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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): November 15, 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)

**(Not Applicable)**

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition**

On August 31, 2016, the Board of Directors of Vector Group Ltd. (the “Company”) declared a 5% stock dividend to stockholders of record as of September 21, 2016. The stock dividend was paid on September 29, 2016. The Company is filing updated Selected Financial Data to reflect the stock dividend as Exhibit 99.1.

*Revisions to December 31, 2014, 2013, 2012, and 2011 Consolidated Balance Sheets due to Adoption of Accounting Standard.* In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2015-03, “Interest-Imputation of Interest”, which requires debt issuance costs to be reported in the balance sheet as a direct deduction from the face amount of the note. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015. This amendment must be applied retrospectively to all periods presented. The Company adopted the provisions of this ASU retrospectively in the first quarter of 2016, and adjusted all prior periods accordingly. The adoption of this ASU will simplify the presentation of debt issuance costs and reduce complexity without decreasing the usefulness of information provided to users of financial statements.

The Company also updated Selected Financial Data to reflect the adoption of ASU 2015-03. The cumulative impacts of the application are presented in the table below:

	December 31, 2014		
	As Previously Reported	ASU Adoption	As Revised
Other assets	\$ 53,902	\$ (34,212)	\$ 19,690
Total assets	\$ 1,423,254	\$ (34,212)	\$ 1,389,042
Notes payable, long-term debt and other obligations, less current portion	\$ 860,711	\$ (34,212)	\$ 826,499
Total liabilities	1,443,934	(34,212)	1,409,722
Total stockholders' deficiency	(20,680)	—	(20,680)
Total liabilities and stockholders' deficiency	\$ 1,423,254	\$ (34,212)	\$ 1,389,042

	December 31, 2013		
	As Previously Reported	ASU Adoption	As Revised
Other assets	\$ 46,666	\$ (25,828)	\$ 20,838
Total assets	\$ 1,115,793	\$ (25,828)	\$ 1,089,965
Notes payable, long-term debt and other obligations, less current portion	\$ 540,766	\$ (25,828)	\$ 514,938
Total liabilities	1,166,398	(25,828)	1,140,570
Total stockholders' deficiency	(50,605)	—	(50,605)
Total liabilities and stockholders' deficiency	\$ 1,115,793	\$ (25,828)	\$ 1,089,965

	December 31, 2012		
	As Previously Reported	ASU Adoption	As Revised
Other assets	\$ 40,778	\$ (19,485)	\$ 21,293
Total assets	<u>\$ 986,928</u>	<u>\$ (19,485)</u>	<u>\$ 967,443</u>
Notes payable, long-term debt and other obligations, less current portion	\$ 586,946	\$ (19,485)	\$ 567,461
Total liabilities	<u>1,075,998</u>	<u>(19,485)</u>	<u>1,056,513</u>
Total stockholders' deficiency	(89,070)	—	(89,070)
Total liabilities and stockholders' deficiency	<u>\$ 986,928</u>	<u>\$ (19,485)</u>	<u>\$ 967,443</u>

	December 31, 2011		
	As Previously Reported	ASU Adoption	As Revised
Other assets	\$ 29,372	\$ (7,719)	\$ 21,653
Total assets	<u>\$ 824,979</u>	<u>\$ (7,719)</u>	<u>\$ 817,260</u>
Notes payable, long-term debt and other obligations, less current portion	\$ 493,356	\$ (7,719)	\$ 485,637
Total liabilities	<u>934,987</u>	<u>(7,719)</u>	<u>927,268</u>
Total stockholders' deficiency	(110,008)	—	(110,008)
Total liabilities and stockholders' deficiency	<u>\$ 824,979</u>	<u>\$ (7,719)</u>	<u>\$ 817,260</u>

#### Item 7.01 Regulation FD Disclosure

Vector Group Ltd. has prepared materials for presentations to investors updated for the three months ended September 30, 2016. The materials are furnished (not filed) as Exhibits 99.3, 99.4 and 99.5 to this Current Report on Form 8-K pursuant to Regulation FD.

#### Non-GAAP Financial Measures

The Company is also filing this Current Report on Form 8-K to revise previously reported non-GAAP financial measures to reflect the impact of its recent 5% stock dividend, which was paid on September 29, 2016 to stockholders of record on September 21, 2016, in calculating its non-GAAP financial measure of Adjusted Net Income (related to Earnings Per Share). The Company is also including Adjusted Revenues and Adjusted EBITDA (collectively, with Adjusted Net Income, the "Non-GAAP financial measures") for certain of the periods presented in the Selected Financial Data. All Non-GAAP financial measures and their reconciliations to GAAP measures have been presented as part of Exhibit 99.2. The Non-GAAP financial measures included in Exhibit 99.2 were previously reported in the Current Reports on Form 8-K, which were filed on November 3, 2016, July 28, 2016, April 28, 2016, April 1, 2016, March 8, 2016 and October 2, 2015.

Exhibits 99.2, 99.3, 99.4 and 99.5 contain the Non-GAAP Financial Measures discussed below.

Tables 1 through 4 of Exhibit 99.2 contain information relating to the Company's Non-GAAP Financial Measures for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 and the three months ended September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015.

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

("MSA") in the Tobacco segment, restructuring and pension settlement expense in the Tobacco segment, non-cash stock compensation expense (for purposes of Adjusted EBITDA only) and non-cash interest items associated with the Company's convertible debt.

