



Q2 Investor Presentation

May 2013

 LPL Financial

Member FINRA/SIPC

Safe harbor disclosure



Statements in this presentation regarding the Company's future financial and operating results, plans, strategies, goals, future market position, Service Value Commitment (SVC), including projected savings, projected expenses, future efficiency gains and future service and technology improvements, future growth and insured cash account portfolio, including future contract maturities, 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. 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: finalization and execution of the Company's plans related to the 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; the performance of third party service providers to which business processes are transitioned from the Company; the Company's ability to control operating risks, information technology systems risks and sourcing risks; 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 and fees 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 2012 Annual Report on Form 10-K. 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 as of any subsequent date.

An established leader in the financial services industry



We provide financial advisors with the most versatile and cost effective business platform for delivering personal, objective financial advice to a range of clients from the mass market to high-net-worth individuals

Key Facts and Figures	
Advisors ⁽¹⁾	17,940
Total Assets	\$394 billion
RIA Assets	\$47 billion
Open architecture platform offering 8,900 products from >690 manufacturers	

(1) Advisor count includes 4,563 CCS advisors and 13,377 LPL advisors



(1) Source: Financial Planning magazine 1996-2012, based on total revenues
 (2) Source: 2010 Kenneth Kehler study Based on number of financial institutions served
 (3) Source: Public company filings as of 12/31/12

Serving advisors through an independent 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	✗	✓	✓	✗	✓	✓	✗

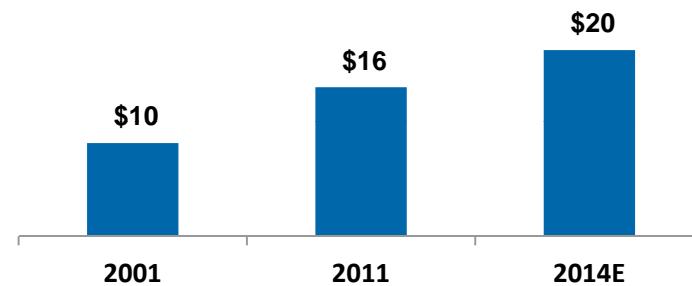
Favorable industry trends



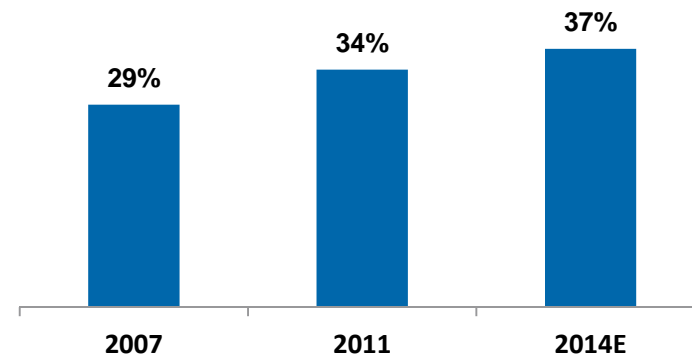
Key Trends⁽¹⁾

- Over \$27 trillion in addressable retail assets
- Strong growth in fee based assets – 19% CAGR from 2008 through 2011
- More than 10,000 baby boomers retiring daily
- Wirehouses are expected to cede 7% of asset market share by 2014
- 22% of advisors are considering a move to a new firm in the next two years
- RIA fastest growing channel, forecasted to add 5% market share by 2016

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



Secular Shift to Independence Independent Channels' Market Share by Assets⁽³⁾



(1) Key trend sources are: Cerulli Quantitative Update – The State of U.S. Retail and Institutional Asset Management, 2012 PewResearchCenter.org, Cerulli Quantitative Update – Advisors Metrics 2012 and Cogent Research 2012 Advisor Channel Migration Trends Study

(2) Cerulli Quantitative Update – Retirement Markets, 2012

(3) As measured by assets in the independent and RIA channels - Cerulli Quantitative Update – Intermediary Distribution 2012

