THE LPL FINANCIAL OPPORTUNITY

December 10, 2014

LPL Financial

SAFE HARBOR DISCLOSURE AND NON-GAAP FINANCIAL MEASURES

Statements in this presentation regarding LPL Financial Holdings Inc.'s (the "Company") future financial and operating results, outlook, growth, plans, strategies, future market position, ability and plans to repurchase shares and pay dividends in the future, and goals, including forecasts and statements relating to future efficiency gains, scale and projected expenses, and future results of the Company's cash sweep programs, including the statements on the slides entitled "Latent earnings potential in the business model with a benefit from an interest rate recovery", "Capital-light model supports opportunity to return capital to shareholders", "Commitment to improving efficiency", "2015 core G&A outlook, excluding regulatory charges", "Focus on executing on our core opportunities within our existing business model for 2015", "Capitalizing on favorable industry trends", "Cash sweep opportunity" and "ICA bank spread outlook", as well as any other statements that are not related to present facts or current conditions or 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 December 9, 2014. 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 advisory and brokerage assets; fluctuations in levels of net new advisory assets and the related impact on fee revenue; effects of competition in the financial services industry; changes in the number of the Company's financial advisors and institutions, their ability to market effectively financial products and services, and the success of the Company's initiatives designed to engage them; changes in interest rates and fees payable by banks participating in the Company's cash sweep programs, including the Company's success in negotiating agreements with current or additional counterparties; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by securities regulators or self-regulatory organizations; the costs of settling and remediating issues related to pending or future regulatory matters; execution of the Company's plans related to the Service Value Commitment ("SVC"), including the Company's ability to successfully transform and transition business processes to third party service providers; the Company's success in negotiating and developing commercial arrangements with third party service providers that will enable the Company to realize the service improvements and efficiencies expected to result from the SVC or other initiatives; the performance of third party service providers to which business processes are transitioned from the Company; the Company's success in negotiating and developing commercial arrangements with third party technology providers that will enable the Company to realize the improvements and efficiencies expected to result from such technology, including with respect to supervision and oversight of advisor activities; the Company's ability to control operating risks, information technology systems risks and sourcing risks; the Company's success in integrating the operations of acquired businesses; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2013 Annual Report on Form 10-K as may be amended or updated in its quarterly reports on Form 10-Q. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of future developments, even if its estimates change, and you should not rely on those statements as representing the Company's views after December 9, 2014.

Adjusted Earnings represent net income before: (a) employee share-based compensation expense, (b) amortization of intangible assets resulting from various acquisitions, (c) debt extinguishment costs, (d) restructuring and conversion costs, (e) equity issuance and related offering costs and (f) other. Reconciling items are tax effected using the income tax rates in effect for the applicable period, adjusted for any potentially non-deductible amounts. Adjusted Earnings per share represents Adjusted Earnings divided by weighted average outstanding shares on a fully diluted basis. The Company prepares Adjusted Earnings and Adjusted Earnings per share to eliminate the effects of items that it does not consider indicative of its core operating performance. The Company believes these measures provide investors with greater transparency by helping illustrate the underlying financial and business trends relating to results of operations and financial condition and comparability between current and prior periods. Adjusted Earnings and Adjusted Earnings per share are not measures of the Company's financial performance under GAAP and should not be considered as an alternative to net income or earnings per share or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity.

We are the leading financial services provider to independent advisors, RIAs and financial institutions

#1 independent broker-dealer for

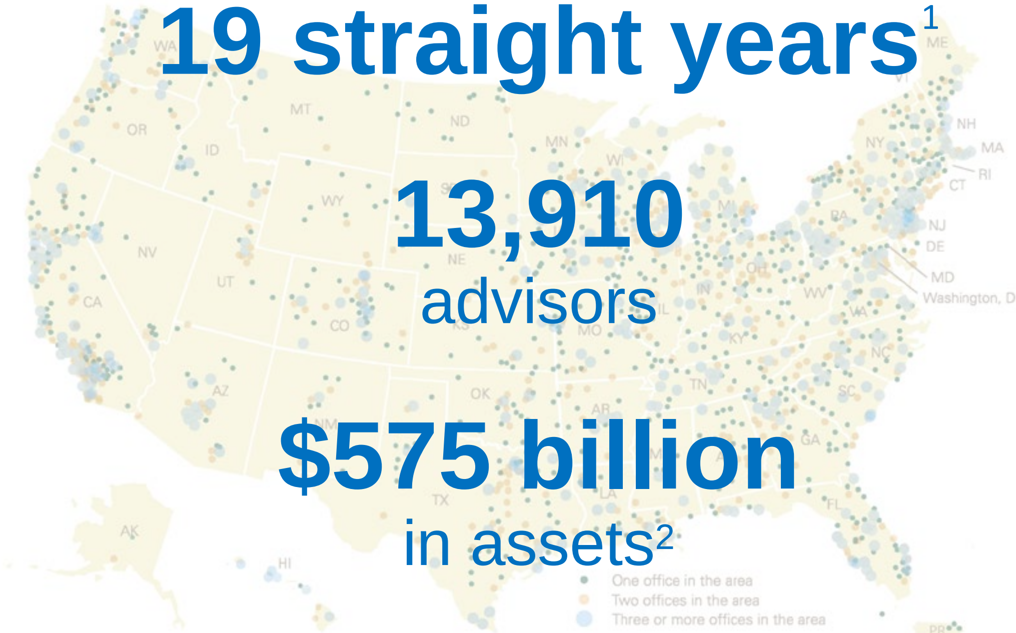
19 straight years[1]

