
	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net income (loss) attributed to Vector Group Ltd.	\$ 14,879	\$ 7,925	\$ 2,580	\$ 64,005	\$ (36,891)	\$ 13,511	\$ (1,681)
Acceleration of interest expense related to debt conversion	994	439	3,679	12,414	—	—	—
Change in fair value of derivatives embedded within convertible debt	(7,127)	(1,970)	1,650	(10,636)	(2,800)	(2,450)	(3,049)
Non-cash amortization of debt discount on convertible debt	14,581	14,691	12,456	10,946	9,620	8,464	7,348
Loss on extinguishment of 11% Senior Secured Notes due 2015	—	—	—	—	—	—	21,458
Litigation settlement and judgment expense (a)	225	—	1,500	193	87,913	—	—
Impact of MSA Settlement (b)	—	(1,419)	—	(860)	(4,016)	(1,345)	(5,602)
Interest income from MSA Settlement (c)	—	—	—	—	(1,971)	—	—
Gain on acquisition of Douglas Elliman Realty, LLC (c)	—	—	—	(60,842)	—	—	—
Adjustment to reflect additional 20.59% of net income from Douglas Elliman Realty, LLC (d)	—	—	—	2,467	3,500	2,571	19
Out-of-period adjustment related to Douglas Elliman acquisition in 2013 (e)	—	—	(1,231)	—	—	—	—
Douglas Elliman Realty, LLC purchase accounting adjustments (f)	1,252	1,223	2,356	1,165	—	—	—
Total adjustments	9,925	12,964	20,410	(45,153)	92,246	7,240	20,174
Tax expense related to adjustments	(4,104)	(5,360)	(8,440)	18,332	(37,445)	(2,947)	(7,407)
Adjustments to income tax expense due to purchase accounting (g)	1,305	—	—	—	—	—	—
Pro-forma Adjusted Net Income attributed to Vector Group Ltd.	\$ 22,005	\$ 15,529	\$ 14,550	\$ 37,184	\$ 17,910	\$ 17,804	\$ 11,086
Per diluted common share:							
Pro-forma Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	\$ 0.21	\$ 0.15	\$ 0.14	\$ 0.35	\$ 0.18	\$ 0.18	\$ 0.11

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

d. Represents 20.59% of Douglas Elliman Realty LLC's net income in the respective 2013 periods. 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.

e. 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.

f. 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.

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

	Year Ended December 31,			
	2013	2012	2011	2010
Net income attributed to Vector Group Ltd.	\$ 38,944	\$ 30,622	\$ 75,020	\$ 54,084
Acceleration of interest expense related to debt conversion	12,414	14,960	1,217	—
Change in fair value of derivatives embedded within convertible debt	(18,935)	7,476	(7,984)	(11,524)
Non-cash amortization of debt discount on convertible debt	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)	88,106	—	—	19,161
Impact of MSA Settlement (b)	(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
Douglas Elliman Realty, LLC purchase accounting adjustments (f)	1,165	—	—	—
Gain on liquidation of long-term investments	—	—	(25,832)	—
Gain on townhomes	—	—	(3,843)	—
Total adjustments	74,507	46,399	(20,190)	23,113
Tax (expense) benefit related to adjustments	(29,467)	(19,332)	8,197	(9,384)
Pro-forma Adjusted Net Income attributed to Vector Group Ltd.	<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>\$ 0.85</u>	<u>\$ 0.61</u>	<u>\$ 0.68</u>	<u>\$ 0.73</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. 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.

TABLE 3
VECTOR GROUP LTD. AND SUBSIDIARIES
COMPUTATION OF NEW VALLEY LLC PRO-FORMA ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM		Three Months Ended					
	September 30, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net income attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 67,947	\$ 8,202	\$ 6,234	\$ 3,225	\$ 50,286	\$ 5,052	\$ 3,763	\$ 321
Interest expense (a)	44	3	3	34	4	3	3	4
Income tax expense (a)	49,814	6,630	5,249	3,541	34,394	3,493	2,625	228
Net income (loss) attributed to non-controlling interest (a)	10,881	4,826	5,106	949	(252)	—	—	—
Depreciation and amortization	11,690	2,740	2,622	4,347	1,981	160	152	128
EBITDA	\$ 140,376	\$ 22,401	\$ 19,214	\$ 12,096	\$ 86,413	\$ 8,708	\$ 6,543	\$ 681
Income from non-guarantors other than New Valley	187	21	47	18	36	36	43	16
Equity income real estate ventures (b)	(9,153)	(3,258)	1,808	(1,552)	(6,151)	(9,489)	(6,804)	(481)
Gain on acquisition of Douglas Elliman	(60,842)	—	—	—	(60,842)	—	—	—
Reclassification of EBITDA as a result of the consolidation of Douglas Elliman (c)	13,804	—	—	—	13,804	18,359	13,554	923
Purchase accounting adjustments	1,013	407	367	239	—	—	—	—
Other, net	(4,519)	(234)	(2,577)	(1,486)	(222)	2	(76)	(52)
Pro-forma Adjusted EBITDA	\$ 80,866	\$ 19,337	\$ 18,859	\$ 9,315	\$ 33,038	\$ 17,616	\$ 13,260	\$ 1,087
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(17,621)	(5,660)	(5,712)	(2,242)	(4,060)	(5,399)	(3,986)	(271)
Pro-forma Adjusted EBITDA attributed to New Valley LLC	\$ 63,245	\$ 13,677	\$ 13,147	\$ 7,073	\$ 28,978	\$ 12,217	\$ 9,274	\$ 816
Pro-forma Adjusted EBITDA by Segment								
Real Estate (d)	\$ 80,889	\$ 19,369	\$ 18,890	\$ 9,330	\$ 32,983	\$ 17,447	\$ 13,299	\$ 1,137
Corporate and Other	(23)	(32)	(31)	(15)	55	169	(39)	(50)
Total (f)	\$ 80,866	\$ 19,337	\$ 18,859	\$ 9,315	\$ 33,038	\$ 17,616	\$ 13,260	\$ 1,087
Pro-forma Adjusted EBITDA Attributed to New Valley LLC by Segment								
Real Estate (e)	\$ 63,268	\$ 13,709	\$ 13,178	\$ 7,088	\$ 28,923	\$ 12,048	\$ 9,313	\$ 866
Corporate and Other	(23)	(32)	(31)	(15)	55	169	(39)	(50)
Total (f)	\$ 63,245	\$ 13,677	\$ 13,147	\$ 7,073	\$ 28,978	\$ 12,217	\$ 9,274	\$ 816