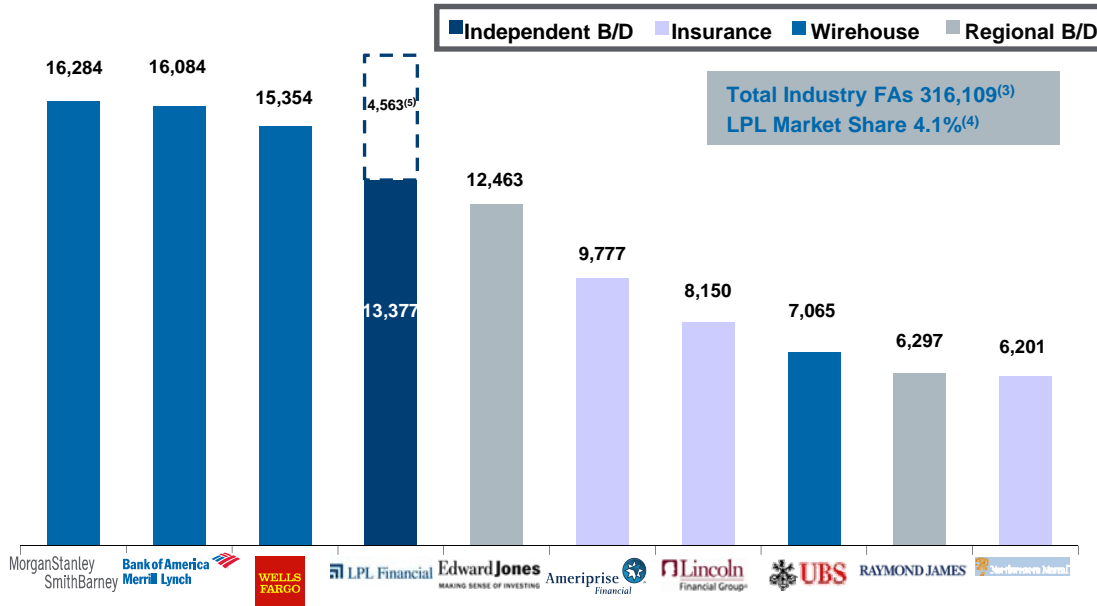
Positioned to capitalize on industry trends



Ranked #1 as leading destination for advisors, with 43% indicating they would consider LPL Financial⁽¹⁾

