
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 24, 2018

Ladenburg Thalmann Financial Services Inc.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

001-15799
(Commission
File Number)

65-0701248
(IRS Employer
Identification No.)

4400 Biscayne Boulevard, 12th Floor
Miami, Florida
(Address of principal executive offices)

33137
(Zip Code)

Registrant's telephone number, including area code: **(305) 572-4100**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On December 24, 2018, Ladenburg Thalmann Financial Services Inc. (the “Company”) entered into an agreement (the “Repurchase Agreement”) with our principal shareholder, Phillip Frost, M.D. (“Dr. Frost”), and an entity affiliated with Dr. Frost, Frost Nevada Investments Trust (“Frost Nevada” and, together with Dr. Frost, the “Sellers”), pursuant to which the Company agreed to repurchase 50,900,000 shares of the common stock, par value \$0.0001 per share (the “Common Stock”), of the Company directly from the Sellers (the “Share Repurchase”) in a private transaction at a price of \$2.50 per share. The Company funded the Share Repurchase with \$50.9 million in cash on hand and by issuing \$76.35 million aggregate principal amount of 7.25% Senior Notes due 2028 (the “Notes”) to the Sellers.

In addition, pursuant to the Repurchase Agreement, options to purchase 3,610,000 shares of the Company’s Common Stock held by Dr. Frost were cancelled in exchange for \$3 million in cash (the “Option Cancellation”).

The Share Repurchase and the Option Cancellation closed on December 24, 2018.

The Repurchase Agreement and the related transactions were approved by the Company’s board of directors, and committees thereof.

The Notes are senior unsecured obligations of the Company and rank equally in right of payment with all of the Company’s existing and future senior unsecured and unsubordinated indebtedness. The Notes are effectively subordinated in right of payment to all of the Company’s existing and future secured indebtedness and structurally subordinated to all existing and future indebtedness of the Company’s subsidiaries. The Notes bear interest from December 24, 2018 at the rate of 7.25% per annum, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2019, and at maturity. The Notes mature on September 30, 2028.

The Company may, at its option, at any time and from time to time, on or after September 30, 2021, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest to, but excluding, the date fixed for redemption. On and after any redemption date, interest will cease to accrue on the redeemed Notes.

The Notes contain registration and exchange rights that require the Company, at the written request of the Sellers, to use commercially reasonable efforts to issue in exchange for the Notes a new series of notes (the “Exchange Notes”) under the Company’s existing Indenture, dated as of November 21, 2017, as amended and supplemented from time to time, on substantially the same terms as the Company’s outstanding 7.25% Senior Notes due 2028, which have substantially the same terms as the Notes. In connection with those registration rights, the Company will use its commercially reasonable efforts to file a registration statement with the Securities and Exchange Commission (the “SEC”) to facilitate the resale of the Notes or the Exchange Notes, as the case may be, within 90 days of the date of written notice from the Sellers, and to use its commercially reasonable efforts to cause the registration statement to be declared effective by the SEC.

Following the Share Repurchase, the Company had approximately 146,621,018 shares of Common Stock outstanding as of December 24, 2018. Dr. Frost also made charitable donations of shares of the Company’s Common Stock on December 24, 2018, and is expected to make additional charitable donations of shares of the Company’s Common Stock on December 26, 2018. After the charitable donations are completed, Dr. Frost’s beneficial ownership of the Company’s outstanding voting securities will be below 5%.

The foregoing descriptions of the Repurchase Agreement and the Notes do not purport to be complete and are qualified in their entirety by reference to the full text of the Repurchase Agreement and the form of Note, copies of which are attached to this Current Report on Form 8-K as Exhibits 10.1 and 4.1, respectively.

Item 1.02 Termination of a Material Definitive Agreement.

Pursuant to a letter agreement (the “Letter Agreement”), dated as of December 24, 2018, by and between the Company and Frost Gamma Investments Trust (“Frost Gamma”), an entity affiliated with Dr. Frost, the Company’s \$40 million revolving credit agreement (the “Credit Agreement”), dated as of November 8, 2017, by and between the Company and Frost Gamma, was terminated effective as of December 24, 2018. At the time of its termination, no outstanding amounts were owed by the Company under the Credit Agreement and no early termination penalties were incurred by the Company in connection with the termination.

The foregoing description of the Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Letter Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.2.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On December 24, 2018, the Company issued a press release announcing the Share Repurchase and Option Cancellation. A copy of the press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 and Exhibit 99.1 attached hereto are being furnished pursuant to Item 7.01 of Form 8-K and will not, except to the extent required by applicable law or regulation, be deemed filed by Ladenburg Thalmann Financial Services Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor will any of such information or exhibits be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
4.1	Form of 7.25% Senior Note due 2028 issued to Phillip Frost, M.D. and Frost Nevada Investments Trust
10.1	Agreement, dated December 24, 2018, by and among Ladenburg Thalmann Financial Services Inc., Phillip Frost M.D. and Frost Nevada Investments Trust
10.2	Letter Agreement, dated December 24, 2018, by and between Ladenburg Thalmann Financial Services Inc. and Frost Gamma Investments Trust
99.1	Press release dated December 24, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

December 26, 2018

LADENBURG THALMANN FINANCIAL SERVICES INC.

