

Q4 2012 Investor Meetings

December 2012

 LPL Financial

Member FINRA/SIPC

Safe harbor disclosure



Statements in this presentation regarding the Company's future financial and operating results, growth, business strategy, projected costs, plans, liquidity, and ability and plans to repurchase shares and pay dividends in the future, as well as any other statements that are not purely historical, constitute forward-looking statements. These forward-looking statements are based on the Company's historical performance and its plans, estimates and expectations as of October 30, 2012. The words "anticipates," "believes," "expects," "may," "plans," "predicts," "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are not guarantees that the future results, plans, intentions or expectations expressed or implied by the Company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause actual financial or operating results, levels of activity, or the timing of events, to be materially different than those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of assets under custody; effects of competition in the financial services industry; changes in the number of the Company's financial advisors and institutions, and their ability to market effectively financial products and services; changes in interest rates payable by banks participating in the Company's cash sweep program, including the Company's success in negotiating agreements with current or additional counterparties; the Company's success in integrating the operations of acquired businesses; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by self-regulatory organizations; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2011 Annual Report on Form 10-K. For example, the Company may be unable to successfully integrate the systems and operations related to our acquisitions of Concord, Fortigent and Veritat Advisors, Inc. and realize the expected synergies from these transactions. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this quarterly report, even if its estimates change, and you should not rely on those statements as representing the Company's views as of any date subsequent to the date of this presentation.



Overview of LPL Financial

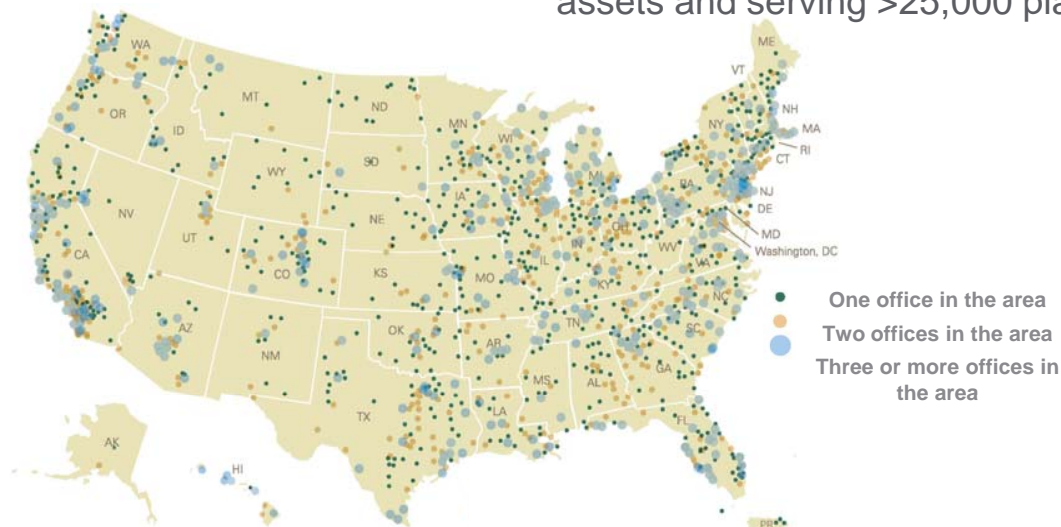
We provide over 17,000 US based financial advisors with the most versatile and cost effective business platform for delivering personal, conflict-free financial advice to a range of clients from the mass market to high-net-worth individuals

What we do

- Open architecture platform offering 10,000 products from over 575 manufacturers
- Support over \$370 billion in assets, including over \$115 billion in advisory assets, with ~65% recurring revenues and production retention in excess of 95%

Who we serve

- #1 independent broker-dealer for 17 years ⁽¹⁾
- #1 provider of investment services to banks and credit unions ⁽²⁾
- Leading independent defined contribution retirement plan consultant with >\$65 billion in assets and serving >25,000 plans



(1) Source: As reported in Financial Planning magazine 1996-2012, based on total revenues.
(2) Source: Based on number of financial institutions served as reported in a 2010 Kenneth Kehrer study.



