First Quarter 2011 Earnings Conference Call

April 25, 2011

LPL Financial

Member FINRA/SIPC

Safe Harbor Statement

- Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about the Company's future results of operations. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ, including those discussed in the Company's first quarter 2011 press release, our quarterly reports on Form 10-Q, our 2010 Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission. We assume no obligation to update this presentation, which speaks as of today's date.

- The company uses a number of non-GAAP financial measures that management believes are useful to investors because they illustrate the performance of the company's normal, ongoing operations which is important in understanding and evaluating the company's financial condition and results of operations. While such measures are also consistent with measures utilized by investors to evaluate performance, they are not a substitute for U.S. GAAP financial measures. Therefore, in the back of the presentation, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure.

¬First Quarter 2011 Highlights

- All comparisons are 1Q11 vs. 1Q10 unless otherwise noted
- 24% adj. EPS growth
  - Equalizing the prior period diluted to share count for the 14% increase due to the IPO, adj. EPS grew 44%
- 18% net revenue growth fueled by continued acceleration in advisor activity
  - Double-digit growth in commission, advisory and asset-based fees
- Brokerage sales strong across all product lines
  - Sales commissions, led by mutual funds, variable and group annuities at highest levels since 2008

¬First Quarter 2011 Highlights

- Total advisory and brokerage assets up 16% - record $330 billion
  - Advisory assets rose 23% - new high-water mark of $99.7 billion - significantly outpacing S&P500 index growth
  - Hybrid RIA assets reach $15.5 billion
- Business develop remains strong – added 528 net new advisors during past twelve months
- 1Q11 payout ratio was 85.4%
  - 60 bps increase over 1Q10 primarily due to conversion of managed reps from LPL employees to independent contractors in 3Q10
  - 210 bps decrease over 4Q10 reflecting the restarting of production bonus qualification for a new year

¬First Quarter 2011 Highlights

- 14.2% operating margin highest since 2Q07 (Adj. EBITDA as a % of net revenue)
- Core run-rate expenses remain on track
  - Increase in non-production related expenses due to combination of factors:
    - 1Q10 expenses lower than normal as result of cost reductions in 2009 stemming from market disruption
    - Comp & benefits increased 14% due to timing of merit and promotions granted in January 2011 vs. March 2010 and higher staffing levels needed to support improving advisor activity and production volumes
    - Higher G&A resulting from:
      - More robust business development
      - Higher baseline accruals for discretionary bonus pool & 401(k) match
      - Increased expenditures related to advisor facing initiatives and technology projects

¬First Quarter Highlights

Operational Highlights

Metric	1Q'11	% Change from 1Q'10	% Change from 4Q'10
Net Revenue ($ Million)	$873.9	17.5%	6.6%
Adjusted EBITDA ($ Million)	$124.3	17.9%	25.4%
Adjusted EBITDA (as a % of net revenue)	14.23%	4 bps	213 bps
Adjusted Earnings ($ Million)	$59.4	44.5%	32.9%
Adjusted EPS	$0.52	23.8%	23.8%
Total Advisory and Brokerage Assets ($ Billion)	$330.1	16.0%	4.6%
Advisory Assets ($ Billion)	$99.7	23.1%	7.2%
Hybrid RIA Assets ($ Billion)	$15.5	84.5%	14.8%
Net New Advisor Growth		528	
Payout Ratio Increase/(Decrease)	85.4%	60 bps	(210) bps

