



Citi US Financial Services Conference

March 2013

 LPL Financial

Member FINRA/SIPC



Safe harbor disclosure

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An established leader in the financial services industry

We provide 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

Key Facts and Figures

Advisors ⁽¹⁾	17,907
Total Assets	\$373 billion
RIA Assets	\$41 billion

Open architecture platform offering 8,900 products from >690 manufacturers

(1) Advisor count includes 4,555 CCS advisors and 13,352 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



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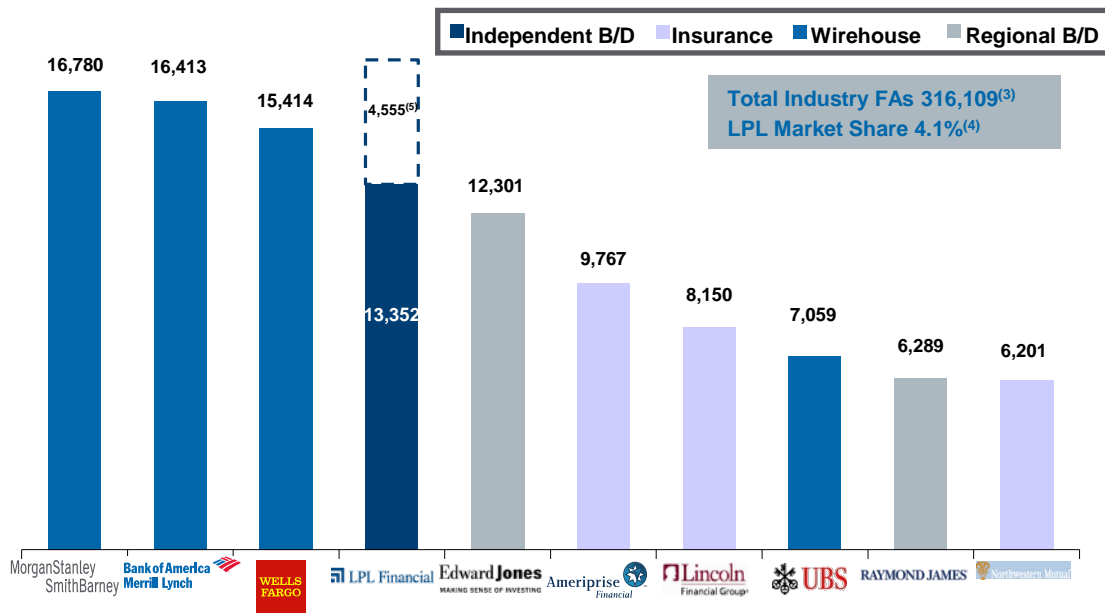
LPL Financial	✓	✓	✓	✓	✓	✓	✓
Morgan Stanley Smith Barney	✗	✗	✗	✗	✗	✗	✗
Bank of America Merrill Lynch	✗	✗	✗	✗	✗	✗	✗
WELLS FARGO	✗	✗	✗	✗	✓	✗	✗
Edward Jones	✓	✓	✓	✓	✗	✗	✗
Ameriprise Financial	✗	✓	✓	✗	✗	✗	✗
UBS	✗	✗	✗	✗	✗	✗	✗
Northwestern Mutual	✗	✓	✓	✗	✗	✗	✗
RAYMOND JAMES	✗	✗	✗	✗	✓	✗	✗
charles SCHWAB	✗	✓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