Serving Advisors through a conflict-free business model

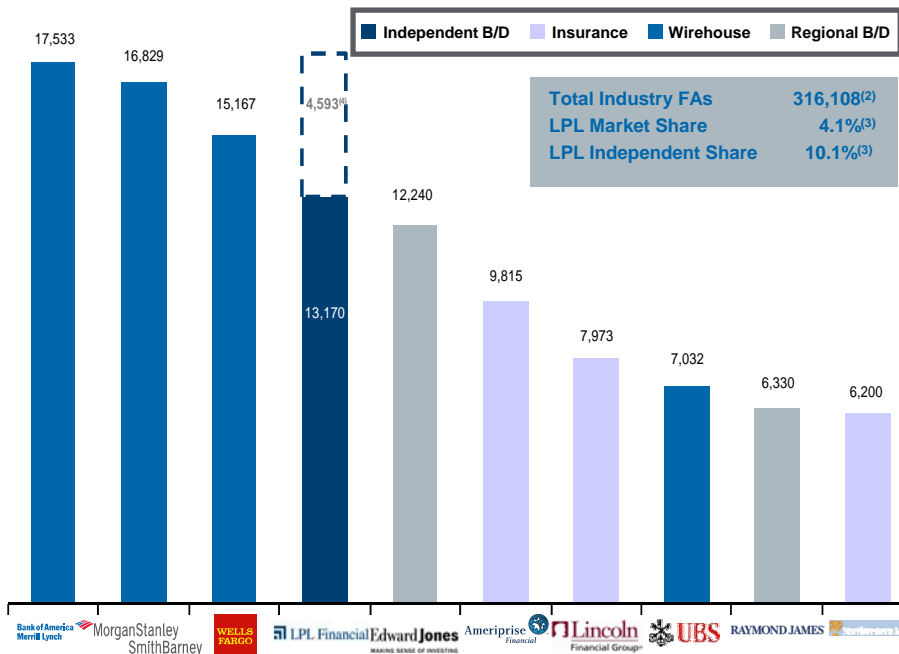
	No Proprietary Products	No Investment Banking	No Market Making	No Direct-to-Consumer Business	Supports Independent Financial Advisors	Fully Open Architecture	Integrated RIA & Brokerage Platform
LPL Financial	✓	✓	✓	✓	✓	✓	✓
MorganStanley SmithBarney	✗	✗	✗	✗	✗	✗	✗
BankofAmerica Merrill Lynch	✗	✗	✗	✗	✗	✗	✗
WELLS FARGO	✗	✗	✗	✗	✓	✗	✗
Edward Jones	✓	✓	✓	✓	✗	✗	✗
Ameriprise Financial	✗	✓	✓	✗	✗	✗	✗
UBS	✗	✗	✗	✗	✗	✗	✗
Northwestern Mutual	✗	✓	✓	✗	✗	✗	✗
RAYMOND JAMES	✗	✗	✗	✗	✓	✗	✗
charles SCHWAB	✗	✓	✓	✗	✓	✓	✗
TD AMERITRADE	✗	✓	✓	✗	✓	✓	✗

Industry leader with scale and growing share



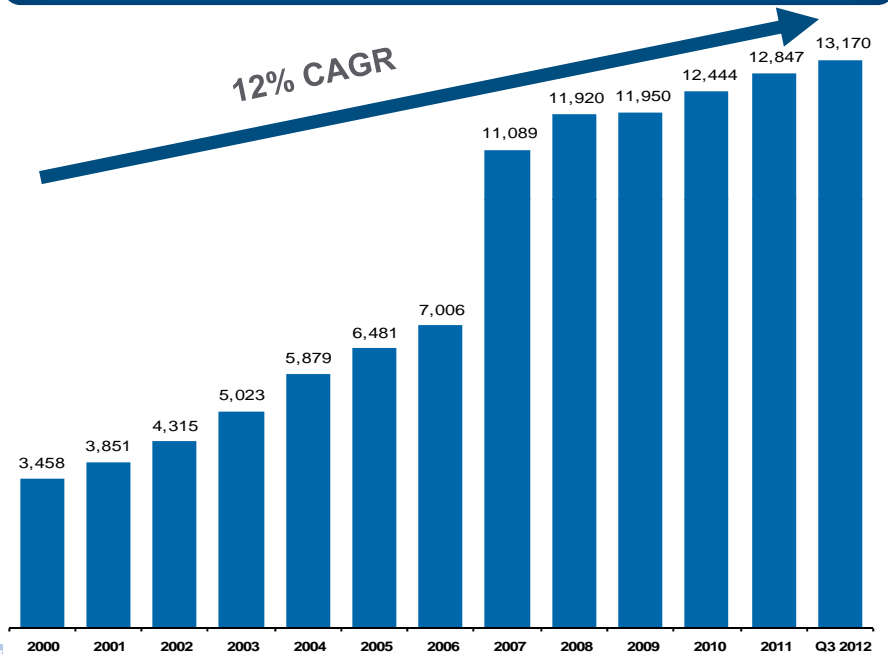
Clear Market Leader

Select Competitors as of 09/30/12 by Number of Advisors⁽¹⁾



Consistent Growth

LPL Advisors

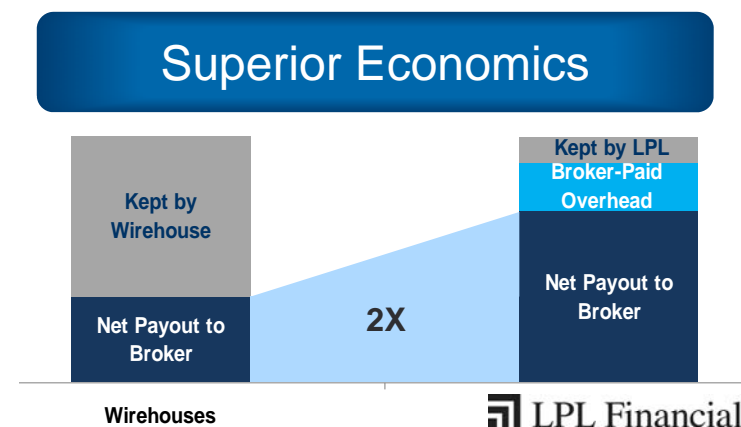


(1) Source: Company Financials; based on most recently available figures as of 09/30/12; Edward Jones data is as of 06/30/12. Northwestern Mutual and Lincoln Financial figures are based on most recently available data in 2011
 (2) Source: Cerulli and Company Financials; based on most recently available figures as of 12/31/2011
 (3) LPL market share as of 12/31/2011 to coincide with most recent industry data
 (4) LPL provides support to additional financial advisors who are affiliated and licensed with insurance companies