- 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 \$57,699 for the last twelve months ended September 30, 2014 and \$20,749, \$16,156, \$7,625, \$13,169, \$18,395, \$13,465 and \$681 for the three months ended September 30, 2014, June 30, 2014,

March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, 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 \$40,730 for the last twelve months ended September 30, 2014 and \$14,646, \$11,404, \$5,383, \$9,297, \$12,996, \$9,479 and \$610 for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, respectively. Amounts reported in this footnote have adjusted Douglas Elliman Realty, LLC's Pro-forma Adjusted EBITDA for non-controlling 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 \$12,640 for the last twelve months ending September 30, 2014 and \$1,565, \$6,981, \$4,169, \$4,395, \$2,875, \$2,850 and \$3,503 for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, respectively.

TABLE 3
VECTOR GROUP LTD. AND SUBSIDIARIES
COMPUTATION OF NEW VALLEY LLC PRO-FORMA ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)
Continued

	Year Ended December 31,			
	2013	2012	2011	2010
Net income attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 59,422	\$ 16,406	\$ 12,917	\$ 13,797
Interest expense (a)	14	23	32	41
Income tax expense (a)	40,740	11,403	8,829	9,197
Net income (loss) attributed to non-controlling interest (a)	(252)	—	—	—
Depreciation and amortization	2,421	414	326	298
EBITDA	\$ 102,345	\$ 28,246	\$ 22,104	\$ 23,333
Income from non-guarantors other than New Valley	131	—	—	—
Equity income from real estate ventures (b)	(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
Other, net	(348)	(136)	—	—
Pro-forma Adjusted EBITDA	\$ 65,001	\$ 29,904	\$ 29,286	\$ 44,148
Pro-forma Adjusted EBITDA attributed to non-controlling interest	(13,717)	(9,281)	(9,114)	(13,169)
Pro-forma Adjusted EBITDA attributed to New Valley LLC	<u>\$ 51,284</u>	<u>\$ 20,623</u>	<u>\$ 20,172</u>	<u>\$ 30,979</u>
Pro-forma Adjusted EBITDA by Segment				
Real Estate (d)	\$ 64,866	\$ 29,959	\$ 29,388	\$ 44,445
Corporate and Other	135	(55)	(102)	(297)
Total (f)	\$ 65,001	\$ 29,904	\$ 29,286	\$ 44,148
Pro-forma Adjusted EBITDA Attributed to New Valley LLC by Segment				
Real Estate (e)	\$ 51,149	\$ 20,678	\$ 20,274	\$ 31,276
Corporate and Other	135	(55)	(102)	(297)
Total (f)	\$ 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 \$45,710, \$30,910, \$30,991 and \$44,778 for the years ended December 31 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 \$31,993, \$21,629, \$21,877 and \$31,609 for the years ended December 31 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 \$13,623, \$13,095, \$15,007 and \$13,227 for the years ended December 31 2013, 2012, 2011, and 2010, respectively.

TABLE 4
VECTOR GROUP LTD. AND SUBSIDIARIES
COMPUTATION OF DOUGLAS ELLIMAN REALTY, LLC PRO-FORMA ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM September 30, 2014	Nine Months Ended September 30, 2014 2013		Twelve Months Ended December 31, 2013
Net income attributed to Douglas Elliman Realty, LLC	\$ 42,252	\$ 33,732	\$ 29,575	\$ 38,095
Interest expense	77	37	(22)	18
Income tax expense	1,413	1,101	684	996
Depreciation and amortization	12,523	9,425	3,111	6,209
Douglas Elliman Realty, LLC EBITDA	\$ 56,265	\$ 44,295	\$ 33,348	\$ 45,318
Equity (income) loss from real estate ventures	(143)	(86)	—	(57)
Purchase accounting adjustments	4,053	2,696	—	1,357
Income from Douglas Elliman Florida LLC	(123)	—	(807)	(930)
Other, net	(2,353)	(2,375)	—	22
Douglas Elliman Realty, LLC Pro-forma Adjusted EBITDA	\$ 57,699	\$ 44,530	\$ 32,541	\$ 45,710

Vector Group Ltd.

Investor Presentation



November 2014

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" or "the Company") and nothing contained herein or its presentation shall form the basis of any contract or commitment whatsoever.

The distribution of this document and any related oral presentation in certain jurisdictions may be restricted by law and persons into whose possession this document or any related oral presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.

The information contained herein does not constitute investment, legal, accounting, regulatory, taxation or other advice and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information. You are solely responsible for seeking independent professional advice in relation to the information and any action taken on the basis of the information.

The following presentation may contain "forward-looking statements," including any statements that may be contained in the presentation that reflect our 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 our capital expenditures impact our expected free cash flow and the other risk factors described in our annual report on Form 10-K for the year ended December 31, 2013 and our quarterly report on Form 10-Q for the quarter ended September 30, 2014 as filed with the SEC.

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.

