



August 9, 2005

VECTOR GROUP REPORTS SECOND QUARTER 2005 FINANCIAL RESULTS

MIAMI, FL, August 9, 2005 -- Vector Group Ltd. (NYSE: VGR) today announced financial results for the three and six months ended June 30, 2005.

Second quarter 2005 revenues were \$113.1 million, compared to revenues of \$120.0 million in the second quarter of 2004. The Company recorded operating income of \$24.4 million in the 2005 second quarter, compared to an operating loss of \$25.9 million in the second quarter of 2004. The results for the three months ended June 30, 2004 included a pre-tax non-cash charge of \$37.0 million to adjust the carrying value of excess leaf tobacco inventory for the Quest brand and pre-tax restructuring and impairment charges of \$2.4 million. Adjusting for the 2004 inventory and restructuring charges, the Company's operating income for the 2004 second quarter was \$13.5 million. Net income for the 2005 second quarter was \$10.0 million, or \$0.23 per diluted common share, compared to a net loss of \$16.9 million, or \$0.41 per diluted common share, in the 2004 second quarter.

For the six months ended June 30, 2005, revenues were \$217.3 million, compared to \$246.6 million for the first six months of 2004. The Company recorded operating income of \$43.0 million for the 2005 six-month period, compared to an operating loss of \$13.1 million for the 2004 period. The results for the 2004 period included the pre-tax inventory charge of \$37.0 million and pre-tax restructuring and impairment charges of \$3.0 million. Adjusting for the 2004 inventory and restructuring charges, operating income for the first six months of 2004 was \$27.0 million. Gain from discontinued operations was \$3.0 million for the 2005 period, compared to \$0.3 million for the prior year period. Net income for the 2005 six-month period was \$21.3 million, or \$0.49 per diluted common share, compared to a net loss of \$12.3 million, or \$0.30 per diluted common share, for the 2004 period.

For the three and six months ended June 30, 2005, the Company's conventional cigarette business, which includes Liggett Group cigarettes and USA brand cigarettes, had revenues of \$110.2 million and \$211.9 million, respectively, compared to \$115.6 million and \$237.8 million for the three and six months ended June 30, 2004, respectively. Operating income was \$34.3 million for the second quarter of 2005 and \$66.2 million for the first six months of 2005, compared to \$25.4 million and \$53.2 million for the three and six months ended June 30, 2004, respectively. The results for the three and six months ended June 30, 2004 include pre-tax restructuring and impairment charges of \$2.0 million and \$2.4 million, respectively.

Conference Call To Discuss Second Quarter 2005 Results

As previously announced, the Company will host a conference call and webcast on Wednesday, August 10, 2005 at 11:00 A.M. (EDT) to discuss second quarter 2005 results. Investors can access the call by dialing 877-692-2590 or via live webcast at www.vcall.com.

A replay of the call will also be available shortly after the call ends on August 10, 2005 through August 24, 2005. To access the replay, dial 877-519-4471 and enter 6339214 as the conference ID number. The archived webcast will also be available at www.vcall.com for 30 days.

Vector Group is a holding company that indirectly owns Liggett Group Inc., Vector Tobacco Inc. and a controlling interest in New Valley Corporation. Additional information concerning the company is available on the company's website, www.VectorGroupLtd.com.

[Financial Table Follows]

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