Market share increase from 1.7% in 2004 to 4.1% in 2011

Distinct value proposition to our advisors

- Provide consulting, training, service and technology that helps advisors grow
- Superior economics and build equity
- Differentiated from other independents
 - Self-clearing capability
 - Positioned to manage regulatory complexity
- High advisor and investor satisfaction
 - Advisor Net Promoter Score = 54%⁽¹⁾
 - #2 in JD Power “Customer Satisfaction: Investment Advisor” ⁽²⁾
- LPL affiliated advisors are 18% more profitable than other independent advisors⁽³⁾
- 22% of all advisors and 29% of wirehouse advisors considering a move in the next two years; LPL a leading destination for all at 43%⁽⁴⁾



(1) 3rd party survey measures how likely an LPL advisor would be to recommend LPL to a colleague by totaling the “promoters” and subtracting the “detractors”

(2) Source: J.D. Power and Associates, 2011 Full Service Investor Satisfaction Study; Ranked #4 in “Overall Customer Satisfaction”

(3) Source: 2010 study commissioned by LPL and conducted by PwC

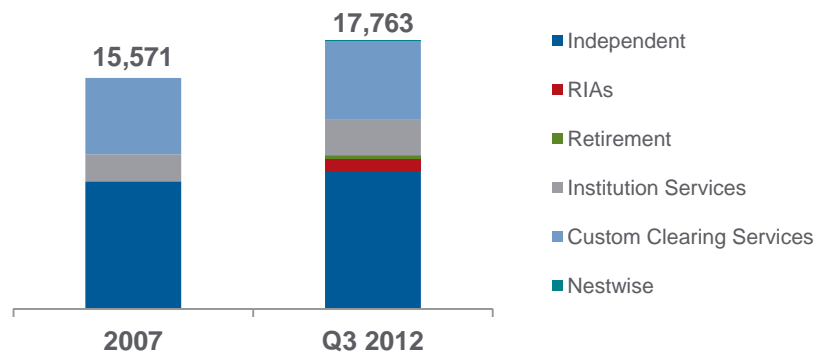
(4) Source: Cogent Research - 2012 Advisor Channel Migration Trends Study



Strategy for growth...

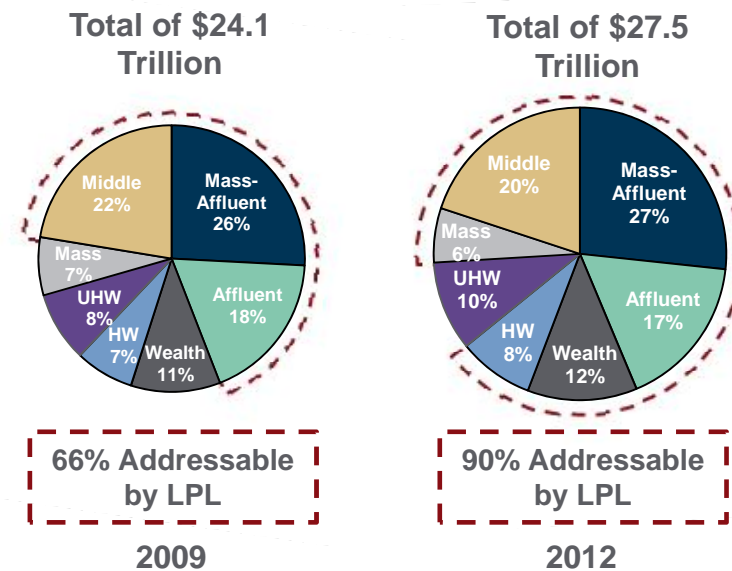
Diversify Advisor Base

- Recruiting across all channels
- Wide range of businesses, including large enterprises



Expanding Addressable Assets (1)

- Now serving >90% of retail assets



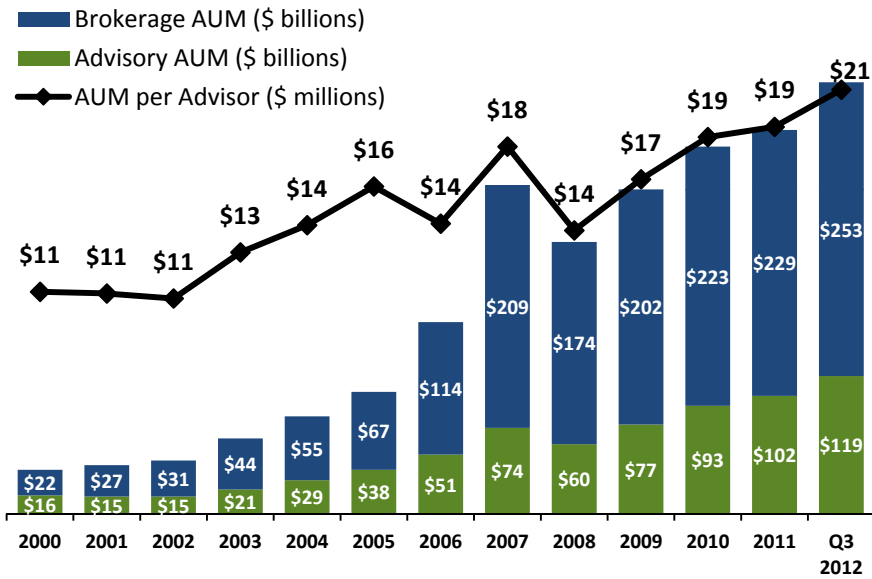
- Focused on driving efficiencies for advisors and our business
 - Accelerating service value commitment - investing in technology and managing expense base
 - Simplifying advisor practices and increasing engagement - creating value for end-clients

