

April 21, 2016



Ladenburg Thalmann Sends Annual Letter to Shareholders

MIAMI-- Ladenburg Thalmann Financial Services Inc. (NYSE MKT:LTS; LTS PrA) 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 and Chief Executive Officer, Richard J. Lampen:

Dear Fellow Shareholder:

Ladenburg drove significant growth in 2015, increasing revenues 25% compared to the prior year, including strong recurring revenue of 74% in our Independent Brokerage and Advisory Services (IBD) business. Our strategy has been to develop a profitable IBD and wealth management business along with our more volatile, but potentially lucrative, investment banking and capital markets business. Our strategy has been successful and Ladenburg has experienced substantial growth. We now have \$1.15 billion in annual revenues, approximately 4,000 financial advisors and \$125 billion of client assets. 2015 results were fueled by IBD acquisitions and solid growth in advisory fees. While the market for equity capital raises for small and mid-cap public companies has been challenging recently for our investment bank, we continue to see opportunities to build market share in 2016 across all our businesses.

We have never been more positive about Ladenburg's direction. In fact, during 2015, the Company acquired 5.7 million shares of its common stock in open market purchases. The Board of Directors and senior leadership team, major shareholders in the company, are aligned with other investors in building long-term shareholder value. Below we provide a review of Ladenburg's business developments and financial highlights for 2015 and discuss our strategic positioning for future success.

2015 Overview

- Revenues increased 25% to a record \$1.2 billion in fiscal 2015.
- Advisory fee revenues increased 34.6% year-over-year, while investment banking revenues decreased 25.2%.
- 2015 EBITDA, as adjusted, was \$43.6 million, a decrease of 29% from the prior-year period, primarily attributable to our investment banking and insurance brokerage businesses.
- Shareholders' equity grew to \$376 million at year end.
- In 2015, we repurchased 5,673,415 shares of our common stock at a cost of approximately \$16.4 million, representing an average price per share of \$2.88.
- By the end of 2015, we had approximately \$125 billion in client assets – an increase of

15% from approximately \$108 billion at December 31, 2014.

- 2015 recurring revenues, consisting of advisory fees, trailing commissions, cash sweep fees and other fees, represented approximately 74% of revenues from our IBD business, up from approximately 71% in 2014.
- Our investment banking group participated in 70 underwritten offerings that raised approximately \$9.1 billion, and placed 18 registered direct and PIPE offerings that raised an aggregate of approximately \$310 million, for clients in healthcare, biotechnology, energy and other industries.
- Ladenburg's internal wealth management division, Ladenburg Thalmann Asset Management (LTAM), had approximately \$2.1 billion of assets under management and more than 15,000 client accounts at year end.

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

Revenues in Ladenburg's core IBD business increased 26.8% compared to 2014. During 2015, we worked to integrate three new additions to the Ladenburg family – two independent broker-dealer firms, Seattle-based KMS Financial Services, and Knoxville-based Securities Service Network, as well as Highland Capital Brokerage, a leader in the wholesale distribution of life insurance products headquartered in Birmingham, Alabama – bolstering our position in, and our commitment to, rapidly growing sectors of the financial services industry.

Since entering the IBD business in 2007, Ladenburg has become an innovator in the network model. We operate each of our IBD firms under its own talented management team, which reflects our recognition that each has a unique culture and particular strengths. With our network of approximately 4,000 independent financial advisors, which we are committed to operate in an ethical and socially responsible manner, we are well positioned to meet the demands of over a million American families. As trusted advisors, we offer leading financial services to clients across the nation. We have experienced continued growth in this sector fueled by the differentiated set of tools that we provide to our advisors, access to the resources of our sister firms, including Premier Trust, Ladenburg Thalmann Asset Management, our investment bank, Ladenburg Thalmann & Co. Inc., and now Highland Capital. Together, this is what we refer to as the "Ladenburg Wealth Management Advantage". Total retirement assets in the U.S. are projected to grow 6.5% per year through 2017, with growth anticipated to be ongoing. We believe we are well positioned to capitalize on the growth of the population requiring investment advice by providing exemplary advisory services.

While we remain firmly committed to our network model, management has worked hard over the past several years to take advantage of the scale we have created. This is occurring both through sharing intellectual capital and best practices across the firms as well as achieving revenue and expense synergies. We believe that these synergies will contribute meaningfully to improving our operating margins through focus on building shared services in areas not directly visible to our advisors such as technology, accounting, insurance, revenue sharing, procurement and other back office functions. We continue to invest in adding key talent at the corporate and subsidiary levels, and made several important hires in 2015, to support these efforts and allow us to remain competitive as industry leaders.

In the spirit of evolving our suite of products for our advisors to complement our more traditional wealth management services, we recently announced the launch of \$ymbilSM – a self service digital investment platform that matches clients of Ladenburg-affiliated advisors to a diversified portfolio consistent with their personal risk tolerance. \$ymbil allows clients to fund their accounts and start investing in minutes with a minimum investment of \$500. Through this program, we are helping advisors meet the growing demand for services that incorporate the best of both worlds – automation and human insight – enabling access to efficient client registration and account administration. We are committed to ensuring Ladenburg's place at the forefront of innovation, and we will continue to provide solutions such as \$ymbil to empower our advisors to broaden their client relationships and sharpen their competitive edge.

There are tens of millions of Americans that rely on independent financial advisors, and it is critically important that our industry stands up to guard their best interests. That is why we publicly stated our concerns over the impact that the Department of Labor's proposed new fiduciary rule would have on access to quality, affordable financial advice. Now that the final DOL rule has been issued, we are hard at work within our firms together with industry organizations and partners to achieve the best outcome.