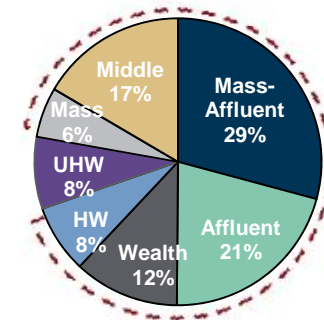
Top 4 Broker-Dealer in the Industry

Select Competitors as of 03/31/13 by Number of Advisors⁽²⁾



Expanding Opportunities

- Expanded addressable assets to 92% of the \$27 trillion market



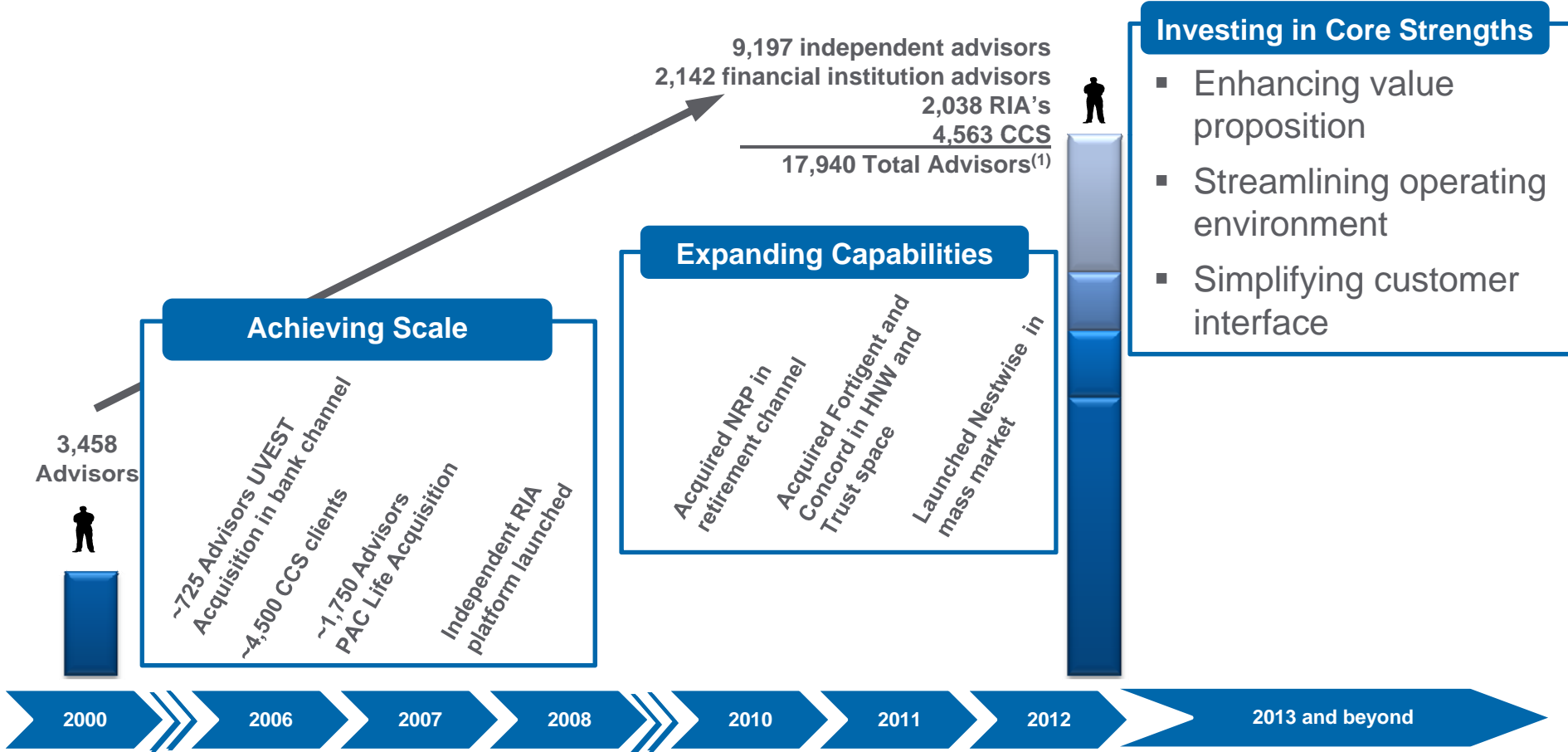
- LPL's independent market share expanded from 4.6% in 2004 to 10.1% in 2011
- \$47 billion in RIA assets
- >\$70 billion in retirement assets serving more than 25,000 plans⁽⁶⁾

(1) Source: Cogent Research - 2012 Advisor Channel Migration Trends Study
 (2) Source: Company Financials; based on most recently available figures
 (3) Source: Cerulli and Company Financials; based on most recently available figures as of 03/31/2013. Edward Jones data is as of 12/31/12.
 (4) LPL market share as of 12/31/2011 to coincide with most recent industry data
 (5) LPL provides support to additional financial advisors who are affiliated and licensed with insurance companies
 (6) Includes additional estimated retirement plan assets supported by our advisors and custodied with third party providers who do not provide reporting feeds

Evolving Growth Strategy...



Uniquely situated to leverage scale and scope to deliver additional value to our advisors