¬First Quarter Highlights

	Q1 2011			Q1 2010			Adjusted Variance	
	Earnings Release	Adjustments	Adjusted	Earnings Release	Adjustments	Adjusted	$	%
REVENUES:								
Commissions	$451,877	$ -	$451,877	$388,972	$ -	$388,972	$62,905	16.2%
Advisory Fees	244,087	-	244,087	206,330	-	206,330	37,757	18.3%
Asset-Based Fees	89,823	-	89,823	71,450	-	71,450	18,373	25.7%
Transaction & Other Fees	73,749	131	73,880	67,363	842	68,205	5,675	8.3%
Other	14,333	-	14,333	9,291	-	9,291	5,042	54.3%
Total Net Revenues	873,869	131	874,000	743,406	842	744,248	129,752	17.4%
EXPENSES:								
Production	604,327	-	604,327	513,202	-	513,202	91,125	17.8%
Compensation & Benefits	84,142	(4,773)	79,369	73,575	(2,705)	70,870	8,499	12.0%
General & Administrative	64,282	(956)	63,326	53,237	(838)	52,399	10,927	20.9%
Depreciation & Amortization	18,165	-	18,165	25,590	-	25,590	(7,425)	-29.0%
Restructuring Charges	537	(537)	-	3,949	(3,949)	-	-	-
Other	2,686	(39)	2,647	4,801	(2,481)	2,320	327	14.1%
Total Operating Expenses	774,139	(6,305)	767,834	674,354	(9,973)	664,381	103,453	15.6%
Non-Operating Interest Expense	18,172	-	18,172	24,336	-	24,336	(6,164)	-25.3%
Total Expenses	792,311	(6,305)	786,006	698,690	(9,973)	688,717	97,289	14.1%

¬First Quarter Highlights

	Q1 2011			Q4 2010			Adjusted Variance	
	Earnings Release	Adjustments	Adjusted	Earnings Release	Adjustments	Adjusted	$	%
REVENUES:								
Commissions	$451,877	$ -	$451,877	$426,397	$ -	$426,397	$25,480	6.0%
Advisory Fees	244,087	-	244,087	226,407	-	226,407	17,680	7.8%
Asset-Based Fees	89,823	-	89,823	87,020	-	87,020	2,803	3.2%
Transaction & Other Fees	73,749	131	73,880	68,410	465	68,875	5,005	7.3%
Other	14,333	-	14,333	11,721	5	11,726	2,607	22.2%
Total Net Revenues	873,869	131	874,000	819,955	470	820,425	53,575	6.5%
EXPENSES:								
Production	604,327	-	604,327	802,167	(222,028)	580,139	(24,188)	-4.2%
Compensation & Benefits	84,142	(4,773)	79,369	85,632	(11,473)	74,159	(5,210)	-7.0%
General & Administrative	64,282	(956)	63,326	56,430	5,588	62,018	(1,308)	-2.1%
Depreciation & Amortization	18,165	-	18,165	18,565	-	18,565	400	2.2%
Restructuring Charges	537	(537)	-	3,488	(3,488)	-	-	-
Other	2,686	(39)	2,647	23,001	(18,051)	4,950	2,303	46.5%
Total Operating Expenses	774,139	(6,305)	767,834	989,283	(249,452)	739,831	(28,003)	-3.8%
Non-Operating Interest Expense	18,172	-	18,172	18,877	-	18,877	705	3.7%
Total Expenses	792,311	(6,305)	786,006	1,008,160	(249,452)	758,708	(27,298)	-3.6%

¬First Quarter Highlights

- Weighted average fully diluted shares outstanding increased due to the successful completion of IPO in 4Q10
- The following table reflects pro-forma Adj. EPS assuming the same number of weighted average shares outstanding on a fully diluted basis for the three months ending March 31, 2011 and 2010

	Three Months Ended March 31,		
	2011	2010	% Change
Adjusted Earnings	$59,373	$41,099	
Weighted average shares outstanding - diluted as of March 31, 2011	113,196	113,196	
Pro-Forma Adjusted Earnings per share	$0.52	$0.36	44.4%
Actual weighted average shares outstanding	113,196	98,945	14.4%