Key Management

Name	Position	Years at Company
Howard M. Lorber	President and Chief Executive Officer	20
Richard J. Lampen	Executive Vice President	19
J. Bryant Kirkland III	Vice President, Chief Financial Officer and Treasurer	22
Marc N. Bell	Vice President, General Counsel and Secretary	20
Ronald J. Bernstein	President and Chief Executive Officer of Liggett Group LLC and Liggett Vector Brands LLC	23

Introduction

2013 was a transformational year for Vector

- Increased ownership stake in Douglas Elliman Realty, LLC (“Douglas Elliman”), the fourth-largest residential real estate brokerage firm in the United States and the largest residential brokerage firm in the New York metropolitan area, from 50% to 70.59% for a \$60 million purchase price
- Reached a settlement with approximately 4,900 *Engle* progeny plaintiffs, which represented the overwhelming majority of Liggett’s pending litigation
- Introduced *Eagle 20’s*, a deep discount cigarette brand positioned for long-term growth
- Invested approximately \$75 million in non-consolidated real estate investments through New Valley LLC (“New Valley”), Vector’s wholly-owned real estate subsidiary
- Completed a \$450 million Senior Secured Notes offering which refinanced existing Senior Secured Notes and extended maturities until 2021
- Paid cash dividend to stockholders for the 19th consecutive year and 5% stock dividend to stockholders for the 15th consecutive year

Vector has continued to show strong results in 2014

- Vector’s Pro-Forma Adjusted EBITDA of \$251.0 million for the LTM period ended September 30, 2014⁽¹⁾
- Adjusted EBITDA for the Company’s tobacco segment (“Tobacco Adjusted EBITDA”) was \$207.5 million for the LTM period ended September 30, 2014⁽²⁾
- In March 2014, Vector completed a \$258.75 million Convertible Senior Notes offering and, in April 2014, Vector executed a \$150 million tuck-on to its existing Senior Secured Notes
 - Net proceeds of both offerings will be used for general corporate purposes including additional investments in real estate through Vector’s New Valley subsidiary

(1) Pro-Forma Adjusted EBITDA is presented assuming Vector’s acquisition of its additional 20.59% interest in Douglas Elliman, and the related purchase accounting adjustments, occurred prior to January 1, 2013. Please refer to the Appendix for additional detail including a reconciliation to net income as calculated under U.S. GAAP.

(2) 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 defined as Operating Income plus D&A excluding one-time restructuring, litigation charges and other one-time gains from litigation settlements.

Key Investment Highlights

❖ Historically strong financial performance

- Vector's Pro-Forma Adjusted EBITDA of \$251.0 million and Tobacco Adjusted EBITDA of \$207.5 million for the LTM period ended September 30, 2014⁽¹⁾

❖ Key cost advantage resulting from Master Settlement Agreement ("MSA")⁽²⁾

- Current cost advantage of 62 cents per pack compared to the three largest U.S. tobacco companies and quality advantage compared to smaller firms⁽³⁾
- MSA exemption worth approximately \$160 million annually

❖ 2014 expiration of the Tobacco Transition Payment Program (TTPP) could yield substantial incremental free cash flow

- Approximately \$27.8 million based on Liggett's TTPP payments for the LTM period ended September 30, 2014

❖ Diversified New Valley assets

- Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA from Douglas Elliman Realty, LLC of \$524.5 million and \$57.7 million for the LTM period ended September 30, 2014⁽⁴⁾
- Broad portfolio of consolidated and non-consolidated domestic and international real estate investments

❖ Substantial liquidity with cash, marketable securities and long-term investments of \$766 million as of September 30, 2014⁽⁵⁾

❖ Proven management team with substantial equity ownership

- Executive management and directors beneficially own approximately 16% of the Company⁽⁶⁾

(1) Refer to the Appendix hereto for a reconciliation to net income as calculated under U.S. GAAP.

(2) In 1998, various tobacco companies, including Liggett and the four largest U.S. cigarette manufacturers, Philip Morris, Brown & Williamson, R.J. Reynolds and Lorillard, entered into the Master Settlement Agreement ("MSA") with 46 states, the District of Columbia, Puerto Rico and various other territories to settle their asserted and unasserted health care cost recovery and certain other claims caused by cigarette smoking (Brown & Williamson and R.J. Reynolds merged in 2004 to form Reynolds American). 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.

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

(4) Pro-Forma Adjusted Revenues and Adjusted EBITDA are presented assuming Vector's acquisition of its additional 20.59% interest in Douglas Elliman, and the related purchase accounting adjustments, occurred prior to January 1, 2013.

(5) Excludes real estate investments.

(6) Excludes 3,370,343 shares lent under the Share Lending Agreement between the Company and Jefferies LLC.

Tobacco Operations

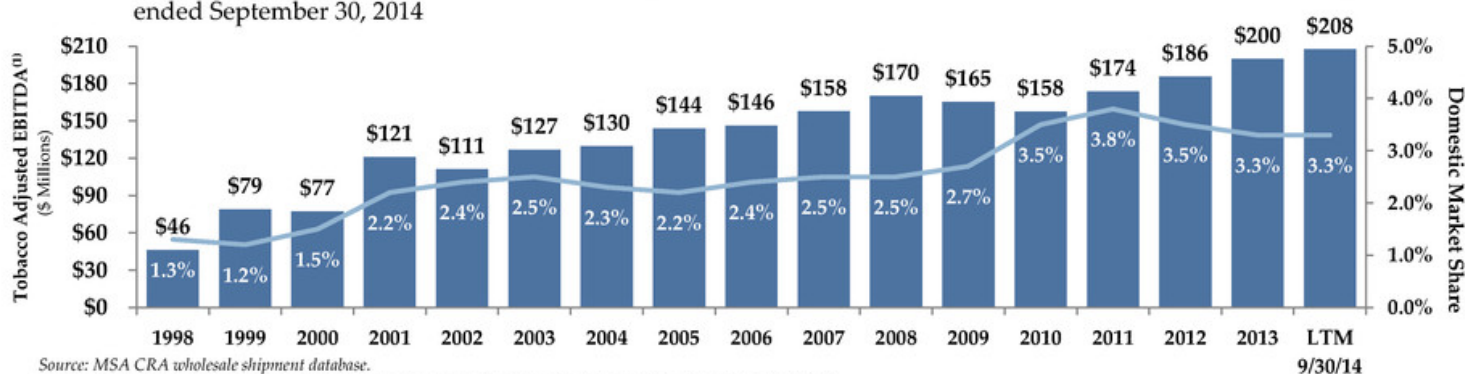
Liggett Overview

- ❖ 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 \$207.5 million for the LTM period ended September 30, 2014
 - Low capital requirements with capital expenditures of \$11.9 million related to tobacco operations for the LTM period ended September 30, 2014
 - 2014 expiration of the TTPP could yield substantial incremental free cash flow
 - Approximately \$27.8 million based on Liggett's TTPP payments for the LTM period ended September 30, 2014
- ❖ Current cost advantage of 62 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 worth approximately \$160 million annually for Liggett and Vector Tobacco



