Q4 2012
Investor Meetings

November 2012

LPL Financial

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Overview of LPL Financial

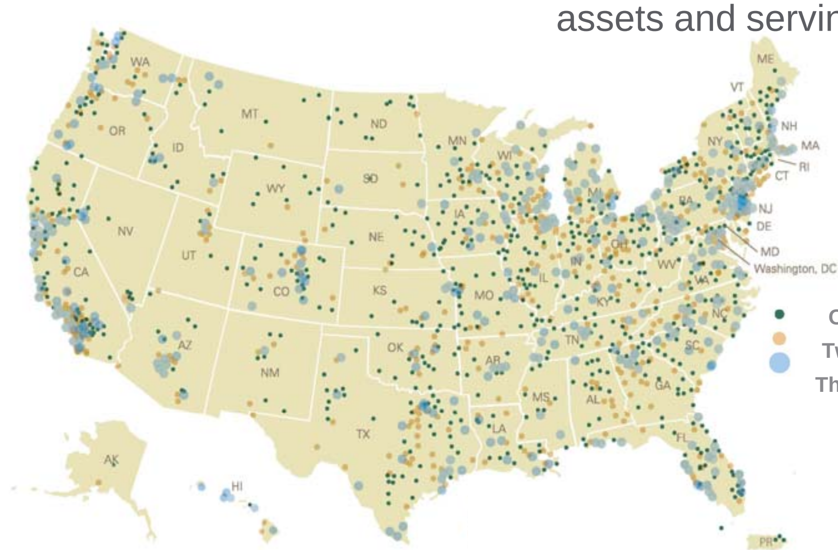
We provide over 17,000 US based financial advisors with the most versatile and cost effective business platform for delivering personal, conflict-free financial advice to a range of clients from the mass market to high-net-worth individuals

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



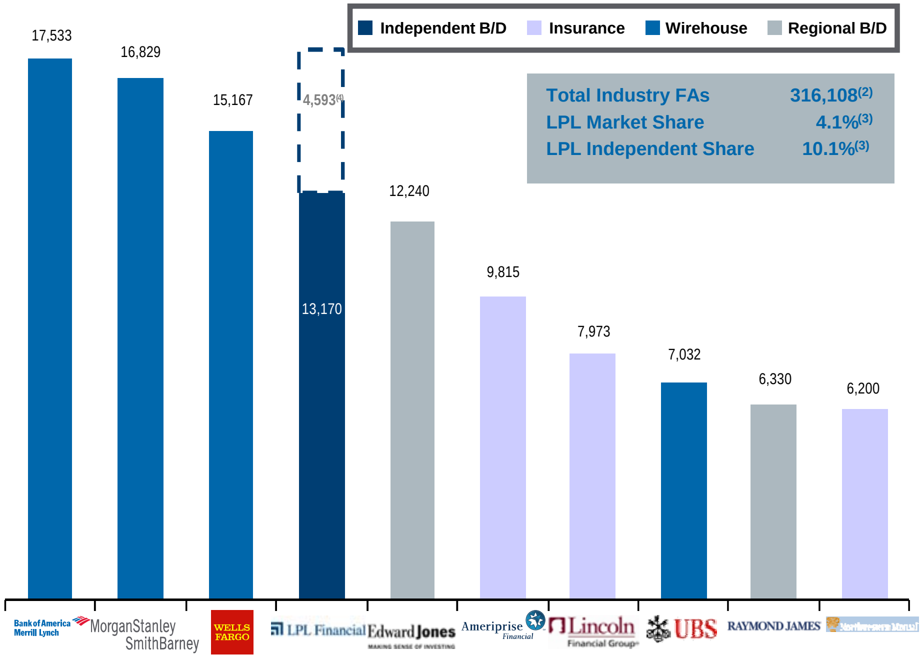
(1) Source: As reported in Financial Planning magazine 1996-2012, based on total revenues.
(2) Source: Based on number of financial institutions served as reported in a 2010 Kenneth Kehrer study.