13,910

advisors

$575 billion

in assets[2]



Focus on chosen markets

Independent Advisor Services
~8,600 advisors
$269 billion assets served

Institution Services
Over 700 banks, credit unions and clearing clients[3]
$112 billion assets served

Hybrid RIA
Over 300 firms
$84 billion assets served

Retirement Partners
~40,000 plans
$110 billion in assets[4]

[1] Financial Planning magazine 1996-2014 based on total revenue

[2] Consists of $465 billion in retails assets and $110 billion in retirement plan assets

[3] Clearing clients include over 4,000 additional advisors affiliated with insurance companies

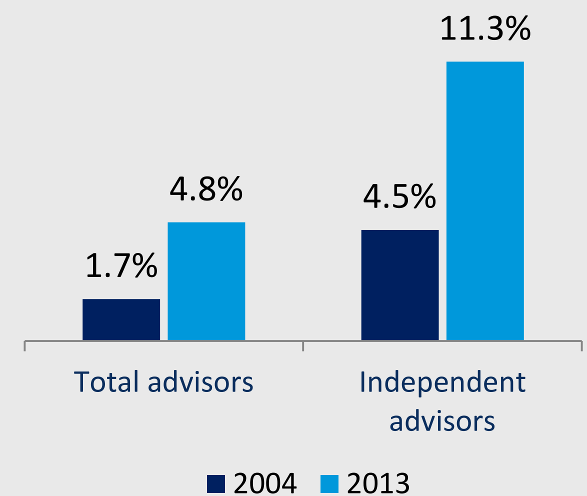
[4] Retirement plan assets are not custodied by LPL

Our differentiated business model drives market share growth

Differentiated model

	LPL	Custodian	Employee	Independent
Enables independence	✓	✓	✗	✓
Integrated brokerage and RIA advisory platform	✓	✗	✗	✗
Robust technology and service support	✓	✓	✓	✗
Focused business model	✓	✗	✗	✓
Supports an array of advisor practices	✓	✗	✗	✗
Superior economics	✓	✓	✗	✗

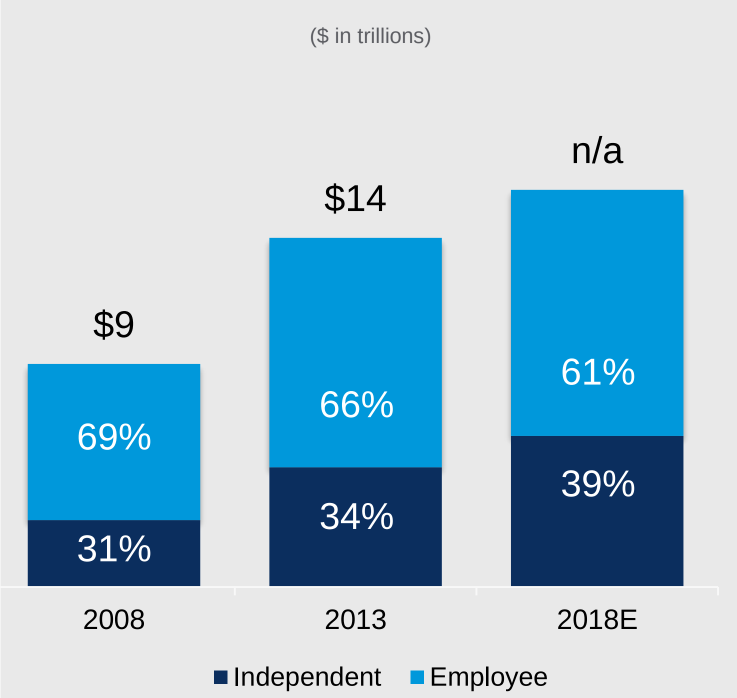
LPL Financial market share by headcount[1]



