

April 10, 2013



Ladenburg Thalmann Sends Annual Letter to Shareholders

MIAMI-- Ladenburg Thalmann Financial Services Inc. (NYSE MKT: LTS) (“Ladenburg” or the “Company”) today announced that the Company sent the following annual letter to its shareholders from the Chairman of the Board, Dr. Phillip Frost, and the Company’s President & Chief Executive Officer, Richard J. Lampen:

Dear Fellow Shareholder:

2012 was a most notable year for Ladenburg Thalmann. By the metrics of revenues, adjusted EBITDA and cash flow, it was a period of remarkable growth. More importantly, 2012 was the year that all the elements of our business strategy — which has been to combine the more stable and recurring revenue and cash flows of the Independent Brokerage and Advisory Services (IBD) business with the more volatile and cyclical, but potentially highly-profitable capital markets and investment banking businesses — gained the synergies and critical mass that we believe will allow us to achieve the enduring growth and profitability that is our intention and our shareholders’ aspiration.

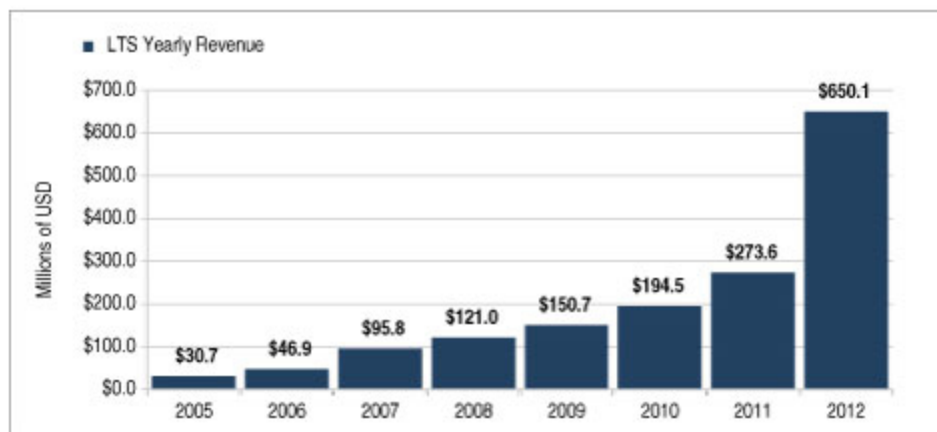


Let us review some highlights of 2012 and the underlying business developments behind these achievements before providing an outlook on 2013 and beyond.

2012 Overview

- In 2012, revenues increased 138% to \$650.1 million. Much of that growth was achieved by our recent acquisition of Securities America. However, apart from Securities America’s contribution, revenues in our independent brokerage and advisory

services segments increased by 11% and the revenues of our investment banking business increased by 6%. Ladenburg's revenues have increased 2,118% since our current management took the helm in 2006.



- For the second year in a row, our adjusted EBITDA more than tripled over the previous year, to \$30.5 million in 2012. Again, Securities America figured prominently in this year's substantial improvement, but also significant were the contributions achieved by our existing advisors growing their businesses and our successful recruiting of higher producing advisors throughout our independent advisory platform, as well as increased investment banking activity.
- Cash flow from operations for 2012 was \$7.6 million compared to -\$33.3 million in 2011.
- The smooth integration of Securities America into Ladenburg was accomplished, while we maintained strong, organic growth of over 10% at our other IBD subsidiaries — Investacorp and Triad Advisors.
- Our IBD business, which boasts over 2,700 independent financial advisors, with approximately \$75 billion in total client assets, is now widely recognized in the IBD industry as a leader in terms of client assets and revenues.
- We made important advancements in our technology and practice management tools, and enhanced our suite of wealth management products — such as advisor-friendly Trust Services through Premier Trust — that support our independent financial advisors.
- The high performing teams of Eagle One Investments and Investors Security Company were added to Securities America, which achieved an outstanding 309% increase in recruited Gross Dealer Concession revenues in 2012.
- A fixed income trading desk was established at Ladenburg Thalmann & Co. Inc. to serve our entire network of advisors.
- We enhanced our highly-productive investment banking business by hiring several senior industry specialists in energy and healthcare.
- Our investment banking group participated in 102 offerings, raising over \$19 billion for clients in healthcare, biotechnology, energy, real estate, specialty finance and other

industries.

