October 7, 2011

Ladenburg Thalmann Sends Annual Letter to Shareholders

MIAMI-- Ladenburg Thalmann Financial Services Inc. (AMEX: LTS) ("Ladenburg" or the "Company") today announced that the Company sent the following 2010 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:

During 2010 and thus far in 2011, we have made significant progress establishing Ladenburg Thalmann Financial Services Inc. as a diversified financial services company with a leadership position in the independent brokerage and advisory business and a growing and profitable investment bank specializing in raising equity capital for emerging public companies. Since 2007, our plan has been to marry the stable and recurring revenues of the independent brokerage business with the more volatile, but potentially very profitable, investment banking/capital markets businesses – and we are pleased to report that it is working very well. Our goal has been to build sufficient scale in our independent brokerage business, with the accompanying steady cash flows it produces, so regardless of capital markets conditions, we as a firm can generate significant operating cash to create value for our shareholders.

Ladenburg has a long and proud history in the financial industry, and as we undertake this next phase of our growth, we will continue to be defined by our talented and devoted employees and advisors. We remain committed to fostering a strong, entrepreneurial spirit where anticipating and meeting the needs of our clients is our primary focus. We are confident that our past achievements and future success will be driven by the determined and principled people that make Ladenburg what it is today.

2010 Overview

Some highlights from 2010 include:

- Increasing overall revenues by 29%, including a 38% growth in investment banking revenues, fueled in part by the continued growth from our yield-based equities business;
- Growing to more than 1,000 financial advisors and $22 billion of client assets in our independent brokerage business at year end 2010;
- Completing the acquisition of Premier Trust Inc., a provider of wealth management services, including trust administration, estate and financial planning, custody and investment services;
- Placing 52 offerings, which raised approximately $11 billion for clients in healthcare, biotechnology, energy and other industries;
- Raising $14 million in a private placement transaction led by entities associated with

Dr. Samuel Yin, a highly regarded businessman and entrepreneur in the Greater China region; and
- Joining the Russell 3000® broad-market index.

For 2010, Ladenburg's revenues were $194.5 million, representing a 29% increase over revenues of $150.7 million the prior year. EBITDA, as adjusted, increased $4.6 million in 2010 to a gain of $2.7 million compared to a loss of $1.8 million in 2009, primarily as a result of a smaller net loss in 2010 as compared to 2009. EBITDA, as adjusted, excludes non-cash compensation expense and other items.* The positive momentum continued into the first half of 2011, with revenues of $220 million and EBITDA, as adjusted, of $8.1 million for the 12 month period ended June 30, 2011. As of June 30, 2011, shareholders' equity was $49.1 million, as compared to $46.9 million at December 31, 2010.

Our August 2010 acquisition of Premier Trust served to further differentiate Ladenburg and provide our growing network of independent financial advisors with access to a broad array of trust services for clients. This was an important strategic step for us, as we continue to increase the products and services we offer our clients through our independent broker-dealer platform.

Acquisition of Securities America

The appealing growth profile of the independent brokerage and advisory business – one of the most vibrant areas in the financial services industry – has been a key factor in setting Ladenburg's strategic path. Driven in large part by demographic trends, the independent brokerage channel has expanded significantly over the past decade, and the future looks equally bright. The greying of America, the retirement of the baby boomer generation and the increasing responsibility of individuals to plan for their own retirement have created tremendous demand for the unbiased financial advice provided by financial advisors in the independent channel.

In recent years, as baby boomers retire, we have seen a dramatic growth in the roll-over of retirement assets from corporate 401(k) and pension plans to individual IRA accounts. This trend is projected to increase in the coming years, further accelerating growth of the independent channel. These developments are occurring against a backdrop of a steady migration of client assets and advisors from the wirehouse, insurance and bank channels to the independent one. Between 2007 and 2010, the percentage of retail client assets controlled by wirehouse brokers declined from 49.7% to 42.8%, while the percentage held by independent broker-dealers and RIA firms grew from 29.7% to 34.5%. During this same period, the number of wirehouse brokers declined by 11%. For all of these reasons, we believe the independent brokerage business will continue to enjoy strong growth in coming years.

With our commitment to becoming a leader in the independent business, when we learned in late April 2011 that Ameriprise had put its Securities America subsidiary up for sale, we immediately swung into action. Securities America, based outside Omaha, Nebraska, is the sixth largest independent brokerage firm in the U.S. and one of the elite, top-tier firms of our industry. Firms of this stature and scale rarely – if ever – come on the market, and we quickly realized this was a unique opportunity for Ladenburg. Following a competitive auction process and extensive due diligence, we announced on August 16th that we had reached an agreement to acquire Securities America. The transaction is scheduled to close by year-end

2011 following receipt of regulatory approvals.

The Securities America transaction is truly a transformational event for Ladenburg. In terms of growth, the transaction will triple our existing base of revenue from $220 million for the 12 months ended June 30, 2011 to approximately $675 million of revenue on a pro forma basis for the same period. But it is also transformational in terms of our position in the industry – making us one of the leaders in the independent brokerage space. Upon closing, our independent firms together will have about 2,700 advisors and $70 billion of client assets, making us one of the industry's largest independent brokerage networks.