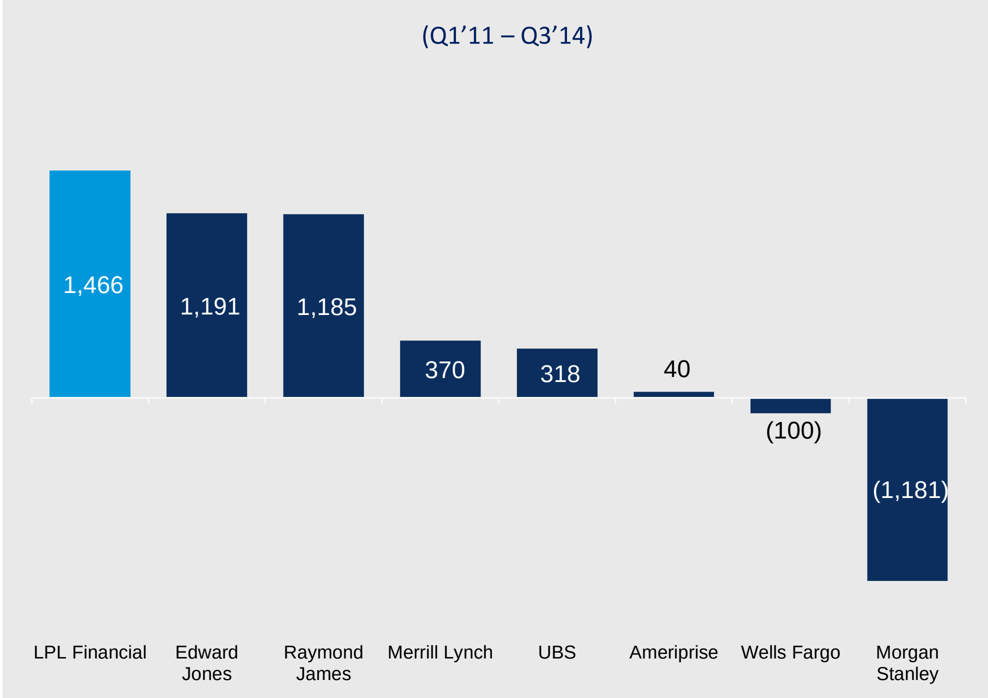
[1] Cerulli Lodestar - Intermediary. Independent advisors includes IBD's, independent RIAs and dual RIAs as defined by Cerulli.

Capitalizing on favorable industry trends

Retail Asset Market Share by Channel[1]



Net New Advisors[2]



[1] Cerulli - The State of U.S. Retail and Institutional Asset Management 2014
[2] Based on the number of broker-dealer affiliated advisors reported from publicly disclosed information since 12/31/10, inclusive of acquisitions

We offer a leading end-to-end solution leveraged across our markets to attract and retain advisors and institutions

End-to-end solution

Comprehensive clearing and compliance services

Independent research

Consultative practice management programs

Scalable investment platforms

Integrated technology platform

#1

destination for advisors considering a move in 2013[1]

#1

in net new advisor growth over the past four years[2]

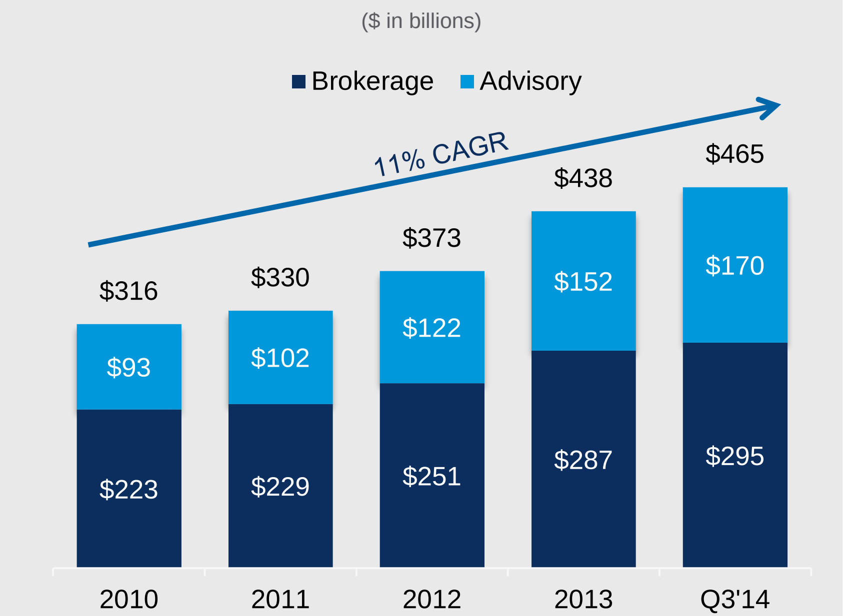
97%

production retention - Sept YTD 2014

[1] Cogent 2013 Advisor Migration Trends
[2] Based on the number of broker-dealer affiliated advisors reported from publicly disclosed information since 12/31/10 through 9/30/14