¬Rising Interest Rate Sensitivity

- $19 billion in total customer sweep assets as of March 31, 2011
  - $12.3 billion in insured cash accounts
  - $6.9 billion in money market funds
  - Earned 68 basis points on blended basis in 1Q
- Rising interest rates will create incremental revenue on insured cash account deposits
  - Each 25 bps increase in Fed Funds rate up to 125 bps, generates $15 million in incremental pretax profits
  - Each 25 bps increase in the Fed Funds rate from 125 bps to 275 bps, generates $6 million in incremental pretax profits
  - Each +/- 10 bps change in Fed Funds rate up to 25 bps results in a $12 million impact to pretax profits

- Appendix

¬Non-GAAP Financial Measures

Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash charges and other adjustments. The Company presents Adjusted EBITDA because the Company considers it a useful financial metric in assessing the Company's operating performance from period to period by excluding certain items that the Company believes are not representative of its core business, such as certain material non-cash items and other items that are outside the control of management. Adjusted EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income 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.

Summary Financial Results, FY ended Dec.31

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Q1 2010	Q1 2011
Net Income	$30	$38	$36	$16	$35	$43	$34	$61	$45	$48	($57)	$26	$49
Loss From Discontinued Operations	-	-	-	-	-	26	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	1	125	123	116	101	90	24	18
Income Tax Expense	23	26	23	27	33	46	21	47	47	25	(32)	19	33
Depreciation and Amortization	3	4	8	12	16	18	65	79	100	108	86	26	18
EBITDA	**$56**	**$68**	**$67**	**$55**	**$84**	**$135**	**$245**	**$309**	**$309**	**$282**	**$88**	**$95**	**$118**
EBITDA Adjustments													
Share Based Compensation Exp.	-	-	-	-	-	8	3	2	4	6	10	3	4
Acquisition & Integration Related Exp.	-	-	-	-	-	34	1	16	18	3	13	0	1
Restructuring / Conversion	-	-	-	-	-	-	-	-	15	64	23	8	1
Debt Amendment & Extinguishment	-	-	-	-	-	-	-	-	-	-	39	0	-
Equity Issuance & IPO Costs	-	-	-	-	-	-	-	-	-	1	241	-	0
Other (1)	15	9	16	45	61	12	(2)	1	4	0	0	0	0
Adjusted EBITDA	**$70**	**$78**	**$83**	**$100**	**$144**	**$189**	**$248**	**$329**	**$350**	**$356**	**$413**	**$105**	**$124**

(1) Prior to 2005, EBITDA adjustments related to a loss on equity impairment, discontinued operations accounting treatment, and certain founder related costs

¬Non-GAAP Financial Measures (Cont'd)

Adjusted Earnings represents net income before: (a) share-based compensation expense, (b) amortization of intangible assets and software, a component of depreciation and amortization, resulting from the Company's merger transaction in 2005 with the Majority Holders and its 2007 acquisitions, (c) acquisition and integration related expenses and (d) restructuring and conversion costs, (e) debt amendment and extinguishment costs, (f) equity issuance and IPO related costs and (g) other. Reconciling items are tax effected using the income tax rates in effect for the applicable period, adjusted for any potentially non-deductible amounts. In reporting its financial and operating results for the years ended December 31, 2010, 2009 and 2008, the Company renamed its non-GAAP performance measures to Adjusted Earnings and Adjusted Earnings per share (formerly known as Adjusted Net Income and Adjusted Net Income per share).

Summary Financial Results, FY ended Dec.31

	2008	2009	2010	Q1 2010	Q1 2011
Net Income	$45	$48	($57)	$26	$49
After-Tax:					
EBITDA Adjustments					
Share Based Compensation Expense	4	5	8	2	3
Acquisition & Integration Related Expenses	11	2	8	0	1
Restructuring / Conversion	9	39	14	5	1
Debt Amendment & Extinguishment Costs	-	-	23	0	-
Equity Issuance & IPO Costs	-	0	150	-	0
Other	2	0	0	0	0
Total EBITDA Adjustments	**26**	**46**	**203**	**7**	**4**
Amortization of Purchased Intangible Assets and Software	37	36	27	9	6
Adjusted Earnings	**$109**	**$130**	**$173**	**$41**	**$59**