

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): May 3, 2019

**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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Securities Registered Pursuant to 12(b) of the Act:**

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common stock, par value \$0.10 per share	VGR	New York Stock Exchange

## Non-GAAP Financial Measures

On December 31, 2018, Vector Group Ltd. purchased the remaining 29.41% interest in Douglas Elliman Realty, LLC ("Douglas Elliman") and increased its indirect ownership interest in Douglas Elliman from 70.59% to 100%.

The Company is filing this Current Report on Form 8-K to present previously reported non-GAAP financial measures as if the Company had purchased the 29.41% interest in Douglas Elliman on January 1, 2015. All Non-GAAP Financial Measures and their reconciliations to GAAP measures have been presented as part of Exhibit 99.1. The Non-GAAP Financial Measures that are being adjusted in Exhibit 99.1 were previously reported without these adjustments in the Current Reports on Form 8-K, which were filed on February 28, 2019, November 7, 2018, September 28, 2018, August 7, 2018, June 14, 2018, May 9, 2018, March 1, 2018, and March 1, 2017.

Exhibits 99.1 contains the Non-GAAP Financial Measures discussed below.

*Adjusted EBITDA.* Tables 1 and 2 of Exhibit 99.1 contain reconciliations of and adjustments to the previously reported Non-GAAP Adjusted EBITDA for the years ended December 31, 2018, 2017, 2016, and 2015 and the three months ended December 31, 2018, September 30, 2018, June 30, 2018, and March 31, 2018.

*Adjusted Net Income.* Tables 3 and 4 of Exhibit 99.1 contain reconciliations of and adjustments to the previously reported Non-GAAP Adjusted Net Income for the years ended December 31, 2018, 2017, 2016, and 2015 and the three months ended December 31, 2018, September 30, 2018, June 30, 2018, and March 31, 2018.

*Adjusted New Valley EBITDA.* Tables 5 and 6 of Exhibit 99.1 contain reconciliations of and adjustments to the previously reported Non-GAAP Adjusted New Valley EBITDA for the years ended December 31, 2018, 2017, 2016, and 2015 and the three months ended December 31, 2018, September 30, 2018, June 30, 2018, and March 31, 2018.

In addition to these additional adjustments, the reconciliations in Exhibit 99.1 for each of Adjusted EBITDA, Adjusted Net Income, and New Valley LLC Adjusted EBITDA (hereafter referred to as "the Non-GAAP Financial Measures") include previously reported adjustments for purchase accounting associated with the Company's acquisition of its additional 20.59% interest in Douglas Elliman, which occurred in 2013, and the related purchase accounting adjustments, which occurred prior to the beginning of each period presented. The reconciliations in Exhibit 99.1 for each of the Non-GAAP Financial Measures also include adjustments for litigation related expenses and awards, 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.

The Non-GAAP Financial Measures are financial measures not prepared in accordance with generally accepted accounting principles ("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. 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.

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 in earnings (losses) from real estate ventures, 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 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 Adjusted EBITDA are defined as the portion of Adjusted EBITDA that relates to New Valley. New Valley's Adjusted EBITDA do 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, 2018. 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>
<a href="#">99.1</a>	Non-GAAP Financial Measures (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