Independent Brokerage Business

In 2007, we made our first acquisition in the independent brokerage space with our purchase of Miami-based Investacorp Inc. We followed with our 2008 acquisition of Triad Advisors, Inc. based in Norcross, Georgia. Both firms are highly regarded in the independent brokerage world and have flourished since the acquisitions. Triad, which has been an industry leader in the ''hybrid'' brokerage and RIA model, was one of the fastest growing firms in the industry in 2010 with revenue increasing by more than 50%. Overall, our independent businesses increased revenues by 34% in 2010, and the growth has continued into 2011. In addition, during the past year, we retired the remaining indebtedness incurred in connection with the two acquisitions.

Both Investacorp and Triad were fine firms doing well when we acquired them, and we believe we have been able to add resources and create value for the firms' advisors since acquisition. These resources included significant investment in technology, additional capabilities in the asset management area, and access to capital markets products, proprietary institutional equity research and trust services. However, we believe the real key to the firms' continued success has been that they have been able to operate on a truly independent basis. Each firm conducts business as a separate broker-dealer under the same strong leadership team as before, led by Patrick Farrell at Investacorp and Mark Mettelman at Triad, with the same home office staffs. The key message of each acquisition was that there would be no disruption to the advisors' businesses and they would benefit from the additional products and services made available to them. We believe this approach has worked well, as the firms' growth has accelerated and we had no loss of advisors as a result of the acquisitions.

Our strategy of continuing to operate Investacorp and Triad on a truly independent basis reflects our recognition that each firm has its own culture and strengths. This is the glue that helps bind the advisors to the firm and needs to be protected. At the same time, we have taken advantage of the scale we have created across the multiple firms by spreading costs in areas which are not directly visible to the advisors such as technology, accounting, etc.

This is very much the same approach we will take with Securities America. The firm will continue to operate as a separate entity under its current management team, based in La Vista, Nebraska, a suburb of Omaha, with its same home office employees. For the Securities America advisors, it will be business as usual with no repapering of customer accounts, no repricing, no change in clearing firms and continuity in home office support. What will change is that the advisors will gain access to additional products and services that can help them grow their practices.

We are excited about working together with Securities America's outstanding management team. Jim Nagengast, the President and CEO, is supported by a strong executive leadership group with decades of experience in the industry and at the firm. Securities America has created a very strong platform to support the growth of its advisors' practices with ''best of breed'' capabilities in technology, risk management and practice management/development tools. With its NextPhase^{TM} Retirement Income Distribution Solutions, it is the thought leader in the industry in providing its advisors with the resources to provide comprehensive retirement income planning.

We expect the acquisition of Securities America to provide many opportunities to add value to our existing businesses. Over time, we expect to roll out these industry best practice development tools to our existing advisors, while at a firm-wide level we will benefit from adding management expertise and systems to strengthen risk management and financial reporting. Securities America's advisors will gain additional resources to enhance their own practices, including access to Ladenburg's proprietary research, investment banking and capital markets services and syndicate product and Premier Trust's advisor-friendly trust services. In addition, the Securities America advisors will be able to utilize the wealth management solutions available through Ladenburg Thalmann Asset Management, or LTAM. LTAM, under the strong leadership of Philip Blancato, provides our advisors with the capabilities to compete effectively for institutional business such as local endowment and pension plans.

Investment Banking Business

Our investment bank, Ladenburg Thalmann & Co. Inc., has a rich history having been founded in 1876 and a NYSE member since 1879 and remains a leader in middle-market investment banking today. The firm is actively engaged in capital raising for emerging growth companies in a variety of industries with capital markets, financial advisory, institutional research and sales, asset management and retail brokerage businesses. Ladenburg has 20 investment bankers based in New York and Miami, 12 equity research analysts covering more than 140 public companies and 20 institutional salespeople covering investors both in the U.S. and globally.

Our equity research analysts and investment bankers focus on a number of key industry sectors such as yield-based equities, energy, healthcare and special situations. The yield-based equity business has developed in recent years in response to the low interest rate environment creating demand for publicly-traded higher-yielding products. Our analysts and bankers are focused on three specific verticals: Master Limited Partnerships (MLPs); Agency, Mortgage and Property Real Estate Investment Trusts (REITs); and Business Development Companies (BDCs). Ladenburg has become a leader in syndicating these products to institutional investors as well as other retail and independent firms. Since 2010, we have participated as a manager in 43 offerings of these products, which raised over $7 billion. Similarly, we have three equity research analysts and four investment bankers dedicated to the healthcare space. Since 2010, we have participated as a manager in 25 offerings, which raised over $580 million for companies in the biotechnology, pharmaceuticals, medical devices, diagnostics and healthcare services spaces.