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	✗	✗	✗	✗	✗	✗	✗
Bank of America Merrill Lynch	✗	✗	✗	✗	✗	✗	✗
WELLS FARGO	✗	✗	✗	✗	✓	✗	✗
Edward Jones	✓	✓	✓	✓	✗	✗	✗
Ameriprise Financial	✗	✓	✓	✗	✗	✗	✗
UBS	✗	✗	✗	✗	✗	✗	✗
Northwestern Mutual	✗	✓	✓	✗	✗	✗	✗
RAYMOND JAMES	✗	✗	✗	✗	✓	✗	✗
charles SCHWAB	✗	✓	✓	✗	✓	✓	✗
TD AMERITRADE	✗	✓	✓	✗	✓	✓	✗

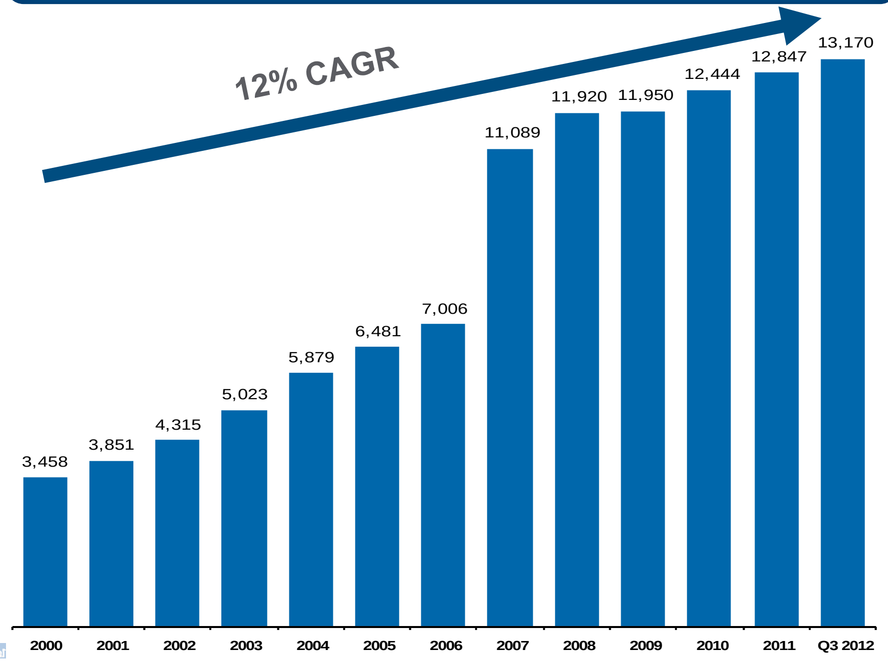
Industry leader with scale and growing share

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



Total Industry FAs	316,108(2)
LPL Market Share	4.1%(3)
LPL Independent Share	10.1%(3)