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J. Bryant Kirkland III

Senior Vice President, Treasurer and Chief Financial Officer

Date: May 3, 2019

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

	Year Ended			
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Net income attributed to Vector Group Ltd.	\$ 58,105	\$ 84,572	\$ 71,127	\$ 59,198
Interest expense	203,780	173,685	142,982	120,691
Income tax expense (benefit)	21,552	(1,582)	49,163	41,233
Net (loss) income attributed to non-controlling interest	(98)	6,178	6,139	7,274
Depreciation and amortization	18,807	18,614	22,359	25,654
<b>EBITDA</b>	<b>\$ 302,146</b>	<b>\$ 281,467</b>	<b>\$ 291,770</b>	<b>\$ 254,050</b>
Change in fair value of derivatives embedded within convertible debt (a)	(44,989)	(35,919)	(31,710)	(24,455)
Equity in (earnings) losses on long-term investments (b)	(3,158)	765	2,754	2,681
Net losses recognized on investment securities	9,570	660	3,487	2,129
Equity in earnings from real estate ventures (c)	(14,446)	(21,395)	(5,200)	(2,001)
Loss on extinguishment of debt	4,066	34,110	—	—
Stock-based compensation expense (d)	9,951	10,887	10,052	5,620
Litigation settlement and judgment expense (e)	(1,784)	6,591	20,000	20,072
Impact of MSA Settlement (f)	(6,298)	(2,721)	247	(4,364)
Restructuring expense	—	—	41	1,819
Purchase accounting adjustments (g)	608	(2,102)	5,230	1,435
Other, net	(10,333)	(5,426)	(4,237)	(814)
<b>Adjusted EBITDA</b>	<b>\$ 245,333</b>	<b>\$ 266,917</b>	<b>\$ 292,434</b>	<b>\$ 256,172</b>
Adjusted EBITDA attributed to non-controlling interest	(3,319)	(7,576)	(10,696)	(11,267)
Adjustment to reflect additional 29.41% of Douglas Elliman Realty, LLC Adjusted EBITDA (h)	3,319	7,679	10,781	10,511
<b>Adjusted EBITDA attributed to Vector Group Ltd.</b>	<b>\$ 245,333</b>	<b>\$ 267,020</b>	<b>\$ 292,519</b>	<b>\$ 255,416</b>
<b>Adjusted EBITDA by Segment</b>				
Tobacco	\$ 249,209	\$ 253,181	\$ 268,121	\$ 243,067
Real Estate (i)	11,154	27,848	38,716	38,111
Corporate and Other	(15,030)	(14,112)	(14,403)	(25,006)
<b>Total</b>	<b>\$ 245,333</b>	<b>\$ 266,917</b>	<b>\$ 292,434</b>	<b>\$ 256,172</b>
<b>Adjusted EBITDA Attributed to Vector Group Ltd. by Segment</b>				
Tobacco	\$ 249,209	\$ 253,181	\$ 268,121	\$ 243,067
Real Estate (i)	11,154	27,951	38,801	37,355
Corporate and Other	(15,030)	(14,112)	(14,403)	(25,006)
<b>Total</b>	<b>\$ 245,333</b>	<b>\$ 267,020</b>	<b>\$ 292,519</b>	<b>\$ 255,416</b>

- a. Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.
- b. Represents equity in (earnings) losses 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 and proceeds received from a litigation award at Douglas Elliman Realty, LLC.
- f. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- g. Represents purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- h. Represents 29.41% of Douglas Elliman Realty LLC's Adjusted EBITDA in the respective periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.

- i. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$11,284, \$26,110, \$36,657, and \$35,740 for the years ended December 31, 2018, 2017, 2016, and 2015, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Adjusted EBITDA.

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

	Three Months Ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net income attributed to Vector Group Ltd.	\$ 21,074	\$ 12,002	\$ 17,818	\$ 7,211
Interest expense	58,328	51,084	48,421	45,947
Income tax (benefit) expense	(7,842)	14,686	12,760	1,948
Net (loss) income attributed to non-controlling interest	(755)	3,026	1,178	(3,547)
Depreciation and amortization	4,764	4,707	4,749	4,587
<b>EBITDA</b>	<b>\$ 75,569</b>	<b>\$ 85,505</b>	<b>\$ 84,926</b>	<b>\$ 56,146</b>
Change in fair value of derivatives embedded within convertible debt (a)	(13,700)	(10,005)	(10,717)	(10,567)
Equity in losses (earnings) on long-term investments (b)	6,047	(3,230)	(4,813)	(1,162)
Net losses recognized on investment securities	9,264	797	(3,236)	2,745
Equity in (earnings) losses from real estate ventures (c)	(22,824)	(294)	2,112	6,560
Loss on extinguishment of debt	4,066	—	—	—
Stock-based compensation expense (d)	2,527	2,584	2,456	2,384
Litigation settlement and judgment expense (e)	160	—	525	(2,469)
Impact of MSA Settlement (f)	—	—	(2,808)	(3,490)
Purchase accounting adjustments (g)	63	184	179	182
Other, net	(5,572)	(2,048)	(1,662)	(1,051)
<b>Adjusted EBITDA</b>	<b>\$ 55,600</b>	<b>\$ 73,493</b>	<b>\$ 66,962</b>	<b>\$ 49,278</b>
Adjusted EBITDA attributed to non-controlling interest	(1,471)	(3,638)	(1,906)	3,696
Adjustment to reflect additional 29.41% of Douglas Elliman Realty, LLC Adjusted EBITDA (h)	(158)	3,543	2,464	(2,530)
<b>Adjusted EBITDA attributed to Vector Group Ltd.</b>	<b>\$ 53,971</b>	<b>\$ 73,398</b>	<b>\$ 67,520</b>	<b>\$ 50,444</b>
<b>Adjusted EBITDA by Segment</b>				
Tobacco	\$ 59,563	\$ 65,339	\$ 62,328	\$ 61,979
Real Estate (i)	(249)	11,697	8,464	(8,758)
Corporate and Other	(3,714)	(3,543)	(3,830)	(3,943)
<b>Total</b>	<b>\$ 55,600</b>	<b>\$ 73,493</b>	<b>\$ 66,962</b>	<b>\$ 49,278</b>
<b>Adjusted EBITDA Attributed to Vector Group Ltd. by Segment</b>				
Tobacco	\$ 59,563	\$ 65,339	\$ 62,328	\$ 61,979
Real Estate (i)	(1,878)	11,602	9,022	(7,592)
Corporate and Other	(3,714)	(3,543)	(3,830)	(3,943)
<b>Total</b>	<b>\$ 53,971</b>	<b>\$ 73,398</b>	<b>\$ 67,520</b>	<b>\$ 50,444</b>