Adjusted Revenues, New Valley LLC Adjusted Revenues, Douglas Elliman Realty, LLC Adjusted Revenues (hereafter referred to as "the Non-GAAP Revenue Financial Measures"), Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, New Valley LLC Adjusted EBITDA, 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 and ages of related assets among otherwise comparable companies. In the case of the Non-GAAP Revenue Financial Measures, management believes revenue growth in its real estate segment is an important measure of growth because increased revenues generally result in increased gross margin as a result of absorption of fixed operating costs, which management believes will lead to increased future profitability as well as increased capacity to expand into new and existing markets. A key strategy of the Company is its ability to move into new markets and therefore gross revenues provide information with respect to the Company's ability to achieve its strategic objectives. Management also believes increased revenues generally indicate increased market share in existing markets as well as expansion into new markets. Consequently, management believes the Non-GAAP Revenue Financial Measures are meaningful indicators of operating performance. 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.

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. Adjusted EBITDA is EBITDA, as defined above, and as adjusted for changes in fair value of derivatives embedded with convertible debt, equity in earnings (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 (for purposes of Adjusted EBITDA only), litigation settlement and judgment expense, settlements of long-standing disputes related to the 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.

### **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, 2015 and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016. 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. Condensed Consolidated Financial Statements and Exhibit**

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Selected Financial Data adjusted to reflect 5% stock dividend paid September 29, 2016 to stockholders of record on September 21, 2016.
99.2	Non-GAAP Financial Measures (furnished pursuant to Regulation FD).
99.3	Investor presentation of Vector Group Ltd. dated November 2016 (furnished pursuant to Regulation FD).
99.4	Fact Sheet of Vector Group Ltd. dated November 2016 (furnished pursuant to Regulation FD).
99.5	Fact Sheet of New Valley LLC dated November 2016 (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

Sr. Vice President, Treasurer and Chief Financial Officer

Date: November 15, 2016

**Selected Financial Data**

The following table sets forth our summary condensed consolidated financial data for the periods presented below and our earnings per share as adjusted for the stock dividends described below. The summary condensed consolidated financial data as of September 30, 2016 have been derived from our unaudited condensed consolidated financial statements. Our unaudited condensed consolidated financial statements include only normal and recurring adjustments, necessary to state fairly the data included therein.

The per-share amounts shown below have been retroactively adjusted to reflect the 5% stock dividend which was paid on September 29, 2016 to stockholders of record on September 21, 2016 (see note (2) below).

Our historical results are not necessarily indicative of the results of operations for future periods, and our results of operations for the nine-month period ended September 30, 2016 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2016. You should read the following summary condensed consolidated financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the period ended September 30, 2016.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
<b>Statement of Operations Data:</b>					
Total revenues (1)	\$ 1,657,197	\$ 1,591,315	\$ 1,079,921	\$ 1,095,533	\$ 1,137,646
Operating income	199,920	212,438	111,186	154,083	142,621
Net income attributed to Vector Group Ltd.	59,198	36,856	37,300	30,675	74,478
Per basic common share (2)					
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.46	\$ 0.32	\$ 0.34	\$ 0.29	\$ 0.72
Per diluted common share (2)					
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.46	\$ 0.32	\$ 0.34	\$ 0.29	\$ 0.72
Cash distributions declared per common share (2)	\$ 1.47	\$ 1.40	\$ 1.33	\$ 1.27	\$ 1.21

	September 30,	December 31,				
	2016	2015	2014	2013	2012	2011
			As Revised	As Revised	As Revised	As Revised
<b>Balance Sheet Data:</b>						
Current assets	\$ 783,725	\$ 583,739	\$ 751,397	\$ 484,388	\$ 579,336	\$ 426,996
Total assets	1,464,730	1,280,615	1,389,042	1,089,965	967,443	817,260
Current liabilities	217,357	216,292	212,424	359,376	167,860	279,313
Notes payable, embedded derivatives, long-term debt and other obligations, less current portion	1,242,253	1,000,150	995,001	607,872	739,589	534,652
Noncurrent employee benefits, deferred income taxes and other long-term liabilities	203,717	186,334	202,297	173,322	149,064	113,303
Total stockholders' deficiency	(198,597)	(122,161)	(20,680)	(50,605)	(89,070)	(110,008)

	For the Three Months Ended							For the Nine Months Ended	
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	September 30, 2016	September 30, 2015
<b>Statement of Operations Data:</b>									
Total revenues (3)	\$ 459,104	\$ 438,273	\$ 380,800	\$ 430,330	\$ 449,934	\$ 416,173	\$ 360,760	\$ 1,278,177	\$ 1,226,867
Operating income	69,364	70,720	62,159	31,032	69,367	55,803	43,718	202,243	168,888
Net income attributed to Vector Group Ltd.	23,175	24,015	19,338	7,904	12,466	17,607	21,221	66,528	51,294
Per basic common share (2)									
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.18	\$ 0.19	\$ 0.15	\$ 0.06	\$ 0.10	\$ 0.14	\$ 0.17	\$ 0.52	\$ 0.40
Per diluted common share (2)									
Net income attributed to Vector Group Ltd. applicable to common shares	\$ 0.18	\$ 0.19	\$ 0.15	\$ 0.06	\$ 0.10	\$ 0.14	\$ 0.17	\$ 0.52	\$ 0.40
Cash distributions declared per common share (2)	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.36	\$ 0.36	\$ 0.36	\$ 1.14	\$ 1.09

(1) Revenues include excise taxes of \$439,647, \$446,086, \$456,703, \$508,027, and \$552,965, respectively.

(2) Per share computations include the impact of 5% stock dividends on September 29, 2016, September 29, 2015, September 26, 2014, September 27, 2013, September 28, 2012, and September 29, 2011, respectively.

(3) Revenues include excise taxes of \$116,024, \$106,861, \$90,846, \$118,342, \$112,773, \$108,912, \$97,359, \$313,731, and \$319,044 respectively.