Market leader with growing share

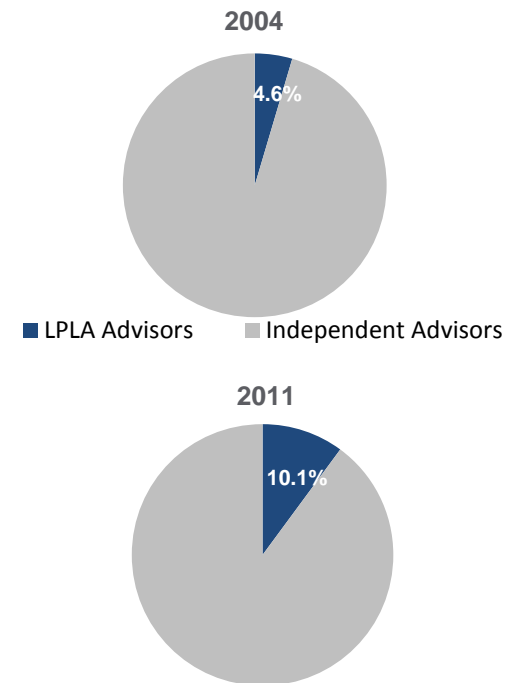
Ranked #1 as leading destination for advisors, with 43% indicating they would consider LPL Financial⁽¹⁾

Top 4 Broker-Dealer in the Industry

Select Competitors as of 12/31/12 by Number of Advisors⁽²⁾



Expanding Market Share In Independent Channel



- (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 12/31/2011
- (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

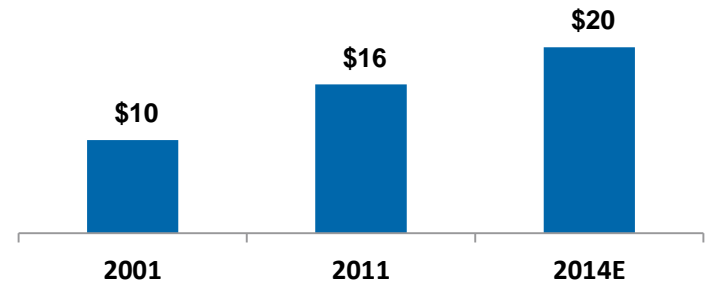
Favorable and growing industry trends

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

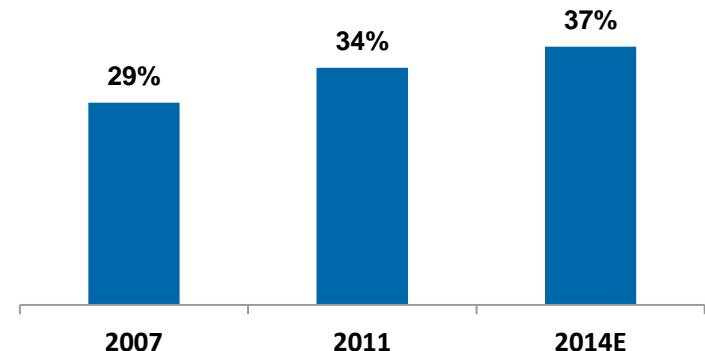
Boom in Retirement Assets⁽²⁾

(\$ 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

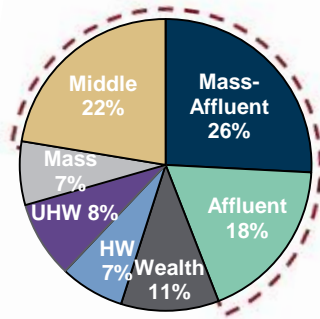
(3) As measured by assets in the independent and RIA channels - Cerulli Quantitative Update – Intermediary Distribution 2012