Liggett History

- 1998** ✓ Signed the MSA, as a Subsequent Participating Manufacturer, which established ongoing cost advantage versus the three largest U.S. tobacco companies
- 1999** ✓ Introduced the deep discount brand *Liggett Select* taking advantage of the Company's cost advantage versus the three largest U.S. tobacco companies
- 2000** ✓ Relocated to a state-of-the-art manufacturing facility in Mebane, North Carolina to enhance quality and efficiency
- 2002** ✓ Purchased the Medallion Company, Inc. with approximately 0.28% market share exemption. Acquired the *USA* brand as part of this transaction and subsequently entered into a partner brand agreement with Wawa
- 2005** ✓ Launched the deep discount brand *Grand Prix*, which quickly experienced widespread adoption
- 2009** ✓ In response to a large Federal Excise Tax increase, Liggett repositioned *Pyramid* as a low-price, box-only brand
- 2013** ✓ Introduced *Eagle 20's*, a brand positioned in the deep discount segment for long-term growth
- Today** ✓ Liggett focuses on margin enhancement resulting in continued earnings growth with Tobacco Adjusted EBITDA reaching a high of \$199.9 million for the fiscal year ended December 31, 2013 and \$207.5 million for the LTM period ended September 30, 2014



Source: MSA CRA wholesale shipment database.

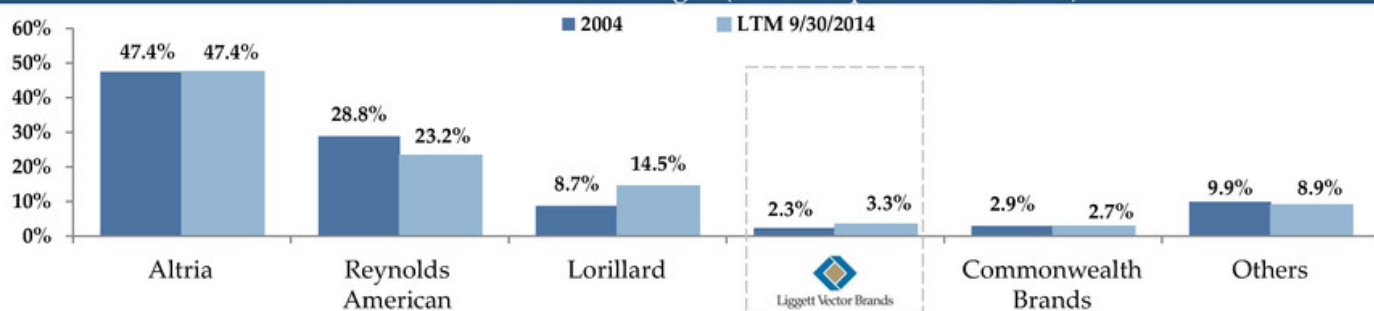
Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.

(1) Adjusted for restructuring, factory relocation and litigation charges, as well as one-time gains.

Liggett Performance Relative to Other Tobacco Players

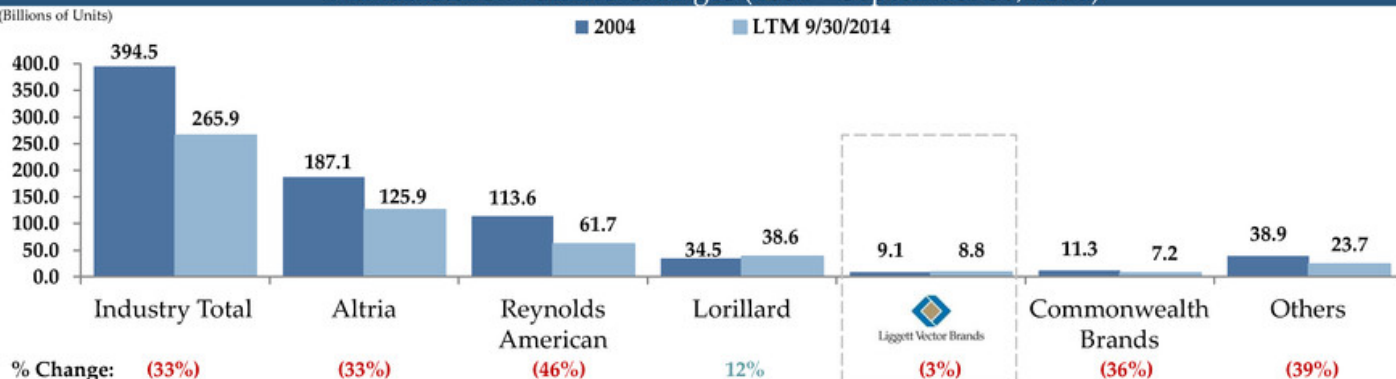
✓ Liggett Vector Brands is one of the few tobacco manufacturers to increase market share over the past 10 years

Manufacturer Share Changes (2004 – September 30, 2014)



Manufacturer Volume Changes (2004 – September 30, 2014)

(Billions of Units)



% Change: (33%) (33%) (46%) 12% (3%) (36%) (39%)

Source: MSA CRA wholesale shipment database.

