

VECTOR GROUP LTD
Form 10-Q
November 03, 2011

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

FORM 10-Q

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

For The Quarterly Period Ended September 30, 2011

VECTOR GROUP LTD.
(Exact name of registrant as specified in its charter)

Delaware	1-5759	65-0949535
(State or other jurisdiction of incorporation incorporation or organization)	Commission File Number	(I.R.S. Employer Identification No.)

100 S.E. Second Street
Miami, Florida 33131
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.

x Large accelerated filer	o Accelerated filer	o Non-accelerated filer	o Smaller reporting company
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(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 November 3, 2011, Vector Group Ltd. had 79,442,674 shares of common stock outstanding.

VECTOR GROUP LTD.

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VECTOR GROUP LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands, Except Per Share Amounts)

Unaudited

	September 30, 2011	December 31, 2010
ASSETS:		
Current assets:		
Cash and cash equivalents	\$328,411	\$299,825
Investment securities available for sale	58,935	78,754
Accounts receivable - trade	17,516	1,849
Inventories	110,539	107,079
Deferred income taxes	38,249	31,786
Restricted assets	1,477	2,661
Other current assets	4,272	4,809
Total current assets	559,399	526,763
Property, plant and equipment, net	55,898	55,412
Investment in Escena, net	13,243	13,354
Long-term investments accounted for at cost	5,675	46,033
Long-term investments accounted for under the equity method	16,863	10,954
Investments in non-consolidated real estate businesses	92,146	80,416
Investments in townhomes	—	16,275
Restricted assets	8,789	8,694
Deferred income taxes	28,013	37,828
Intangible asset	107,511	107,511
Prepaid pension costs	15,098	13,935
Other assets	28,317	32,420
Total assets	\$930,952	\$949,595
LIABILITIES AND STOCKHOLDERS' DEFICIENCY:		
Current liabilities:		
Current portion of notes payable and long-term debt	\$26,864	\$51,345
Current portion of fair value of derivatives embedded within convertible debt	77,176	480
Current portion of employee benefits	1,014	1,014
Accounts payable	5,572	9,027
Accrued promotional expenses	16,158	14,327
Income taxes payable, net	6,105	11,617
Accrued excise and payroll taxes payable, net	3,584	18,523
Settlement accruals	117,668	48,071
Deferred income taxes	29,565	36,963
Accrued interest	9,346	20,824
Other current liabilities	13,764	14,681
Total current liabilities	306,816	226,872
Notes payable, long-term debt and other obligations, less current portion	490,729	506,052
Fair value of derivatives embedded within convertible debt	51,060	141,012
Non-current employee benefits	39,665	38,742
Deferred income taxes	58,878	51,815
Other liabilities	50,474	31,336
Total liabilities	997,622	995,829
Commitments and contingencies		
Stockholders' deficiency:		

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Preferred stock, par value \$1.00 per share, 10,000,000 shares authorized	—	—
Common stock, par value \$0.10 per share, 150,000,000 shares authorized, 83,023,495 and 78,349,590 shares issued and 79,442,674 and 74,939,284 shares outstanding	7,944	7,494
Additional paid-in capital	—	—
Accumulated deficit	(56,593) (45,327)
Accumulated other comprehensive (loss) income	(5,164) 4,456
Less: 3,580,821 and 3,410,306 shares of common stock in treasury, at cost	(12,857) (12,857)
Total stockholders' deficiency	(66,670) (46,234)
Total liabilities and stockholders' deficiency	\$930,952	\$949,595

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

VECTOR GROUP LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in Thousands, Except Per Share Amounts)

Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues*	\$288,995	\$295,124	\$840,553	\$785,671
Expenses:				
Cost of goods sold*	227,863	239,160	664,113	620,065
Operating, selling, administrative and general expenses	23,277	26,088	69,142	