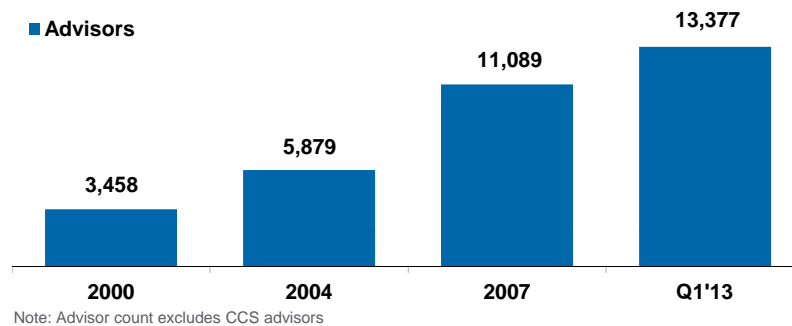
(1) Advisor data is as of Q1'2013

... Propels fundamental growth drivers



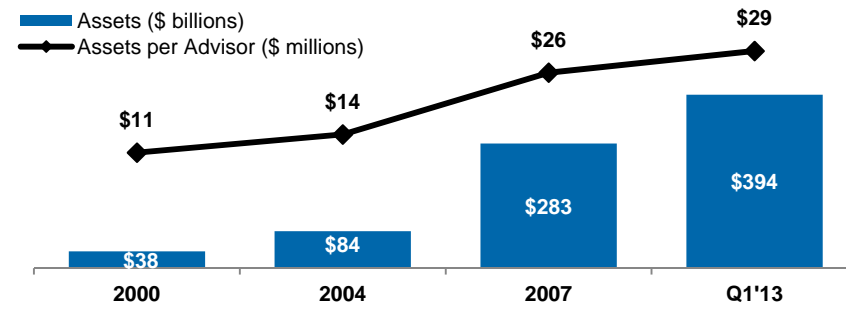
Grows advisor base

- Expanding retail assets served
- Diversify advisors served
- Recruiting across all channels



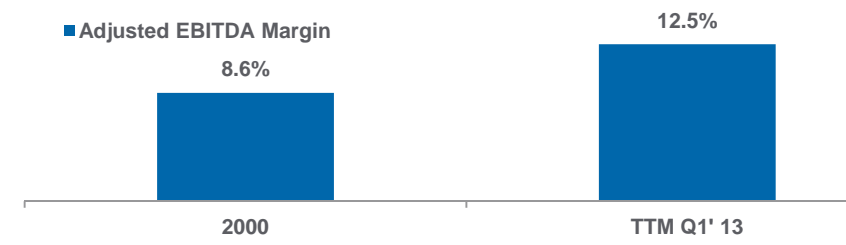
Increases AUM per Advisor

- New capabilities
- Enabling advisor efficiency
- Business consulting and research



Improves Operational Efficiency

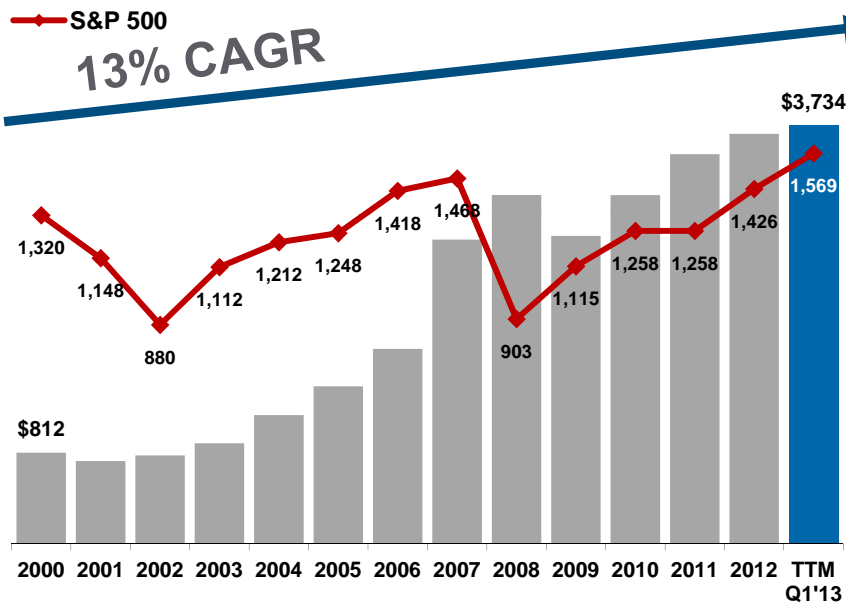
- Benefit of scale
- Technology investments/automation
- Service Value Commitment