Positioned to capitalize on industry trends

Expanding Addressable Assets⁽¹⁾

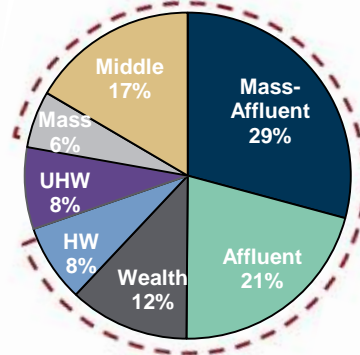
Total of \$24.1 Trillion



66% Addressable by LPL

2009

Total of \$27.4 Trillion

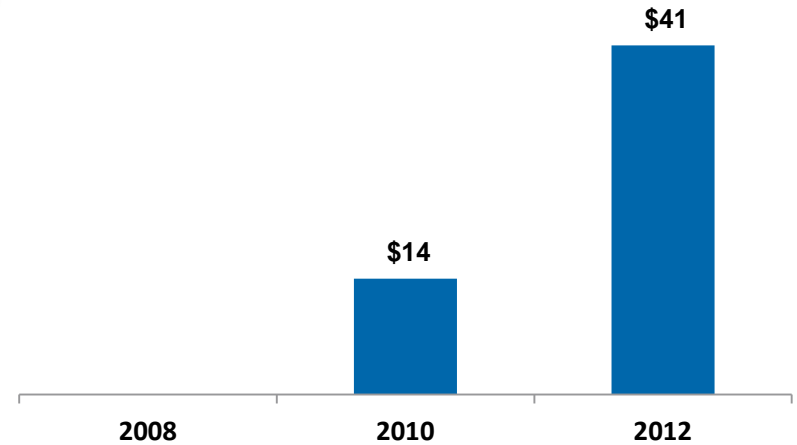


92% Addressable by LPL

2012

Only Integrated RIA and Brokerage Platform in the Industry

Growth of RIA Assets on LPL Platform - \$ in billions



Leading Retirement Services Provider

- >\$70 billion in retirement assets and serving >25,000 plans
- Developed IRA rollover desk and In-Plan advice services

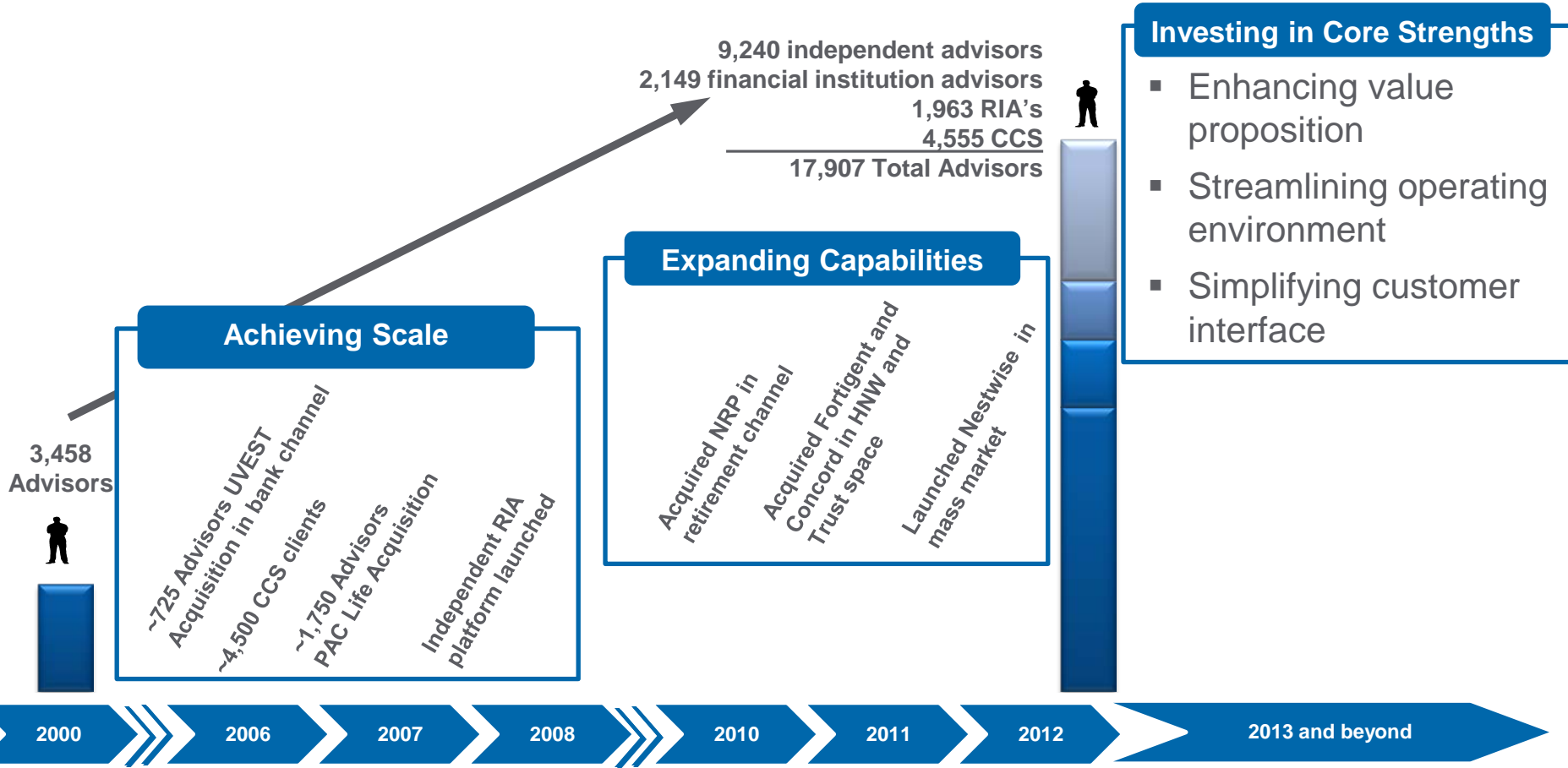
(1) As measured by investable assets - Cerulli Quantitative Update – Retail Investor Product Usage 2010 and 2012

