
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): March 17, 2005

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.)

100 S.E. Second Street, Miami, Florida

(Address of Principal Executive Offices)

33131

(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 March 17, 2005, Vector Group Ltd. announced its financial results for the fourth quarter and full year ended December 31, 2004. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K and the Exhibit attached hereto is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibit

(c) Exhibit.

Exhibit No.
99.1

Exhibit
Press Release issued March 17, 2005

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/ Joselynn D. Van Siclen

Joselynn D. Van Siclen

Vice President and Chief Financial Officer

Date: March 17, 2005

NEWS

FOR IMMEDIATE RELEASE

Contact: Paul Caminiti/Brandy Bergman/Carrie Bloom
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212/687-8080

**VECTOR GROUP REPORTS FOURTH QUARTER AND FULL YEAR 2004
FINANCIAL RESULTS**

MIAMI, FL, March 17, 2005 — Vector Group Ltd. (NYSE: VGR) today announced financial results for the fourth quarter and full year ended December 31, 2004.

For the full year ended December 31, 2004, revenues were \$498.9 million, compared to \$529.4 million for 2003. The Company recorded operating income of \$15.4 million for 2004, compared to operating income of \$0.5 million for 2003. The results for 2004 include a non-cash pre-tax inventory charge of \$37.0 million recognized in the second quarter 2004 to adjust the carrying value of excess leaf tobacco inventory for the Quest brand and pre-tax restructuring charges of \$13.7 million, and the results for 2003 include pre-tax restructuring and impairment charges of \$21.3 million relating to the closing of Vector Tobacco's Timberlake, North Carolina facility. Adjusting for the 2004 and 2003 restructuring and impairment charges, operating income for 2004 was \$66.1 million, compared to operating income for 2003 of \$21.8 million. Income from continuing operations was \$4.0 million for 2004, or \$0.10 per diluted common share, compared to a loss of \$16.1 million, or \$0.40 per diluted common share, for 2003. Gain from discontinued operations was \$2.7 million in 2004, compared to a gain of \$0.5 million in 2003. Net income for 2004 was \$6.7 million, or \$0.16 per diluted common share, compared to net loss of \$15.6 million, or \$0.38 per diluted common share, for 2003.

Fourth quarter 2004 revenues were \$128.0 million, compared to revenues of \$127.6 million in the fourth quarter 2003. The Company recorded operating income of \$11.8 million in the 2004 fourth quarter, compared to operating income of \$11.0 million in the fourth quarter of 2003. The results for the fourth quarter 2004 include pre-tax restructuring charges of \$6.2 million and the results for the fourth quarter 2003 include pre-tax restructuring charges of \$1.2

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million. Income from continuing operations was \$8.6 million for the fourth quarter 2004, or \$0.20 per diluted share, compared to income of \$3.4 million, or \$0.08 per diluted share, for the fourth quarter 2003. Gain from discontinued operations was \$2.3 million in the fourth quarter 2004, compared to a gain of \$0.1 million in the fourth quarter 2003. Net income for the 2004 fourth quarter was \$10.9 million, or \$0.25 per diluted common share, compared to net income of \$3.5 million, or \$0.08 per diluted common share, in the 2003 fourth quarter.

For the three months and year ended December 31, 2004, the Company's conventional cigarette business, which includes Liggett Group cigarettes and USA brand cigarettes, had revenues of \$126.3 million and \$484.9 million, respectively, compared to \$121.8 million and \$503.2 million for the three months and full year ended December 31, 2003, respectively. Operating income was \$30.3 million for the fourth quarter 2004 and \$110.7 million for the full year 2004, compared to \$30.6 million for the fourth quarter of 2003 and \$119.7 million for the full year 2003. The 2004 fourth quarter and full year results included pre-tax restructuring charges of \$4.8 million and \$11.1 million, respectively.

Conference Call To Discuss Fourth Quarter and Full Year 2004 Results

As previously announced, the Company will host a conference call and webcast on Thursday, March 17, 2005 at 11:00 A.M. (EST) to discuss fourth quarter and full year 2004 results. Investors can access the call by dialing 800-938-0653 or via live webcast at www.vcall.com

A replay of the call will also be available shortly after the call ends on March 17, 2005 through March 31, 2005. To access the replay, dial 877-519-4471 and enter 5807938 as the conference ID number. The archived webcast will also be available at www.vcall.com for 30 days.

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

[Financial Table Follows]

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VECTOR GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Amounts)

	Three Months ended December 31,		Twelve Months ended December 31,	
	2004	2003	2004	2003
Revenues:				
Tobacco*	\$ 127,991	\$ 127,589	\$ 498,860	\$ 529,385
Total revenues	127,991	127,589	498,860	529,385
Expenses:				
Cost of goods sold (including inventory Impairment of \$0, \$0, \$37,000 and \$0)	73,316	77,105	325,663	339,617
Operating, selling, administrative and general expenses	36,730	38,222	144,051	167,978
Restructuring and impairment charges	6,155	1,221	13,699	21,300
Operating income	11,790	11,041	15,447	490
Other income (expenses):				
Interest and dividend income	1,015	1,280	2,563	4,696
Interest expense	(7,064)	(6,305)	(25,077)	(26,592)
Loss on extinguishment of debt	(4,694)	—	(5,333)	(1,721)
Gain on investments, net	2,776	879	8,664	1,955
Gain on sale of assets	—	478	—	478
Equity (loss) income from non-consolidated real estate businesses	(45)	265	9,782	901
Other, net	67	(2)	60	19
Income (loss) from continuing operations before provision (benefit) for income taxes and minority interests	3,845	7,636	6,106	(19,774)
(Benefit) provision for income taxes	(9,585)	4,741	(6,960)	(666)
Minority interests	(4,803)	532	(9,027)	2,976
Income (loss) from continuing operations	8,627	3,427	4,039	(16,132)
Discontinued operations:				
Income from discontinued operations	79	122	458	522
Gain on disposal of discontinued operations, net of minority interests	2,231	—	2,231	—
Gain from discontinued operations	2,310	122	2,689	522
Net income (loss)	<u>\$ 10,937</u>	<u>\$ 3,549</u>	<u>\$ 6,728</u>	<u>\$ (15,610)</u>
Per basic common share:				
Income (loss) from continuing operations	<u>\$ 0.21</u>	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>\$ (0.40)</u>
Income from discontinued operations	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.02</u>
Net income (loss) applicable to common shares	<u>\$ 0.26</u>	<u>\$ 0.09</u>	<u>\$ 0.16</u>	<u>\$ (0.38)</u>
Basic weighted average common shares outstanding	<u>41,749,129</u>	<u>40,824,261</u>	<u>41,403,744</u>	<u>40,681,214</u>
Per diluted common share:				
Income (loss) from continuing operations	<u>\$ 0.20</u>	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>\$ (0.40)</u>
Income from discontinued operations	<u>\$ 0.05</u>	<u>\$ —</u>	<u>\$ 0.06</u>	<u>\$ 0.02</u>
Net income (loss) applicable to common shares	<u>\$ 0.25</u>	<u>\$ 0.08</u>	<u>\$ 0.16</u>	<u>\$ (0.38)</u>
Diluted weighted average common shares outstanding	<u>43,488,690</u>	<u>42,938,565</u>	<u>43,222,027</u>	<u>40,681,214</u>

* Revenues and Cost of goods sold include excise taxes of \$42,945, \$45,874, \$175,674 and \$195,342, respectively.