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

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Revenues	\$ 1,657,197	\$ 1,591,315	\$ 1,079,921	\$ 1,095,533	\$ 1,137,646
Reclassification of revenues as a result of the consolidation of Douglas Elliman (a)	—	—	416,453	378,175	346,309
Purchase accounting adjustments (b)	1,925	1,768	1,357	—	—
Total adjustments	1,925	1,768	417,810	378,175	346,309
Adjusted Revenues	<u>\$ 1,659,122</u>	<u>\$ 1,593,083</u>	<u>\$ 1,497,731</u>	<u>\$ 1,473,708</u>	<u>\$ 1,483,955</u>
<b>Revenues by Segment</b>					
Tobacco (c)	1,017,761	1,021,259	1,014,341	1,084,546	1,133,380
E-cigarettes	641,406	561,467	65,580	10,987	4,266
Real Estate (d)	(1,970)	8,589	—	—	—
Corporate and Other	—	—	—	—	—
Total (c)	<u>1,657,197</u>	<u>1,591,315</u>	<u>1,079,921</u>	<u>1,095,533</u>	<u>1,137,646</u>
<b>Adjusted Revenues by Segment</b>					
Tobacco (c)	\$ 1,017,761	\$ 1,021,259	\$ 1,014,341	\$ 1,084,546	\$ 1,133,380
E-cigarettes	(1,970)	8,589	—	—	—
Real Estate (d)	643,331	563,235	483,390	389,162	350,575
Corporate and Other	—	—	—	—	—
Total (c)	<u>\$ 1,659,122</u>	<u>\$ 1,593,083</u>	<u>\$ 1,497,731</u>	<u>\$ 1,473,708</u>	<u>\$ 1,483,955</u>

- a. Represents revenues of Douglas Elliman Realty, LLC for the respective annual periods. For the year ended December 31, 2013, represents revenues from Douglas Elliman Realty, LLC for the period from January 1, 2013 to December 13, 2013. On December 13, 2013, the Company increased its ownership of Douglas Elliman Realty, LLC from 50% to 70.59%. Consequently, after December 13, 2013, the Company consolidates the operations and financial position of Douglas Elliman Realty, LLC in its financial statements. The Company had previously accounted for its interest in Douglas Elliman Realty, LLC under the equity method and revenues from Douglas Elliman Realty, LLC were not included in the Company's revenues.
- b. 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.
- c. Includes excise taxes of \$439,647, \$446,086, \$456,703, \$508,027, and \$552,965 for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.
- d. Includes Adjusted Revenues from Douglas Elliman Realty, LLC of \$637,000, \$543,230, \$456,909, \$384,267 and \$346,309 for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

**TABLE 2**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF ADJUSTED EBITDA**  
**(Unaudited)**  
**(Dollars in Thousands)**

	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
Impairment of investment securities	12,846	—	—	—	—
(Gain) loss on sale of investment securities available for sale	(11,138)	11	(5,152)	(1,640)	(23,257)
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	—	—
Acceleration of interest expense related to debt conversion	—	5,205	12,414	14,960	1,217
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>Adjusted EBITDA</b>	<b>\$ 257,201</b>	<b>\$ 242,722</b>	<b>\$ 249,259</b>	<b>\$ 201,812</b>	<b>\$ 187,402</b>
Adjusted EBITDA attributed to non-controlling interest	(11,267)	(15,858)	(13,717)	(9,281)	(9,114)
<b>Adjusted EBITDA attributed to Vector Group Ltd.</b>	<b>\$ 245,934</b>	<b>\$ 226,864</b>	<b>\$ 235,542</b>	<b>\$ 192,531</b>	<b>\$ 178,288</b>
<b>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>Adjusted EBITDA Attributed to Vector Group by Segment</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 equity in losses (earnings) recognized from investments that the Company accounts for under the equity method.
- c. Represents equity in earnings 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 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 Adjusted EBITDA.
- j. Includes 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 Adjusted EBITDA for non-controlling interest.

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

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Net income attributed to Vector Group Ltd.	\$ 23,175	\$ 24,015	\$ 19,338	\$ 7,904	\$ 12,466	\$ 17,607	\$ 21,221
Change in fair value of derivatives embedded within convertible debt	(6,112)	(7,416)	(9,694)	(5,695)	(7,044)	(5,256)	(6,460)
Non-cash amortization of debt discount on convertible debt	10,167	9,170	8,286	7,565	7,187	6,516	5,943
Litigation settlement and judgment expense (a)	—	—	2,350	14,229	3,750	1,250	843
Cash interest capitalized to real estate venture	—	—	—	(9,928)	—	—	—
Impact of MSA Settlement (b)	(370)	—	—	1,351	(5,715)	—	—
Pension settlement charge	—	—	—	—	—	1,607	—
Impact of interest expense capitalized to real estate ventures, net	(3,276)	(1,315)	(3,520)	—	—	—	—
Restructuring expense	—	—	41	5,709	1,548	—	—
Douglas Elliman Realty, LLC purchase accounting adjustments (c)	1,511	581	476	1,358	1,351	1,343	1,251
Total adjustments	1,920	1,020	(2,061)	14,589	1,077	5,460	1,577
Tax expense related to adjustments	(780)	(424)	858	(6,089)	(448)	(2,258)	(652)
Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 24,315</u>	<u>\$ 24,611</u>	<u>\$ 18,135</u>	<u>\$ 16,404</u>	<u>\$ 13,095</u>	<u>\$ 20,809</u>	<u>\$ 22,146</u>
Per diluted common share:							
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.14</u>	<u>\$ 0.13</u>	<u>\$ 0.10</u>	<u>\$ 0.16</u>	<u>\$ 0.17</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 4**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF 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)	—	—
Pension settlement charge	1,607	—	—	—	—
Gain on acquisition of Douglas Elliman Realty, LLC (d)	—	—	(60,842)	—	—
Restructuring expense	7,257	—	—	—	—
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	—	—
Gain on liquidation of long-term investments	—	—	—	—	(25,832)
Gain on townhomes	—	—	—	—	(3,843)
Total adjustments	22,703	43,112	74,507	46,399	(20,190)
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	—	—	—
Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 72,454</u>	<u>\$ 63,811</u>	<u>\$ 82,340</u>	<u>\$ 57,742</u>	<u>\$ 62,485</u>
Per diluted common share:					
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.57</u>	<u>\$ 0.55</u>	<u>\$ 0.75</u>	<u>\$ 0.55</u>	<u>\$ 0.61</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 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 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.