Steady asset growth drives topline performance

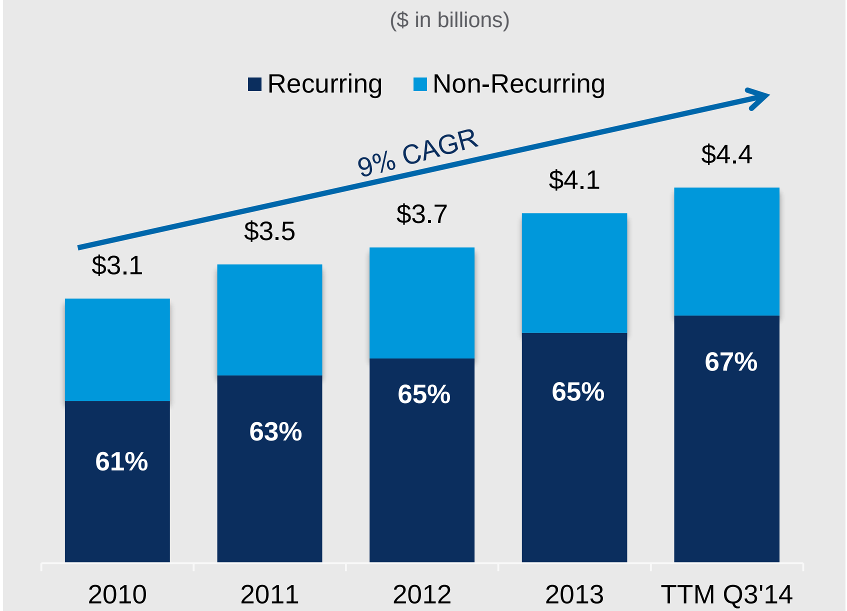
Assets



Brokerage Assets = 8% CAGR

Advisory Assets = 17% CAGR

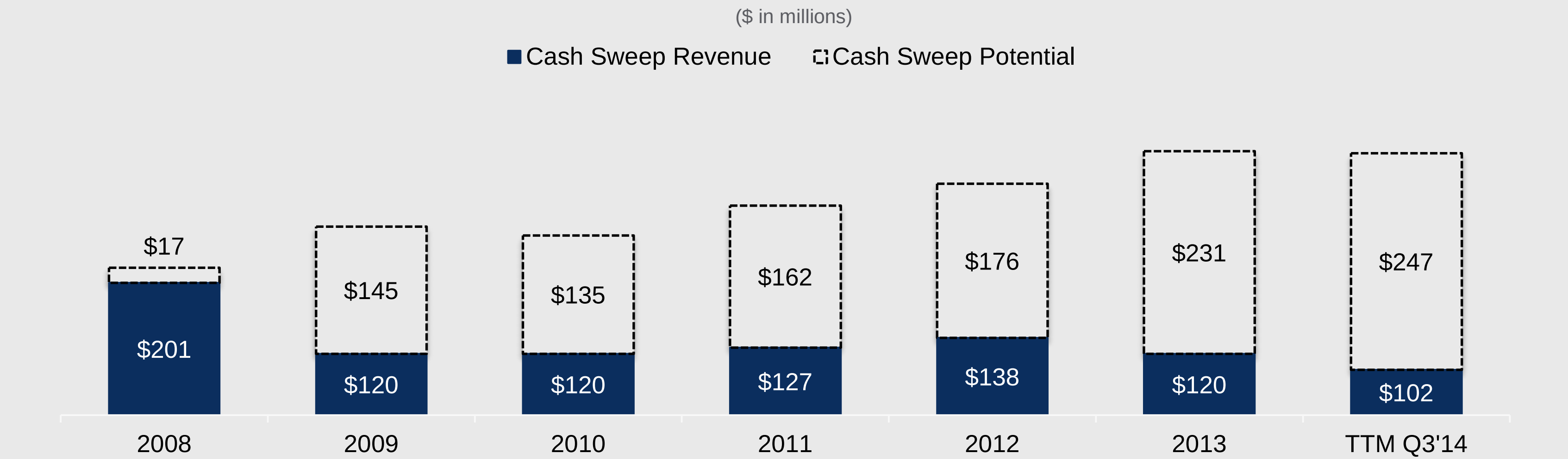
Total revenue



Gross Margin ex Cash Sweep Revenue = 11% CAGR

Results include significant declines in cash sweep revenue

Cash Sweep Revenue

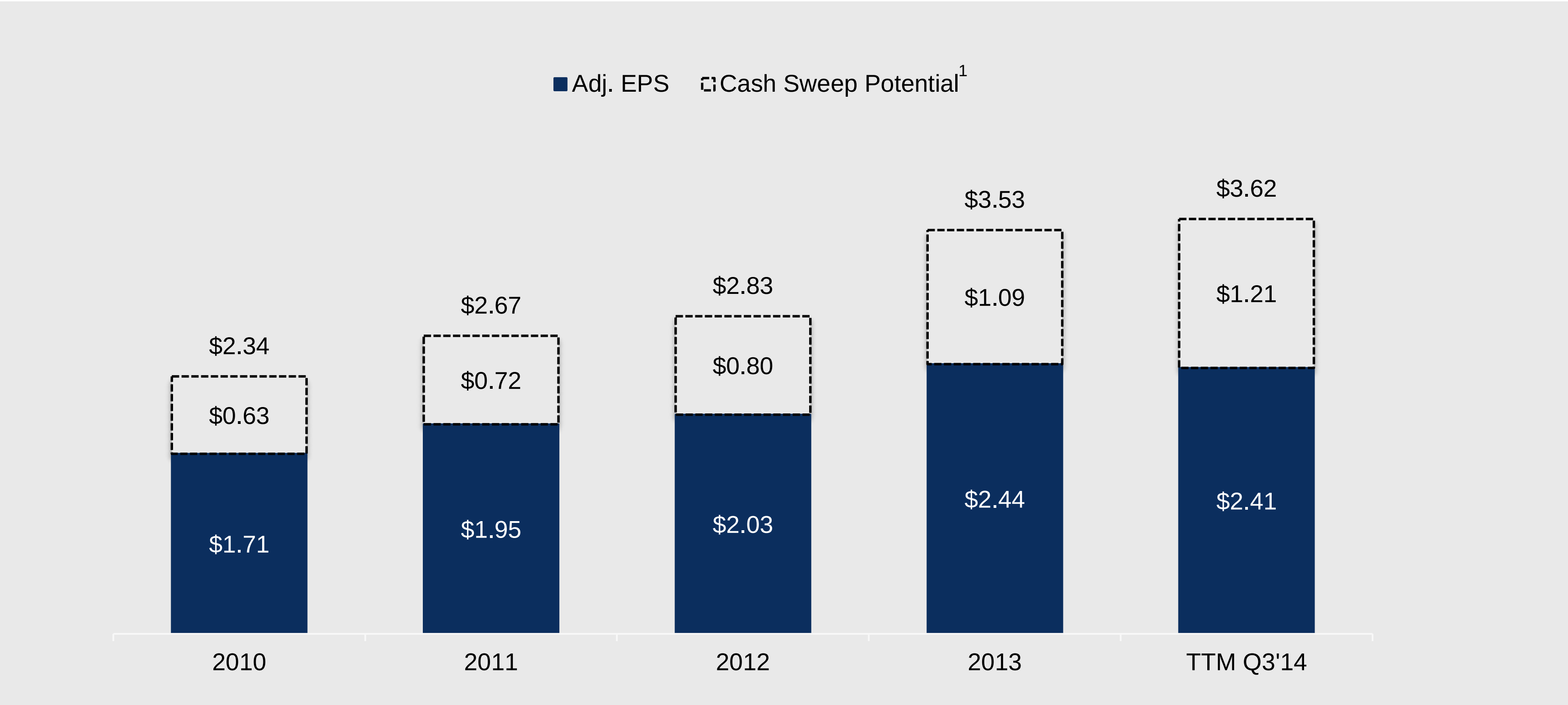


	2008	2009	2010	2011	2012	2013	TTM Q3'14
Average Cash Sweep Balances ($bn)	$19.4	$20.3	$18.7	$21.5	$22.8	$24.8	$23.8
Average Cash Sweep Yield (bps)	113	57	64	61	62	50	42