Ladenburg's Investment Banking and Capital Markets Business

2015 proved to be a challenging year for our investment banking and capital markets businesses. Continued volatile market conditions resulted in a decline of equity capital raises for small and mid-cap public companies compared to 2014. This pattern continued in the first quarter of 2016, but we are hopeful that the market will stabilize as the year progresses. We will continue to try to strategically broaden the scope of products and services available to our clients, and we remain positive about our pipeline for 2016, and beyond.

Across key industries such as healthcare, biotechnology, energy and others, in 2015, our 17 investment bankers participated in 70 underwritten offerings that raised approximately \$9.1 billion and placed 18 registered direct and PIPE offerings that raised an aggregate of approximately \$310 million.

We've made strategic additions to our team in focus areas such as research and institutional sales and trading personnel, enabling us to provide our clients with the right resources to reach their full potential. Additionally, we are pleased to have broadened our research coverage universe to include more than 250 companies.

Financial Details and Stock Repurchase Program

Net loss attributable to the Company for 2015 was \$11.2 million, compared to net income attributable to the Company of \$33.4 million in 2014. Net loss available to common shareholders, after payment of preferred dividends, was \$39.3 million or (\$0.21) per basic and diluted common share in 2015, compared to net income available to common shareholders, after payment of preferred dividends, of \$16.2 million or \$0.09 per basic and \$0.08 per diluted common share in 2014. The 2015 results included approximately \$35.8 million of non-cash charges for depreciation, amortization and compensation, \$9.2 million of amortization of retention and forgivable loans, \$5.2 million of interest expense, \$0.3 million of loss on extinguishment of debt and \$0.5 million of income tax benefit; the 2014 results included approximately \$28.9 million of non-cash charges for depreciation, amortization and

compensation, \$11.0 million of amortization of retention and forgivable loans, \$7.0 million of interest expense, \$0.5 million of loss on early extinguishment of debt and \$23.3 million of income tax benefit, primarily resulting from the Highland and KMS acquisitions and the reversal of the Company's deferred tax asset valuation allowance. 2015 EBITDA, as adjusted, was \$43.6 million, compared to \$61.2 million in 2014.

The IBD sector continued to drive high recurring revenues, which consist of advisory fees, trailing commissions, cash sweep fees and certain other fees. Recurring revenues represented approximately 74% of revenues from our IBD business in 2015, compared to recurring revenues of approximately 71% for 2014.

During 2015, Ladenburg repurchased 5,673,415 shares of its common stock at a cost of approximately \$16.4 million, representing an average price per share of \$2.88. Since the inception of our stock repurchase program in March 2007, Ladenburg has repurchased over 20,870,000 shares at a total cost of approximately \$42.3 million, including purchases of 7,500,000 shares outside its stock repurchase program.

Empowering Women in Finance

This year we hosted our fourth annual Ladenburg Institute of Women & Finance (LIWF) symposium in Chicago. This event has proven to be an excellent resource for educational opportunities and networking support to advisors affiliated with our independent broker-dealers. We're thrilled to host this event that truly advances the agenda for women in finance. The conference brings together top women financial advisors from across Ladenburg's independent brokerage and advisory firms to empower them with new strategies for promoting business growth and personal achievement. As we have in previous years, LIWF also introduced new mentors and mentees through the "LIFT" Mentoring Program, whereby younger advisors and career changers are given the opportunity to learn and benefit from the experience of more seasoned advisors throughout the year, setting their own agendas to speak and meet regularly.

Industry Involvement and Extraordinary Public Service

Over the last several years, Ladenburg has worked closely with the Financial Services Institute (FSI) and its expansive network to advocate for industry best practices and advance its important mission. This year we had the honor of announcing that Dick Lampen was elected as FSI's 2016 Vice Chair and 2017 Chair. Through Dick's leadership role, we look forward to supporting FSI in ensuring that all individuals have access to competent and affordable financial advice, products and services.

As we look ahead, we're pleased with Ladenburg's position as an industry leader and are confident in our ability to generate sustainable shareholder value. We will continue to opportunistically explore all avenues to support and grow our businesses.

We'd like to thank all of those who play an integral part in making Ladenburg the firm it is today. Our success is due in large part to your continued commitment and dedication to the company, and we truly value our relationship with you all.

Sincerely,

Phillip Frost, M.D.
Chairman of the
Board

Richard J. Lampen
President & Chief Executive
Officer

About Ladenburg

Ladenburg Thalmann Financial Services Inc. (NYSE MKT:LTS, LTS PrA) is a publicly-traded diversified financial services company based in Miami, Florida. Ladenburg's subsidiaries include industry-leading independent broker-dealer firms Securities America, Inc., Triad Advisors, Inc., Securities Service Network, Inc., Investacorp, Inc. and KMS Financial Services, Inc. as well as Premier Trust, Inc., Ladenburg Thalmann Asset Management Inc., Highland Capital Brokerage, Inc., a leading independent life insurance brokerage company, and Ladenburg Thalmann & Co. Inc., an investment bank which has been a member of the New York Stock Exchange for 135 years. The company is committed to investing in the growth of its subsidiaries while respecting and maintaining their individual business identities, cultures, and leadership. 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, future demand for financial services, growth of retirement assets, growth of our independent brokerage and advisory business, growth of our investment banking and capital markets business, future acquisitions, future synergies, future products and future services. 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, including the Department of Labor's rule and exemptions pertaining to the fiduciary status of investment advice providers to 401(k) plan, plan sponsors, plan participants and the holders of individual retirement or health savings accounts, 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, 2015 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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For Ladenburg Thalmann:
Sard Verbinnen & Co

Paul Caminiti/Emily Deissler
212-687-8080

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