By: /s/ Brett H. Kaufman

Name: Brett H. Kaufman

Title: Senior Vice President and Chief Financial Officer

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER APPLICABLE STATE SECURITIES ACTS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED FOR VALUE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR ANY APPLICABLE STATE SECURITIES ACT OR AN OPINION OF COUNSEL ACCEPTABLE TO LADENBURG THALMAN FINANCIAL SERVICES INC. THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR ACTS.

THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT. BEGINNING NO LATER THAN TEN (10) DAYS AFTER THE ISSUE DATE OF THIS NOTE, THE HOLDER MAY REQUEST, AND WILL PROMPTLY BE MADE AVAILABLE UPON REQUEST, THE FOLLOWING INFORMATION WITH RESPECT TO THE NOTE: ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY. SUCH INFORMATION WILL BE PROVIDED BY: BRIAN HELLER, SENIOR VICE PRESIDENT – BUSINESS AND LEGAL AFFAIRS, LADENBURG THALMANN FINANCIAL SERVICES INC., 4400 BISCAYNE BLVD., 12TH FLOOR, MIAMI, FLORIDA 33137.

LADENBURG THALMANN FINANCIAL SERVICES INC.

7.25% Senior Note due 2028

**Principal Amount
\$[●]**

Ladenburg Thalmann Financial Services Inc., a Florida corporation (hereinafter called the “Borrower,” for value received, pursuant to this Note (this “Note”) hereby promises to pay to [●] (the “Lender”), the principal sum of [●] U.S. Dollars (U.S. \$[●]) on September 30, 2028 and to pay interest thereon as provided in this Note. The issue price of this Note is determined under the principles of Section 1273 of the Internal Revenue Code of 1986, as amended.

- 1) **Interest Rate; Payment Dates.** 7.25% per annum, accruing from December 31, 2018, to be paid quarterly on March 31, June 30, September 30 and December 31 of each year (each an “Interest Payment Date”), beginning March 31, 2019, until the principal hereof is paid or duly made available for payment. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Any such interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the holder hereof on the relevant regular record date by virtue of having been such holder, and may be paid to the Lender at the close of business on a special record date for the payment of such defaulted interest. Notice by the Borrower shall be given to the Lender not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner. Payment of the principal of and the interest on this Note shall be made by wire transfer of immediately available funds to the account of the Lender as the Lender may designate from time to time in writing, in such currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, that the Borrower may at its option pay interest by check to the registered address of the Lender.
 - 2) **Applicable High Yield Discount Obligation.** If the Note would otherwise constitute an applicable high yield discount obligation within the meaning of Section 163(i) of the Code (or any successor provision), on each Interest Payment Date ending on or after the fifth anniversary of the date hereof, Borrower shall make a mandatory prepayment for cash of a portion of such Note outstanding at such time at par plus any accrued interest thereon as shall be necessary to ensure the Note shall not be considered an applicable high yield discount obligation.
 - 3) **Record Dates.** The interest so payable and punctually paid or duly provided for on any Interest Payment Date shall be paid to the Lender at the close of business on the regular record date for such interest, which shall be the March 15, June 15, September 15 or December 15 (whether or not a business day), as the case may be, preceding such Interest Payment Date.
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- 4) Maturity. The Note will mature on September 30, 2028, unless redeemed prior to maturity.
- 5) Ranking. The Note will be the Borrower's senior unsecured obligation and will rank equal in right of payment with all of the Borrower's existing and future senior unsecured and unsubordinated indebtedness, including, but not limited to, the Borrower's outstanding 6.50% Senior Notes due 2027 ("6.50% Notes"), 7.00% Senior Notes due 2028 ("Senior 7.00% Notes"), 7.25% Senior Notes due 2028 ("7.25% Notes") and any 6.50% Notes, 7.00% Notes and 7.25% Notes that the Borrower may issue in the future. The Note will be effectively subordinated to all of the Borrower's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The Note will be structurally subordinated to all existing and future indebtedness of the subsidiaries of the Borrower.
- 6) Optional Redemption. The Borrower may redeem the Note in whole or in part, at any time and from time to time on or after September 30, 2021 at the Borrower's option, upon notice sent to the Lender not fewer than 30 days and not more than 60 days prior to the date fixed for redemption, at a redemption price equal to the principal amount then outstanding, plus any unpaid interest payable thereon accrued to, but excluding, the date fixed for redemption. Unless the Borrower defaults on the payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the portion of the Note called for redemption.
- 7) Sinking Fund. The Notes are not subject to any sinking fund.
- 8) Covenants.
 - a) Payment of Principal and Interest. The Borrower covenants and agrees for the benefit of the Lender that it will duly and punctually pay the principal of and interest, if any, on the Note in accordance with the terms of this Note.
 - b) Exchange of Note for Global Security; Registration; Resale. This Note shall be initially issued in definitive form fully registered in the name of the Lender. Following the date of initial issuance of this Note (the "Issuance Date"), at the written request of the Lender (the "Notice"), the Borrower shall use its commercially reasonable efforts to (i) issue in exchange for this Note, either (a) a new series of notes (the "New Notes") under that certain Indenture, dated as of November 21, 2017, as amended and supplemented from time to time (the "Base Indenture"), on substantially the same terms as the 7.25% Notes, or (b) if the 7.25% Notes are eligible for a "qualified reopening" for U.S. federal income tax purposes, additional 7.25% Notes (in either of the preceding (a) or (b), the Borrower shall use its commercially reasonable efforts to cause this Note to be exchanged for a fully registered global security representing the New Notes or additional 7.25% Notes, as applicable, which shall be deposited on behalf of the Lender with The Depository Trust Company, New York, New York (the "Depository") and registered in the name of Cede & Co., the Depository's nominee, duly executed by the Borrower and authenticated by the trustee under the Base Indenture), (ii) file with the Securities and Exchange Commission (at the Borrower's expense other than any underwriting discounts or commissions, which should be borne by the Lender) a registration statement within 90 days from the date of the Notice to register the resale of the New Notes by the Lender or his transferees or donees, (iii) have such registration statement declared effective promptly thereafter and maintain the effectiveness of such registration statement, (iv) enter into a customary underwriting agreement to facilitate the sale of the New Notes, (v) list and maintain the listing of the New Notes on the NYSE American, or such other exchange as the Borrower and Lender mutually agree, for trading, and (vi) assist in marketing the New Notes for resale as is customary for a public offering of securities. For purposes of this Section 8(b), this Note and any other notes issued to the Lender on the same terms shall be treated collectively as a series of 7.25% Senior Notes due 2028.