Note: The revenue potential assumes a max fee of 185 bps in the insured cash account (ICA) program and 55 bps in the money market fund (MMF) program. Refer to the appendix for additional information.

Latent earnings potential in the business model with a benefit from an interest rate recovery

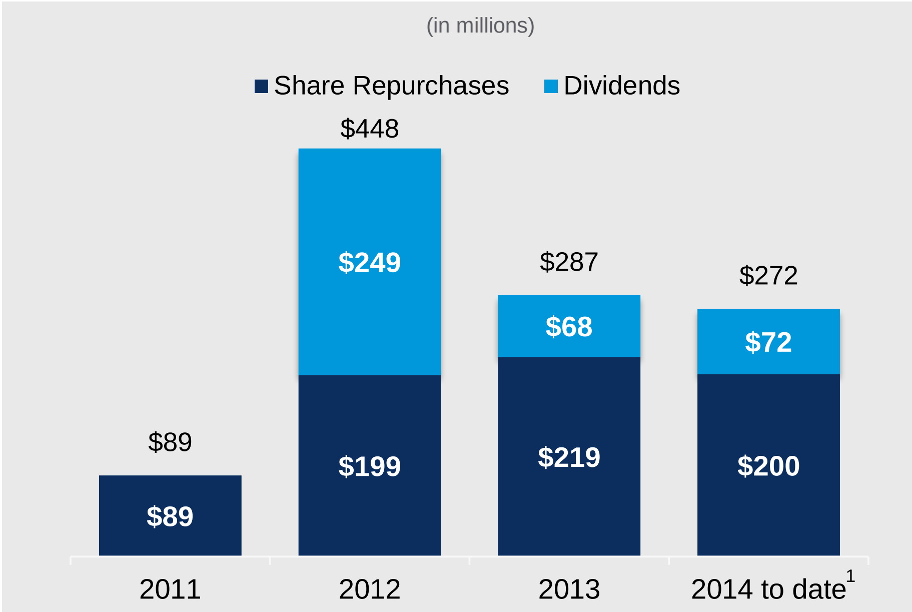
Adjusted Earnings per share



[1] Based on the benefit from rising interest rates on cash sweep revenue, using quarterly end of period average asset balances and cash sweep yields, and assuming a max fee of 185 bps in ICA and 55 bps in MMF. Analysis includes an assumption on the impact of rising interest rates on our floating rate term loans.