Litigation and Regulatory Update

Litigation Update

- ❖ Liggett has historically led the industry in acknowledging the addictive properties of nicotine while seeking a legislated settlement of litigation
- ❖ On October 23, 2013, Liggett reached a settlement with approximately 4,900 *Engle* progeny plaintiffs, which represented substantially all of Liggett's pending litigation
 - Liggett has agreed to pay \$110 million over 15 years; this includes \$2.1 million, which was paid in December 2013, \$59.5 million, which was paid in February 2014, and the balance will be paid in installments over the next 14 years
 - Approximately 330 *Engle* plaintiffs have not participated in the settlement
 - Of these cases, 150 are represented by one law firm, 88 cases formally opted out of the settlement and the remaining 92 cases are represented "Pro Se" or are unlocated
 - There are presently another six cases under appeal, and the range of loss in these cases is up to \$27.9 million
- ❖ Liggett continues to aggressively fight all remaining individual and third-party payor actions
 - Liggett has secured approximately \$5.1 million in outstanding bonds related to adverse verdicts which were on appeal as of September 30, 2014

Regulatory Update

- ❖ 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 which ban cigarettes
- ❖ Current Federal Excise Tax of \$1.01/pack (since April 1, 2009)
- ❖ Additional state and municipal excise taxes
- ❖ The TTPP, also known as the tobacco quota buyout, was established in 2004 and is scheduled to expire at the end of 2014
 - For the LTM period ended September 30, 2014, Liggett was required to pay approximately \$27.8 million under the TTPP

Real Estate Operations

New Valley Consolidated Real Estate Investments

➤ Consolidated Real Estate Investments (as of September 30, 2014)

- Douglas Elliman (70.59%) owned by New Valley:
 - Largest residential brokerage firm in the New York metropolitan area and ranked as the fourth-largest residential brokerage firm in the U.S. in 2013 based on closed sales volume
 - Offers title and settlement services, relocation services, and residential property management services through various subsidiaries
 - Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA for Douglas Elliman Realty, LLC of \$524.5 million and \$57.7 million for the LTM period ended September 30, 2014⁽¹⁾

	New York City	Long Island & Westchester County	South Florida	California	Total
Agents	2,672	2,097	499	22	5,290
Offices	21	43	9	1	74
LTM 9/30/14 Real Estate Sales	\$11.2 Billion	\$5.1 Billion	\$0.8 Billion	\$0.1 Billion	\$17.2 Billion

- Additional consolidated real estate investments include:
 - *Escena*, a master planned community in Palm Springs, which presently has 667 residential lots
 - In October 2013, New Valley sold 200 lots for \$22.7 million and reported income of \$20.2 million

(1) Pro-Forma Adjusted Revenues and Adjusted EBITDA are presented assuming Vector's acquisition of its additional 20.59% interest in Douglas Elliman, and the related purchase accounting adjustments, occurred prior to January 1, 2013.

New Valley Non-consolidated Real Estate Investments

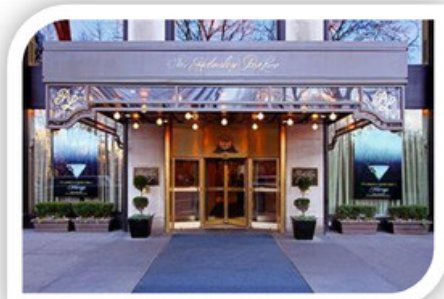
➤ Condominiums and Mixed Use Developments (as of September 30, 2014)

- The Marquand – New Valley owns a 18% interest in a Manhattan luxury residential condominium conversion project located on 68th Street between Fifth Avenue and Madison Avenue
- 10 Madison Square Park West – New Valley owns a 5% interest in a luxury residential condominium in the Flatiron District
- The Whitman – New Valley owns a 12% interest in a joint venture which developed a luxury condominium in the Flatiron District / NoMad neighborhood of Manhattan
- 11 Beach Street – New Valley owns a 49.5% interest in a TriBeCa luxury residential condominium conversion project
- 20 Times Square (f/k/a. 701 Seventh Avenue) – New Valley owns a 11.5% interest in a joint venture that is developing a multi-use project in Times Square
- 101 Murray Street – New Valley owns a 25% interest (and a related note receivable) in a joint venture that is developing a mixed-used property that includes both commercial space and a 139-unit luxury residential condominium in TriBeCa
- 160 Leroy Street (f/k/a. Leroy Street) – New Valley owns a 5% interest in a development site in the West Greenwich Village
- PUBLIC Chrystie House – New Valley owns a 18.4% interest in a joint venture that plans to develop a 29-story mixed use property with an Ian Schrager-branded boutique hotel in lower Manhattan
- 25-19 43rd Avenue – New Valley owns a 9.9% interest in a site where a nine-story, 87,000 square-foot condominium will be developed in Long Island City, NY
- Queens Plaza (f/k/a. 23-10 Queens Plaza South) – New Valley owns a 45.4% interest in a joint venture that plans to develop a new apartment tower with 287,000 square-feet of residential space and 10,000 square-feet of retail space in Queens, New York
- Sesto Holdings – New Valley owns a 7.2% interest in entity that owns a 322-acre land plot in Milan, Italy
- 8701 Collins Avenue – New Valley owns a 15% interest in the Howard Johnson's Dezerland Beach hotel in Miami Beach, which is being redeveloped into a modern hotel and residential condominium
- 125 Greenwich Street – New Valley owns a 13.3% interest in the approximately 360,000 square-foot condominium development project scheduled to begin construction in March 2015; current plans state the building will stand approximately 1,350 feet tall

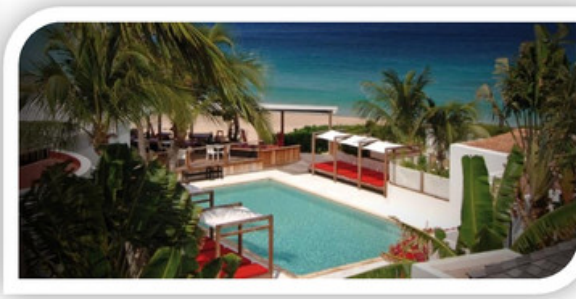
New Valley Non-consolidated Real Estate Investments (cont'd)

➤ Apartment Buildings and Hotels (as of September 30, 2014)