- c) Merger; Consolidation. The Borrower shall not merge or consolidate with or into any other person or sell, transfer, lease, convey or otherwise dispose of all or substantially all of its property (provided that, for the avoidance of doubt, a pledge of assets pursuant to any secured debt instrument of the Borrower or its subsidiaries shall not be deemed to be any such sale, transfer, lease, conveyance or disposition, but the foreclosure on any such pledge shall be such a sale, transfer, lease, conveyance or disposition) in one transaction or series of related transactions, unless:
- i) the Borrower shall be the surviving person or the surviving person (if other than the Borrower) formed by such merger or consolidation or to which such sale, transfer, lease, conveyance or disposition is made shall be a corporation or limited liability company organized and existing under the laws of the United States of America, any state thereof or the District of Columbia;
 - ii) the surviving person (if other than the Borrower) expressly assumes in writing, the due and punctual payment of the principal of, and premium, if any, and interest on, the Note outstanding, and the due and punctual performance and observance of all the covenants and conditions to be performed by the Borrower as set forth herein; and
 - iii) immediately before and immediately after giving effect to such transaction or series of related transactions, no Default or Event of Default (as such capitalized terms are defined in this Note) shall have occurred and be continuing.

Notwithstanding the above, any subsidiary of the Borrower may consolidate with, merge into or transfer all or part of its properties to the Borrower.

- 9) Legends; Notation. This Note may have and be subject to notations, legends or endorsements required by law or usage.
- 10) Additional Notes. The Borrower may from time to time, without the consent of the Lender, issue additional Notes having the same ranking and the same interest rate, maturity and other terms as this Note.
- 11) Events of Default.
- a) "Event of Default," wherever used herein with respect to the Note means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):
 - i) default in the payment of any interest upon the Note when it becomes due and payable, and continuance of such default for a period of 30 days;
 - ii) default in the payment of the principal of the Note when due and payable;
 - iii) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Borrower in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging the Borrower as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Borrower or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or
 - iv) the commencement by the Borrower of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Borrower in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Borrower or of any substantial part of its property, or the making by the Borrower of an assignment for the benefit of creditors, or the admission by the Borrower in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Borrower in furtherance of any such action.

For the avoidance of doubt, an Event of Default shall not include a failure of the Company to comply with Section 8(b). If an Event of Default with respect to the Note shall occur and be continuing, the principal amount of and accrued and unpaid interest on, if any, the Note may be declared due and payable by the Lender pursuant to written notice to the Borrower.

12) Acceleration of Maturity; Rescission and Annulment.

- a) If an Event of Default with respect to this Note occurs and is continuing (other than an Event of Default referred to above relating to a bankruptcy, then in every such case the Lender may declare the principal amount of and accrued and unpaid interest, if any, on all of the Note to be due and payable immediately, by a notice in writing to the Borrower, and upon any such declaration such principal amount (or specified amount) and accrued and unpaid interest, if any, shall become immediately due and payable. If an Event of Default relating to a bankruptcy shall occur, the principal amount (or specified amount) of and accrued and unpaid interest, if any, on this Note shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Lender.
- b) At any time after such a declaration of acceleration with respect to this Note has been made, the Lender, by written notice to the Borrower, may rescind and annul such declaration and its consequences if all Events of Default with respect to this Note have been cured or waived as provided herein.
- c) No such rescission shall affect any subsequent Default. "Default" shall mean any event which is, or after notice or passage of time or both, would be an Event of Default.

13) Registration; Exchange. No service charge shall be made for any such registration of transfer or for exchange of this Note, but the Borrower may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of the Note. Prior to due presentment of this Note for registration of transfer, the Borrower and any agent of the Borrower may treat the Lender as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Borrower nor any such agent shall be affected by notice to the contrary.

14) Notices. Any notice, request, demand or other communication required or permitted under this Note shall be in writing and shall be delivered personally or sent by certified mail, return receipt requested, postage prepaid or prepaid overnight courier to the parties at the names and addresses set forth below (or at such other addresses as shall be specified by the parties by like notice).