(2) Represents both advisory and brokerage assets on LPL's RIA platform



Evolving Growth Strategy...

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

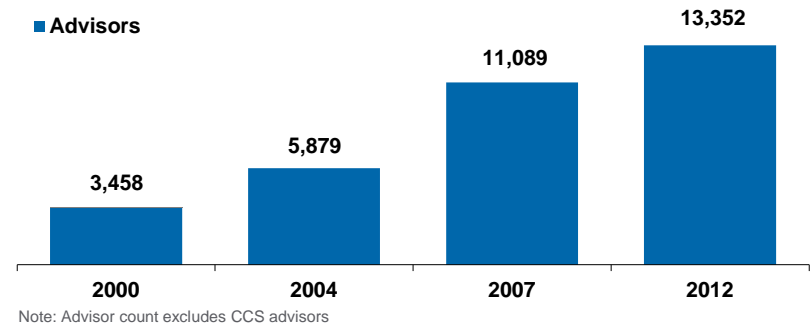


9,240 independent advisors
 2,149 financial institution advisors
 1,963 RIA's
 4,555 CCS
 17,907 Total Advisors

... Propels fundamental growth drivers

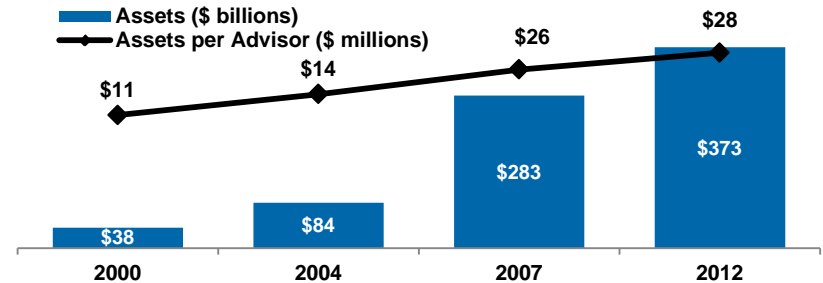
Grows advisor base

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



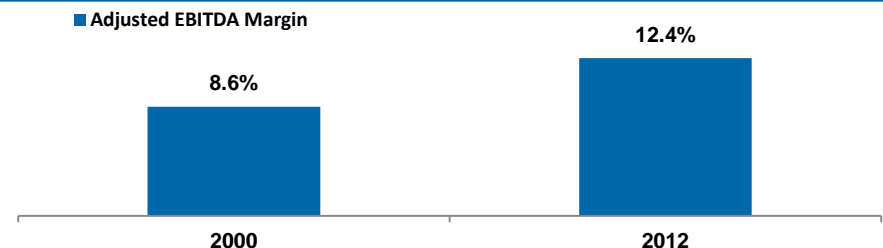
Increases AUM per Advisor

