



NEWS
FOR IMMEDIATE RELEASE

Contact: Paul Caminiti/Carrie Bloom/Jonathan Doorley
Sard Verbinnen & Co
212/687-8080

LADENBURG THALMANN REPORTS FIRST QUARTER 2007 FINANCIAL RESULTS

MIAMI, FL, May 10, 2007 -- Ladenburg Thalmann Financial Services Inc. (AMEX: LTS) today announced financial results for the first quarter ended March 31, 2007.

In the first quarter of 2007, the Company had revenues of \$15.9 million and net income of \$874,000, or \$0.01 per basic and diluted share. This compares to revenues of \$14.8 million and net income of \$4.7 million, or \$0.03 per basic and diluted share, in the comparable 2006 period, which included a \$4.8 million gain from the sale of the Company's New York Stock Exchange (NYSE) membership in the first quarter of 2006. Excluding this one time gain, first quarter 2007 revenues increased \$6.0 million, or 60%, and net income rose by \$921,000 from the prior-year period. The first quarter 2007 results include non-cash compensation expense of \$1.3 million, while the first quarter 2006 results include non-cash compensation expense of \$0.7 million and the \$4.8 million gain from the sale of the NYSE membership.

First quarter 2007 EBITDA, adjusted to exclude non-cash compensation expense, was \$2.7 million, while first quarter 2006 EBITDA, adjusted to exclude the gain on the sale of the NYSE membership and non-cash compensation expense, was \$876,000.

The following table presents a reconciliation of EBITDA, as adjusted, to net income as reported.

	Three Months Ended March 31,	
	2007	2006
	(in thousands)	
	(unaudited)	
Total revenue	\$ 15,920	\$ 14,794 ⁽¹⁾
Total operating expenses	14,979	10,048
Operating income.....	941	4,746
Net income.....	874	4,732 ⁽¹⁾
EBITDA and other adjustments.....	2,685	876
Add:		
Interest income.....	30	65
Income tax benefit.....	—	—
Sale of NYSE membership	—	4,779
Less:		
Interest expense.....	(120)	(124)
Income tax expense.....	(67)	(14)
Depreciation and amortization	(336)	(172)
Non-cash compensation	(1,318)	(678)
Net income.....	874	4,732

(1) Includes \$4,779 net gain on NYSE merger transaction

Earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted for gains or losses on sales of assets and non-cash compensation 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 pursuant to the Securities Act of 1933, as amended. The Company considers EBITDA, as adjusted, an important measure of its ability to generate cash flows to repurchase shares, service debt, fund capital expenditures and fund other corporate investing and financing activities. EBITDA, as adjusted, eliminates the non-cash effect of tangible asset depreciation and amortization of intangible assets and stock-based compensation. EBITDA should be considered in addition to, rather than as a substitute for, pre-tax income, net income and cash flows from operating activities.

Dr. Phillip Frost, Chairman of Ladenburg, said, “Building on a transformational 2006, we are pleased with Ladenburg’s significant progress in the first quarter of 2007. We produced meaningful growth in revenues and cash flow generation in the quarter as a result of increased investment banking, underwriting and investment advisory fees, and we are excited about the opportunities ahead for the firm.”

Richard Lampen, President and Chief Executive Officer of Ladenburg, said, “During the quarter, we continued to demonstrate strong momentum across our businesses. We remain a leader in the growing Specified Purpose Acquisition Companies (SPACs) space and led or co-

managed five SPACs in the quarter, raising in excess of \$600 million. Since December 2005, we have served as lead or co-manager on approximately \$2.8 billion of SPAC offerings. We are continuing to look for ways to grow our business, improve our market position, and increase shareholder value.”

Deferred Underwriting Compensation

In connection with Ladenburg’s underwriting of SPAC offerings, Ladenburg receives compensation that includes normal discounts and commissions, as well as deferred fees payable to Ladenburg upon a SPACs completion of a business transaction. Such fees are not reflected in the Company’s results of operations until the underlying business combinations have been completed and the fees have been irrevocably earned. Generally, these fees may be received within 24 months from the respective date of the offering, or not received at all if no business combination transactions are consummated during such time period. As of March 31, 2007, Ladenburg had unrecorded potential deferred fees for SPAC transactions of approximately \$18.7 million which, net of expenses, amounted to approximately \$11.0 million.

Impact of Accounting for Capitalink Acquisition

As a result of the accounting for the Company’s acquisition of Capitalink, LC in October 2006, Ladenburg will recognize \$4.9 million of compensation expense representing contingent consideration, of which \$4.3 million is non-cash. The contingent consideration is being amortized over the 15 months ending January 18, 2008, resulting in a monthly charge to operations of \$329,000 (a total of \$3.948 million for 2007, of which \$743,000 was amortized in the first quarter of 2007, and \$166,000 for 2008).

Potential Acquisitions

Ladenburg continues to explore opportunities to grow its businesses, including through potential acquisitions of other securities firms, both domestically and internationally. These acquisitions may involve payments of material amounts of cash or debt or the issuance of significant amounts of equity securities, which may be dilutive to Ladenburg’s existing shareholders. The Company can make no assurance that it will be able to consummate any such potential acquisitions on terms acceptable to it or, if Ladenburg does complete any such acquisition, that any acquired business will be profitable. There is also a risk that Ladenburg will not be able to successfully integrate acquired businesses into its existing business and operations.

About Ladenburg

Ladenburg Thalmann Financial Services, based in Miami, Florida, is engaged in retail and institutional securities brokerage, investment banking and asset management services through its principal operating subsidiary, Ladenburg Thalmann & Co. 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 based in New York City, with regional offices in Miami and Boca Raton, Florida; Los Angeles, California; Melville, New York; Lincolnshire, Illinois; and Princeton, New Jersey. Ladenburg provides corporate finance, asset management, brokerage, trading and research services, principally for middle market and emerging growth companies and high net worth individuals.

#

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 business of the Company. 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, 2006, 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.

[Financial Table Follows]

LADENBURG THALMANN FINANCIAL SERVICES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(unaudited)

Three Months Ended March 31,	
2007	2006

Revenues:		
Commissions	\$ 4,455	\$ 5,274
Principal transactions, net.....	5,573	1,550
Investment banking fees	3,409	805
Investment advisory fees	713	571
Interest and dividends.....	665	652
Syndications and underwritings.....	853	835
Gain on NYSE merger transaction	-	4,859
Unrealized gain (loss) on NYSE Euronext restricted common stock	57	(80)
Other.....	<u>195</u>	<u>328</u>
Total revenues	<u>15,920</u>	<u>14,794</u>
Expenses:		
Compensation and benefits.....	10,241	6,607
Non-cash compensation.....	1,318	678
Brokerage, communication and clearance fees.....	946	669
Rent and occupancy, net of sublease revenues	335	688
Professional services	664	468
Interest.....	120	124
Depreciation and amortization.....	336	172
Other.....	<u>1,019</u>	<u>642</u>
Total expenses	<u>14,979</u>	<u>10,048</u>
Income before income taxes	941	4,746
Income taxes.....	<u>67</u>	<u>14</u>
Net income	<u>\$ 874</u>	<u>\$ 4,732</u>
Income per Common Share:		
Basic.....	<u>\$ 0.01</u>	<u>\$ 0.03</u>
Diluted.....	<u>\$ 0.01</u>	<u>\$ 0.03</u>
Number of shares used in computation:		
Basic.....	<u>154,092,696</u>	<u>141,591,068</u>
Diluted.....	<u>167,869,830</u>	<u>142,289,965</u>