(1) As measured by investable assets - Cerulli Quantitative Update – Retail Investor Product Usage 2010 and 2011

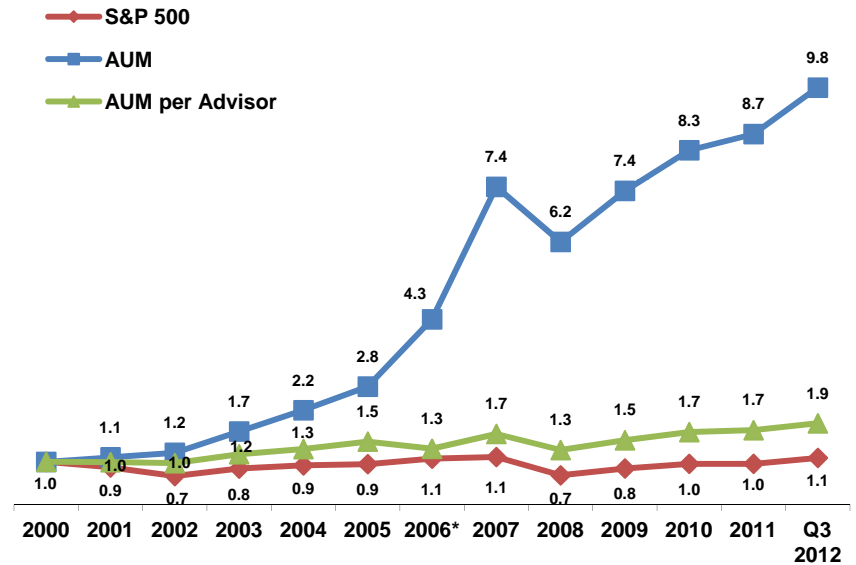


...Drives asset accumulation

Growth in AUM and AUM per Advisor



Index AUM Growth versus Market



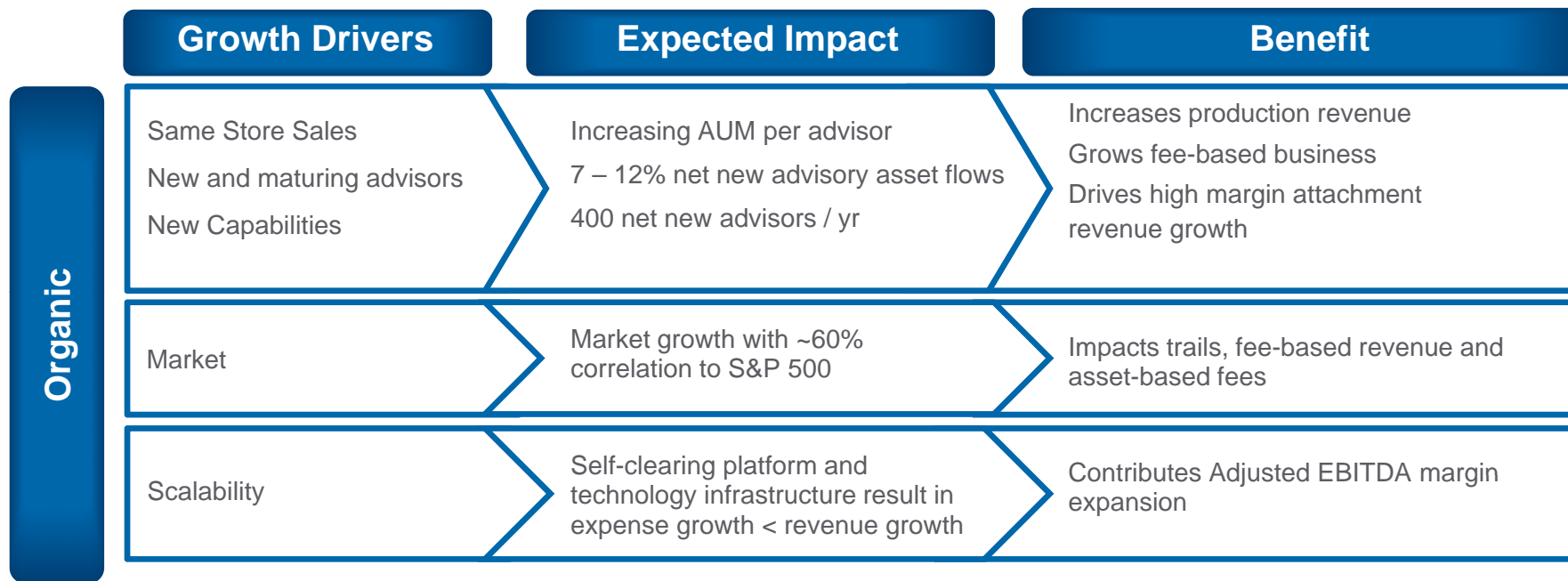
Drivers of Growth in AUM per Advisor

- New accounts
- Increased wallet share of existing clients
- Addition of larger producers
- Market