- **Park Lane Hotel** – New Valley owns a 5% interest in a joint venture that has agreed to acquire the Park Lane Hotel from the Helmsley Family Trust and Estate and to redevelop the property as a hotel and luxury residential condominiums
- **Maryland Portfolio** – New Valley owns a 7.5% indirect interest in joint venture that owns a portfolio of approximately 5,500 apartment units primarily located in Baltimore County, Maryland
- **ST Portfolio** – New Valley owns a 16.4% interest in four Class A multi-family rental assets with Winthrop Realty Trust. The properties are located in Texas, Arizona, California and Connecticut and include 761 apartment units and additional retail space
- **Hotel Taiwana** – New Valley owns a 17% interest in Hill Street Partners LLP which owns a recently renovated hotel in St. Barts, French West Indies
- **Coral Beach** – New Valley owns a 49% interest in a joint venture that has acquired and plans to redevelop the Coral Beach and Tennis Club in Bermuda



Park Lane Hotel – Midtown Manhattan



Hotel Taiwana - St. Barth, French West Indies



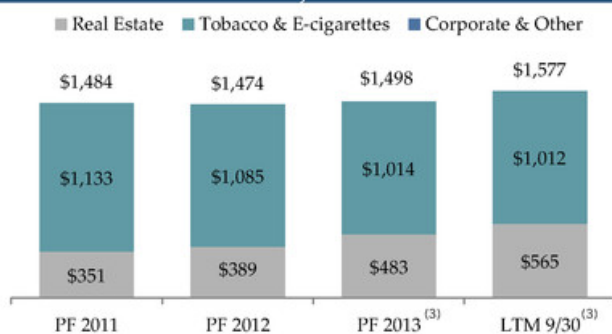
Coral Beach and Tennis Club - Bermuda

Vector Group Ltd. Financial Summary

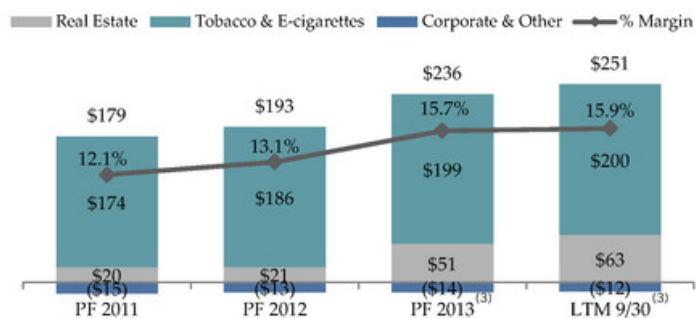
Pro-Forma Historical Financial Data

(\$ Millions)

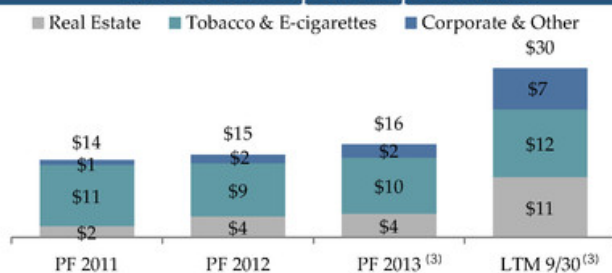
Pro-Forma Adjusted Revenues ⁽¹⁾



Pro-Forma Adjusted EBITDA ⁽²⁾



Pro-Forma Capital Expenditures



Pro-Forma Free Cash Flow ⁽⁴⁾



Note: Pro-Forma financials are presented assuming Vector's acquisition of its additional 20.59% interest in Douglas Elliman, and the related purchase accounting adjustments, occurred at the beginning of each period presented.

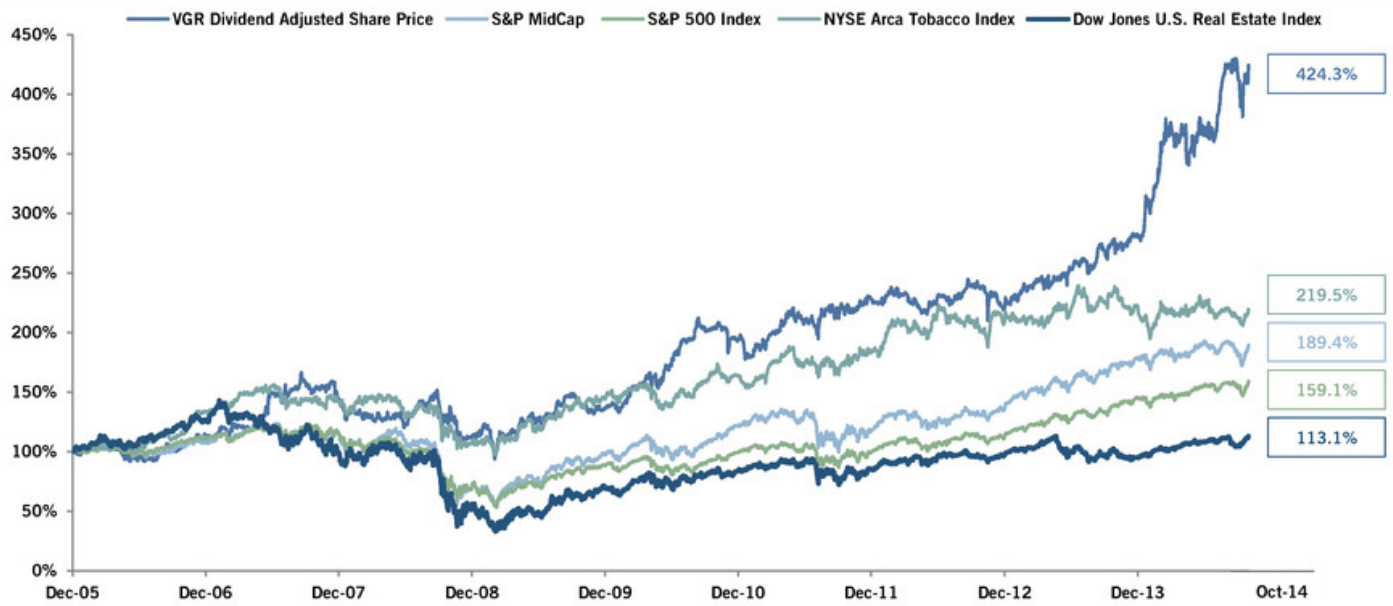
(1) Amounts include one-time purchase accounting adjustments to fair value for deferred revenues recorded in connection with the increase of the Company's ownership of Douglas Elliman on December 13, 2013.