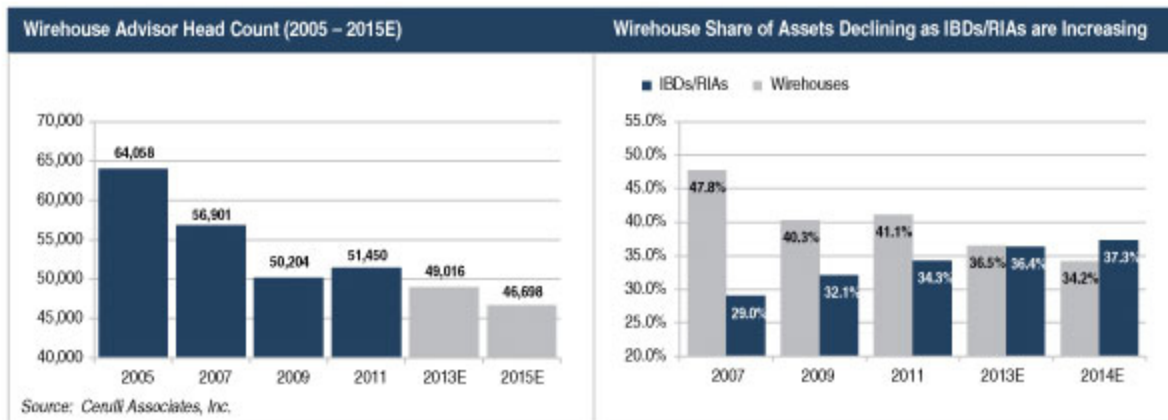
- We satisfied conditions for a significant forgiveness of our clearing firm loan from National Financial Services LLC, a Fidelity Investments® company.
- Ladenburg Thalmann Asset Management (LTAM), our internal wealth management division surpassed \$1 billion in assets under management for the first time, ending the year with \$1.3 billion.

Ladenburg's Independent Brokerage and Advisory Services (IBD) Business

There are strong and undeniable demographic trends that make the independent brokerage and advisory services business one of the most attractive areas of the financial services industry. The growth of this business is driven by the graying of approximately 78 million American baby boomers (born between 1945-64), who hold the majority of household investable assets. An estimated ten thousand baby boomers turn sixty-five every day and as they retire there is an expected mass transition of assets from 401(k) and other corporate pension plans to Individual Retirement Accounts (IRAs). These people need to take responsibility for the management of their retirement assets and are increasingly seeking independent financial advice and management. The future of this business looks exceptionally vibrant, with total retirement assets in the U.S. projected to grow 6.5% per year through 2017. The growth prospects for this sector may extend far beyond 2017, as only the 1945-52 portion of this generation will have reached the age of sixty-five by then.



Simultaneously, there has been an exodus of financial representatives from other venues, including the wirehouses, to the IBD channel. Some of the more pervasive reasons have been the recent problems and resulting negative publicity incurred by many of our largest banks, the far greater pay-out for representatives in the IBD model, and the appeal of a more entrepreneurial culture. Another very important factor for both the advisors and their clients has been the desire for independent financial advice. Under the IBD model, the advisor is free to choose among a vast array of financial products, with their sole concern to select the best investments for their client, without regard for their company's priorities and mandates concerning their proprietary products. For the client, this independence removes a potential conflict of interest: "Is my advisor or broker doing what's best for me or what's best for his company and his career." Independence creates a sense of trust, a sense that the clients and their advisor are on the same team.



Through our acquisitions of Investacorp (2007), Triad Advisors (2008) and most recently Securities America (November 2011), one of the preeminent IBD franchises in the U.S., Ladenburg is now widely recognized in the industry as a leader in terms of client assets and revenues. We now have both the size and industry leading technology, back office services, marketing and practice management programs that allow us to compete successfully with any IBD firms in the marketplace. We also believe that we have built a meaningfully differentiated independent platform by offering our advisors the unique and valued benefits of access to Ladenburg Thalmann and Co. Inc.'s (LTCO) proprietary equity research, wealth management division and capital market products, together with the trust services and planning capabilities of Premier Trust (acquired 2010). These are distinct competitive advantages in attracting advisors and other broker/dealers to our platform and in helping them to prosper.

