

February 2, 2009

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617 897 4425 office
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617 426 8589 fax**Attorney General Kelly A. Ayotte**
New Hampshire State Attorney General's Office
33 Capitol Street
Concord, NH 03301**Re: LPL Financial Corporation**
Notification of Security Breach under N.H. Rev. Stat. § 359-C:20

Dear Attorney General Ayotte:

We write to advise you of an incident involving unauthorized access to personal information of LPL Financial clients. On October 24, a third-party system error was discovered that allowed four of our clients to view personal information of 19 individuals, 12 of whom are New Hampshire residents.

Learning About the Incident. The LPL Financial advisor first learned of this incident on October 24, 2008 and took the following actions: (1) determined what information had been compromised; (2) investigated the situation; and (3) notified and offered solutions to the affected individual. A list containing the names and addresses of the affected New Hampshire residents is attached to this letter as Exhibit A.

Investigating the Disclosure. We conducted an internal investigation and identified those clients whose personal information may have been accessed; and though we have no evidence of any fraudulent activity, we used the information gathered during our research to generate a customer notification mailing list.

Communicating with Affected Individuals. In order to ensure that affected individuals could take immediate steps to protect themselves from possible identity theft or other monetary damage, we moved quickly to inform them of the incident. We retained Kroll Inc. ("Kroll"), a risk consulting company, to provide toll-free access to its Consumer Solutions Center, along with credit monitoring services and identity theft restoration services. In tandem, we prepared guidance for call center representatives and drafted a communication to affected individuals. The communication was sent by first-class mail in January, 2009. The notification materials, attached to this letter as Exhibit B, advise the affected individuals to remain vigilant by reviewing account statements and utilizing the credit monitoring service that Kroll Inc. offers.

Services to Affected Individuals. Kroll will provide access to a credit report to affected individuals who enroll for the service. In addition, the enrolled individual's credit file will be monitored for critical changes, including address changes, inquiries, new trade-lines, derogatory notices, and appearance of certain public records. Individuals will be informed of such changes by either postal or electronic mail. If a person suspects or discovers fraudulent activity, Kroll, as

part of the identity restoration services, will provide the affected individual with a toolkit of resources to address issues encountered. Moreover, if the affected individual provides Kroll a Limited Power of Attorney, Kroll will work on the individual's behalf to restore his or her identity, including, among other services: (1) issuing fraud alerts to government agencies and credit reporting agencies; (2) conducting a search of non-credit-data records to detect any other fraudulent activity committed in the person's name; (3) working with account holders and credit reporting agencies to dispute fraudulent accounts; and (4) working with law enforcement agencies to prevent additional fraudulent activity.

We believe the services offered to our clients will help them immediately respond to any threats of identity theft or other misuse of their data as a result of this isolated incident.

We trust that this letter and its enclosures provide you with all the information required to assess this incident and our response. Please let us know if you have additional questions or if we can be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Keith Fine', followed by a large, stylized flourish or checkmark-like mark.

Keith Fine
Senior Vice President, Associate Counsel

Enclosures

cc: Marc Loewenthal

Urgent Message
Please Open Immediately.

[Name]
[Address]

Dear <FirstName> <MiddleInitial> <LastName>,

As you are a valued client of LPL Financial, guarding your privacy is a top priority for our firm. Regrettably, we were recently made aware of an incident where your personal information including your name and account information were viewable through a 3rd party online system. The issue was identified on October 24th and was resolved on the same day. We maintain a strong commitment to protecting your information and aim to communicate openly should it ever be compromised.

While we have no evidence that the information has been misused, we wanted to make you aware of the incident and the steps we are taking to help safeguard your personal information.

We have engaged Kroll, Inc. to provide its ID TheftSmart service; in fact, this packet was mailed from Kroll's print facility in Georgia to expedite delivery. Kroll's service, offered at no cost to you, includes access to Enhanced Identity Theft Restoration, Continuous Credit Monitoring, and a Trimerged Credit Report.

ID TheftSmart is one of the most comprehensive programs available to help protect your name and credit against identity theft. We encourage you to take the time to review the safeguards made available to you and review your statements and credit information regularly. If you do suspect identity theft, report it immediately to law enforcement as well as the Federal Trade Commission.

If you have any questions or feel you have an identity theft issue, please call ID TheftSmart at 1-800-588-9839 between 8:00 a.m. and 5:00 p.m. (Central Time), Monday through Friday.

In addition to ID TheftSmart, you may also obtain information regarding steps you can take to safeguard yourself against identity theft from the following sources:

Equifax Credit Information Services, Inc.
P.O. Box 105788
Atlanta, GA 30348
1-888-766-0008

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-FTC-HELP (1-877-382-4357)
<http://www.ftc.gov>

**TransUnion Fraud Victim Assistance
Department**
P.O. Box 6790
Fullerton, CA 92834
1-800-680-7289

Experian
P.O. Box 9554
Allen, TX 75013
1-888-397-3742

We apologize for any inconvenience or concern this situation may cause. We at LPL Financial believe it is important for you to be fully informed of any potential risk resulting from this incident. Again, we want to reassure you that we have no evidence that your personal information has been misused. Maintaining the privacy of your information is a key priority for LPL Financial, and we will continue to take the needed steps to protect your information

Sincerely,

Marc Loewenthal
Senior Vice President
Chief Security/Privacy Officer
LPL Financial

Enclosures:

Membership Card
A Summary of Your Rights Under the Fair Credit Reporting Act
Authorization Form for Credit Report and Credit Monitoring Service
Service Overview Brochure
Kroll Privacy Policy