(2) Pro-Forma Adjusted EBITDA defined as Net Income before Interest, Taxes, Depreciation & Amortization, adjusted as described in the Appendix. Percentages reflect Pro-Forma Adjusted EBITDA as a percentage of Pro-Forma Adjusted Revenues.

(3) 2013 and LTM results include the sale of 200 lots at Escena.

(4) Pro-Forma Free Cash Flow defined as Pro-Forma Adjusted EBITDA less Pro-Forma Capital Expenditures as described in the Appendix.

Historical Stock Price Performance



	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Oct-14
Vector Group Ltd.	1.00	1.13	1.44	1.13	1.36	1.94	2.28	2.20	2.80	4.24
S&P 500	1.00	1.12	1.16	0.71	0.88	0.99	0.99	1.12	1.46	1.59
S&P MidCap	1.00	1.07	1.15	0.72	0.97	1.21	1.17	1.36	1.79	1.89
NYSE Arca Tobacco	1.00	1.34	1.42	1.08	1.44	1.63	1.83	2.09	2.22	2.19
Dow Jones Real Estate	1.00	1.27	0.99	0.56	0.69	0.84	0.85	0.97	0.95	1.13

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, formerly known as the AMEX Tobacco Index, and the Dow Jones Real Estate Index for the period from December 31, 2005 through October 31, 2014. The graph assumes that all dividends and distributions were reinvested.
Source: S&P Capital IQ.

Appendix

Vector Pro-Forma Adjusted Revenues Reconciliation

(\$ Millions)

	FYE Dec 31,			9 Months Ended September 30,	
	2011	2012	2013	2014	2013
Revenues	\$1,137.6	\$1,095.5	\$1,079.9	\$1,173.7	\$780.3
Reclassification of Revenues as a Result of Consolidation of Douglas Elliman ⁽¹⁾	346.3	378.2	416.5	0.0	315.7
Purchase Accounting Adjustments ⁽²⁾	-	-	1.4	1.7	0.0
Total Adjustments	\$346.3	\$378.2	\$417.8	\$1.7	\$315.7
Pro-Forma Adjusted Revenues	\$1,484.0	\$1,473.7	\$1,497.8	\$1,175.4	\$1,096.1

Source: Company filings.

Note: Separate components may not foot due to rounding.

- (1) Represents revenues of Douglas Elliman Realty, LLC for the year ended December 31, 2011, the year ended December 31, 2012 and 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 prior to December 13, 2013.
- (2) 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.

Vector Adjusted EBITDA and Free Cash Flow Reconciliation

(\$ Millions)

	FYE Dec. 31,			9 Months Ended September 30,	
	2011	2012	2013	2014	2013
Net Income (loss) attributed to Vector Group Ltd.	\$75.0	\$30.6	\$38.9	\$25.4	(\$25.1)
Interest Expense	100.7	110.1	132.1	123.7	99.0
Income Tax Expense (income)	48.1	23.1	24.8	21.0	(9.3)
Net Income attributed to non-controlling interest	-	-	(0.3)	10.9	-
Depreciation and Amortization	10.6	10.6	12.6	18.6	8.0
EBITDA	\$234.5	\$174.4	\$208.3	\$199.5	\$72.7
Change in Fair Value of Derivatives Embedded Within Convertible Debt	(8.0)	7.5	(18.9)	(7.4)	(8.3)
Gain on Liquidation of Long-Term Investments	(25.8)	-	0.0	-	-
Equity Loss (Gain) on Long-Term Investments	0.9	1.3	(2.1)	(1.5)	(0.8)
Loss (Gain) on Sale of Investment Securities Available for Sale	(23.3)	(1.6)	(5.2)	0.0	(5.1)
Equity Income From Non-Consolidated Real Estate Businesses	(20.0)	(29.8)	(22.9)	(3.0)	(16.8)
Gain on Townhomes	(3.8)	-	0.0	-	-
Loss on Extinguishment of Debt	1.2	-	21.5	-	21.5
Acceleration of Interest Expense Related to Debt Conversion	-	15.0	12.4	5.1	-
Stock-Based Compensation Expense	3.2	5.6	2.5	2.0	1.9
Litigation Settlement and Judgment Expense	-	-	88.1	1.7	87.9
Impact of MSA Settlement	-	-	(11.8)	(1.4)	(11.0)
Gain on Acquisition of Douglas Elliman	-	-	(60.8)	-	-
Reclassification of EBITDA as a Result of the Consolidation of Douglas Elliman	31.0	31.6	46.6	-	32.8
Purchase Accounting Adjustments	-	-	0.0	1.0	-
Other, Net	(1.7)	(1.2)	(7.6)	(8.2)	(5.2)
Pro-Forma Adjusted EBITDA Attributed to Non-Controlling Interest	(9.1)	(9.3)	(13.7)	(13.6)	(9.7)
Pro-Forma Adjusted EBITDA Attributed to Vector Group Ltd.	\$179.0	\$193.4	\$236.4	\$174.4	\$160.1
Vector Group Ltd. Capital Expenditures	11.8	11.3	13.3	20.7	8.7
Douglas Elliman Capital Expenditures	2.5	4.6	4.3	5.3	3.4
Pro-Forma Capital Expenditures	14.3	15.9	17.6	\$26.1	\$12.1
Pro-Forma Capital Expenditures Attributed to Non-Controlling Interest	(0.7)	(1.4)	(1.3)	(1.6)	(1.0)
Pro-Forma Capital Expenditures Attributed to Vector Group Ltd.	13.6	14.6	16.3	\$24.5	\$11.1
Pro-Forma Free Cash Flow Attributed to Vector Group Ltd.	\$165.4	\$178.8	\$220.1	\$149.9	\$149.0

Source: Company filings.

Note: Free Cash Flow defined as Pro-Forma Adjusted EBITDA minus Pro-Forma Capital Expenditures Attributed to Vector Group Ltd. Separate components may not foot due to rounding.