As we look ahead to 2013, we are poised to drive strong growth at all our independent brokerage firms, both organically and through disciplined strategic acquisitions.

Ladenburg's Investment Banking and Capital Markets Business

Separate from the building momentum in our independent business, we have made substantial strides in our investment banking and capital markets business. Our emphasis continues to be on advising clients in middle-market investment banking, where we have significant experience and a unique understanding of the challenges companies face when building their businesses.

We have assembled a highly experienced team of bankers based in both New York and Miami, along with 16 equity research analysts covering approximately 180 public companies (with a focus on yield-oriented equities in sectors such as MLPs, REITs and specialty finance as well as technology, healthcare and utilities) and 30 institutional salesmen/traders covering investors worldwide — all working with a commitment to help clients capitalize on their full potential.

Notably, we brought on a team of seasoned and talented traders to launch our fixed income trading desk, Ladenburg Fixed Income (LFI). This group has been working with our independent advisors to identify what fixed income solutions are available for their clients on an individualized basis. The LFI team has established themselves as an on-call team of specialists with expertise to assist in developing solutions for clients that seek to increase

yields, navigate tax-efficient strategies, and provide timely and competitive executions in all areas of fixed income investing. This is just the latest step in a series of developments and acquisitions that have broadened the scope of differentiated services and products that we can provide to our clients.

LTAM, our internal wealth management division, had an outstanding 2012, surpassing \$1 billion in assets under management, with \$1.3 billion in over 2,500 accounts at year end. LTAM applies the core investment principles of portfolio diversification, risk management and disciplined, long-term investing in the management of its four proprietary programs, LAMP, ICS, 401(k), and Architect. In addition to managing these successful programs, LTAM plays an important role in supporting the advisory businesses at our independent firms.

In 2012, we continued to build on our track record of completing successful capital raises on behalf of our clients, by participating in 102 offerings, which raised over \$19 billion for companies in a wide variety of industries, including healthcare, biotechnology, energy, technology, financial services and real estate. A particular strong area has been in the sector of “yield-oriented products”. LTCO has been a leader in underwriting publicly-traded, higher-yielding products in the three verticals of Mortgage and Property Real Estate Trusts (REITs), Business Development Companies (BDCs) and Energy Master Limited Partnerships (MLPs). Since 2010, LTCO has participated as a manager in 101 such deals, which raised over \$11.7 billion.

As we look ahead to 2013, we believe our investment banking pipeline is strong and growing.

Ladenburg’s Net Income, Recurring Revenues and Stock Repurchase Program

Amidst the extraordinary growth of 2012, we had a net loss of \$16.35 million compared to a net profit of \$3.89 million in 2011. The decrease was primarily due to an income tax benefit of \$16.20 million in 2011 caused by a reduction of the deferred tax asset valuation allowance in the Securities America acquisition. The rest of the differential is due in large part to increased interest expense and non-cash depreciation, amortization and compensation expenses in the 2012 period arising from the Securities America acquisition. These latter expenses will diminish in the future, but they are the toll required to build our impressive body of corporate assets. Management strongly believes we have acquired these assets economically and astutely and that they provide the foundation for an exciting future of growing revenues, adjusted EBITDA and profits.

A key element that attracted us to the independent brokerage and advisory services business is the growing base of more stable and predictable recurring revenue that this business model generates. We define recurring revenues to include advisory fees, trailing commissions, cash spread fees, sponsorship revenues and advisor affiliation fees. Recurring revenues have always been a major determinant of a company’s value, but are held in even higher regard during unstable and unpredictable times. With approximately \$75 billion in client assets, we are significant beneficiaries of this trend, and with the trust services offered by Premier Trust we help our advisors extend that recurring revenue over multiple generations. For 2012, approximately 66% of the revenues in our IBD business were recurring in nature and we expect this percentage to continue to grow in the future.