If to the Borrower, then to:

Ladenburg Thalmann Financial Services Inc.
4400 Biscayne Blvd., 12th Floor
Miami, Florida 33137
Attention: Brian Heller

With a copy to:

Sullivan & Cromwell LLP
1888 Century Park E. #2100
Los Angeles, CA 90067
Attention: Alison S. Ressler

If to the Lender, then to:

Dr. Phillip Frost
4400 Biscayne Blvd., 15th Floor
Miami, FL 33137

With a copy to:

King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10023
Attention: James Woolery

- 15) Amendments and Waivers. No term of this Note may be waived, modified, or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.
- 16) Headings. The headings of the various sections and subsections herein are for reference only and shall not define, modify, expand, or limit any of the terms or provisions hereof.
- 17) New York Law to Govern. This Note shall be governed by and construed in accordance with the laws of the State of New York.
- 18) Severability. If any provision of this Note shall be held to be illegal or unenforceable under applicable law, then the remaining provisions hereof shall be construed as though such invalid, illegal or unenforceable provision were not contained therein.
- 19) Successors and Assigns. This Note inures to the benefit of Lender and binds Borrower, and their respective successors and assigns, and the words "Borrower" and "Lender" whenever occurring herein shall be deemed and construed to include such respective successors and assigns; provided, however, that neither this Note nor any rights hereunder may be assigned by Borrower without Lender's prior written consent.
- 20) WAIVER OF TRIAL BY JURY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO TRIAL BY JURY.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Borrower has caused this instrument to be duly executed.

Dated: December 24, 2018

LADENBURG THALMANN FINANCIAL SERVICES INC.

By: _____
Name: Brian L. Heller
Title: Senior Vice President – Business and Legal Affairs

[Signature Page to Note]

AGREEMENT

THIS AGREEMENT dated as of December 24, 2018 is by and among Phillip Frost, M.D. (“Frost”) and Frost Nevada Investments Trust (together with Frost, the “Sellers”) and Ladenburg Thalmann Financial Services Inc., a Florida corporation (“Ladenburg”).

RECITALS:

WHEREAS, the Sellers desires to sell an aggregate of 50,900,000 shares (the “Shares”) of the common stock, par value \$0.0001 per share (the “Common Stock”), of Ladenburg as set forth on Exhibit A hereto;

WHEREAS, Frost was granted options to purchase 3,610,000 shares of Ladenburg’s Common Stock, as set forth on Exhibit B hereto, and such options remain unexercised as of the date of this Agreement (each, a “Stock Option” and collectively, the “Stock Options”), and Frost desires to dispose of the Stock Options to Ladenburg and receive consideration for the Stock Options as contemplated hereby;

WHEREAS, the board of directors of Ladenburg (the “Board of Directors”) has determined that it is in the best interest of Ladenburg to acquire the Shares from the Sellers, and to acquire and cancel the Stock Options from Frost, in each case, such that the Sellers’ and their affiliates resulting beneficial ownership of voting securities is below five percent (5%) of Ladenburg’s issued and outstanding voting securities in the aggregate;

WHEREAS, the Board of Directors has determined in good faith that the repurchase of the Shares in exchange for the consideration contemplated hereby is not prohibited by Section 607.06401 of the Florida Business Corporation Act and that after giving effect to the repurchase of the Shares, Ladenburg would be able to pay its debts as they become due in the usual course of business and Ladenburg’s total assets would be greater than the sum of its total liabilities plus the amounts that would be needed, if Ladenburg were to be dissolved at the time of the repurchase, to satisfy the preferential rights upon distribution of shareholders whose preferential rights are superior to the holders of Ladenburg’s Common Stock, in each case, on the basis of its good faith determination of the fair market value thereof;

WHEREAS, the Board of Directors has determined that it is in the best interest of Ladenburg to acquire the Shares and the Stock Options in exchange for the consideration set forth herein and on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of and subject to the mutual agreements, terms and conditions herein contained, Ladenburg and the Sellers hereby agree as follows:

1. Exchange of the Shares. Simultaneously with the execution of this Agreement (the “Closing”), Ladenburg shall purchase from each of the Sellers the number of Shares set forth on Exhibit A hereto and the Sellers shall sell, assign, transfer and deliver to Ladenburg, the Shares at a purchase price per Share equal to \$2.50 per Share (in the aggregate, the “Shares Purchase Price”), payable in cash and principal amount of Ladenburg’s newly-issued 7.25% Senior Notes due 2028, the form of which is attached hereto as Exhibit C (the “Notes”) with the amounts and allocation of the components of the Shares Purchase Price between each of the Sellers as set forth on Exhibit A.

2. Cancellation of the Stock Options. At the Closing, Ladenburg shall cancel the Stock Options held by Frost, and Frost shall agree to forego any rights, title or interest in the Stock Options, in exchange for the aggregate consideration of \$3,000,000 (the "Options Consideration") and together with the Shares Purchase Price, the "Consideration"), payable in cash. Upon delivery of the Options Consideration, the Stock Options shall hereby be cancelled and terminated and shall be of no further force and effect. Frost hereby irrevocably relinquishes any right, interest or claim that Frost may have had, may have or may acquire in the future with respect to the Stock Options. In consideration of Options Consideration, the sufficiency of which Frost hereby acknowledges, Frost releases Ladenburg and its subsidiaries and all of their past, present and future shareholders, directors, officers, employees, agents, divisions, parents, subsidiaries, related companies, affiliates and assigns, from any and all claims, charges, demands, suits, rights or causes of action, at law or equity or otherwise, which he may ever have had, has now or may ever have in the future or which his heirs, executors or assigns can or shall have, against any or all of them, whether known or unknown, up until the date hereof, on account of or arising out of the Stock Options or any agreements related to the Stock Options (other than the Agreement). Frost specifically waives the benefit of any statute or rule of law, which, if applied to this Agreement, would otherwise exclude from its binding effect any claims not now known by Frost to exist. Frost agrees to execute and/or cause to be delivered to Ladenburg such instruments and other documents, and shall take such other actions, as Ladenburg may reasonably request for the purpose of carrying out or evidencing the cancellation and termination of the Stock Options.