- a. Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.
- b. Represents equity in (earnings) losses recognized from investments that the Company accounts for under the equity method.
- c. Represents equity in (earnings) losses 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 and proceeds received from a litigation award at Douglas Elliman Realty, LLC.
- f. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- g. Represents purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- h. Represents 29.41% of Douglas Elliman Realty LLC's Adjusted EBITDA in the respective 2018 periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.
- i. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$540, \$12,048, \$8,379 and negative \$8,603 for the three months ended December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Adjusted EBITDA.

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

	Three Months Ended			
	December, 31 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net income attributed to Vector Group Ltd.	\$ 21,074	\$ 12,002	\$ 17,818	\$ 7,211
Change in fair value of derivatives embedded within convertible debt	(13,700)	(10,005)	(10,717)	(10,567)
Non-cash amortization of debt discount on convertible debt	25,173	22,871	20,386	18,193
Loss on extinguishment of debt	4,066	—	—	—
Litigation settlement and judgment expense (income) (a)	160	—	525	(2,469)
Impact of MSA settlement (b)	—	—	(2,808)	(3,490)
Impact of net interest expense capitalized to real estate ventures	(472)	(596)	4,324	(1,953)
Douglas Elliman Realty, LLC purchase accounting adjustments (c)	265	385	380	375
Adjustment to reflect additional 29.41% of net income from Douglas Elliman Realty, LLC (d)	(758)	2,931	1,737	(2,381)
Total adjustments	14,734	15,586	13,827	(2,292)
Tax expense related to adjustments	(4,046)	(4,459)	(3,868)	655
Adjusted Net Income attributed to Vector Group Ltd.	\$ 31,762	\$ 23,129	\$ 27,777	\$ 5,574
Per diluted common share:				
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	\$ 0.21	\$ 0.15	\$ 0.19	\$ 0.03

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation and proceeds received from a litigation award at Douglas Elliman Realty, LLC, net of non-controlling interest.
- b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- c. Represents 100% of purchase accounting adjustments in the periods presented for assets acquired in connection with the accounting for the Company's acquisition of the 20.59% of Douglas Elliman Realty, LLC on December 31, 2013.
- d. Represents 29.41% of Douglas Elliman Realty LLC's net income in the respective 2018 periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.

**TABLE 4**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF ADJUSTED NET INCOME**  
**(Unaudited)**  
**(Dollars in Thousands, Except Per Share Amounts)**