Consistent Growth
LPL Advisors

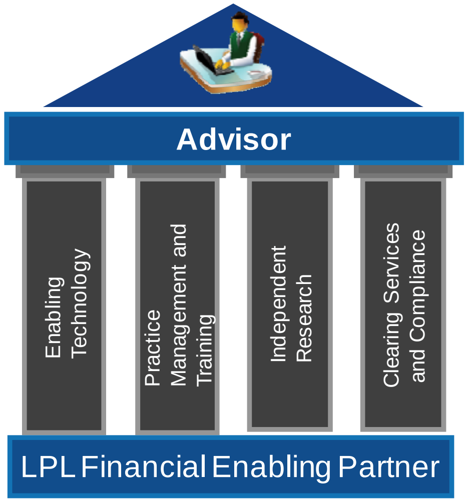


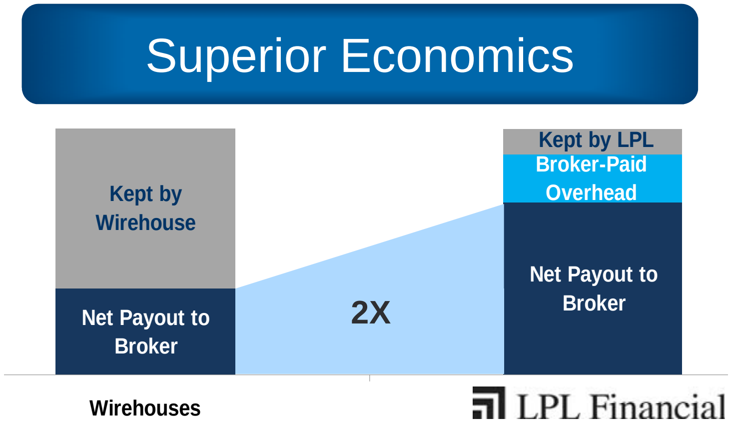
(1) Source: Company Financials; based on most recently available figures as of 09/30/12; Edward Jones data is as of 06/30/12. Northwestern Mutual and Lincoln Financial figures are based on most recently available data in 2011
(2) Source: Cerulli and Company Financials; based on most recently available 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]



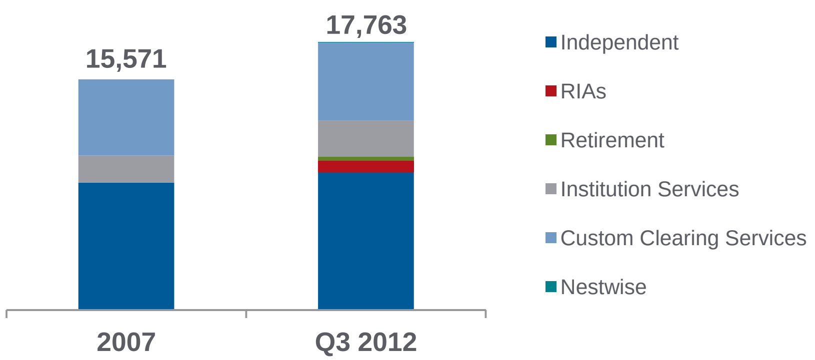


(1) 3rd party survey measures how likely an LPL advisor would be to recommend LPL to a colleague by totaling the "promoters" and subtracting the "detractors"
(2) Source: J.D. Power and Associates, 2011 Full Service Investor Satisfaction Study; Ranked #4 in "Overall Customer Satisfaction"
(3) Source: 2010 study commissioned by LPL and conducted by PwC
(4) Source: Cogent Research - 2012 Advisor Channel Migration Trends Study

Strategy for growth…

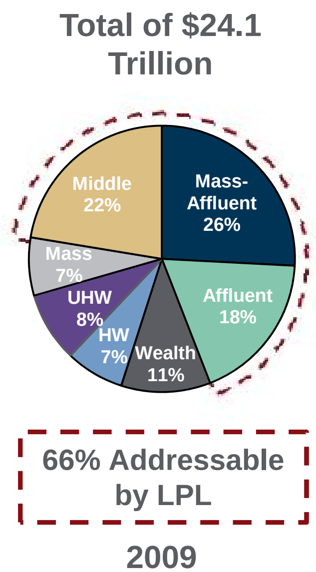
Diversify Advisor Base

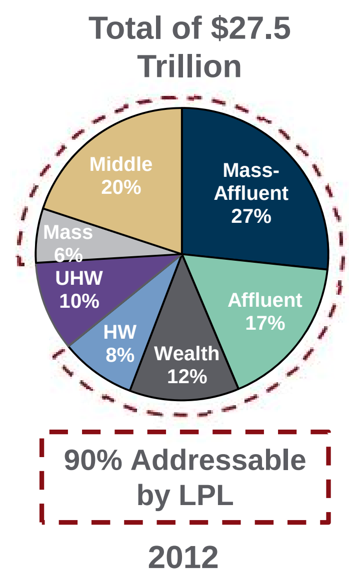
- Recruiting across all channels
- Wide range of businesses, including large enterprises



Expanding Addressable Assets [1]