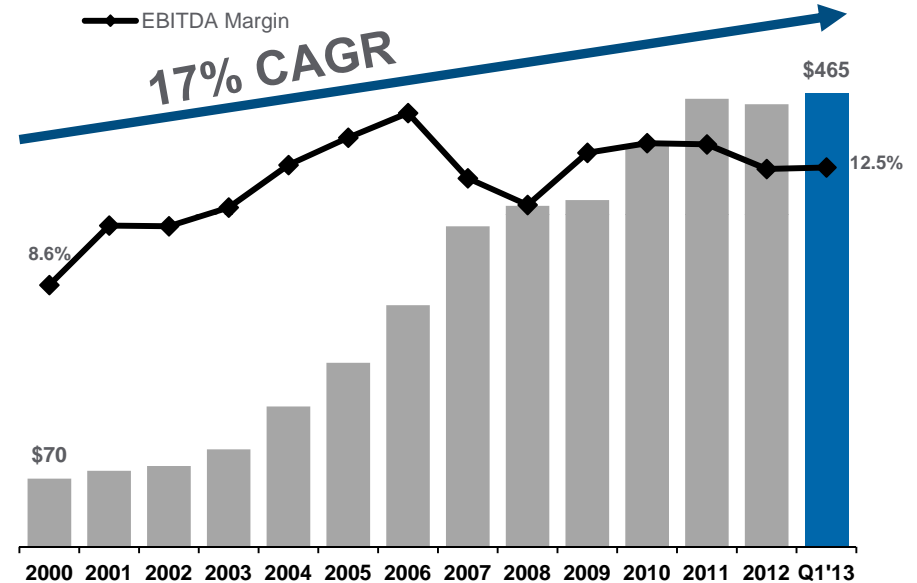


Proven track record across market cycles

Net Revenue, \$ in millions



Adjusted EBITDA, \$ in millions



Key Takeaways

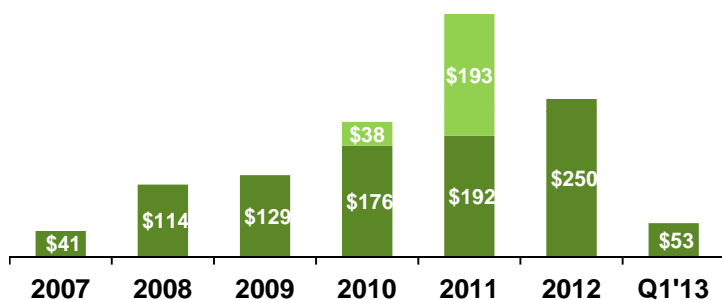
- History of investing in business, even in down markets, to sustain growth
- Expanded margins 380 basis points, or 31 basis points per year on average
- Significant margin upside in normalized rate environment

Strong cash generation enables reinvestment and returns



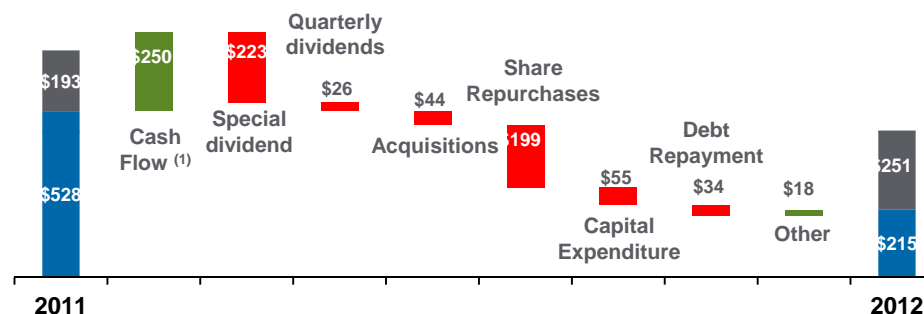
Strong Free Cash Flow Generation

- Tax Benefit from IPO
- Free Cash Flow (1)



Capital Deployment in 2012

- Cash Available for Corporate Use
- Cash Reserve



Investments to grow our business

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

Dividends

- \$263 million since IPO through March 31, 2013, inclusive of a special dividend of \$2.00/share
- Increased quarterly dividend by 12.5% to \$0.135 in February 2013