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



Improves Operational Efficiency

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





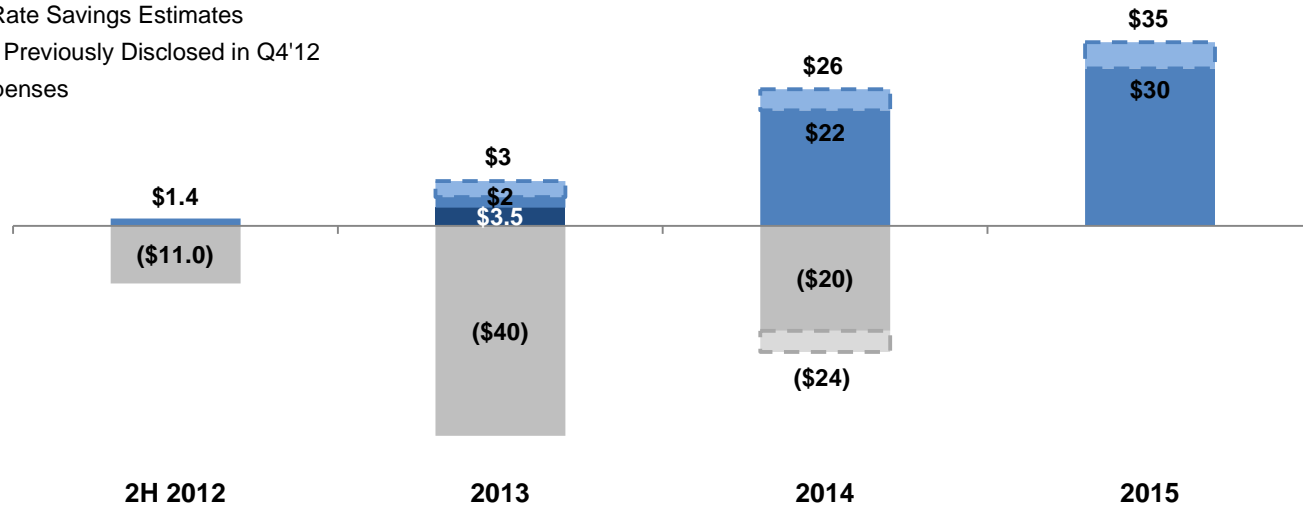
Accelerating our Service Value Commitment

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
- Cost Savings Previously Disclosed in Q4'12
- Projected Expenses

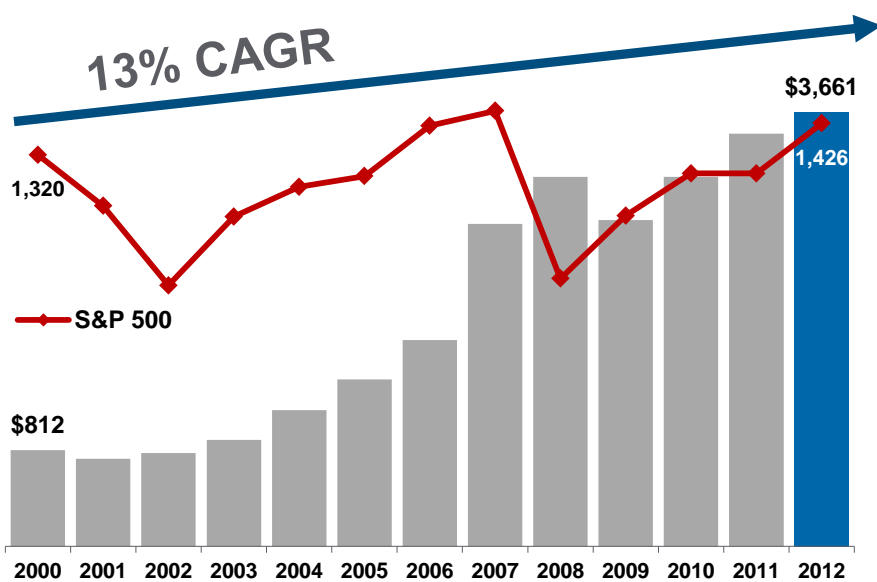


(1) Estimated annual pre-tax savings are related to the Service Value Commitment and these estimates are subject to change.