- Now serving >90% of retail assets



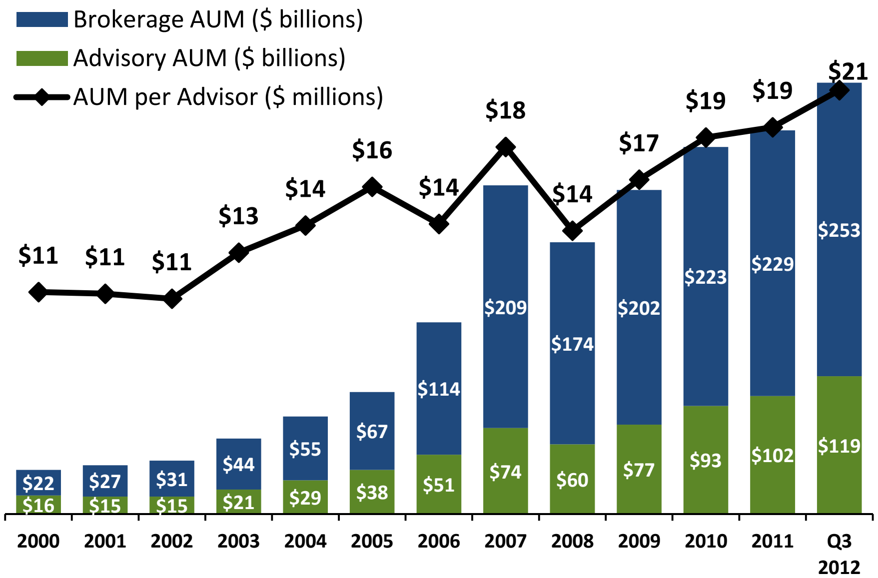


- Focused on driving efficiencies for advisors and our business
  - Accelerating service value commitment - investing in technology and managing expense base
  - Simplifying advisor practices and increasing engagement - creating value for end-clients

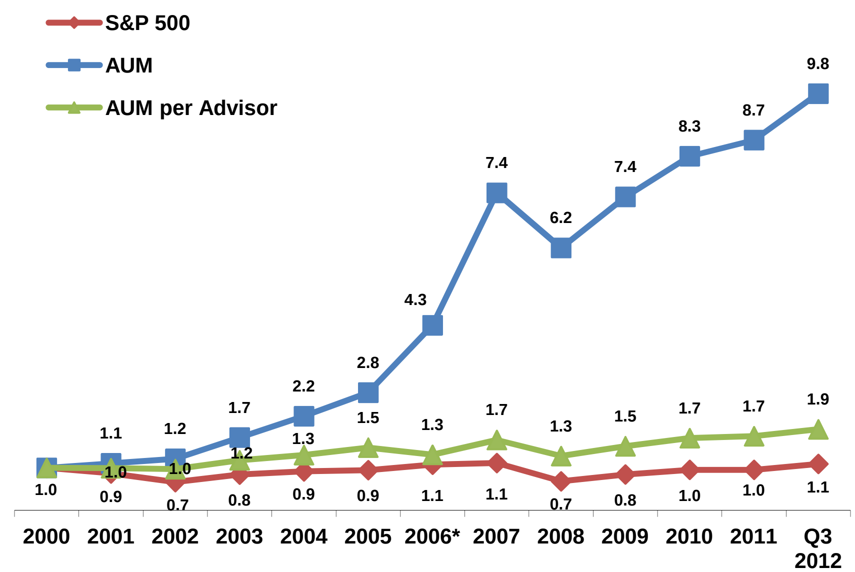
(1) As measured by investable assets - Cerulli Quantitative Update – Retail Investor Product Usage 2010 and 2011

…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 levels of growth

	Growth Drivers	Expected Impact	Benefit
Organic	Same Store Sales New and maturing advisors New Capabilities	Increasing AUM per advisor 7 – 12% net new advisory asset flows 400 net new advisors / yr	Increases production revenue Grows fee-based business Drives high margin attachment revenue growth
	Market	Market growth with ~60% correlation to S&P 500	Impacts trails, fee-based revenue and asset-based fees
	Scalability	Self-clearing platform and technology infrastructure result in expense growth < revenue growth	Contributes Adjusted EBITDA margin expansion

