LPL Financial

Prudential Advisors to Join LPL Financial's Enterprise Platform

August 24, 2023

Notice to Investors: Safe Harbor Statement

Certain of the statements included in this presentation, such as those regarding the completion of the strategic relationship agreement between Prudential Financial, Inc. (“Prudential”) and LPL Financial Holdings Inc. (“LPL”) and the expected transition of assets associated therewith; the benefits anticipated therefrom; the planned changes to LPL’s existing platform and servicing model; and the potential expansion of LPL’s enterprise business, constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on current expectations and beliefs concerning future developments and their potential effects upon Prudential, LPL or both. In particular, no assurance can be provided that the assets reported as serviced by financial advisors affiliated with Prudential will translate into assets serviced by LPL, that advisors affiliated with Prudential will transition registration to LPL or that the benefits that are expected to accrue to Prudential, LPL and advisors as a result of the strategic relationship agreement will materialize. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, and there are certain important factors that could cause actual results or the timing of events to differ, possibly materially, from expectations or estimates expressed or implied in such forward-looking statements. Important factors that could cause or contribute to such differences include: the failure of the parties to satisfy the closing conditions applicable to the strategic relationship agreement, including receiving regulatory approval, in a timely manner or at all; difficulties or delays of LPL in transitioning advisors affiliated with Prudential Advisors, onboarding clients and businesses or transitioning their assets from Prudential Advisors’ current third-party custodian to LPL; the inability of LPL to sustain revenue and earnings growth or to fully realize revenue or expense synergies or the other expected benefits of the transaction, which depend in part on LPL’s success in onboarding assets currently served by advisors with Prudential; disruptions to Prudential’s or LPL’s businesses due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with financial advisors and clients, employees, other business partners or governmental entities; the inability of LPL or Prudential to implement onboarding plans; the choice by clients of Prudential affiliated advisors not to open brokerage and/or advisory accounts at LPL; changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of assets under custody; and the effects of competition in the financial services industry, including competitors’ success in recruiting Prudential affiliated advisors. Certain additional important factors that could cause actual results or the timing of events to differ, possibly materially, from expectations or estimates expressed or implied in such forward-looking statements can be found in the “Risk Factors” and “Forward-Looking Statements” (in the case of Prudential) or the “Risk Factors” and “Special Note Regarding Forward-Looking Statements” (in the case of LPL) sections included in each of Prudential’s and LPL’s most recent Annual Report on Form 10-K. Except as required by law, Prudential and LPL do not undertake to update any particular forward-looking statement included in this document as a result of developments occurring after the date of this presentation.

Notice to Investors: Non-GAAP Financial Measures

Management believes that presenting certain non-GAAP financial measures by excluding or including certain items can be helpful to investors and analysts who may wish to use this information to analyze LPL's current performance, prospects and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP financial measures and metrics discussed herein are appropriate for evaluating the performance of LPL. Specific non-GAAP financial measures have been marked with an asterisk (*) within this presentation. Reconciliations and calculations of such measures can be found in the appendix of this presentation.

EBITDA is defined as net income plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles. LPL presents EBITDA because management believes that it can be a useful financial metric in understanding LPL's earnings from operations. EBITDA is not a measure of LPL'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. For a reconciliation of net income to EBITDA, please see the appendix of this presentation.

Run-rate EBITDA is defined as net income plus interest expense, income tax expense, depreciation and amortization. LPL presents run-rate EBITDA because management believes that it can be a useful financial metric in understanding LPL's earnings from operations. Run-rate EBITDA is not a measure of LPL'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. In addition, LPL's run-rate EBITDA can differ significantly from EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Although run-rate EBITDA is presented on a forward-looking basis, LPL does not provide net income, the closest GAAP measure, on a forward-looking basis because it contains certain components, such as taxes, over which LPL cannot exercise control. Accordingly, a reconciliation of LPL's net income to run-rate EBITDA on a forward-looking basis also cannot be made available without unreasonable effort.

Gross profit is calculated as total revenue less advisory and commission expense; brokerage, clearing and exchange expense; and market fluctuations on employee deferred compensation. All other expense categories, including depreciation and amortization of property and equipment and amortization of other intangibles, are considered general and administrative in nature. Because LPL's gross profit amounts do not include any depreciation and amortization expense, LPL considers gross profit to be a non-GAAP financial measure that may not be comparable to similar measures used by others in its industry. Management believes that gross profit can provide investors with useful insight into LPL's core operating performance before indirect costs that are general and administrative in nature. For a calculation of gross profit, please see the appendix of this presentation.