Note: Pro-Forma Adjusted EBITDA defined as Net Income before Interest, Taxes, Depreciation & Amortization.

Vector Group Ltd. owns Liggett Group, Vector Tobacco, Zoom E-Cigs LLC, 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 \$160 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.
- 2014 expiration of the Tobacco Transition Payment Program could yield substantial incremental free cash flow. TTPP payments were approximately \$27.8 million for the twelve months ended September 30, 2014.



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 \$170 million, as of September 30, 2014, in a broad portfolio of 19 domestic and international 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 \$17.2 billion for the twelve months ended September 30, 2014 and it has approximately 5,250 agents and 75 offices throughout the New York metropolitan area, South Florida 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

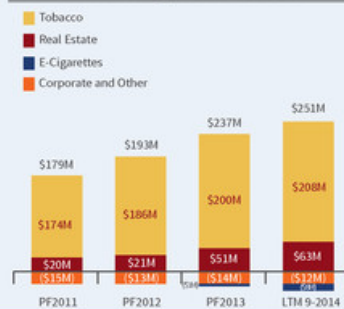
- Headquartered in Miami with an executive office in Manhattan and tobacco operations in North Carolina
- Employs approximately 1,000 people
- Executive management and directors beneficially own 16% of the Company
- Reported cash of \$380 million and investments with fair value of \$385 million at September 30, 2014
- Recognized as one of America's Most Trustworthy Companies by *Forbes* in 2013



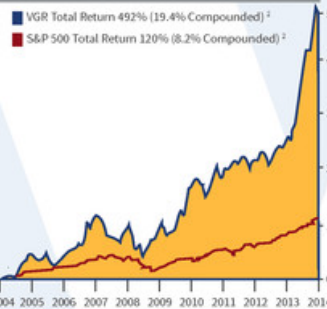
“Vector is a largely underfollowed company with a highly competent management team and numerous ways to unlock value”

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

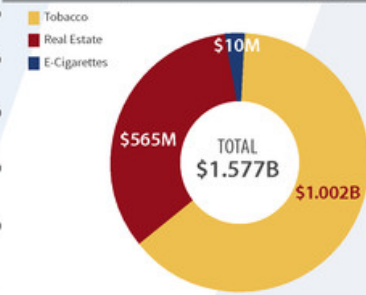
Pro-Forma Adjusted EBITDA¹



10-Year Stockholder Return



Pro-Forma Adjusted Revenues LTM 9/30/14¹



¹ The Company's net income attributable to Vector Group Ltd. for the periods presented was \$79M, \$111M, \$31M and \$88M, respectively. The Company's revenues for LTM September 30, 2014 were \$1.45B. 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 Report on Forms 8-K, filed on October 6, 2014 and October 30, 2014 and Form 10-Q, filed on October 31, 2014 (Commission File Number 1-5759)

² 10-Year return from October 31, 2004 to October 31, 2014 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.



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 stake¹ in numerous real estate investments.

NEW VALLEY REAL ESTATE INVESTMENTS¹

New Valley has invested approximately \$170 million, as of September 30, 2014, in a broad portfolio of domestic and international real estate projects in the United States, the Caribbean and Europe.

New Valley Investment & Development Portfolio¹



New Valley's New York Real Estate Investments¹

1. **The Marquand** Upper East Side
2. **10 Madison Square Park West** Flatiron District/NoMad
3. **The Whitman** Flatiron District/NoMad
4. **11 Beach Street** TriBeCa
5. **20 Times Square** Times Square
6. **101 Murray Street** TriBeCa
7. **160 Leroy Street** Greenwich Village
8. **PUBLIC Chrystie House** Lower East Side
9. **25-19 43rd Avenue** Long Island City
10. **Queens Plaza** Long Island City
11. **Park Lane Hotel** Central Park South
12. **125 Greenwich Street** Financial District

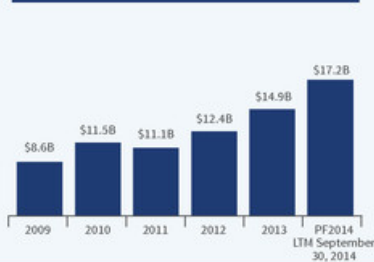
International Investments¹

- Milano** **Milano Holdings** Milan, Italy
- 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 \$17.2 billion for the twelve months ended September 30, 2014; Douglas Elliman has approximately 5,250 agents and 75 offices throughout the New York metropolitan area, South Florida and Los Angeles.
- Strategic Marketing Partnership with Yahoo!-Zillow® Real Estate Network that provides advertising exclusivity for Douglas Elliman's listings.
- Recently announced 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 52 countries with 20,000 agents.
- Pro-Forma Adjusted Revenues and Pro-Forma Adjusted EBITDA of Douglas Elliman of \$524.5 million² and \$57.7 million², respectively, for the LTM period ended September 30, 2014.

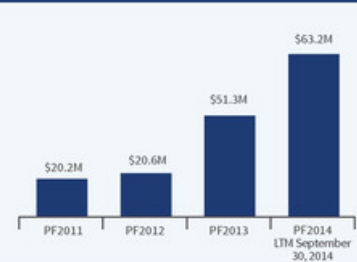
Douglas Elliman Closings



New Valley Pro-Forma Adjusted Revenues LTM September 30, 2014²



New Valley Pro-Forma Adjusted EBITDA²



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 700 people

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 57 of Vector Group Ltd.'s Form 10-Q for the quarterly period ended September 30, 2014 (Commission File Number 1-5759).

² Douglas Elliman's Revenues were \$518M and Douglas Elliman's net income was \$42M for the twelve months ended September 30, 2014. New Valley's net income for the periods presented was approximately \$13M, \$16M, \$59M and \$68M, for the periods presented, respectively. New Valley's revenues for LTM September 30, 2014 were \$481.6M. 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 Report on Forms 8-K, filed on October 6, 2014 and October 30, 2014 and Form 10-Q, filed on October 31, 2014 (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 of \$19M, \$15.1M, \$13.6M and \$12.2M, for the periods presented, respectively.