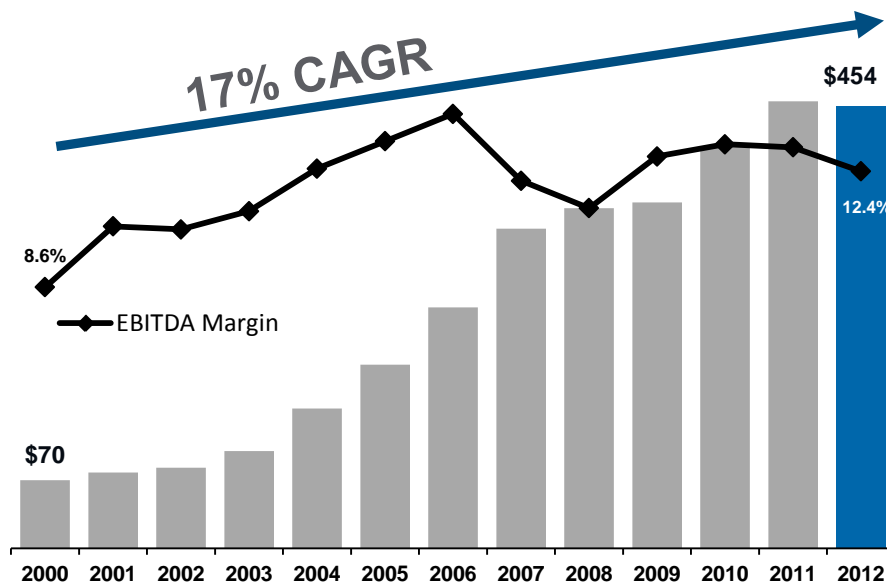


Proven track record across market cycles

Net Revenue, \$ in millions



Adjusted EBITDA, \$ in millions



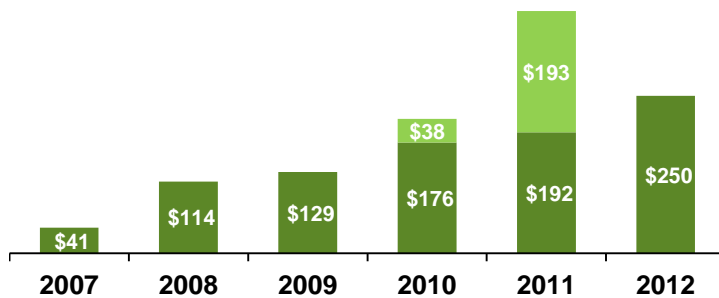
Key Takeaways

- 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 driven by normalized rate environment

Strong cash generation enables reinvestment and returns

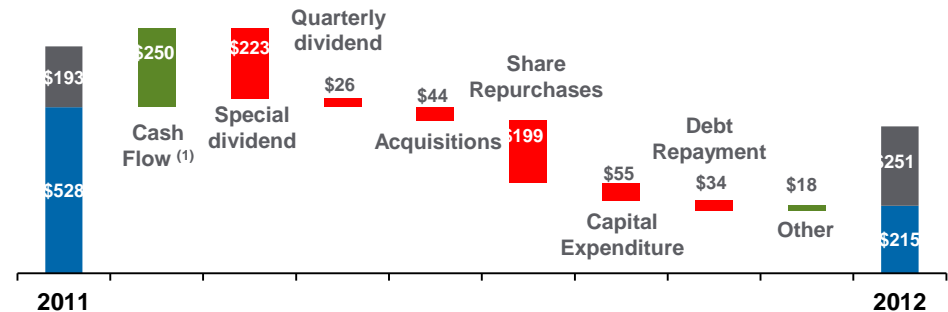
Strong Free Cash Flow Generation

- 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

- \$249 million since IPO through December 31, 2012, inclusive of a special dividend of \$2.00/share
- Increased quarterly dividend by 12.5% to \$0.135