VGR  
LISTED  
NYSE



**INVESTOR PRESENTATION**

November 2016

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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 Form 10-Q for the quarterly period ended September 30, 2016. Please also refer to Vector's Current Reports on Forms 8-K, filed on October 2, 2015, March 8, 2016, April 1, 2016, November 3, 2016 and November 15, 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 "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 Adjusted EBITDA has increased from \$178.3 million in 2011<sup>(1)</sup> to \$278.2 million for the twelve months ended September 30, 2016<sup>(2)</sup>
  - Tobacco Adjusted EBITDA of \$268.1 million for the twelve months ended September 30, 2016<sup>(3)</sup>
  - Douglas Elliman, which is a 70.59%-owned subsidiary, produces Adjusted Revenues of \$685 million and Adjusted EBITDA of \$43 million for the twelve months ended September 30, 2016<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 \$718 million as of September 30, 2016<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 largest U.S. tobacco companies – annual cost advantage ranged between \$163 million and \$168 million from 2011 to 2015<sup>(6)</sup>

*(1) Vector's Net income for the year ended December 31, 2011 was \$74.5M. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.2 of the Company's Current Report on Form 8-K, dated November 15, 2016 (Table 2) for a reconciliation of Net income to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.*

*(2) Vector's Net income for the twelve months ended September 30, 2016 was \$74.4 million. 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 November 3, 2016, for a reconciliation of Net income to 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 November 3, 2016.*

*(4) Douglas Elliman's revenues were \$684.5 million and its Net income was \$29.6 million for the twelve months ended September 30, 2016. Adjusted Revenues and Adjusted EBITDA are Non-GAAP Financial Measures. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, dated November 3, 2016, for a reconciliation to Revenues of Non-GAAP financial measures and Net Income to Adjusted Revenues and Adjusted EBITDA (Tables 9 and 10) as well as the Disclaimer to this document.*

*(5) Excludes real estate investments.*

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

TOBACCO OPERATIONS

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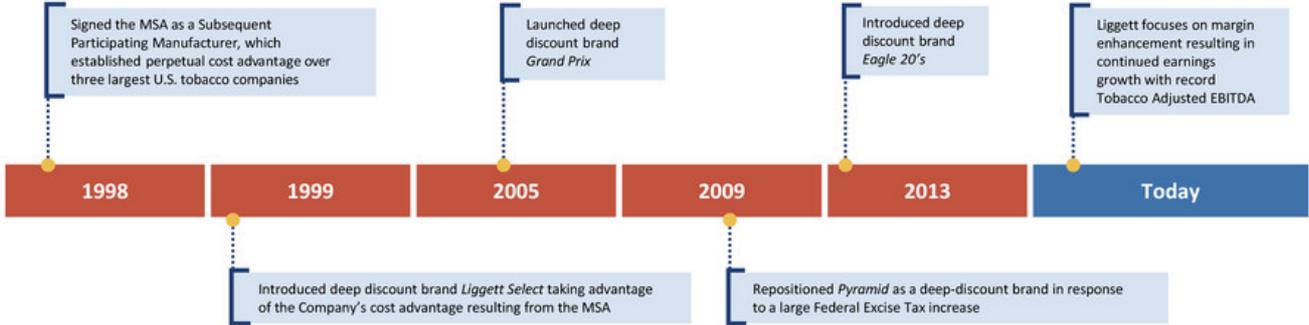
## LIGGETT GROUP OVERVIEW

- 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 \$268.1 million for the twelve months ended September 30, 2016<sup>(1)</sup>
  - Low capital requirements with capital expenditures of \$6 million related to tobacco operations for the twelve months ended September 30, 2016
- Current cost advantage of 68 cents per pack compared to the 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 annual cost advantage ranged between \$163 million and \$168 million for Liggett and Vector Tobacco from 2011 to 2015.



<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 Forms 8-K, dated November 3, 2016. Please also refer to the Disclaimer to this document on Page 2.