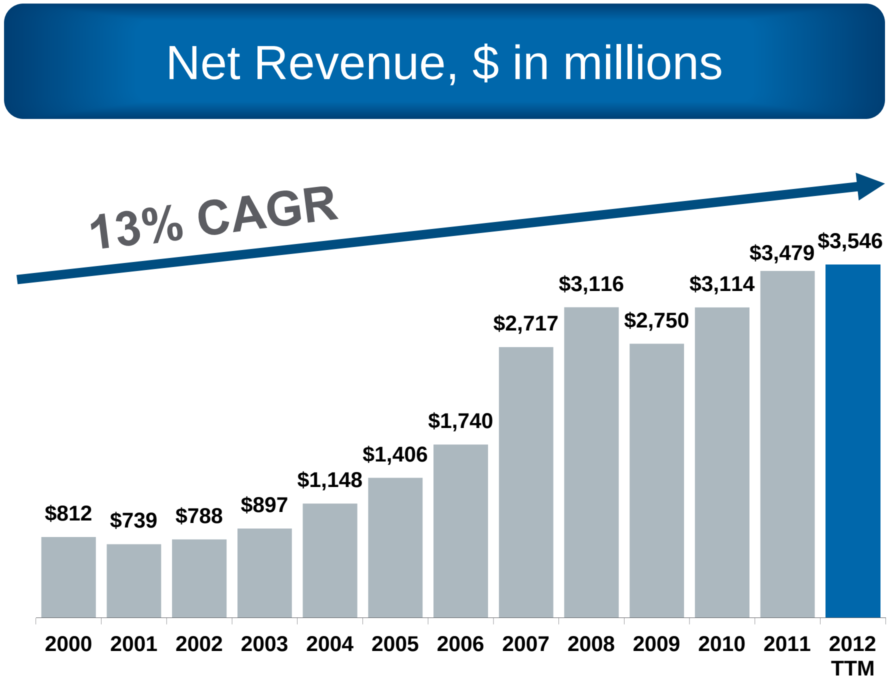
M&A

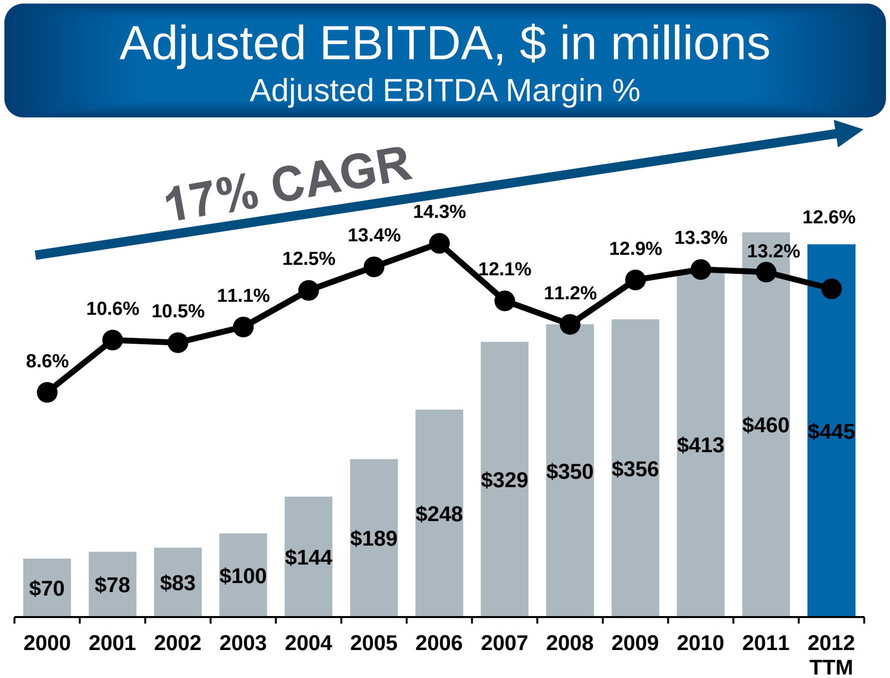
- LPL also continues to target selective M&A opportunities to complement organic growth
- Recent transactions: Veritat (2012), Fortigent (2012), Concord (2011), National Retirement Partners (2010)