During 2012, our company repurchased 912,667 shares of our common stock at a cost of approximately \$1.4 million, representing an average price per share of \$1.54. Since the inception of our stock repurchase program in March 2007, we have repurchased 2,981,967 shares at a total cost of \$4.7 million. We have the authority to repurchase an additional 4,518,033 shares under our current repurchase plan. Importantly, our Board of Directors, who are major shareholders in the firm, and the senior leadership team at Ladenburg are aligned with the interests of our investors and are focused on building increased value.

Ladenburg's Outlook

The independent brokerage and advisory services business will remain a key area of importance for our firm, and we are excited about the opportunity to build on our leadership position. Underscoring this commitment, we hosted our inaugural Women's Initiative Conference in November 2012. Our dedication to our female advisors is not merely socially enlightened, but very good business. More and more women have taken control over their investment portfolios and we seek to take advantage of a vast, underutilized reservoir of financial talent. Our firm's cache as an industry leader is also reflected in the naming of CEO Dick Lampen to *Investment Advisor's* Top 25 Most Influential List in April 2012, as well as being elected to the Board of Directors at the Financial Services Institute (FSI).

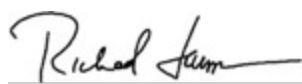
Looking ahead, we will continue to balance our independent brokerage and advisory efforts with selectively expanding our investment banking and capital markets business. This attractive mix of a steady and growing independent advisory business, and a smaller, but potentially highly-profitable investment banking and capital markets business is what differentiates Ladenburg and we are now operating this combination at a level that can significantly grow our revenues and adjusted EBITDA over the next few years. We also believe we can achieve additional synergies from the Securities America acquisition and our other businesses, as well as potentially take advantage of attractive refinancing opportunities.

As always, we would like to extend our gratitude to the people that have made the firm what it is today — our clients, shareholders, advisors, and employees. We are grateful for your support, and look forward to the year ahead.

Sincerely,



Phillip Frost, M.D.
Chairman of the
Board



Richard J. Lampen
President & Chief Executive
Officer

About Ladenburg

Ladenburg Thalmann Financial Services is engaged in independent brokerage and advisory services, investment banking, equity research, institutional sales and trading, and asset management services through its principal subsidiaries, Ladenburg Thalmann & Co. Inc., Investacorp, Inc., Triad Advisors, Inc. and Securities America, Inc., which together have approximately 2,700 financial advisors and approximately \$75 billion in client assets. Founded in 1876 and a New York Stock Exchange member since 1879, Ladenburg Thalmann & Co. is a full service investment banking and brokerage firm providing services principally for middle market and emerging growth companies and high net worth individuals. Investacorp, Inc., a leading independent broker-dealer headquartered in Miami, Florida, has been serving the independent registered representative community since 1978. Founded in 1998, Triad Advisors, Inc. is a leading independent broker-dealer and registered investment advisor headquartered in Norcross, Georgia that offers a broad menu of products, services and total wealth management solutions. Securities America, based in Omaha, Nebraska, was founded in 1984 and is one of the largest and most successful independent broker-dealers in the country. Ladenburg Thalmann Financial Services is based in Miami, Florida. Ladenburg Thalmann & Co. is based in New York City, New York with regional offices in Miami, Naples and Boca Raton, Florida; Melville, New York; Boston, Massachusetts; Houston, Texas; and Calabasas, California. For more information, please visit www.ladenburg.com.

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth, growth of the independent brokerage and advisory area, and growth of our investment banking business. These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive and/or regulatory factors, and other risks and uncertainties affecting the operation of the Company's business. These risks, uncertainties and contingencies include those set forth in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2012 and other factors detailed from time to time in its other filings with the Securities and Exchange Commission. The information set forth herein should be read in light of such risks. Further, investors should keep in mind that the Company's quarterly revenue and profits can fluctuate materially depending on many factors, including the number, size and timing of completed offerings and other transactions. Accordingly, the Company's revenue and profits in any particular quarter may not be indicative of future results. The Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

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