

VECTOR GROUP LTD

Form 424B3

January 29, 2007

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Registration No. 333-137093

**PROSPECTUS SUPPLEMENT NO. 2 DATED JANUARY 29, 2007**  
(to prospectus dated December 22, 2006)

**VECTOR GROUP LTD.**

**3 7/8% Variable Interest Senior Convertible Debentures due June 15, 2026**  
**and**  
**Common Stock Issuable upon Conversion of the Debentures**

This prospectus supplement supplements the prospectus dated December 22, 2006 of Vector Group Ltd. relating to the sale by certain of our securityholders (and their transferees, pledgees, donees and successors) of our 3 7/8% Variable Interest Senior Convertible Debentures due June 15, 2026 and the common stock issuable upon conversion of the debentures. You should read this prospectus supplement in conjunction with the prospectus, and this prospectus supplement is qualified by reference to the prospectus, except to the extent that the information in this prospectus supplement supercedes the information contained in the prospectus.

The table of selling securityholders contained on pages 65 to 70 of the prospectus is hereby amended to add the following additional selling securityholders.

| Name   | Principal Amount of Debentures Beneficially Owned that May Be Sold | Percentage of Debentures Outstanding | Number of Shares of Common Stock Beneficially Owned Before This Offering | Number of Shares of Common Stock that May Be Sold Pursuant To This Prospectus (1) | Number of Shares of Common Stock       |  |
|--|--|--------------------------------------|--|---|--|--|
|  |  |                                      |  |   | Beneficially Owned After this Offering | Percentage of Common Stock Outstanding (2) |
| Polygon Global Opportunities Master Fund (3)           | \$7,500,000  | 6.8%                                 | 219,727  | 366,211   | 0                                      | *  |
| Sandelman Partners Multi Strategy Master Fund Ltd. (4) | 8,000,000  | 7.3%                                 | 0  | 390,625   | 0                                      | *  |

\* Less than 1%.

(1) Assumes conversion of all of the securityholders debentures at a conversion price of \$20.48 per share of common stock. The

conversion price is subject to adjustment as described under

Description of Debentures-Conversion Rights and, as a result, the amount of common stock issuable upon conversion of the debentures may increase or decrease in the future.

- (2) Calculated based on Rule 13d-3(d)(i) of the Exchange Act using shares of common stock outstanding as of January 26, 2007. In calculating this amount, we treated as outstanding the number of shares of common stock issuable upon conversion of all of that particular securityholder's debentures. We did not assume, however, the conversion of any other securityholder's debentures.
- (3) Polygon Investment Partners LLP and Polygon Investment Partners LP (the Investment Managers), Polygon Investments Ltd. (the Manager), Alexander E. Jackson, Reade E. Griffith and Patrick G. G. Dear share voting and dispositive power over these securities. The Investment Managers, the Manager, Alexander E. Jackson, Reade E. Griffith and Patrick G. G. Dear disclaim

beneficial ownership of these securities. The debentures shown in this prospectus supplement as owned by the selling securityholder are in addition to the \$4,500,000 of debentures, convertible into 219,727 shares of our common stock, previously reported in this prospectus as owned by such holder.

- (4) John Sandelman exercises voting and dispositive power over these securities.

Investing in the debentures and our common stock involves risks, which are described under Risk Factors beginning on page 13 of the prospectus.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus supplement is January 29, 2007.