Note: Includes CCS advisor count in AUM per advisor



Multiple levers of growth



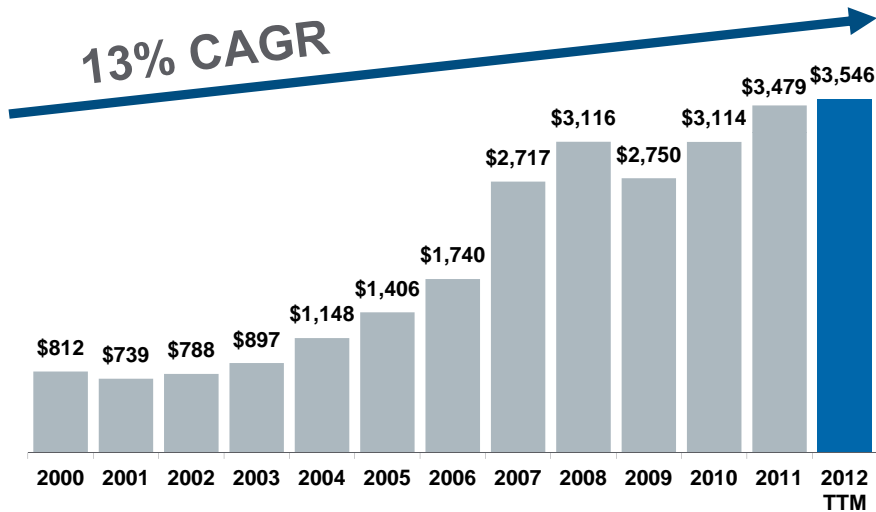
- M&A**
- LPL also continues to target selective M&A opportunities to complement organic growth
 - Recent transactions: Veritat (2012), Fortigent (2012), Concord (2011), National Retirement Partners (2010)

- Interest Rates**
- Interest rates currently at all-time low levels
 - Earning depressed yield on cash balances as a result



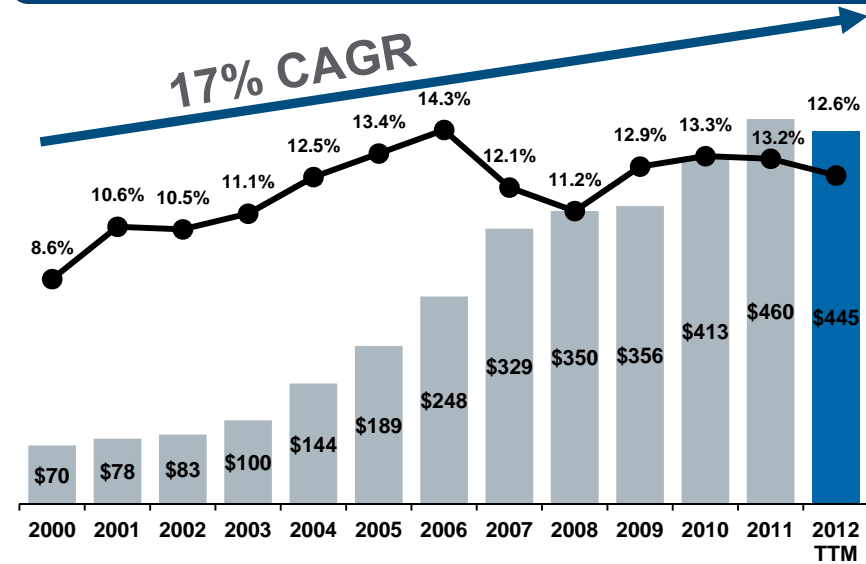
Proven track record across market cycles

Net Revenue, \$ in millions



Adjusted EBITDA, \$ in millions

Adjusted EBITDA Margin %



- Adjusted EBITDA as a percent of net revenue has expanded from 8.6% in 2000 to 12.6%
- Average margin expansion ~34 bps a year⁽¹⁾

(1) Since 2000



Operational update

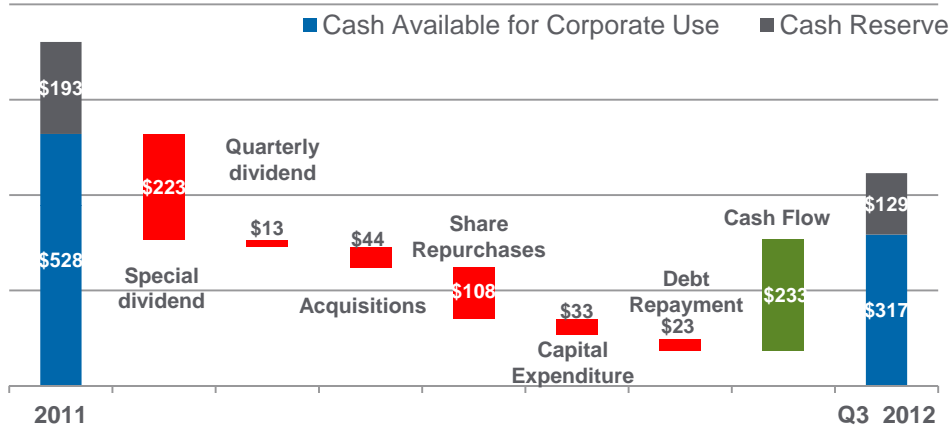
- Cautious retail investor sentiment against a volatile market environment and unresolved fiscal cliff
- Advisor pipeline remains strong
- Production retention of 95% YTD
- Sequential decline in Adjusted G&A of ~\$12 million for Q4
- Expand and accelerate Service Value Commitment
 - Expect to provide a full update in February once our plans for the initiative have been finalized
 - Reduced layers of management to streamline decision making in Q4; impacted 30 management roles, anticipate ~\$2.6 million pre-tax charge and ~\$3.5 million in annualized savings