	Year Ended December 31,			
	2018	2017	2016	2015
Net income attributed to Vector Group Ltd.	\$ 58,105	\$ 84,572	\$ 71,127	\$ 59,198
Acceleration of interest expense related to debt conversion	—	—	—	—
Change in fair value of derivatives embedded within convertible debt	(44,989)	(35,919)	(31,710)	(24,455)
Non-cash amortization of debt discount on convertible debt	86,623	56,787	38,528	27,211
Loss on extinguishment of debt	4,066	34,110	—	—
Litigation settlement and judgment (income) expense (a)	(1,784)	6,591	20,000	20,072
Impact of MSA settlement (b)	(6,298)	(2,721)	247	(4,364)
Impact of net interest expense capitalized to real estate ventures	1,303	(6,385)	(11,433)	(9,928)
Restructuring charges (c)	—	—	41	7,257
Douglas Elliman Realty, LLC purchase accounting adjustments (d)	1,405	(1,133)	7,164	7,512
Adjustment to reflect additional 29.41% of net income from Douglas Elliman Realty, LLC (e)	1,529	6,281	6,196	6,518
<b>Total adjustments</b>	<b>41,855</b>	<b>57,611</b>	<b>29,033</b>	<b>29,823</b>
Tax expense related to adjustments	(11,718)	(23,592)	(10,932)	(11,490)
Impact of income tax adjustments (f)	—	(28,845)	—	—
<b>Adjusted Net Income attributed to Vector Group Ltd.</b>	<b>\$ 88,242</b>	<b>\$ 89,746</b>	<b>\$ 89,228</b>	<b>\$ 77,531</b>
Per diluted common share:				
<b>Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.</b>	<b>\$ 0.58</b>	<b>\$ 0.60</b>	<b>\$ 0.62</b>	<b>\$ 0.55</b>

- a. Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation and proceeds received from a litigation award at Douglas Elliman Realty, LLC, net of non-controlling interest.
- b. Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- c. Includes pension charges that were reclassified to "Other, net" as a result of the adoption of ASU 2017-07 during the first quarter of 2018.
- d. Represents 100% of purchase accounting adjustments in the periods presented for assets acquired in connection with the accounting for the Company's acquisition of the 20.59% of Douglas Elliman Realty, LLC on December 31, 2013.
- e. Represents 29.41% of Douglas Elliman Realty, LLC's net income in the respective periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.
- f. Represents one-time benefit from change in tax rates to net deferred tax liabilities at December 31, 2017 as a result of Tax Cuts and Jobs Act of 2017.

**TABLE 5**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF REAL ESTATE SEGMENT (NEW VALLEY LLC) ADJUSTED EBITDA**  
**(Unaudited)**  
**(Dollars in Thousands)**

	Year Ended			
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Net income attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 14,779	\$ 37,610	\$ 13,477	\$ 11,668
Interest expense (a)	67	35	20	7
Income tax (benefit) expense (a)	3,949	210	9,335	8,890
Net income attributed to non-controlling interest (a)	(98)	6,178	6,139	7,274
Depreciation and amortization	9,580	8,511	10,485	12,589
<b>EBITDA</b>	<b>\$ 28,277</b>	<b>\$ 52,544</b>	<b>\$ 39,456</b>	<b>\$ 40,428</b>
Loss from non-guarantors other than New Valley LLC	86	103	98	91
Equity in earnings from real estate ventures (b)	(14,446)	(21,395)	(5,200)	(2,001)
Purchase accounting adjustments (c)	608	(2,102)	5,230	1,435
Litigation settlement and judgment income (d)	(2,469)	—	—	—
Other, net	(1,725)	(1,324)	(939)	(1,754)
<b>Adjusted EBITDA</b>	<b>\$ 10,331</b>	<b>\$ 27,826</b>	<b>\$ 38,645</b>	<b>\$ 38,199</b>
Adjusted EBITDA attributed to non-controlling interest	(3,319)	(7,576)	(10,696)	(11,267)
Adjustment to reflect additional 29.41% of Douglas Elliman Realty, LLC Adjusted EBITDA (e)	3,319	7,679	10,781	10,511
<b>Adjusted EBITDA attributed to Vector Group Ltd.</b>	<b>\$ 10,331</b>	<b>\$ 27,929</b>	<b>\$ 38,730</b>	<b>\$ 37,443</b>
<b>Adjusted EBITDA by Segment</b>				
Real Estate (f)	\$ 11,154	\$ 27,848	\$ 38,716	\$ 38,111
Corporate and Other	(823)	(22)	(71)	88
<b>Total (g)</b>	<b>\$ 10,331</b>	<b>\$ 27,826</b>	<b>\$ 38,645</b>	<b>\$ 38,199</b>
<b>Adjusted EBITDA Attributed to Vector Group Ltd. by Segment</b>				
Real Estate (f)	\$ 11,154	\$ 27,951	\$ 38,801	\$ 37,355
Corporate and Other	(823)	(22)	(71)	88
<b>Total (g)</b>	<b>\$ 10,331</b>	<b>\$ 27,929</b>	<b>\$ 38,730</b>	<b>\$ 37,443</b>

