



August 9, 2006

VECTOR GROUP REPORTS SECOND QUARTER 2006 FINANCIAL RESULTS

MIAMI, FL, August 9, 2006 -- Vector Group Ltd. (NYSE: VGR) today announced financial results for the three and six months ended June 30, 2006.

Second quarter 2006 revenues were \$113.4 million, compared to revenues of \$113.1 million in the second quarter of 2005. The Company recorded operating income of \$22.5 million in the 2006 second quarter, compared to operating income of \$24.4 million in the second quarter of 2005. Loss from continuing operations for the 2006 second quarter was \$3.3 million, or \$0.07 per diluted common share, compared to income from continuing operations of \$10.3 million, or \$0.22 per diluted common share, in the 2005 second quarter. The results for the three months ended June 30, 2006 included a non-cash charge of \$14.9 million associated with the issuance in June 2006 of additional shares of common stock in connection with the conversion of \$70 million of the Company's 6.25% convertible notes due 2008. Adjusting for this debt conversion expense, the Company's income from continuing operations for the 2006 second quarter would have been \$11.5 million, or \$0.21 per diluted common share.

For the six months ended June 30, 2006, revenues were \$231.1 million, compared to \$217.3 million for the first six months of 2005. The Company recorded operating income of \$42.7 million for the 2006 six-month period, compared to operating income of \$43.0 million for the 2005 period. Income from continuing operations for the 2006 six-month period was \$5.9 million, or \$0.11 per diluted common share, compared to income from continuing operations of \$18.7 million, or \$0.40 per diluted common share, for the 2005 period. The results for the 2006 period included the debt conversion expense of \$14.9 million. Adjusting for this debt conversion expense, income from continuing operations for the first six months of 2006 would have been \$20.8 million, or \$0.38 per diluted common share.

For the three and six months ended June 30, 2006, the Company's conventional cigarette business, which includes Liggett Group cigarettes and USA brand cigarettes, had revenues of \$111.6 million and \$227.4 million, respectively, compared to \$110.2 million and \$211.9 million for the three and six months ended June 30, 2005, respectively. Operating income was \$30.9 million for the second quarter of 2006 and \$61.3 million for the first six months of 2006, compared to \$34.3 million and \$66.2 million for the three and six months ended June 30, 2005, respectively.

Conference Call To Discuss Second Quarter 2006 Results

As previously announced, the Company will host a conference call and webcast on Thursday, August 10, 2006 at 11:00 A.M. (EDT) to discuss second quarter 2006 results. Investors can access the call by dialing 800-859-8150 and entering 84091160 as the conference ID number. The call will also be available via live webcast at www.vcall.com

A replay of the call will also be available shortly after the call ends on August 10, 2006 through August 24, 2006. To access the replay, dial 877-656-8905 and enter 84091160 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 LLC, Vector Tobacco Inc. and New Valley LLC. Additional information concerning the company is available on the company's website, www.VectorGroupLtd.com.

[Financial Table Follows]

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