

August 28, 2012



Ladenburg Thalmann Sends Annual Letter to Shareholders

MIAMI--(BUSINESS WIRE)--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 Shareholder:

In 2011, Ladenburg Thalmann made significant strides to build and strengthen the firm in our core focus areas of the independent brokerage and advisory business and investment banking. Our strategy is designed to take advantage of our leadership position in the expanding independent broker-dealer business as well as to position us for growth in the lucrative, but less predictable, capital markets and investment banking arena.

With baby boomers retiring and more individuals taking control of their investment portfolios than ever before, it's clear that there are substantial growth opportunities in the independent brokerage and advisory channel. By adding three major independent brands to Ladenburg's portfolio in the past five years – Triad, Investacorp and, most recently, Securities America – we have become a leader in this timely business. In investment banking, we have added new talent and directed our resources to the best sector and product opportunities.

2011 Overview

Some highlights from 2011 and the first half of 2012 include:

- Increasing full year 2011 revenues by 41% from the acquisition of Securities America, Inc., the continued growth of our other independent brokerage and advisory businesses, and higher investment banking activity in yield-based equity offerings, PIPEs and underwritten public offerings.
- Generating EBITDA growth in 2011 of approximately 311% over 2010.
- Expanding our robust network to include approximately 2,700 independent financial advisors with approximately \$70 billion in total client assets.
- Broadening the technological, professional and other support we provide for our enviable team of independent advisors, including offering an attractive suite of wealth management products to our advisors, including trust services.
- Becoming an advocate for the independent brokerage advisory business in Washington, D.C. by having our three independent subsidiaries and their affiliated independent financial advisors become active members of the Financial Services Institute.
- Making well deserved appointments to senior leadership positions at key parts of the organization including the appointment of Adam Malamed as our Chief Operating Officer and Peter Blum and David Rosenberg as co-CEOs of our Ladenburg Thalmann

broker-dealer. In addition, adding senior industry specialists in dynamic sectors for investment banking such as energy and healthcare.

- Bolstering our institutional equity business at our Ladenburg Thalmann broker-dealer subsidiary with the addition of a talented team of traders and salespeople.
- Participating in 73 offerings during 2011, which raised approximately \$9.6 billion for clients in healthcare, biotechnology, energy and other industries.
- Surpassing \$1 billion in assets under management at Ladenburg Thalmann Asset Management, our internal wealth management division that serves as a money manager for retail and institutional clients, while also filling an important role in supporting organic growth from our independent advisors.

Independent Brokerage Business

The increased appetite for unbiased financial advice provided by independent financial advisors has been an instrumental factor in the development of our overall strategic plan. As the U.S. population continues to age, with approximately 10,000 new retirees each day, and market participants move away from the traditional wirehouse model, we believe that top quality independent broker-dealers are well positioned for sustainable growth over the next decade.

In order to capitalize on these favorable market dynamics, we completed the transformational acquisition of Securities America in 2011. We are glad to report that it has been a seamless transition for Securities America into the Ladenburg family.

After announcing the transaction in August and closing the deal in November of last year, we are especially pleased with our success in retaining an extremely high percentage of advisors at Securities America. With Securities America's "best in breed" independent broker-dealer platform and service-focused culture, we significantly increased our market share and further established our leadership position in this appealing market.

Importantly, Securities America has continued to operate on an independent basis under the leadership of Jim Nagengast and his talented team; a formula that has worked well for us with our prior acquisitions of Triad Advisors and Investacorp, which have also continued to grow and perform very well under the strong leadership of Mark Mettelman and Patrick Farrell. We have continued to enhance all three firms by making investments in technology and practice management tools, adding capabilities in the asset management area, and broadening access to capital markets products, proprietary institutional equity research and trust services.

Looking forward, we are excited about the opportunities to continue to drive strong growth at all of our independent brokerage firms, both organically and through disciplined strategic acquisitions.

Investment Banking Business

Ladenburg Thalmann & Co. Inc. remains focused on advising clients in middle-market investment banking, with significant experience and a unique understanding of the challenges companies and institutions face when building their businesses.

Our team consists of investment bankers based in New York and Miami, equity research

analysts covering over 160 public companies, and institutional salespeople covering investors both in the U.S. and around the world, among others.

Areas of focus for our equity research analysts and investment bankers span a number of industries and product areas, including yield-based equities, energy, power and utilities, technology and healthcare. With key new hires this year in the energy and healthcare sectors, we have bolstered our capabilities in those fast-growing spaces where we have long had significant expertise.

Ladenburg has a strong track record of completing successful capital raises on behalf of our clients, and 2011 was no exception. Last year, Ladenburg participated in 73 offerings, which raised over \$9.6 billion for companies in a wide variety of industries including the healthcare, biotechnology, energy, technology and financial services spaces. 2012 is also off to a solid start, and we continue to have a strong stable of activity in our pipeline.

Outlook for the Future

Our commitment to growth in the independent brokerage business is without equal. We have now reached a scale where we can make the investment to become and remain the industry leader in technology and practice management and development. We believe we are a leading strategic player in our industry, uniquely positioned with our presence in both the independent brokerage and investment banking businesses. We remain committed for the long term to building an industry-best platform to drive profitable growth for our advisors and for the Company.

As a sign of this commitment, in addition to making all three of Ladenburg's independent broker-dealer subsidiaries and their affiliated independent financial advisors members of the Financial Services Institute for 2012, we have also taken on several leadership responsibilities in that organization. Jim Nagengast served as this year's FSI Conference Task Force Chairman. In addition, Dick Lampen and Adam Malamed spent time this June in Washington, DC on Capitol Hill with a team of our advisors and executives from all of our broker-dealers, lobbying on behalf of the industry. In November, we are hosting our inaugural Women's Initiative conference, and we expect to continue to increase our level of visibility in the industry. We are also pleased that Dick Lampen was named to Investment Advisor's Top 25 Most Influential People List in April 2012 in recognition of the efforts of the Ladenburg team.

At the same time, we remain focused on selectively expanding the scale and profitability of our investment banking and capital markets business. We believe having both sides of the business – independent brokerage and investment banking – differentiates us from our competitors by allowing us to offer a unique set of products and resources to our advisors, while moderating the cyclical nature of our business and creating opportunities for our investment bank.

As major shareholders of the Company, the Board of Directors and senior executives at Ladenburg are aligned with the interests of all investors, and are focused on creating long-term value. As we look ahead, we believe that Ladenburg's prospects are bright, and we are poised to deliver continued growth on both sides of our business. With both the right people and the right strategic plans in place, we look forward to continued success in 2012 and beyond.

In closing, we would like to take this opportunity to extend our gratitude to our shareholders, advisors, employees and clients – without whose support Ladenburg would not be the Company it is today.

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 \$70 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, New York with regional offices in Miami and Boca Raton, Florida; Melville, New York; Boston, Massachusetts and Princeton, New Jersey. 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, growth of our independent brokerage and advisory business, growth of our investment banking business and future investment in our businesses. 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, 2011 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.