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





- 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

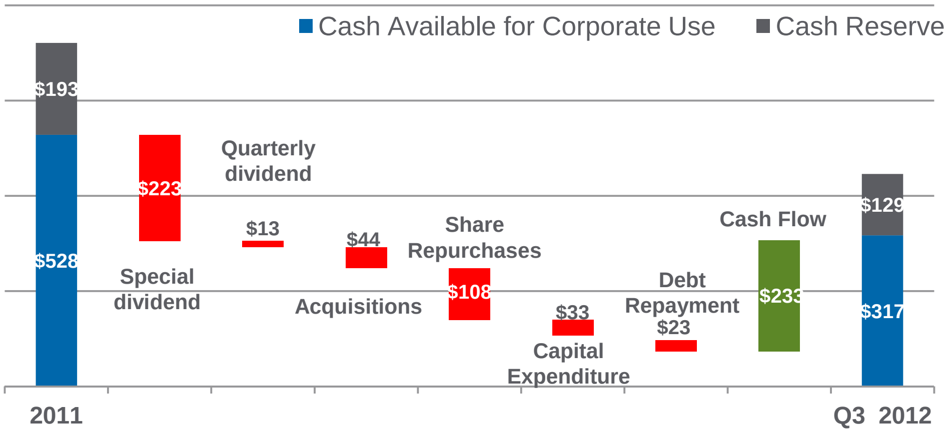
Operational update

- 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

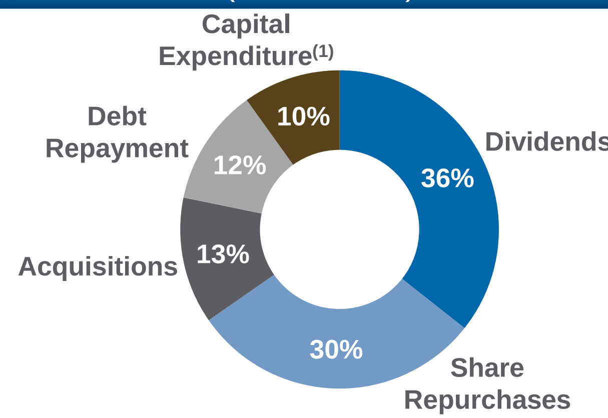
Strong cash generation enables reinvestment and returns

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

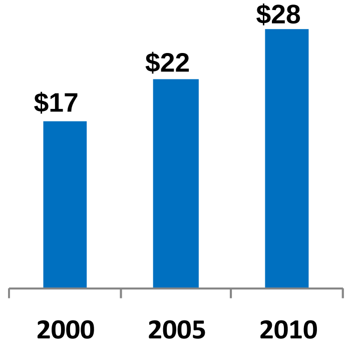
- Industry leader with scale and growing share
- Distinct value proposition to our advisors
- Proven track record across market cycles
- Strong cash generation and return of capital
- Highly attractive secular growth trends
- Experienced and committed management team and Board

Appendix

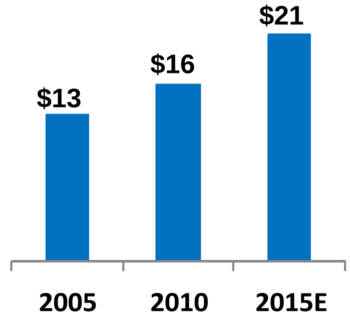
Highly attractive secular growth trends

- 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

Growth in Addressable Assets[1] ($ trillions)