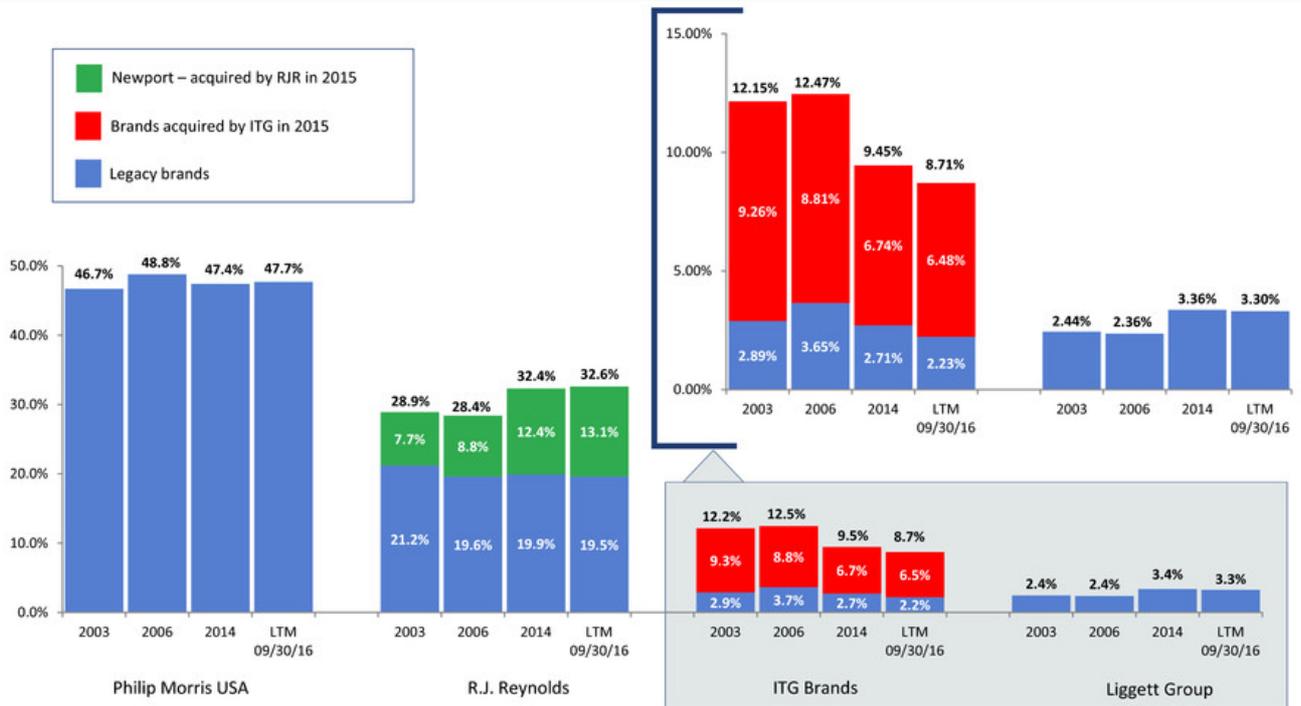
# LIGGETT GROUP HISTORY



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, July 28, 2016, and November 3, 2016 as well as Table 2 to Exhibit 99.2 of the Company's Current Report on Form 8-K, dated October 2, 2015 and November 15, 2016.

## ADJUSTED U.S. TOBACCO INDUSTRY MARKET SHARE (1, 2)



Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2004), 2006 (February 2007) and 2015 (March 2016) and internal company estimates.

- (1) Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report for R.J. Reynolds was 29.6%, 27.6%, 23.1% and 32.6%, respectively, and, for ITG Brands, was 2.9%, 3.7%, 2.7% and 8.7%, respectively. Adjusted market share has been computed by Vector Group Ltd. by applying historical market share of each brand to the present owner of brand. Thus, the graph assumes each company owned its current brands on January 1, 2003. The legacy brands market share of R.J. Reynolds in 2003 includes the market share of Brown & Williamson, which was acquired by R.J. Reynolds in 2004. In 2015, R.J. Reynolds acquired Lorillard Tobacco Company, which manufactured the Newport brand, and sold a portfolio of brands, including the Winston, Salem, Kool and Maverick brands to ITG Brands.
- (2) Does not include smaller manufacturers, whose cumulative market shares were 9.8%, 7.9%, 8.8% and 7.7% in 2003, 2006, 2014 and the LTM 9/30/16, respectively.

## 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* progeny 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 240 *Engle* progeny plaintiffs remain
  - As of September 30, 2016, there were eight cases under appeal. The current range of loss for the cases, related to awarded damages, is \$0 to \$3.3 million (plus attorneys' fees and interest).
  - As of September 30, 2016, Liggett has secured approximately \$5.2 million in outstanding bonds related to these cases.

### 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

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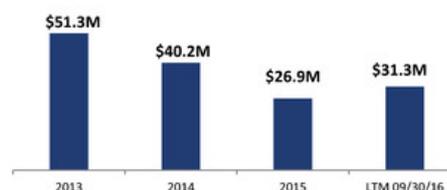
## REAL ESTATE OVERVIEW

- New Valley, which owns 70.59% of Douglas Elliman Realty, LLC, is a diversified real estate company that is seeking to acquire or invest in additional real estate properties or projects
- New Valley has invested approximately \$200 million, as of September 30, 2016, in a broad portfolio of 23 real estate investments

**New Valley Adjusted Revenues – LTM September 30, 2016<sup>(1)</sup>**



**New Valley Adjusted EBITDA<sup>(1)</sup>**



*(1) New Valley's revenues were \$690M and New Valley's net income was \$59.4M, \$21.4M, \$11.7M and \$15.7M for the periods presented. Adjusted EBITDA and Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Revenues to Adjusted Revenues and Net Income to Adjusted EBITDA, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on October 2, 2015 (Exhibit 99.2), March 8, 2016 (Exhibit 99.1) and November 3, 2016, as well as Form 10-K for the fiscal year ended December 31, 2015 and Form 10-Q for the quarterly period ended September 30, 2016 (Commission File Number 1-5759) as well as the Disclaimer to this document on Page 2. New Valley's Adjusted EBITDA do not include an allocation of Vector Group Ltd.'s Corporate and Other Expenses (for purposes of computing Adjusted EBITDA) of \$13.5M, \$11.4M, \$13.2M and \$15.5M for the periods presented, respectively.*