Capital-light model supports opportunity to return capital to shareholders

Return of Capital

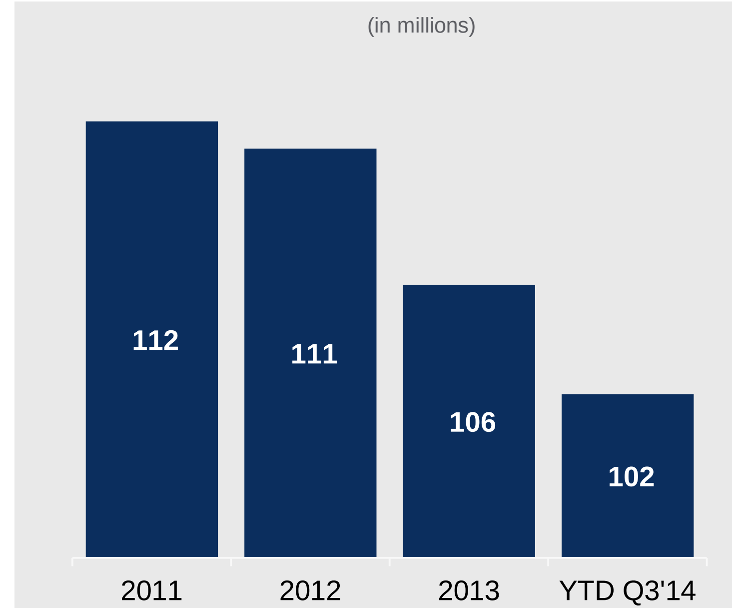


Return of capital per share

$0.79	$4.04	$2.71	$2.67

2012 includes a special dividend of $223 million

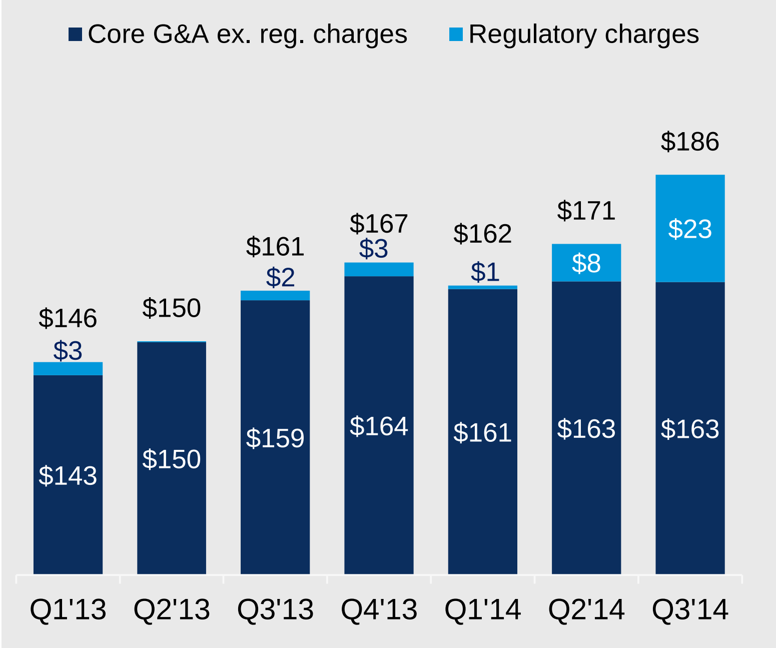
Fully Diluted Shares



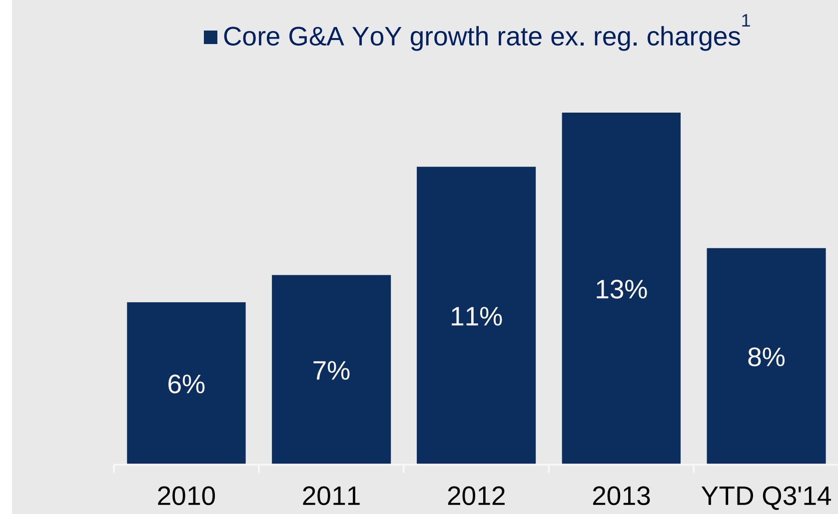
[1] As of October 29, 2014

Commitment to improving efficiency

Core G&A ex-regulatory charges has flattened over the last four quarters



Technology, compliance and risk management investment elevated expense in 2012 and 2013

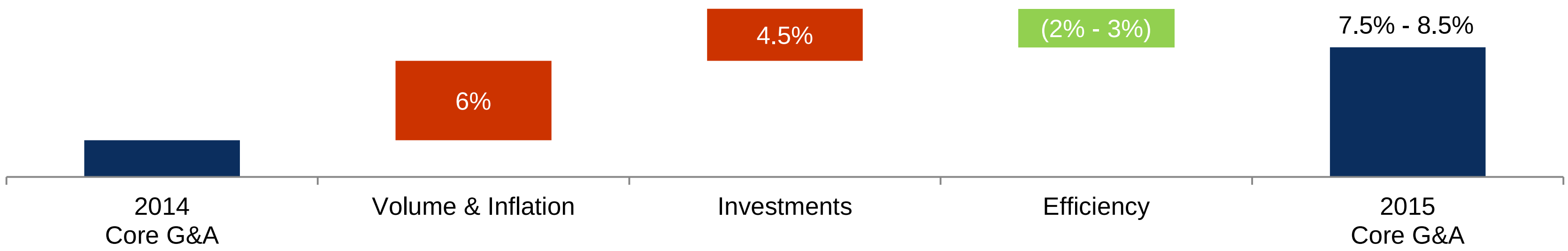


Core G&A ($ in mm)