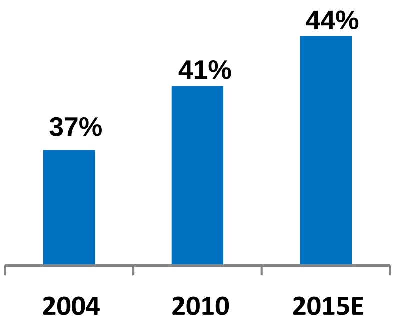


Growth in Retirement Assets[2] ($ trillions)

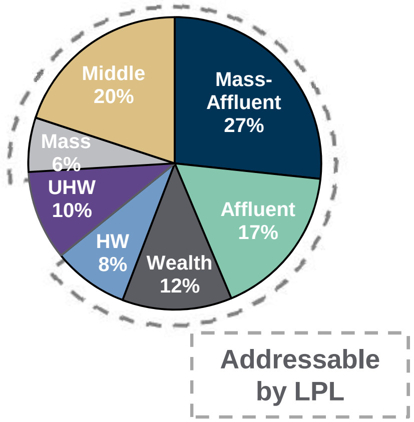


- Evolving industry landscape favors the independent channel
  - Continues to take market share
  - Fragmented industry that is consolidating
  - Favorable regulatory trends

Independent and RIA Market Share[3]



Total Investable Assets $27.5 trillion[4]

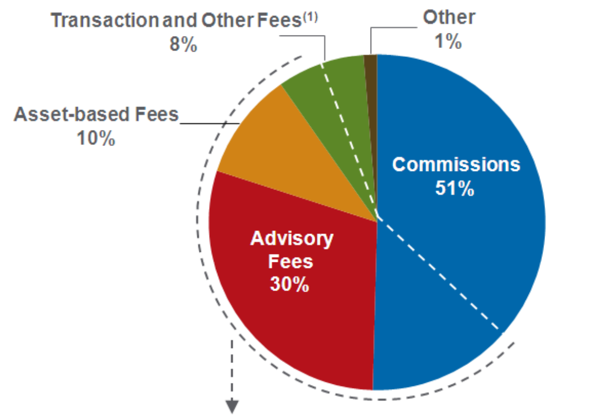


(1) Cerulli Quantitative Update – The State of U.S. Retail and Institutional Asset Management, 2011
(2) Cerulli Quantitative Update – Retirement Markets, 2011
(3) As measured by advisor headcount - Cerulli Quantitative Update – Intermediary Distribution 2011
(4) As measured by investable assets - Cerulli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

Attractive financial model

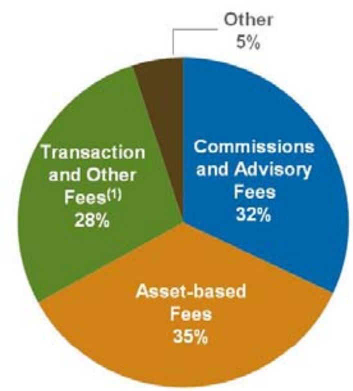
- Diverse revenue sources with embedded growth
  - 95%+ retention
  - No advisor concentration greater than 3%
  - Recurring revenue of 66%
  - High margin attachment revenue driven by self-clearing capability
- Expenses are primarily variable (~80% of the cost base)
  - Production expense provides growth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