Share buybacks

- Significant share repurchases - \$293 million since IPO through March 31, 2013
- \$82 million remaining in repurchase plan as of March 31, 2013

(1) Defined as change in cash available for corporate use per debt agreement, before capital expenditures, acquisitions, dividends, debt repayment and share repurchases

LPL is a unique investment opportunity



Industry leader with scale and growing share

Highly attractive secular growth trends

Expanding fundamental growth drivers

Proven track record across market cycles

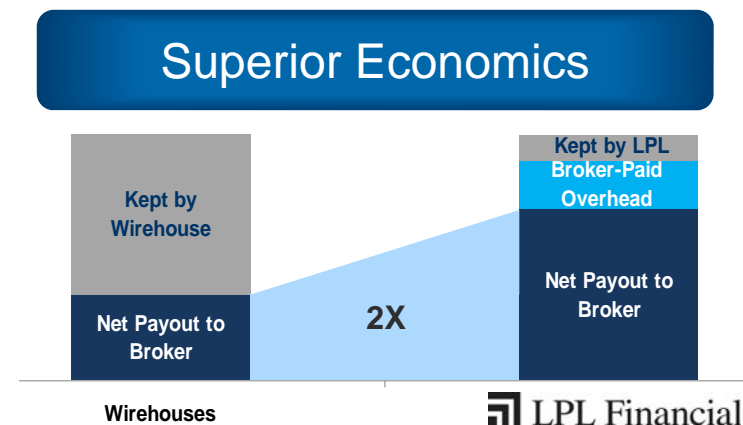
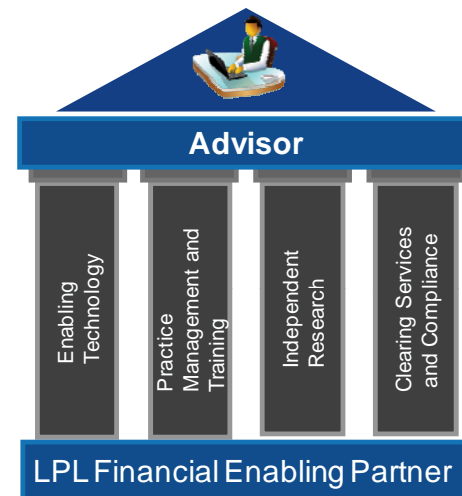
Strong cash generation and return of capital

Appendix



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 = 50%⁽¹⁾
- LPL affiliated advisors are 18% more profitable than other independent advisors⁽²⁾



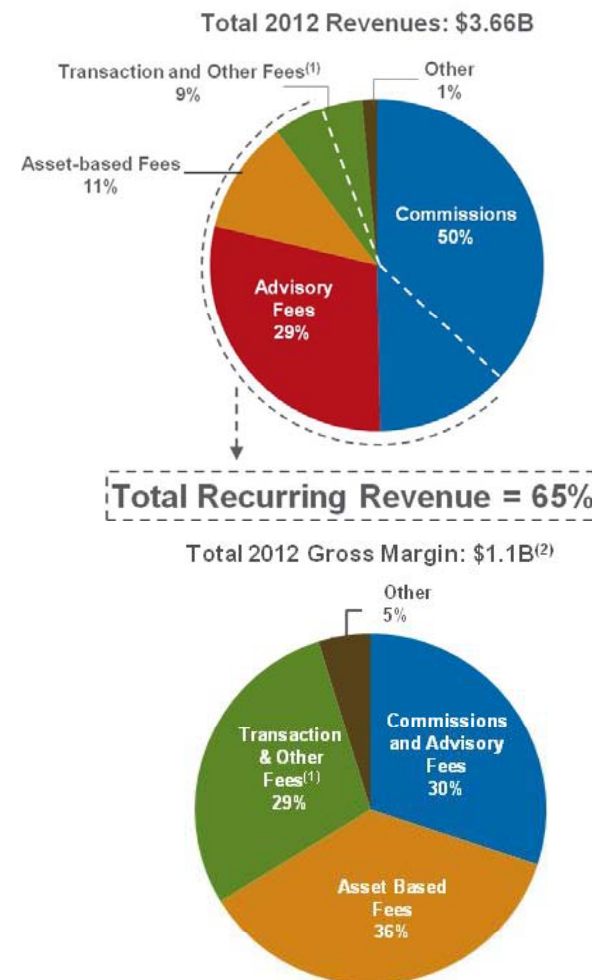
(1) 3rd party survey measures how likely an LPL advisor would be to recommend LPL to a colleague by totaling the "promoters" and subtracting the "detractors"
 (2) Source: 2010 study commissioned by LPL and conducted by PwC