Ex-reg	$459	$490	$543	$616	$486
Reg[1]	--	--	$9	$8	$32

[1] 2012 – 2014 excludes regulatory charges; expenses prior to 2012 include regulatory charges which in the aggregate were not material

2015 core G&A outlook, excluding regulatory charges



2015 Outlook

- **Overall outlook** - Total core G&A growth excluding regulatory charges expected to be 7.5%-8.5% for 2015
- **Volume and inflation growth** – driven by expenses related to an increase in advisor headcount and client accounts, and normalization for compensation
- **Investments** - ~50% of growth related to annualization of 2014 spend; remaining investment in 2015 is primarily focused on compliance and risk management projects
- **Efficiency** - driven by completion of SVC, employing Lean principles and expanding procurement efforts

Long-term Strategy

- **Long-term outlook** - Manage core G&A in mid-single digits excluding regulatory charges to maintain sufficient spend to strengthen the Company's position to gather and retain assets and to generate margin expansion

Focus executing on core opportunities within our existing business model for 2015

Revenue

- Expand market share across four existing business lines
- Continued growth in fee-based business
- Drive adoption of retirement plan services
- Retain upside to rising interest rates

Expense

- Balance core G&A expense to support long-term growth and opportunity for margin expansion
- Focus investment in compliance and risk management capabilities to lower risk profile
- Complete service value commitment which will reduce our cash expenses and EBITDA adjustments

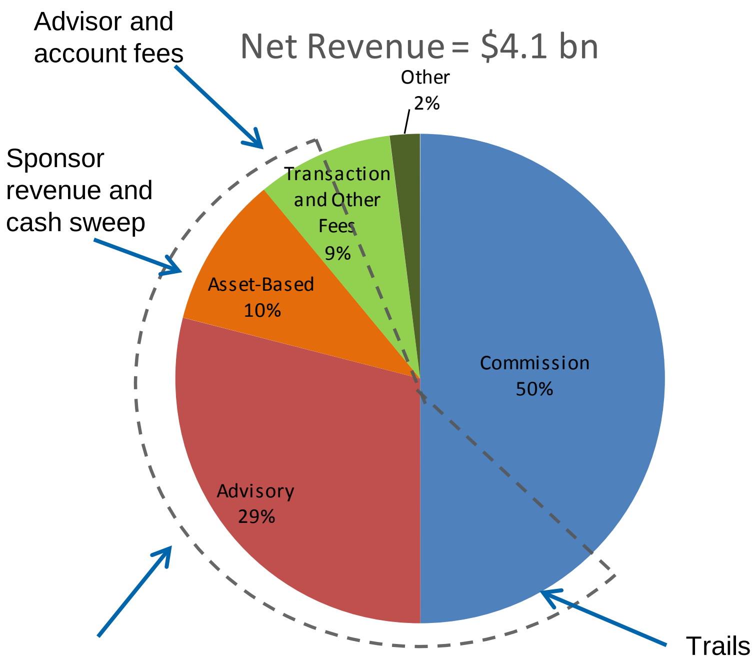
Capital allocation

- Continue to reinvest organically in the business to support growth and return capital to shareholders through dividends and share repurchases
- Continue to manage capital structure to 2x – 3x leverage and utilize capital-light nature of model to drive shareholder returns

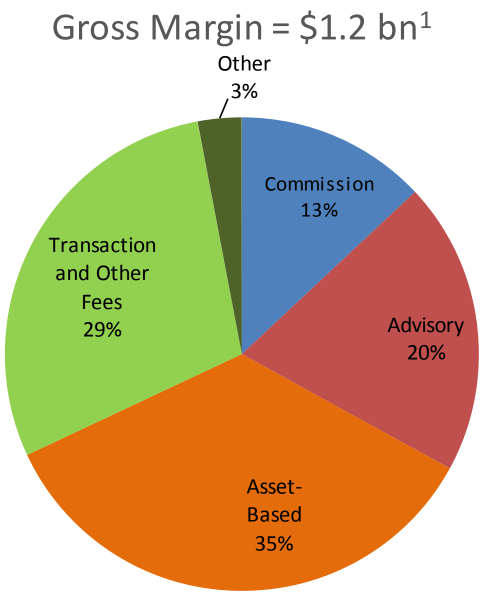
APPENDIX

Diverse and recurring revenue streams

2013 Results



Recurring revenue = 65%



Attachment revenue, ex-cash sweep revenue, grew as a percent of advisor production from 19% in 2006 to 23% in 2013

Adjusted EBITDA as a percent of Gross Margin was 41%

[1] Gross Margin is a non-GAAP measure, defined as net revenues less production expenses

