VECTOR GROUP LTD Form 10-O April 29, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-O

OUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended March 31, 2016

VECTOR GROUP LTD.

(Exact name of registrant as specified in its charter)

Delaware 1-5759 65-0949535

(State or other jurisdiction of incorporation Commission File Number (I.R.S. Employer Identification No.)

incorporation or organization)

4400 Biscayne Boulevard Miami, Florida 33137 305-579-8000

(Address, including zip code and telephone number, including area code,

of the principal executive offices)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

x Yes o No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

o Accelerated filero Non-accelerated filer

x Large accelerated filer

o Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. o Yes x No

At April 28, 2016, Vector Group Ltd. had 123,792,329 shares of common stock outstanding.

VECTOR GROUP LTD.

FORM 10-Q

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VECTOR GROUP LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands, Except Per Share Amounts)

Unaudited

	March 31, 2016	December 31, 2015
ASSETS:		
Current assets:		
Cash and cash equivalents	\$209,048	\$ 240,368
Investment securities available for sale	152,700	181,976
Accounts receivable - trade, net	20,449	23,889
Inventories	92,451	86,516
Income taxes receivable, net	4,621	2,841
Restricted assets	9,628	9,195
Other current assets	37,748	38,954
Total current assets	526,645	583,739
Property, plant and equipment, net	73,608	75,632
Real estate held for sale, net	23,366	23,318
Long-term investments	59,488	62,726
Investments in real estate ventures	225,033	217,168
Restricted assets	14,887	12,303
Goodwill and other intangible assets, net	263,413	263,959
Prepaid pension costs	20,976	20,650
Other assets	21,373	21,120
Total assets	\$1,228,789	\$1,280,615
LIABILITIES AND STOCKHOLDERS' DEFICIENCY:	+ -,===,. =:	, -,,
Current liabilities:		
Current portion of notes payable and long-term debt	\$25,927	\$8,919
Current payments due under the Master Settlement Agreement	43,705	29,241
Current portion of employee benefits	914	915
Income taxes payable, net	_	96
Litigation accruals	7,686	22,904
Other current liabilities	113,085	154,217
Total current liabilities	191,317	216,292
Notes payable, long-term debt and other obligations, less current portion	864,554	856,108
Fair value of derivatives embedded within convertible debt	134,348	144,042
Non-current employee benefits	55,171	55,055
Deferred income taxes, net	85,069	79,429
Payments due under the Master Settlement Agreement	20,094	20,094
Litigation accruals	22,034	24,718
Other liabilities	10,062	7,038
Total liabilities	1,382,649	1,402,776
Commitments and contingencies (Note 7)	1,002,019	1,102,770
Stockholders' deficiency:		
Preferred stock, par value \$1.00 per share, 10,000,000 shares authorized		
Common stock, par value \$0.10 per share, 250,000,000 shares authorized, 123,792,329		
shares issued and outstanding	12,379	12,379
Accumulated deficit	(238,180	(210,113)
Accumulated other comprehensive income		(8,313)
Total Vector Group Ltd. stockholders' deficiency		(206,047)
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Non-controlling interest 80,211 83,886
Total stockholders' deficiency (153,860) (122,161)
Total liabilities and stockholders' deficiency \$1,228,789 \$1,280,615

The accompanying notes are an integral part of the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Tobacco*	\$221,015	\$228,085
Real estate	159,747	132,256
E-Cigarettes	38	419
Total revenues	380,800	360,760
Expenses:		
Cost of sales:		
Tobacco*	136,738	157,030
Real estate	99,678	84,358
E-Cigarettes	6	630
Total cost of sales	236,422	242,018
Operating, selling, administrative and general expenses Litigation settlement and judgment expense Restructuring charges Operating income	79,828 2,350 41 62,159	74,181 843 —