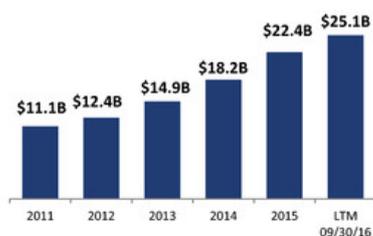
## DOUGLAS ELLIMAN REALTY, LLC

- Largest residential real estate brokerage firm in the highly competitive New York metropolitan area and fourth-largest residential brokerage firm in the U.S.
- Approximately 6,000 affiliated agents and 90 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 September 30, 2016



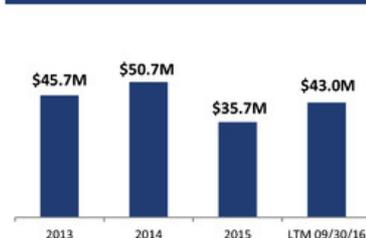
Douglas Elliman Closed Sales – LTM September 30, 2016



Douglas Elliman Adjusted Revenues – LTM September 30, 2016<sup>(1)</sup>



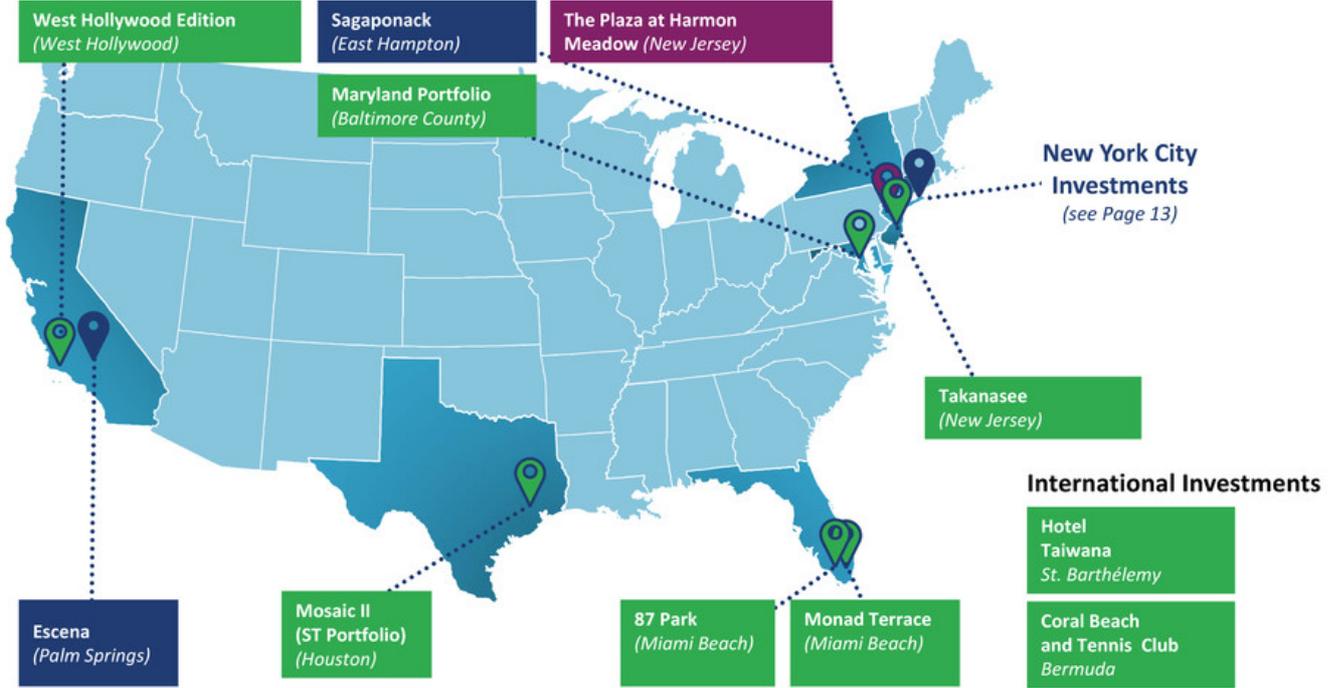
Douglas Elliman Adjusted EBITDA<sup>(1)</sup>



<sup>(1)</sup> Douglas Elliman's Revenues were \$684.5 million for the twelve months ended September 30, 2016 and Douglas Elliman's net income was \$38.1M, \$38.4M, \$22.2M and \$29.6M for the periods presented. Adjusted EBITDA and Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Adjusted EBITDA to net income and Adjusted Revenues to revenues, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on October 2, 2015 (Exhibit 99.2), March 8, 2016 (Exhibit 99.1) and November 3, 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 SEPTEMBER 30, 2016<sup>(1)</sup>**

<span style="color: #004a7c;">■</span> Land Development/Real Estate Held for Sale, net	<span style="color: #008000;">■</span> Apartments/Condominiums/Hotels	<span style="color: #800040;">■</span> Commercial Retail/Office Assets
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(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" of Vector Group Ltd.'s Form 10-Q for the quarterly period ended September 30, 2016 (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. **160 Leroy Street** Greenwich Village
7. **PUBLIC Chrystie House** Lower East Side
8. **The Dutch** Long Island City
9. **1 QPS Tower** 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 -of Vector Group Ltd.'s Form 10-Q for the quarterly period ended September 30, 2016 (Commission File Number 1-5759).