Attractive financial model

- Diverse revenue sources with embedded growth
 - 95%+ retention
 - No advisor concentration greater than 3%
 - Recurring revenue of 65%
 - 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
- 35+% Adjusted EBITDA as a percent of Gross Margin (excludes advisor production expense)

Note: Financials are as of 12/31/12



(1) Other fees include individual advisor and account fees

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



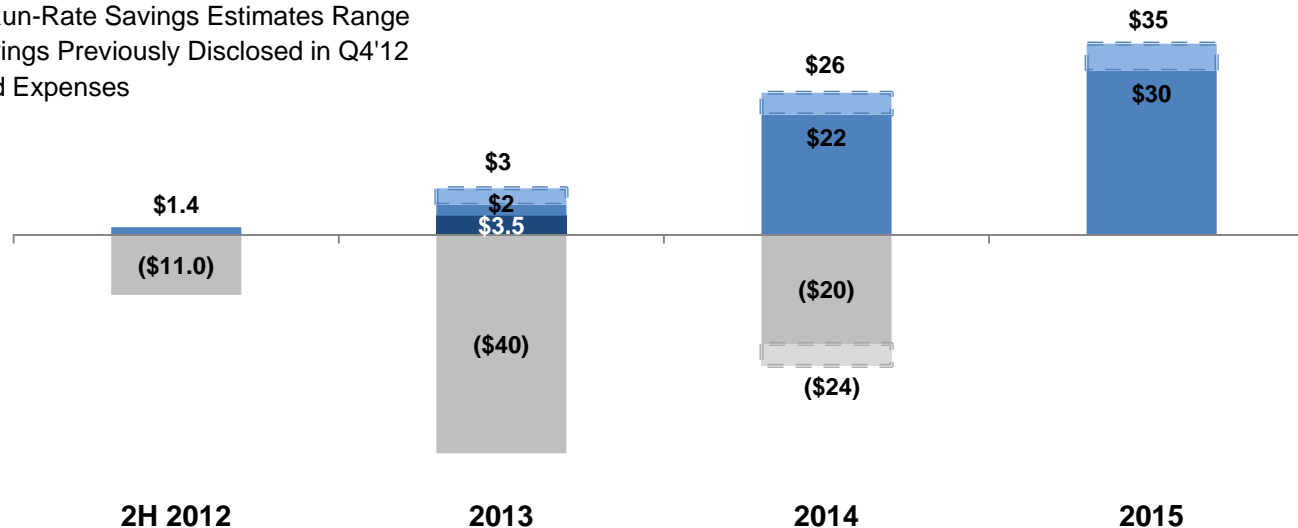
Accelerating our Service Value Commitment

2013 – 2015 Goals

- Position LPL for sustainable long-term growth
- Deliver efficiencies in operating model
- Enhance service experience for advisors and work environment for employees
- Improve processes to achieve faster turnaround time for advisors

SVC savings and investment ramp up through 2015⁽¹⁾ \$ in millions

- Annual Run-Rate Savings Estimates Range
- Cost Savings Previously Disclosed in Q4'12
- Projected Expenses