Total 2011 Revenues: $3.48B



Total Recurring Revenue = 63%

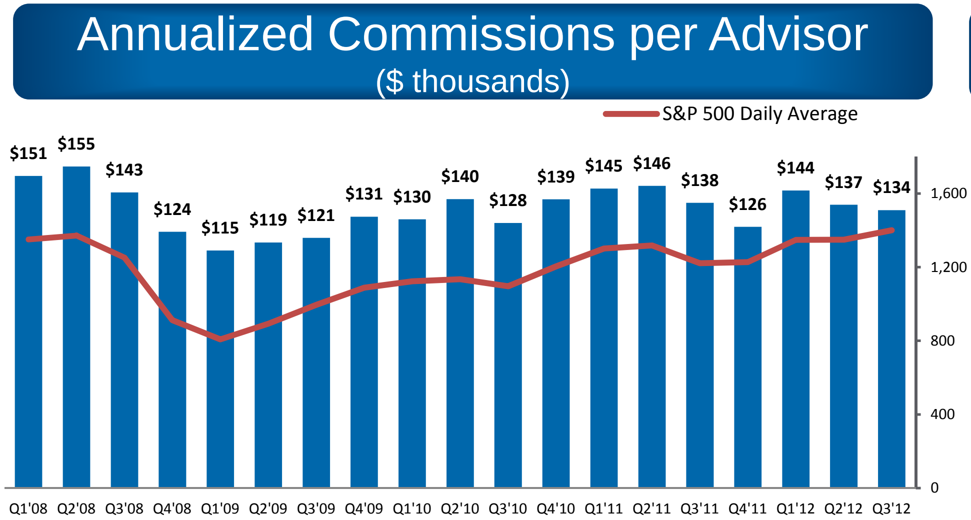
Total 2011 Gross Margin: $1.0B(2)

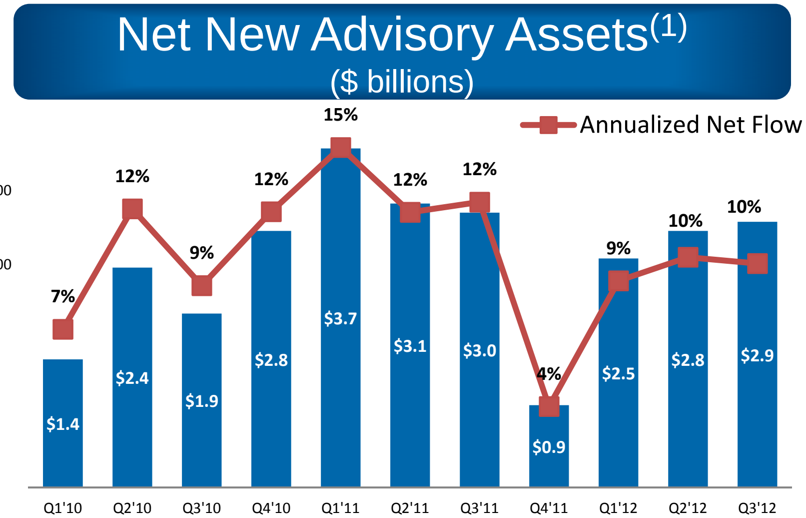


Note: Financials are as of 09/30/12 year-to-date

(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





(1) Excludes market

	Metrics	Quarterly P&L Impact[1]
High Q2'08	▪ S&P[2]: 1,372 ▪ Commissions per advisor : $155k	▪ Revenue: $761 mm ▪ Gross Margin: $191 mm
Current Q3'12	▪ S&P[2]: 1,401 ▪ Commissions per advisor: $134k	▪ Revenue: $873 mm ▪ Gross Margin: $243 mm
Median Q3'11	▪ S&P[2]: 1,215 ▪ Commissions per advisor: $138k	▪ Revenue: $851 mm ▪ Gross Margin: $227 mm
Low Q1'09	▪ S&P[2]: 808 ▪ Commissions per advisor: $115k	▪ 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%**
Advisory % of Total	*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**	**$21.6**	**-6.5%**	**-6.5%**
% of total Assets Under Custody	*7.3%*	*6.8%*	*6.1%*	*6.5%*	*5.8%*	-148 bps	-75 bps
Insured Cash Account Fee - bps	87	89	92	89	88	1 bps	-1 bps
Money Market Fee - bps	8	8	11	12	12	4 bps	0 bps
Weighted FFE Daily Average Fee - bps	8	7	10	15	14	6 bps	-1 bps
Cash Sweep Fee - bps	**56**	**59**	**64**	**61**	**61**	5 bps	0 bps
Advisors							
Advisors	12,799	12,847	12,962	13,185	13,170	2.9%	-0.1%
Annualized commissions per Advisor ($ 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