## NEW VALLEY'S REAL ESTATE SUMMARY AS OF SEPTEMBER 30, 2016<sup>(1)</sup>

(Dollars in thousands)	Net cash invested	Cumulative earnings / (loss) <sup>(2)</sup>	Carrying value <sup>(2)(3)</sup>	Projected cumulative area	Projected construction end date	Range of ownership	Number of investments
<b>Land owned</b>							
New York City SMSA	\$ 12,733	\$ -	\$ 12,733		N/A	100.0%	1
All other U.S. areas	2,644	8,253	10,897	450 Acres	N/A	100.0%	1
	\$ 15,377	\$ 8,253	\$ 23,630				2
<b>Condominium and Mixed Use Development (Minority interest owned)</b>							
New York City SMSA <sup>(3)</sup>	\$ 98,672	\$ 29,313	\$ 127,985	2,846,700 Square feet	2015 - 2019	3.1% - 49.5%	11
All other U.S. areas	35,055	2,900	37,955	593,000 Square feet	2017 - 2019	15.0% - 48.5%	4
	\$ 133,727	\$ 32,213	\$ 165,940	3,439,700 Square feet			15
<b>Apartments (Minority interest owned)</b>							
All other U.S. areas	7,257	1,865	9,122	6,005 Apartments	N/A	7.6% - 16.3%	2
	\$ 7,257	\$ 1,865	\$ 9,122				2
<b>Hotels (Minority interest owned)</b>							
New York City SMSA	\$ 26,211	\$ (5,591)	\$ 20,620	628 Hotel rooms	N/A	5.2%	1
International	13,989	(3,266)	10,723	124 Hotel rooms	N/A	17.0% - 49.0%	2
	\$ 40,200	\$ (8,857)	\$ 31,343	752 Hotel rooms			3
<b>Commercial (Minority interest owned)</b>							
New York City SMSA	5,076	(1,615)	3,461	219,382 Square feet	N/A	49.0%	1
	\$ 5,076	\$ (1,615)	\$ 3,461				1
<b>Total</b>	<b>\$ 201,637</b>	<b>\$ 31,859</b>	<b>\$ 233,496</b>				<b>23</b>

### SUMMARY

New York City SMSA <sup>(3)</sup>	\$ 142,692	\$ 22,107	\$ 164,799				14
All other U.S. areas	44,956	13,018	57,974				7
International	13,989	(3,266)	10,723				2
	\$ 201,637	\$ 31,859	\$ 233,496				23

<sup>(1)</sup> 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 of Vector Group Ltd.'s Form 10-Q for the quarterly period ended September 30, 2016 (Commission File Number 1-5759).

<sup>(2)</sup> Includes interest expense capitalized to real estate ventures of \$18,040.

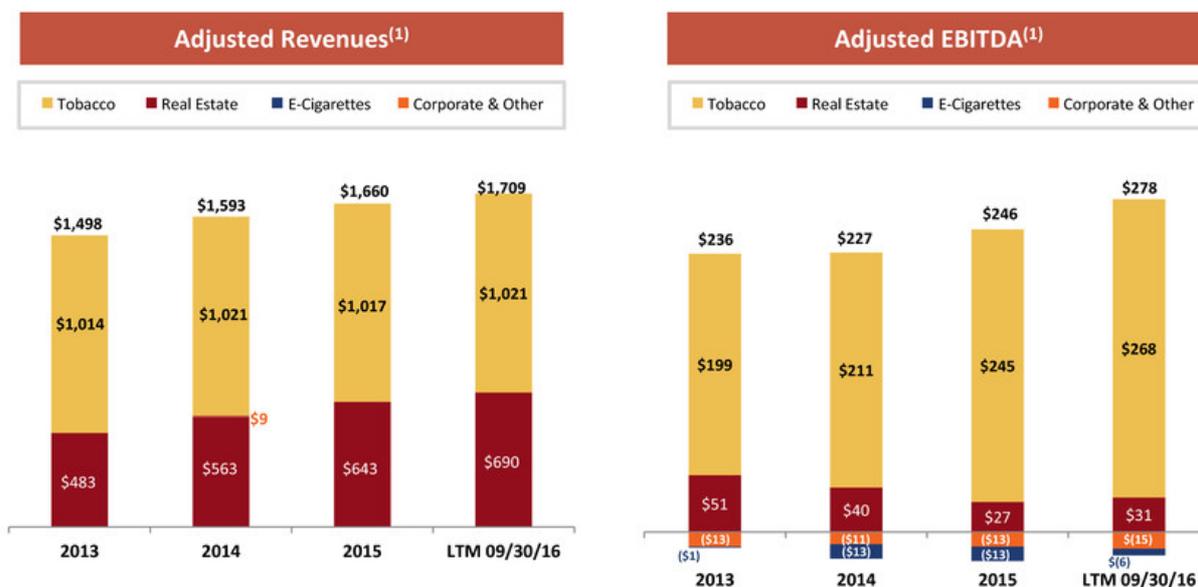
<sup>(3)</sup> Carrying value includes non-controlling interest of \$4,013.

## FINANCIAL DATA

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## ADJUSTED HISTORICAL FINANCIAL DATA

(Dollars in millions)



(1) Vector's revenues for the periods presented were \$1,096, \$1,080, \$1,591 and \$1,709, respectively. Vector's Net income for the periods presented was \$30.7, \$37.3, \$36.9 and \$74.4, respectively. Adjusted Revenues and Adjusted EBITDA are Non-GAAP Financial Measures. Please refer to the Company's Current Report on Forms S-K, filed on March 8, 2016 (Exhibit 99.1), April 1, 2016 (Exhibit 99.2), November 3, 2016 (Exhibit 99.1) and November 15, 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

<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	504.4
<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	214.3
<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	239.7
<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	441.2
<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	194.3

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 October 31, 2016. The graph assumes that all dividends and distributions were reinvested. Source: Bloomberg LP



Vector Group Ltd. owns Liggett Group, Vector Tobacco 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 due to favorable treatment under the Master Settlement Agreement that ranged between \$163 million and \$168 million from 2011 to 2015.
- 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.