Drivers	3Q'12	Outlook for Q4'12
Market	Volatile and low volume market	Remain uncertain
Productivity	Commissions per advisor = \$134k	See no catalyst for change
Advisory asset flows	Net new assets = 10% ann. growth	7-12% ann. growth

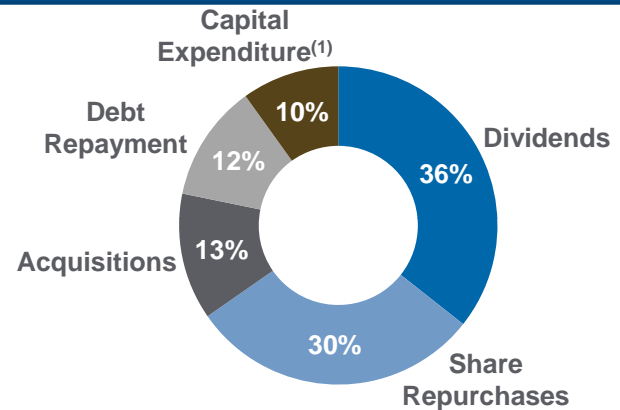


Strong cash generation enables reinvestment and returns

Strong Cash Flow Generation



Capital Deployment Since 12/31/10 (\$664 million)



(1) Excludes non-capitalized portion of investment spending

Investments to grow our business

- Acquisitions: Concord, NRP, Fortigent and Veritat
- Technology and compliance investments

Dividends

- Special dividend (\$2.00/share) paid
- Initiated quarterly dividend of \$0.12/share in August 2012

Share buybacks

- Significant share repurchases - \$197 million since IPO through September 30, 2012
- \$155 million remaining in repurchase plan as of October 26, 2012

LPL is a unique investment opportunity



Industry leader with scale and growing share

Distinct value proposition to our advisors

Proven track record across market cycles

Strong cash generation and return of capital

Highly attractive secular growth trends

Experienced and committed management team and Board

Appendix

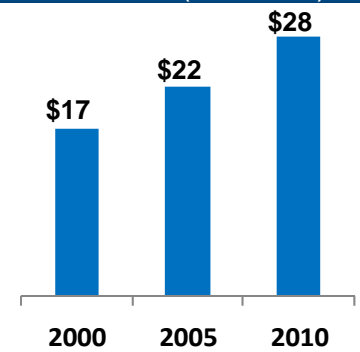




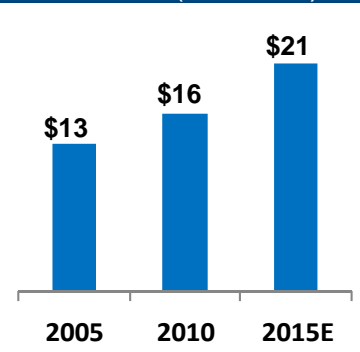
Highly attractive secular growth trends

- Rising needs of retail investors
 - Expanding household investable assets
 - Growth in retirement savings
 - Increasing demand for independent advice
 - Mass-affluent market is largest wealth tier and remains underserved
- Evolving industry landscape favors the independent channel
 - Continues to take market share
 - Fragmented industry that is consolidating
 - Favorable regulatory trends

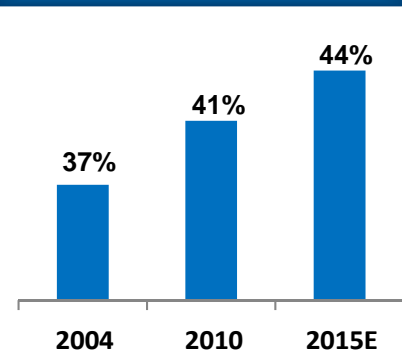
Growth in Addressable Assets⁽¹⁾ (\$ trillions)



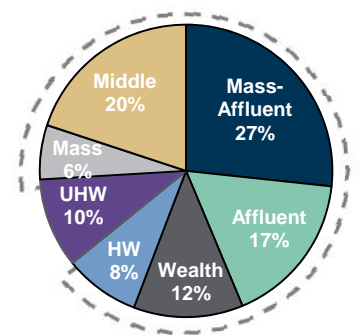
Growth in Retirement Assets⁽²⁾ (\$ trillions)