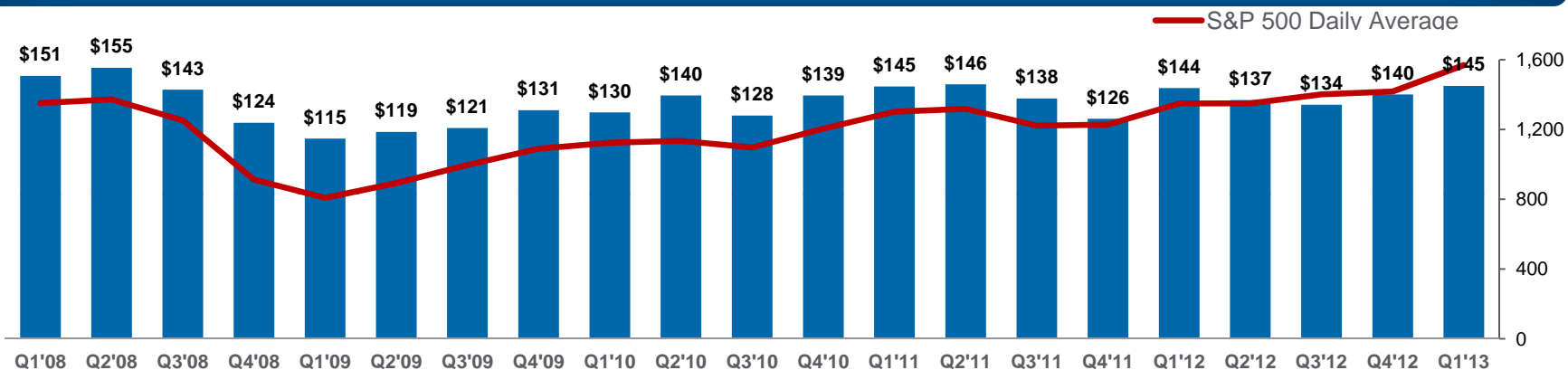
(1) Estimated annual pre-tax savings are related to the Service Value Commitment and these estimates are subject to change.

Quarterly trends



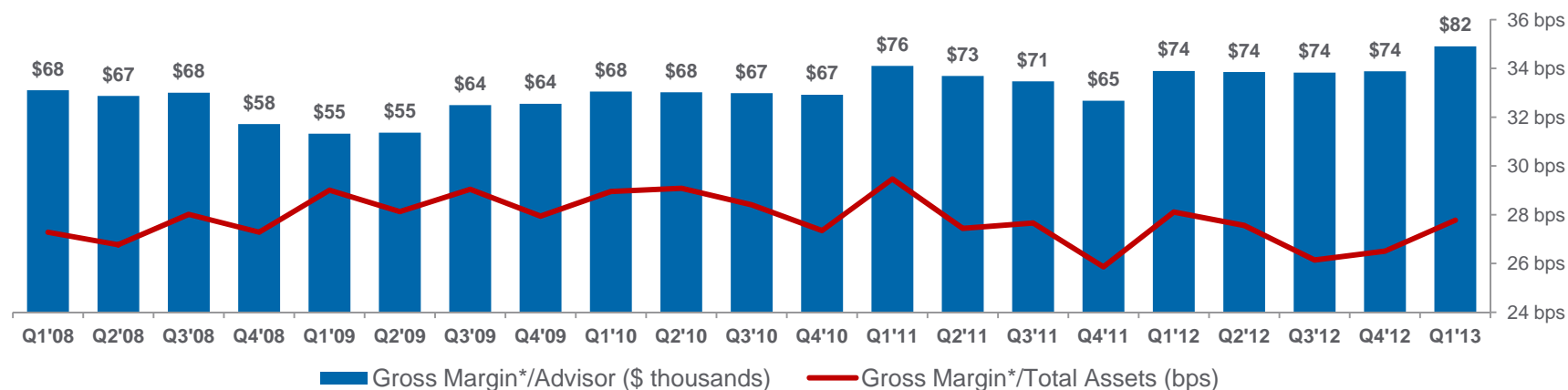
Cyclicality in Advisor Production

Annualized Commissions per Advisor (\$ thousands)



Gross Margin Ratios Remain Steady as Business Evolves

Gross Margin* per Advisor (\$thousands) and Gross Margin*/Total Assets (bps)



*Excludes cash sweep revenue