Cash sweep opportunity

	ICA	MMF	Total
Assets[1] ($ in bn)	$16.7	$7.1	$23.8
Fee[1] (bps)	58	7	42
Assumed max fee (bps)	185	55	145
Potential annualized incremental EBITDA ($ in mm)[2]	$213	$34	$247

ICA upside from FFER recognized incrementally and immediately as FFER improves

[1] Based on the average balances and fees for the prior four quarters as of Q3'14
[2] As interest rates rise, the Company may incur additional expense related to its loan facilities

ICA bank spread outlook

- Certain ICA bank contracts established in 2008 provide fees that are above market. As these contracts gradually reset to market rates, the weighted average bank spread over FFER has and will continue to decline
- We expect a ~13 bps step-down in our bank spread in Q1 2015
- Assuming FFER remains flat in 2015, this would result in a ~$20 mm revenue and EBITDA headwind based on current balances
- The anticipated 2016 ending bank spread is approximately within the range of current market rates
- As interest rates rise, LPL Financial may incur additional interest expense related to its loan facilities

	Current FFER		Beginning of the Year Bank Spread		Beginning ICA Fee[1]	Estimated Bank Spread Compression[2]	Estimated Ending ICA Fee[1]	Year Ending Bank Spread	FFER needed to achieve 185 bps target fee [3,4]	EBITDA upside from rise in interest rate ($mm)[5]
2014	9	+	53	=	62	~7	~55	46	~260	~$245
2015	9	+	46	=	~55	~13	~42	33	~280	~$265
2016	9	+	33	=	~42	~22	~20	11	~325	~$305

[1] The ICA fee is based on average balances in 2014 through 9/30/14 and assumes a flat FFER of 9 basis points. An increase in balances may lead to further ICA bank fee compression
[2] The majority of bank spread compression historically has occurred in the first quarter
[3] Page 13 - 14 of the Q3 2014 Financial Supplement on the LPL Financial Investor Relations website under the Events section provides additional information of the mechanics of the ICA bank fee program as the FFER rises
[4] Based on current balances and contracts, if the maximum bank spread compression occurs, the minimum FFER rate to maximize fees could increase up to approximately 350 bps
[5] Does not include the potential as interest rates rise for the Company to incur additional expense related to its loan facilities

Adjusted Earnings per share reconciliation

The reconciliation from net income to Adjusted Earnings and Adjusted Earnings per share, a non-GAAP measure, for the periods presented is as follows (in thousands):

	TTM September 2014	2013	2012	2011	2010
			(unaudited)		
Net income (loss)	$173,916	$181,857	$151,918	$170,382	($56,862)
After-Tax:					
EBITDA Adjustments(a)					
Employee share-based compensation expense(b)	13,632	11,109	13,161	11,472	8,400
Acquisition and integration related expenses(c)	7,700	10,919	11,106	(2,354)	7,638
Restructuring and conversion costs(d)	22,436	19,011	3,792	13,606	13,877
Debt amendment and extinguishment costs(e)	-	4,916	10,274	-	23,477
Equity issuance and related offering costs(f)	-	-	4,262	1,272	149,568
Other	5,284	6,926	7,384	156	91
Total EBITDA Adjustments	49,052	52,881	49,979	24,152	203,051
Amortization of intangible assets(a)(g)	23,838	24,067	24,397	24,051	26,531
Acquisition related benefit for a net operating loss carry-forward(h)	-	-	(1,265)	-	-
Adjusted Earnings	$246,806	$258,805	$225,029	$218,585	$172,720
Adjusted Earnings per share(i)	$2.41	$2.44	$2.03	$1.95	$1.71
Weighted-average shares outstanding - diluted	102,409	106,003	111,060	112,119	100,933

(a) Generally, EBITDA Adjustments and amortization of intangible assets have been tax effected using a federal rate of 35.0% and the applicable effective state rate which was 3.30%, net of the federal tax benefit, for the periods presented, except as noted below.

(b) Represents share-based compensation expense for equity awards granted to employees, officers and directors. Such awards are measured based on the grant date fair value and recognized over the requisite service period of the individual awards, which generally equals the vesting period.

(c) Represents acquisition and integration costs resulting from various acquisitions, including changes in the estimated fair value of future payments, or contingent consideration, required to be made to former shareholders of certain acquired entities.

(d) Represents organizational restructuring charges, conversion and other related costs incurred resulting from the expansion of the Company's Service Value Commitment, the 2011 consolidation of UVEST Financial Services Group, Inc. and the 2009 consolidation of Mutual Service Corporation, Associated Financial Group, Inc., Associated Planners Investment Advisory, Inc. and Waterstone Financial Group.

(e) Represents expenses incurred resulting from the early extinguishment, amending, restating, and repayment of amounts outstanding under our credit agreements.

(f) Represents equity issuance and offering costs for our IPO, which was completed in the fourth quarter of 2010.

(g) Represents amortization of intangible assets as a result of our purchase accounting adjustments from our merger transaction in 2005 and various acquisitions.

(h) Represents the expected tax benefit available to us from the accumulated net operating losses of Concord that arose prior to our acquisition of CCP; such benefits were recorded in the third quarter of 2012.

(i) Represents adjusted Earnings, a non-GAAP measure, divided by weighted-average number of shares outstanding on a fully diluted basis.