Independent and RIA Market Share⁽³⁾



Total Investable Assets \$27.5 trillion⁽⁴⁾



Addressable by LPL

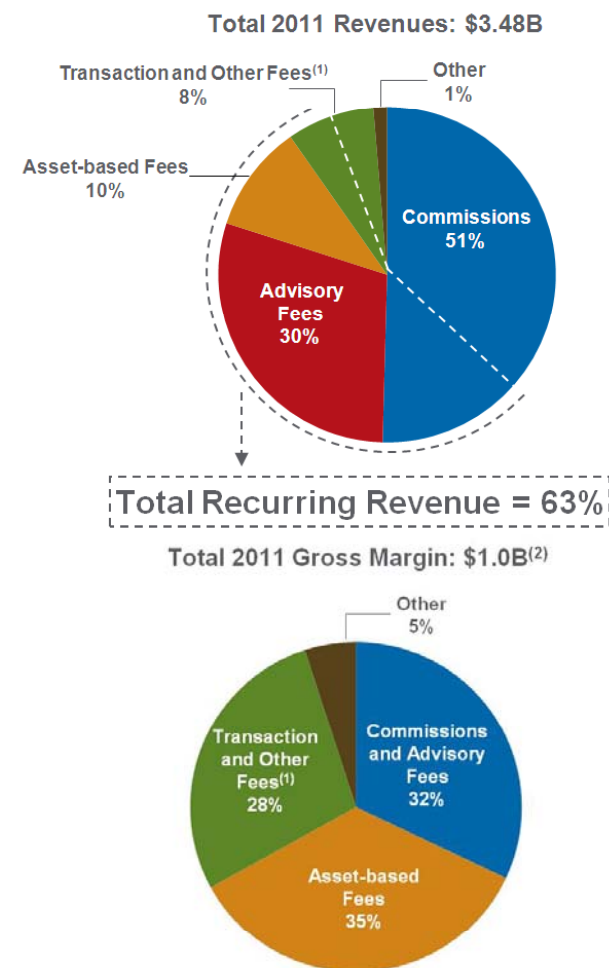
(1) Cerulli Quantitative Update – The State of U.S. Retail and Institutional Asset Management, 2011
(2) Cerulli Quantitative Update – Retirement Markets, 2011
(3) As measured by advisor headcount - Cerulli Quantitative Update – Intermediary Distribution 2011
(4) As measured by investable assets - Cerulli Quantitative Update – Retail Investor Product Usage 2011



Attractive financial model

- Diverse revenue sources with embedded growth
 - 95%+ retention
 - No advisor concentration greater than 3%
 - Recurring revenue of 66%
 - High margin attachment revenue driven by self-clearing capability
- Expenses are primarily variable (~80% of the cost base)
 - Production expense provides growth incentive and protection in down markets
 - Scalable infrastructure
- 40+% Adjusted EBITDA as a percent of Gross Margin (excludes advisor production expense)

Note: Financials are as of 09/30/12 year-to-date



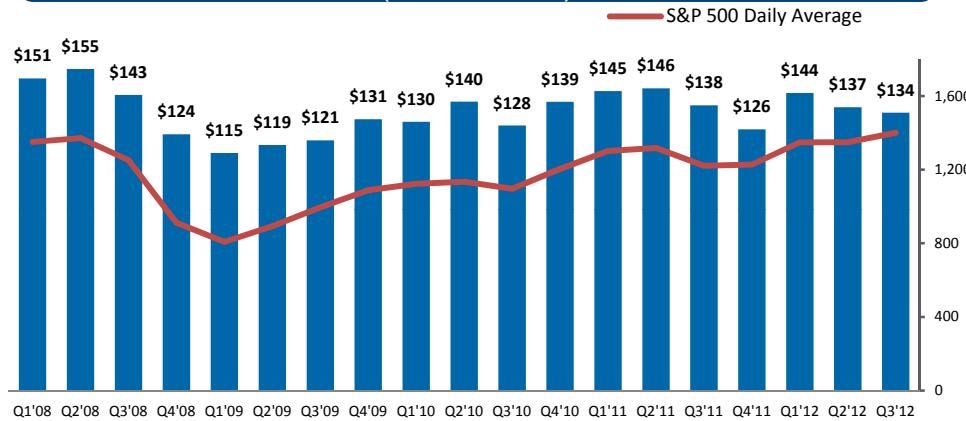
(1) Other fees include individual advisor and account fees

(2) Gross Margin is a non-GAAP number calculated as net revenues less production expenses

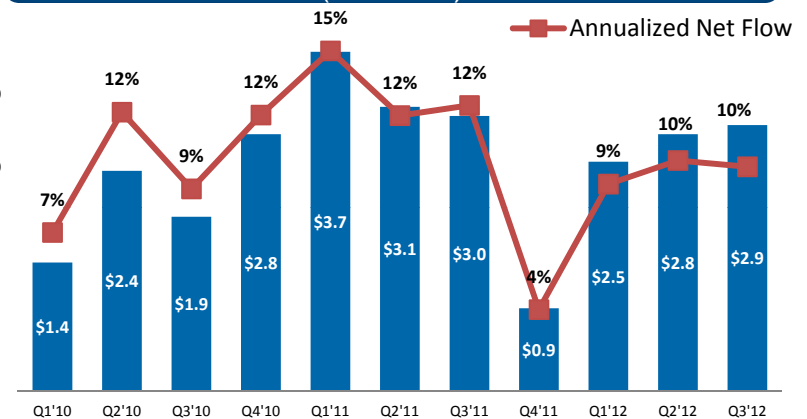


Cyclicality in advisor productivity impacts quarters

Annualized Commissions per Advisor (\$ thousands)



Net New Advisory Assets⁽¹⁾ (\$ billions)



(1) Excludes market

	Metrics	Quarterly P&L Impact ⁽¹⁾
High Q2'08	<ul style="list-style-type: none"> S&P⁽²⁾: 1,372 Commissions per advisor : \$155k 	<ul style="list-style-type: none"> Revenue: \$761 mm Gross Margin: \$191 mm
Current Q3'12	<ul style="list-style-type: none"> S&P⁽²⁾: 1,401 Commissions per advisor: \$134k 	<ul style="list-style-type: none"> Revenue: \$873 mm Gross Margin: \$243 mm
Median Q3'11	<ul style="list-style-type: none"> S&P⁽²⁾: 1,215 Commissions per advisor: \$138k 	<ul style="list-style-type: none"> Revenue: \$851 mm Gross Margin: \$227 mm
Low Q1'09	<ul style="list-style-type: none"> S&P⁽²⁾: 808 Commissions per advisor: \$115k 	<ul style="list-style-type: none"> Revenue: \$611 mm Gross Margin: \$169 mm