Our asset management group, LTAM, serves both as a money manager for retail and institutional clients while also filling an important role in supporting organic growth from our independent advisors. LTAM conducts seminars and advisor education programs and provides client proposaling systems and lead generation. It also administers various asset management platforms and serves as an internal money manager focused on helping advisors grow their practices. LTAM currently manages directly over $750 million of assets. In 2010, in response to demand from our independent advisors, LTAM formed the Ladenburg Thalmann Alternative Strategies Fund (symbol: LTAFX), a first of its kind, closed-end interval fund comprised of publicly-traded and private alternative investments.

Future Growth Plans

We are often asked about our plans for the future in terms of additional acquisitions and our growth strategy. While it is not possible to predict the opportunities for growth that may appear – we could not have anticipated and planned for a firm like Securities America coming on the market – there are several observations we can make.

First, with the Securities America acquisition, 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 are committed to having the best platform in our industry for advisors to grow and build their practices and we believe we will now have the size and resources to do so. This will give us the ability to drive strong organic growth and recruiting in our independent brokerage firms.

Second, we do not seek growth for growth's sake. Our goal, unlike some of our competitors, is not to achieve ever-increasing scale to permit a shift to self-clearing. We are committed to working with our clearing firm partners and believe this is the better way. We feel the cost savings of self-clearing are illusive when you factor in the ''breakage'' with your advisors when they are forced to shift and re-paper their customer accounts. More importantly, with our clearing partners, our clients' assets are held in firms with very high levels of net capital and which are part of major financial organizations. In addition, our clearing firms are spending hundreds of millions of dollars each year on enhancing their technology platforms, a level of commitment no individual self-clearing independent brokerage firm can match, regardless of its size. We believe it is inevitable that over time, the gap will widen as to technology with the self-clearing firms at an increasing competitive disadvantage.

It is worth noting that our commitment to growth in the independent brokerage business is without equal. Of the past six major announced acquisitions in our industry (Investacorp, Triad, ING's independent business, H.D. Vest, Securities America and First Allied), Ladenburg was the acquirer in three of the transactions. The other three acquirers were private equity firms. We are the strategic player in our industry, committed for the long term to building an industry-best platform to drive profitable growth for our advisors and for the company.

Third, we remain committed to 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 — in the same firm differentiates us in a powerful way and strengthens both parts. Among other things, it allows us to offer a unique set of products and resources to our advisors, moderates the cyclicality of our business, and creates opportunities for our investment bank.

Positive Outlook

At Ladenburg, our executives and Board members are major shareholders of the company, and we are all committed to creating long-term value for our fellow shareholders. As we look ahead, we remain enthusiastic about growth prospects on both sides of our business and believe we have the right strategic plan to create significant value for our shareholders in 2011 and beyond. We look forward to continuing to keep you apprised of our progress.

We are very pleased to have recently welcomed Jacqueline Simkin to our Board. Jacqueline is an accomplished businessperson and investor, and we will benefit from her experience and judgment. As always, we thank our shareholders, employees and clients for their dedication and support.

Sincerely,

Phillip Frost, M.D. Chairman of the Board	Richard J. Lampen President & Chief Executive Officer

* Earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted for gains or losses on sales of assets, non-cash compensation expense and clearing conversion expense is a key metric the Company uses in evaluating its financial performance.

EBITDA is considered a non-GAAP financial measure as defined by Regulation G promulgated by the SEC under the Securities Act of 1933, as amended. The Company considers EBITDA, as adjusted, important in evaluating its financial performance on a consistent basis across various periods. Due to the significance of non-cash and non-recurring items, EBITDA, as adjusted, enables the Company's Board of Directors and management to monitor and evaluate the business on a consistent basis. The Company uses EBITDA, as adjusted, as a primary measure, among others, to analyze and evaluate financial and strategic planning decisions regarding future operating investments and potential acquisitions. The Company believes that EBITDA, as adjusted, eliminates items that are not indicative of its core operating performance, such as expenses related to Investacorp's conversion to a single clearing firm as part of a new seven-year clearing arrangement, or do not involve a cash outlay, such as stock-related compensation. The presentation of

EBITDA, as adjusted, should not be construed as an inference that the Company's future results will be unaffected by unusual or non-recurring items or by non-cash items, such as non-cash compensation, which is expected to remain a key element in its long-term incentive compensation program. EBITDA should be considered in addition to, rather than as a substitute for, pre-tax income, net income and cash flows from operating activities.

About Ladenburg

Ladenburg Thalmann Financial Services is engaged in investment banking, equity research, institutional sales and trading, independent brokerage and advisory services and asset management services through its principal subsidiaries, Ladenburg Thalmann & Co. Inc., Investacorp, Inc. and Triad Advisors, Inc. 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 and has approximately 400 independent financial advisors nationwide. 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 to approximately 600 independent financial advisors nationwide. 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 and Boca Raton, Florida; Melville, New York; 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, but not limited to, statements regarding future growth, future revenue, future operating cash, growth of the independent brokerage and advisory area, expected benefits from the acquisition of Securities America, future recruitment in the independent brokerage and advisory area, client assets and financial advisors. 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, many of which are outside the control of management. 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, 2010, as amended, 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. 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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Source: Ladenburg Thalmann Financial Services Inc.