## 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 \$200 million, as of September 30, 2016, 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 \$25.1 billion for the twelve months ended September 30, 2016 and it has approximately 6,000 affiliated agents and 90 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**  
Senior Vice President, Chief Financial Officer and Treasurer

**Marc N. Bell**  
Senior 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

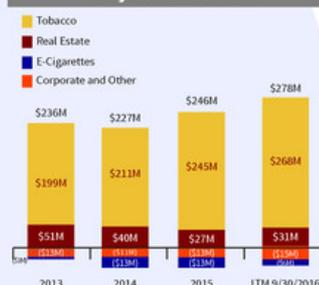
- Headquartered in Miami with an executive office in Manhattan and tobacco operations in North Carolina
- Employs approximately 1,400 people
- Executive management and directors beneficially own 13% of the Company
- Reported cash of \$462 million and investments with fair value of \$272 million at September 30, 2016
- Recognized as one of America's Most Trustworthy Companies by *Forbes* in 2013



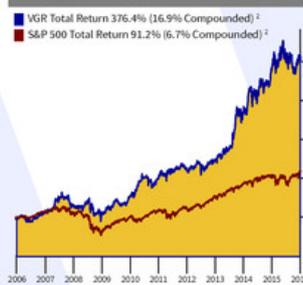
“Vector is a largely underfollowed company with a highly competent management team and numerous ways to unlock value”

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

### Adjusted EBITDA



### 10-Year Stockholder Return



### Adjusted Revenues LTM 9/30/16



<sup>1</sup> Net income attributable to Vector Group Ltd. for the periods presented was \$37M, \$37M, \$59M and \$74M, respectively. The Company's revenues for the twelve months ended September 30, 2016 were \$1.709B. Adjusted EBITDA and Adjusted Revenues are non-GAAP financial measures. For a reconciliation of Adjusted EBITDA to net income and Adjusted Revenues to revenues, please see Vector Group Ltd.'s Current Reports on Forms S-8, filed on November 15, 2016, November 3, 2016, April 1, 2016 and March 8, 2016 (Commission File Number 1-5759). Please also see Vector Group Ltd.'s Form 10-K for the year ended December 31, 2015 and Form 10-Q for the quarterly period ended September 30, 2016 (Commission File Number 1-5759).

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





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 \$200 million, as of September 30, 2016, in a broad portfolio of real estate projects.

### New Valley's Real Estate Investment Portfolio<sup>1</sup>



### New Valley's New York Real Estate Investments<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. **160 Leroy Street** Greenwich Village
7. **PUBLIC Chrystie House** Lower East Side
8. **The Dutch** Long Island City
9. **1 QPS Tower** Long Island City
10. **Park Lane Hotel** Central Park South
11. **125 Greenwich Street** Financial District
12. **76 Eleventh Avenue** West Chelsea

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

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

### EXECUTIVE MANAGEMENT

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

**Richard J. Lampen**  
Executive Vice President

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

**Marc N. Bell**  
Senior 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

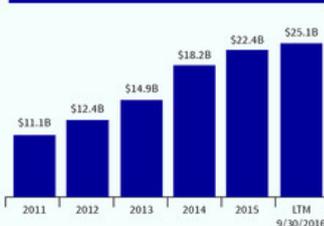
### COMPANY HIGHLIGHTS

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

## DOUGLAS ELLIMAN

- Largest residential real estate brokerage firm in New York metropolitan area and fourth-largest in United States.
- Closings of \$25.1 billion for the last twelve months ended September 30, 2016; Douglas Elliman has approximately 6,000 affiliated agents and 90 offices throughout the New York metropolitan area, South Florida, Aspen, Greenwich, and Los Angeles.
- Strategic Marketing Partnership with Yahoo!-Zillow® 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 20,000 affiliated agents.
- Adjusted Revenues and Adjusted EBITDA of Douglas Elliman of \$684 million<sup>2</sup> and \$43 million<sup>2</sup>, respectively, for the last twelve months ended September 30, 2016.

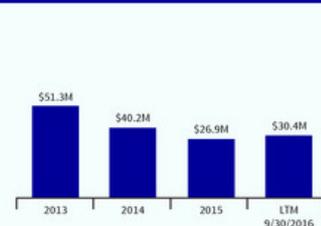
### Douglas Elliman Closings



### New Valley Adjusted Revenues - LTM September 30, 2016<sup>2</sup>



### New Valley Adjusted EBITDA<sup>2</sup>



<sup>1</sup> 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 of Vector Group Ltd.'s Form 10-Q for the quarterly period ended September 30, 2016 (Commission File Number 1-5759).

<sup>2</sup> Douglas Elliman's Revenues were \$684M and Douglas Elliman's net income was \$29.6M for the twelve months ended September 30, 2016. New Valley's net income for the periods presented was approximately \$69.4M, \$21.4M, \$11.7M and \$15.7M, for the periods presented, respectively. New Valley's revenues for the twelve months ended September 30, 2016 were \$690M. Adjusted EBITDA and Adjusted Revenues are non-GAAP financial measures. New Valley's Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s Corporate and Other Expenses for purposes of computing Adjusted EBITDA of \$13.5M, \$11.4M, \$11.5M and \$15.5M, for the periods presented, respectively. For a reconciliation of Adjusted EBITDA to net income and Adjusted Revenues to revenues, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on November 15, 2016, November 3, 2016, March 8, 2016 and October 2, 2015 (Commission File Number 1-5759). Please also see Vector Group Ltd.'s Form 10-K for the year ended December 31, 2015 and Form 10-Q for the quarterly period ended September 30, 2016 (Commission File Number 1-5759).

Contact: Emily Deissler / Ben Spicchandler / Columbia Clancy of Sard Verbinen & Co (212) 687-8080

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