3. Closing. At the Closing, (a) the Sellers shall deliver (i) the Shares, in certificate form and/or via electronic delivery, together with appropriate stock powers duly executed (which may include an instruction to issue a replacement certificate for any certificate that represents more shares of Common Stock than are being transferred pursuant to this Agreement) or in the case of any Shares represented by book entry, with an appropriate instruction letter or DWAC instruction; and (ii) to the extent not previously delivered to Ladenburg, each Seller shall deliver executed copies of IRS Form W-9 certifying that such Seller is exempt from U.S. federal backup withholding tax and (b) Frost shall deliver any appropriate instruction letter or other acknowledgement regarding the Stock Options. Ladenburg shall (x) deliver the cash portion of the Share Purchase Price payable to the applicable Sellers by wire transfer to an account or accounts designated by the Sellers; (y) deliver the Options Consideration payable to Frost by wire transfer to an account or accounts designated by Frost; and (z) execute and deliver the Notes, to the applicable Sellers.

4. Representations of the Sellers. The Sellers hereby represent and warrant, jointly and not severally, to Ladenburg as follows:

(a) Capacity; Enforceability. This Agreement has been duly executed and delivered by each of the Sellers and, upon due execution by Ladenburg, will constitute the legal, valid and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms, except to the extent that its enforcement is limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) Title to the Shares and Stock Options. Each Seller is the sole record and beneficial owner of, and has good and marketable title to, the Shares set forth on Exhibit A hereto, free and clear of all liens, security interests, charges, claims, restrictions and other encumbrances (“Encumbrances”), except for the restrictive legends that are marked on the Shares and except for transfer restrictions arising under securities laws. Frost is the sole beneficial owner of the Stock Options, free and clear of any Encumbrances, and as of the date hereof, all of the Stock Options are unexercised and unexpired and Frost has not delivered any form of notice of exercise with regard to such Stock Options. Upon delivery of the Shares to Ladenburg, Ladenburg will acquire the Shares free and clear of all liens, security interests, charges, claims, restrictions and other encumbrances, except for transfer restrictions arising under securities laws. The Sellers have not granted to any individual or entity, and no individual or entity has, any options or other rights to buy, or proxies or other rights to vote, or any other right with respect to, the Shares. No other individual or entity has any interest in the Shares of any nature. There is no litigation pending, or to the knowledge of Sellers, threatened, concerning the title to or ownership of the Shares or the Stock Options or the sale of the Shares by the applicable Sellers in exchange for cash and the issuance of the Notes by Ladenburg, the cancellation of the Stock Options in exchange for the Options Consideration and the other transactions contemplated by this Agreement (collectively, the “Transactions”).

(c) No Conflict. The execution and delivery of this Agreement and the performance by Sellers of their respective obligations hereunder and compliance by Sellers with all of the provisions hereof and the consummation of the Transactions (i) shall not conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute a default under, or result in the acceleration of, or the creation of any Encumbrance under, or give rise to any termination right under, any material contract to which such Seller is a party, (ii) for any Seller that is not a natural person, shall not result in any violation or breach of any provisions of the organizational documents of such Seller and (iii) shall not conflict with or result in any violation of, or any termination or material impairment of any rights under, any statute or any license, authorization, judgment, injunction, decree or other legal restraint, rule or regulation of any federal, state, local or foreign government or any court, administrative body, agency or commission or other governmental or quasi-governmental entity, authority or instrumentality, domestic or foreign, having competent jurisdiction over such Seller or such Seller’s properties or assets, except with respect to each of (i), (ii) and (iii), such conflicts, violations or defaults as would not be reasonably expected to have a material adverse effect on the ability of the Sellers to consummate the Transactions.

(d) No Broker or Finder. No person is entitled to any broker’s, finder’s or similar fees, commissions or expenses in connection with this Agreement or the Transactions contemplated by this Agreement based upon arrangements made by or on behalf of any of the Sellers, nor is any person entitled to a commission or fee in connection with the solicitation of the exchange of the Shares contemplated hereby.

5. Representations and Warranties of Ladenburg. Ladenburg hereby represents and warrants to the Sellers as follows:

(a) Capacity. Ladenburg is a corporation organized under the laws of the State of Florida and has the requisite power and authority to execute, deliver and perform this Agreement and the Notes.

(b) Enforceability. This Agreement and the Notes have been duly authorized by all necessary corporate action and executed and delivered by Ladenburg and, upon due execution by the Sellers, will constitute the legal, valid and binding obligations of Ladenburg, enforceable against Ladenburg in accordance with its terms, except to the extent that such enforcement is limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity.

(c) No Conflict. The execution and delivery of this Agreement and the performance by Ladenburg of its obligations hereunder and compliance by Ladenburg with all of the provisions hereof and the consummation of the Transactions (i) shall not conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute a default under, or result in the acceleration of, or the creation of any Encumbrance under, or give rise to any termination right under, any material contract to which such Ladenburg is a party, (ii) shall not result in any violation or breach of any provisions of the organizational documents of Ladenburg and (iii) shall not conflict with or result in any violation of, or any termination or material impairment of any rights under, any statute or any license, authorization, judgment, injunction, decree or other legal restraint, rule or regulation of any federal, state, local or foreign government or any court, administrative body, agency or commission or other governmental or quasi-governmental entity, authority or instrumentality, domestic or foreign, having competent jurisdiction over Ladenburg or such Ladenburg's properties or assets, except with respect to each of (i), (ii) and (iii), such conflicts, violations or defaults as would not be reasonably expected to have a material adverse effect on the ability of the Ladenburg to consummate the Transactions.

(d) Consents. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any governmental authority is necessary or required in connection with the execution, delivery or performance by the Issuer of this Agreement or the Notes, except for (i) the approvals, consents, exemptions, authorizations, actions, notices and filings that have been duly obtained, taken, given or made and are in full force and effect and (ii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make would not reasonably be expected to have a material adverse effect on the ability of the Ladenburg to consummate the Transactions.

(e) Solvency. At the Closing, after giving effect to the Transactions, Ladenburg, on a consolidated basis with its subsidiaries, would be able to pay its debts as they become due in the usual course of business and Ladenburg's total assets would be greater than the sum of its total liabilities plus the amounts that would be needed, if Ladenburg were to be dissolved at the time of the repurchase, to satisfy the preferential rights upon distribution of shareholders whose preferential rights are superior to the holders of Ladenburg's Common Stock, in each case, on the basis of its good faith determination of the fair market value thereof.

(f) No Registration. Assuming the accuracy of the representations and acknowledgements made by the Sellers herein, it is not necessary, in connection with the initial offer, issuance, sale and delivery of the Notes to the Sellers, to register the Notes under the Securities Act of 1933, as amended (the "Securities Act") or to qualify this Agreement under the U.S. Trust Indenture Act of 1939, as amended.

6. Ownership Covenant. Frost hereby agrees that at no time shall he, and/or his affiliates, directly or indirectly, beneficially own more than 4.9% of the then outstanding voting securities of Ladenburg (the "Threshold") or otherwise control Ladenburg. Frost shall advise Ladenburg in writing of any purchase or sale of voting securities of Ladenburg by Frost or any of his affiliates within three business days thereafter. Prior to Ladenburg's making any purchases of its voting securities that would result in Frost and his affiliates beneficially owning more than the Threshold, Ladenburg shall give the Sellers seven calendar days' prior notice of such purchase transaction, and Sellers agree that they will either (a) enter into an agreement to sell an amount of Ladenburg voting securities to Ladenburg sufficient by the date of such purchase transaction or (b) otherwise dispose of an amount of Ladenburg voting securities by the date of such purchase transaction, in each case to ensure that their beneficial ownership is below the Threshold. The term "affiliate" as used in this Section 6 shall mean, with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified person. The term "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of or exercise a controlling influence over the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

7. Notice. Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be delivered personally or sent by certified mail, return receipt requested, postage prepaid, or sent by facsimile or prepaid overnight courier to the parties at the names and addresses set forth below (or at such other addresses as shall be specified by the parties by like notice).

If to Ladenburg, then to:

Ladenburg Thalmann Financial Services Inc.
4400 Biscayne Blvd., 12th Floor
Miami, Florida 33137
Attention: Brian Heller

With a copy to:

Sullivan & Cromwell LLP
1888 Century Park E. #2100
Los Angeles, CA 90067
Attention: Alison S. Ressler

If to the Sellers, then to:

Dr. Phillip Frost
4400 Biscayne Blvd., 15th Floor
Miami, FL 33137

With a copy to:

King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10023
Attention: James Woolery

8. Amendment. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, nor shall any waiver of the part of any party of any right, power or privilege pursuant to this Agreement, nor shall any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at Law or in equity.

9. Acknowledgements. The Sellers each acknowledge and agree as follows:

(a) Ladenburg may now possess and may hereafter possess certain information about Ladenburg and its financial condition, results and prospects including, without limitation, historic, projected or pro forma quarterly or annual financial results and other financial information, future financing plans and strategies, future acquisition plans and strategies, pending contracts and any other financial or other information concerning Ladenburg (collectively, "Information"), that may or may not be independently known to the Sellers.

(b) The Sellers have entered into this Agreement and agrees to consummate the Transactions notwithstanding that the Sellers are aware that Information may exist and that such Information may not have been disclosed by Ladenburg to it, and confirms and acknowledges that neither the existence of any Information, nor the substance of it, nor the fact that it may not have been disclosed by Ladenburg to the Sellers, would in any way impact his determination to enter into this Agreement and to consummate the purchase and sale of the Shares pursuant hereto. The Sellers further acknowledge that they have independently determined to enter into the Transactions and that they did not request, receive or rely upon any statement or representation regarding the value of the Shares, the Notes, the Stock Options or any other asset from Ladenburg. The Sellers agree that they shall not sue, commence litigation or make any claim arising out of or related to any omission by Ladenburg to disclose Information to the Sellers.

(c) Each of the Sellers is a (i) an accredited investor as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended and (ii) a sophisticated investor with the knowledge, sophistication and experience in financial and business matters that such Seller is capable of evaluating the merits and risks of entering into this Agreement and contemplating the Transactions. Each of the Sellers has had the opportunity to conduct its own investigation, to the extent the Sellers have deemed it necessary and desirable, and have adequate information concerning the business, financial condition and future prospects of Ladenburg to make an informed decision regarding the Transaction and have independently, in consultation with their counsel and without reliance upon Ladenburg, and based on such information as they have deemed appropriate, including their own current financial condition, in their independent judgment made their own analysis and determined that it is in their own best interest to enter into this Agreement at this time.

(d) Except as set forth in Section 4 hereof, Ladenburg and its shareholders, officers, directors, employees, agents or affiliates have not made and do not make any representation or warranty, whether express or implied, including without limitation with respect to the business, condition (financial or otherwise), properties, prospects, creditworthiness, status or affairs of Ladenburg, of any kind or character. Each Seller acknowledges that Ladenburg is relying on the representations, agreements and acknowledgements set forth in Sections 4, 6 and 9 in engaging in the Transactions, and would not engage in the Transactions in the absence of such representations and agreements.

10. Expense Reimbursement and Waiver of Conflicts. In connection with any actual or threatened third-party or derivative claims, actions, suits or demands asserted against Sellers arising out of the Transactions (each, a “Proceeding”), Sellers agree that Ladenburg shall be entitled to assume and direct the defense thereof, *provided that* the Sellers shall be entitled to cooperate and participate therein with counsel reasonably satisfactory to the Sellers; *provided further* that in the event Sellers determine in good faith that there is an actual or imminent conflict of interests between the Sellers and Ladenburg or any named defendant director or officer of Ladenburg, counsel for the Sellers shall direct the defense of the Sellers with respect to such Proceeding. Subject to the limitations contained in this paragraph, and subject to any limitations imposed by Florida law, in connection with the foregoing, Ladenburg agrees to reimburse Sellers upon demand for all reasonable and documented out-of-pocket legal fees and related out-of-pocket defense costs incurred by Sellers for the retention of their own counsel (including one primary and one local counsel in each applicable jurisdiction) in connection with preparing to defend or defending any Proceeding; *provided that* the amount of such reimbursement shall not exceed 50% of the legal fees and defense costs paid to counsel retained to represent Ladenburg and/or its directors or officers in connection with such Proceedings. To facilitate the joint defense contemplated hereby, Sellers agree to waive any and all conflicts of interest that may arise from the joint representation and to execute all documents reasonably requested by counsel to reflect such waivers.

11. Release.

(a) Ladenburg hereby expressly releases each Seller, any of its affiliates, or any Person representing or acting on behalf of any Seller or any of their respective affiliates (collectively, the “Seller Parties”) and their respective officers, employees, agents and controlling persons from any and all liabilities arising from or in connection with the Transactions, and Ladenburg hereby agrees to make no claim (and it hereby waives and releases all claims that it may otherwise have) against the Seller Parties and their respective officers, employees, agents and controlling persons from or in connection with the Transactions, whether arising before, in connection with or after the date of this Agreement. Ladenburg hereby agrees that the release and waiver contained in this paragraph is unconditional and irrevocable.

(b) Each Seller hereby expressly releases Ladenburg, any of its affiliates, or any Person representing or acting on behalf of Ladenburg or any of its affiliates (collectively, the "Ladenburg Parties") and their respective officers, employees, agents and controlling persons from any and all liabilities arising from or in connection with the Transactions, and such Seller hereby agrees to make no claim (and it hereby waives and releases all claims that it may otherwise have) against the Ladenburg Parties and their respective officers, employees, agents and controlling persons from or in connection with the Transactions, whether arising before, in connection with or after the date of this Agreement. Each Seller hereby agrees that the release and waiver contained in this paragraph is unconditional and irrevocable.

(c) Notwithstanding any provision of this Agreement, including for the avoidance of doubt the reimbursement provisions of Section 10 hereof, nothing in this Section 11 shall be construed as a waiver of any other right, privilege or entitlement that Frost has in his capacity as a former director of Ladenburg, including without limitation any right that Frost has under any insurance policy of Ladenburg or its affiliates, or Ladenburg's articles of incorporation and bylaws, or under applicable law or otherwise.

12. Survival. The parties agree that all of the representations and warranties contained in Sections 4, 5 and 9 and the covenants contained in Sections 6, 10 and 11 shall survive the Closing.

13. Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

14. Binding Effect; Assignment. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. No party hereto may assign this Agreement or any rights hereunder, in whole or in part, except that Ladenburg may assign this Agreement to any of its affiliates.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Florida without giving effect to principles of conflicts of law. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE SALE OF THE SHARES SHALL BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE UNITED STATES LOCATED IN MIAMI-DADE COUNTY, FLORIDA. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO IRREVOCABLY AGREES TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH COURTS IN RESPECT OF THIS AGREEMENT OR THE SALE OF THE SHARES. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION OR AGREEMENT CONTEMPLATED HEREBY OR THE ACTIONS OF ANY PARTY HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument (including via facsimile or other electronic transmission).

17. Further Assurances. The parties hereto agree to promptly take such steps as may be necessary to effectuate the purposes and intent of this Agreement.

18. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement or of any other agreement between them with respect to the Transactions were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, in addition to any other applicable remedies at law or equity, the parties shall be entitled to an injunction or injunctions, without proof of damages, to prevent breaches of this Agreement or of any other agreement between them with respect to the Transactions and to enforce specifically the terms and provisions of this Agreement.

19. Expenses. Except as otherwise set forth in Section 10, each of Ladenburg and the Sellers shall bear their own expenses in connection with the drafting, negotiation, execution and delivery of this Agreement and the consummation and performance of the Transactions contemplated hereby.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

THE SELLERS:

THE PURCHASER:

/s/ Phillip Frost, M.D.