Share buybacks

- Significant share repurchases - \$288 million since IPO through December 31, 2012
- \$87 million remaining in repurchase plan as of December 31, 2012

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

Operational update

- Pipeline for new advisors remains strong
- Improving advisor productivity quarter to date
- Managing production bonus to moderate payout rate growth
- Expanding Service Value Commitment

Drivers	Q1'12	Q4'12	Q1'13 Outlook
Net New Advisors	115	182	Ramping (strong for the year)
Commissions per Advisor	\$144	\$140	Improving
Annualized Advisory Net New Flows	9%	9%	7-12%
Payout Rate	86.4%	87.7%	Normalizing
Operational Expense ⁽¹⁾	\$133	\$141	\$5 mm sequential growth
S&P500	1,408	1,426	1,516 to date ⁽²⁾
ICA Fee	92	87	10-12 bp compression across year

(1) Operational expenses excludes production payout, D&A, adjustments and promotional expense; promotional expenses includes transition assistance and conference spend

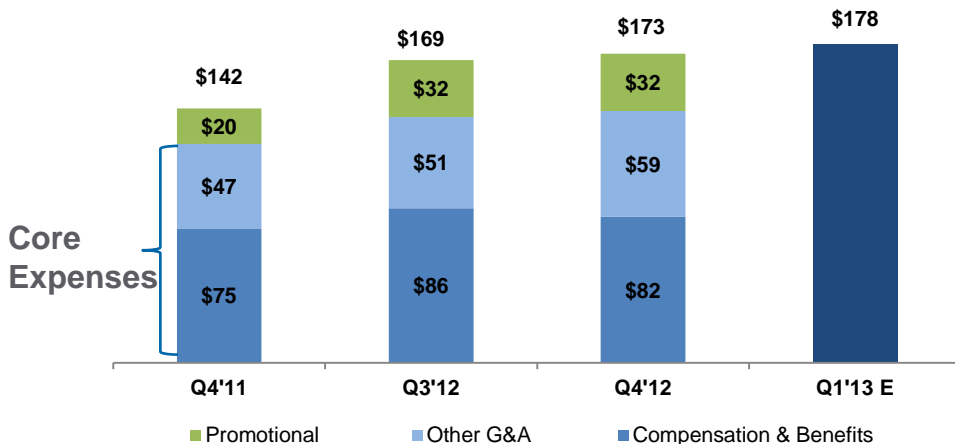
(2) Market data is as of 02/22/13



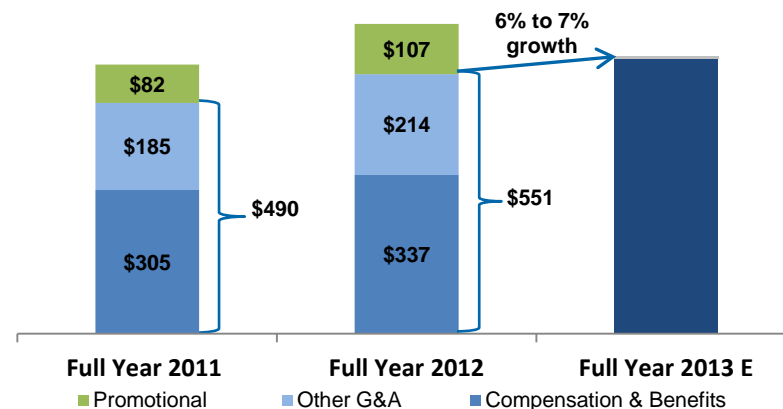
Operational expense outlook

- Actively managing expenses
- Q1 sequential growth driven by payroll taxes, benefits and conferences
- Transition assistance remains variable
- Absorb growth investments by Q3'13, leading to 4-5% year-over-year operational expense growth in latter half of the year

Quarterly Expenses, \$ in millions



Full Year Expenses, \$ in millions



(1) Core expenses excludes production payout, D&A, adjustments and promotional expense; promotional expenses includes transition assistance and conference spend



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