- a. Amounts are derived from Vector Group Ltd.'s Condensed Consolidated Financial Statements.
- b. Represents equity in earnings recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- c. Represents purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- d. Represents proceeds received from a litigation award at Douglas Elliman Realty, LLC.
- e. Represents 29.41% of Douglas Elliman Realty LLC's Adjusted EBITDA in the respective periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.
- f. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$11,284, \$26,110, \$36,657, and \$35,740 for the years ended December 31, 2018, 2017, 2016, and 2015, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Adjusted EBITDA.
- g. New Valley's Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s "Corporate and Other" segment expenses (for purposes of computing Adjusted EBITDA contained in Table 1 of this press release) of \$15,030, \$13,224, \$13,000 and \$11,969 for the years ended December 31, 2018, 2017, 2016, and 2015, respectively.

**TABLE 6**  
**VECTOR GROUP LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF REAL ESTATE SEGMENT (NEW VALLEY LLC) ADJUSTED EBITDA**  
**(Unaudited)**  
**(Dollars in Thousands)**

	Three Months Ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net income attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 15,694	\$ 4,703	\$ 2,926	\$ (8,544)
Interest expense (a)	4	7	7	49
Income tax (benefit) expense (a)	5,775	1,971	(803)	(2,994)
Net income (loss) attributed to non-controlling interest (a)	(755)	3,026	1,178	(3,547)
Depreciation and amortization	2,475	2,398	2,418	2,289
<b>EBITDA</b>	<b>\$ 23,193</b>	<b>\$ 12,105</b>	<b>\$ 5,726</b>	<b>\$ (12,747)</b>
Loss from non-guarantors other than New Valley LLC	15	18	19	34
Equity in (earnings) losses from real estate ventures (b)	(22,824)	(294)	2,112	6,560
Purchase accounting adjustments (c)	63	184	179	182
Litigation settlement and judgment income (d)	—	—	—	(2,469)
Other, net	(705)	(342)	(336)	(342)
Adjusted EBITDA	<b>\$ (258)</b>	<b>\$ 11,671</b>	<b>\$ 7,700</b>	<b>\$ (8,782)</b>
Adjusted EBITDA attributed to non-controlling interest	(1,471)	(3,638)	(1,906)	3,696
Adjustment to reflect additional 29.41% of Douglas Elliman Realty, LLC Adjusted EBITDA (e)	(158)	3,543	2,464	(2,530)
Adjusted EBITDA attributed to Vector Group Ltd.	<b>\$ (1,887)</b>	<b>\$ 11,576</b>	<b>\$ 8,258</b>	<b>\$ (7,616)</b>
<b>Adjusted EBITDA by Segment</b>				
Real Estate (f)	(249)	11,697	8,464	(8,758)
Corporate and Other	(9)	(26)	(764)	(24)
Total (g)	<b>\$ (258)</b>	<b>\$ 11,671</b>	<b>\$ 7,700</b>	<b>\$ (8,782)</b>
<b>Adjusted EBITDA Attributed to Vector Group Ltd. by Segment</b>				
Real Estate (f)	\$ (1,878)	\$ 11,602	\$ 9,022	\$ (7,592)
Corporate and Other	(9)	(26)	(764)	(24)
Total (g)	<b>\$ (1,887)</b>	<b>\$ 11,576</b>	<b>\$ 8,258</b>	<b>\$ (7,616)</b>

- a. Amounts are derived from Vector Group Ltd.'s Condensed Consolidated Financial Statements.
- b. Represents equity in (earnings) losses recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- c. Represents purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- d. Represents proceeds received from a litigation award at Douglas Elliman Realty, LLC.
- e. Represents 29.41% of Douglas Elliman Realty LLC's Adjusted EBITDA in the respective 2018 periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.
- f. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$540, \$12,048, \$8,379 and negative \$8,603 for the three months ended December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Adjusted EBITDA.
- g. New Valley's Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s "Corporate and Other" segment expenses (for purposes of computing Adjusted EBITDA contained in Table 2 of this press release) of \$3,714, \$3,543, \$3,830 and \$3,943 for the three months ended December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively.