

NEWS

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NEW VALLEY WILL DISTRIBUTE 19,876,358 LADENBURG THALMANN SHARES TO NEW VALLEY STOCKHOLDERS

MIAMI, FL, March 4, 2005 – New Valley Corporation (NASD: NVAL) announced today that it will distribute 19,876,358 shares of Ladenburg Thalmann Financial Services Inc. common stock (AMEX: LTS), a 16.5% interest, to holders of New Valley common shares through a special dividend.

The special dividend will be accomplished through a pro rata distribution of the Ladenburg shares, payable on March 30, 2005 to New Valley holders of record as of March 18, 2005. New Valley stockholders will receive 0.852 of a Ladenburg share for each share of New Valley. New Valley stockholders will receive, through an independent agent, a pro rata cash distribution for fractional shares.

The shares of Ladenburg stock to be distributed will be acquired by New Valley upon conversion of a \$8.01 million convertible note of Ladenburg held by New Valley. Pursuant to an October 2004 debt conversion agreement, New Valley will convert the note and the related accrued interest into Ladenburg common stock at a reduced conversion price of \$0.50 per share. As contemplated by the agreement, New Valley will also purchase 11,111,111 Ladenburg shares for \$5 million, or \$0.45 per share. New Valley currently intends to retain these purchased shares following the distribution.

The distribution will be taxable to New Valley stockholders for Federal, state and local tax purposes first as a dividend to the extent of New Valley's earnings and profits for the current tax year. Thereafter, the distribution will be treated as a non-taxable return of capital to the extent of the stockholder's tax basis in New Valley common shares, with any remaining amount being taxed as a capital gain. While New Valley's management currently anticipates that the

entire distribution will be taxable as a dividend, the final determination of New Valley's earnings and profits, and, thus, the amount of the distribution that may be taxable as a dividend, cannot be made until determination of New Valley's year-end results.

Under applicable tax laws, the value for tax purposes of the distribution will be determined by the trading price of the Ladenburg shares on the date of distribution to stockholders. Notwithstanding the above information, stockholders are advised to consult with their own tax advisors on this matter.

New Valley is currently engaged in the real estate business and is seeking to acquire additional operating companies and real estate properties. New Valley has a 50% ownership interest in Douglas Elliman Realty, LLC, which operates the largest residential real estate brokerage company in the New York metropolitan area. Additional information concerning the company is available on the company's website, www.newvalley.com.

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