(1) Revenue and gross margin all exclude cash sweep revenue
 (2) S&P Daily average for the quarter

Business and Financial Metrics Supplement

(\$ billions) unless otherwise noted

	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	YoY Growth	Seq Growth
Brokerage and Advisory Assets Under Custody							
Brokerage	\$220.1	\$228.7	\$243.3	\$241.6	\$252.8	14.9%	4.6%
Advisory	96.3	101.6	110.8	111.4	118.6	23.2%	6.5%
Total Assets Under Custody	\$316.4	\$330.3	\$354.1	\$353.0	\$371.4	17.4%	5.2%
<i>Advisory % of Total</i>	30.4%	30.8%	31.3%	31.6%	31.9%	n/a	n/a
Independent RIA Brokerage	\$10.2	\$11.4	\$12.9	\$14.0	\$16.8	64.7%	20.0%
Independent RIA Advisory	10.0	11.2	13.9	15.4	18.6	86.0%	20.8%
Total Independent RIA Assets Under Custody	\$20.2	\$22.6	\$26.8	\$29.4	\$35.4	75.2%	20.4%
Net New Advisory Assets ⁽¹⁾	\$3.0	\$1.0	\$2.5	\$2.8	\$2.9	n/a	n/a
Annualized Growth ⁽²⁾	12%	4%	9%	10%	10%	n/a	n/a
Insured Cash Account	\$14.2	\$14.4	\$13.9	\$14.6	\$14.2	0.0%	-2.7%
Money Market Funds	8.9	8.0	7.7	8.5	7.4	-16.9%	-12.9%
Total Cash Sweep Assets (EOP)	\$23.1	\$22.4	\$21.6	\$23.1	\$21.6	-6.5%	-6.5%
<i>% of total Assets Under Custody</i>	7.3%	6.8%	6.1%	6.5%	5.8%	-148 bps	-75 bps
Insured Cash Account Fee - bps	87	89	92	89	88	1 bps	-1 bps
Money Market Fee - bps	8	8	11	12	12	4 bps	0 bps
Weighted FFE Daily Average Fee - bps	8	7	10	15	14	6 bps	-1 bps
Cash Sweep Fee - bps	56	59	64	61	61	5 bps	0 bps
Advisors							
Advisors	12,799	12,847	12,962	13,185	13,170	2.9%	-0.1%
Annualized commissions per Advisor (\$ thousands) ⁽³⁾	\$138	\$126	\$144	\$137	\$134	-2.9%	-2.2%
Net New Advisors	139	48	115	223	(15)	n/a	n/a
Custom Clearing Services (CCS) Subscribers	4,417	4,386	4,465	4,511	4,593	4.0%	1.8%
Payout Rate							
Base Payout Rate	84.4%	84.4%	84.3%	84.3%	84.1%	-33 bps	-21 bps
Production-Based Bonuses	2.9%	3.3%	1.6%	2.6%	3.2%	27 bps	59 bps
GDC Related Payout	87.3%	87.7%	85.8%	86.8%	87.2%	-6 bps	38 bps
Other	-0.3%	0.3%	0.6%	-0.1%	0.2%	51 bps	29 bps
Total Payout Ratio	87.0%	88.0%	86.4%	86.7%	87.4%	45 bps	67 bps
Production-Based Bonuses Ratio (Trailing Twelve Months)	2.3%	2.4%	2.5%	2.6%	2.7%	34 bps	7 bps
Metrics							
Advisory Fee bps of Assets, excluding Independent RIA assets ⁽⁴⁾	114	116	111	111	111	-3 bps	0 bps
Production Retention Rate (YTD Annualized) ⁽⁵⁾	97%	96%	98%	98%	95%	-190 bps	-253 bps
Attachment Rate, excluding cash revenue	21%	21%	21%	22%	23%	249 bps	91 bps
Recurring Revenue Rate	63%	65%	63%	65%	67%	342 bps	124 bps
Adj. EBITDA / Gross Margin	43%	42%	46%	40%	39%	-412 bps	-121 bps
Employees - period end	2,726	2,726	2,720	2,911	2,936	7.7%	0.9%
Cash Available for Corporate Use (\$ millions) ⁽⁶⁾	\$489	\$528	\$584	\$341	\$317	-35.2%	-7.0%

(1) Reflects net new advisory assets consisting of funds from new accounts and additional funds deposited into advisory accounts that are custodied in our fee-based advisory platforms and exclude market impact

(2) Calculated by dividing net new advisory assets by total advisory assets and multiplying by four

(3) Calculation excludes CCS subscribers and uses average of beginning and end of period advisor count

(4) Based on annualized advisory revenue over prior quarter ending corporate advisory assets (corporate assets defined as total advisory assets less Independent RIA Advisory Assets); decline in Q1'12 impacted by re-pricing in one of our significant custom clearing agreements

(5) Reflects retention of commission and advisory fees, calculated by subtracting the prior year production of the annualized year-to-date attrition rate, over the prior year total production

(6) Cash unrestricted by the credit agreement and other regulations available for operating, investing and financing uses