Ladenburg Thalmann Financial Services Inc.

Phillip Frost, M.D.

By: /s/ Richard J. Lampen

Name: Richard J. Lampen

Title: Chairman, President and Chief Executive Officer

Frost Nevada Investments Trust

By: /s/ Phillip Frost, M.D.

Name: Phillip Frost, M.D.

Title: Trustee

Exhibit A:
Share Ownership and Consideration

<u>Seller</u>	<u>Number of Shares of Common Stock Owned</u>	<u>Number of Shares of Common Stock Exchanged</u>	<u>Cash Consideration</u>	<u>Principal Amount of Notes Consideration</u>
Phillip Frost, M.D.	3,095,000	3,095,000	\$ 2,737,500	\$ 5,000,000
Frost Nevada Investments Trust	54,013,431	47,805,000	\$ 48,162,500	\$ 71,350,000

Exhibit B:
Stock Options

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Outstanding and Vested</u>
08/27/2009	08/27/2019	\$ 0.7300	20,000.00
01/14/2010	09/20/2019	\$ 0.9000	1,000,000.00
09/24/2010	09/24/2020	\$ 1.1100	20,000.00
03/02/2011	09/20/2019	\$ 1.2800	600,000.00
11/10/2011	11/10/2021	\$ 1.7900	20,000.00
01/31/2012	09/20/2019	\$ 2.8000	750,000.00
09/28/2012	09/28/2022	\$ 1.3200	50,000.00
01/28/2013	09/20/2019	\$ 1.4000	300,000.00
05/09/2013	05/09/2023	\$ 1.4600	50,000.00
01/17/2014	09/20/2019	\$ 3.2500	400,000.00
06/25/2014	06/25/2024	\$ 3.0100	50,000.00
01/20/2015	09/20/2019	\$ 4.2500	150,000.00
05/18/2015	05/18/2025	\$ 3.3800	50,000.00
01/14/2016	09/20/2019	\$ 2.6500	100,000.00
05/18/2016	05/18/2026	\$ 2.4000	50,000.00
			<u>3,610,000.00</u>

Exhibit C:
Form of Note

December 24, 2018

Frost Gamma Investments Trust
4400 Biscayne Blvd.
15th Floor
Miami, FL 33137
Attention: Steve Rubin and Veronica Miranda

RE: Notice of Termination

This letter, as detailed below, is a termination of that certain Credit Agreement (the "Credit Agreement"), dated as of November 8, 2017, by and between Ladenburg Thalmann Financial Services Inc. (the "Borrower") and Frost Gamma Investments Trust ("Frost Gamma"), and the Note issued to Frost Gamma, dated as of November 8, 2017, pursuant to the Credit Agreement (the "Note" and, collectively with the Credit Agreement, the "Terminated Credit Documents"). Terms defined in the Credit Agreement and not otherwise defined herein are used herein with the meanings so defined.

The Borrower has paid in full to Frost Gamma all Obligations, if any, under the Terminated Credit Documents accrued and unpaid to the date hereof. Each party hereto confirms that the Borrower is discharged from all obligations under the Terminated Credit Documents and that the Terminated Credit Documents are hereby terminated and shall be of no further force or effect, except to the extent that any provisions contained in the Terminated Credit Documents are stated to survive the termination thereof.

Very truly yours,

Ladenburg Thalmann Financial Services Inc.

By: /s/ Brian L. Heller

Name: Brian L. Heller

Title: Senior Vice President – Business and Legal Affairs

Confirmed, acknowledged and agreed:

Frost Gamma Investments Trust

By: /s/ Phillip Frost, M.D.

Name: Phillip Frost, M.D.

Title: Trustee

Ladenburg Announces \$130.25 Million Stock and Options Repurchase

MIAMI, FL, December 24, 2018 - Ladenburg Thalmann Financial Services Inc. (NYSE American: LTS, LTS PrA, LTSL, LTSF, LTSK) announced today that it repurchased 50.9 million shares of its common stock from its largest shareholder, Dr. Phillip Frost, and his affiliates. In addition, all of Dr. Frost's 3.61 million stock options were cancelled in exchange for a payment of \$3.0 million.

The stock was purchased at a price of \$2.50 per share. The consideration for the transactions consisted of \$53.9 million in cash and \$76.35 million in newly-issued 7.25% senior notes due 2028 issued to Dr. Frost and his affiliates.

Houlihan Lokey acted as financial advisor to the Company.

About Ladenburg

Ladenburg Thalmann Financial Services Inc. (NYSE American: LTS, LTS PrA, LTSL, LTSF, LTSK) is a publicly-traded diversified financial services company based in Miami, Florida. Ladenburg's subsidiaries include industry-leading independent advisory and brokerage (IAB) firms Securities America, Triad Advisors, Securities Service Network, Investacorp and KMS Financial Services, as well as Premier Trust, Ladenburg Thalmann Asset Management, Highland Capital Brokerage, a leading independent life insurance brokerage company, Ladenburg Thalmann Annuity Insurance Services, a full-service annuity processing and marketing company, and Ladenburg Thalmann & Co. Inc., an investment bank which has been a member of the New York Stock Exchange for over 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.

Contact**Haven Tower Group:**

Joseph Kuo/Michael Dugan
424-652-6520 ext. 101 or 106
jkuo@haventower.com or mdugan@haventower.com

Sard Verbinnen & Co:

Emily Claffey / Benjamin Spicehandler
Sard Verbinnen & Co
212-687-8080