Strategic Relationship Summary

Strategic Relationship Overview	• Prudential has chosen LPL to provide retail brokerage and investment advisory services for its Prudential Advisors business • LPL expects to bring Prudential financial professionals and client assets[(1)] onto the platform in the latter part of 2024
Business Overview	• Prudential Advisors has ~2,600 advisors, serving ~$50B+ of client assets[(1)] • Asset mix is ~25% advisory and ~75% brokerage, with client cash sweep balances of ~$1B[(1)] • Prudential Advisors will continue to offer financial planning, investment, insurance and retirement solutions to Prudential clients in all 50 states, utilizing LPL for clients' brokerage and investment advisory needs
Strategic Rationale	• Provides Prudential Advisors and their clients with access to LPL's differentiated capabilities, technology and service • LPL's buildout of a new platform to serve enterprises with proprietary product will unlock broader enterprise opportunity
Shareholder Value Creation	• Estimated run-rate EBITDA accretion of ~$60M+[(2)] when fully ramped • Estimated onboarding and integration costs of ~$125M[(3)]

(1) As of 06/30/2023. Total client assets includes both existing third-party custodian investment advisory assets and annuity assets custodied at Prudential and other third-party custodians.
(2) Estimated run-rate EBITDA* accretion of $60M+ based on Prudential Advisors' assets as of 06/30/2023
(3) Estimated onboarding and integration costs are expensed as incurred. There is no transition assistance with this strategic relationship. In addition, estimated technology spend of ~$200M will be capitalized and amortized over time.

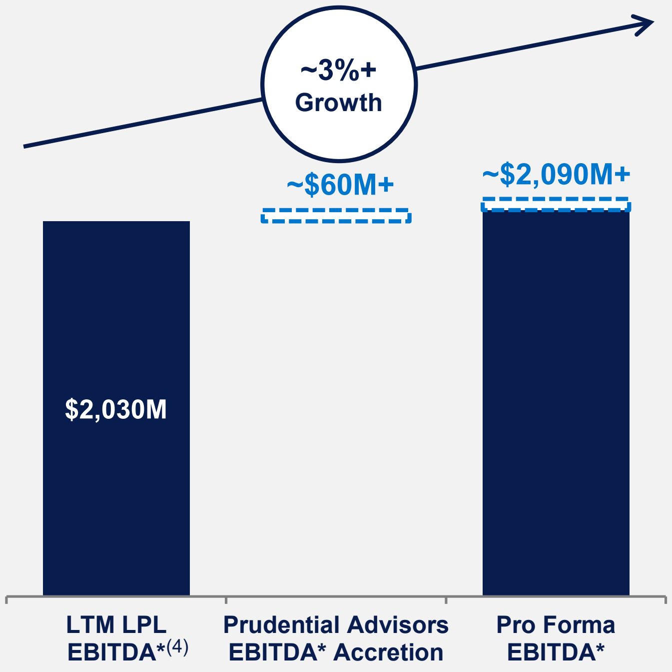
Addition of Prudential Advisors' retail brokerage and advisory business creates shareholder value and unlocks broader opportunity to serve enterprises

Overview

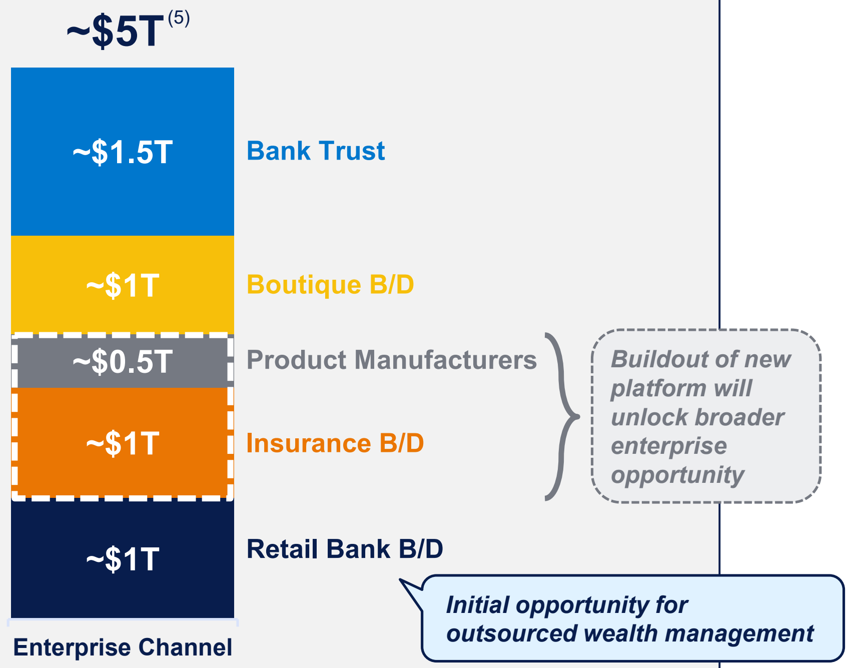
- **~2,600** Prudential advisors serving **~$50B+** in client assets(1)
- Transition expected to be completed in the latter part of 2024
- Asset mix is **~25%** advisory and **~75%** brokerage, with client cash sweep balances of **~$1B**

- Estimated onboarding and integration costs of **~$125M(2)**
  - In Q3 2023, expect **~$5M**
  - Costs expected to build in subsequent quarters with **~40%** recognized **in the second half of 2024**
- Estimated run-rate EBITDA* accretion of **~$60M+(3)** when fully ramped

Addition of Prudential Advisors' wealth management business is accretive to EBITDA*…



…and unlocks broader opportunity to serve enterprises



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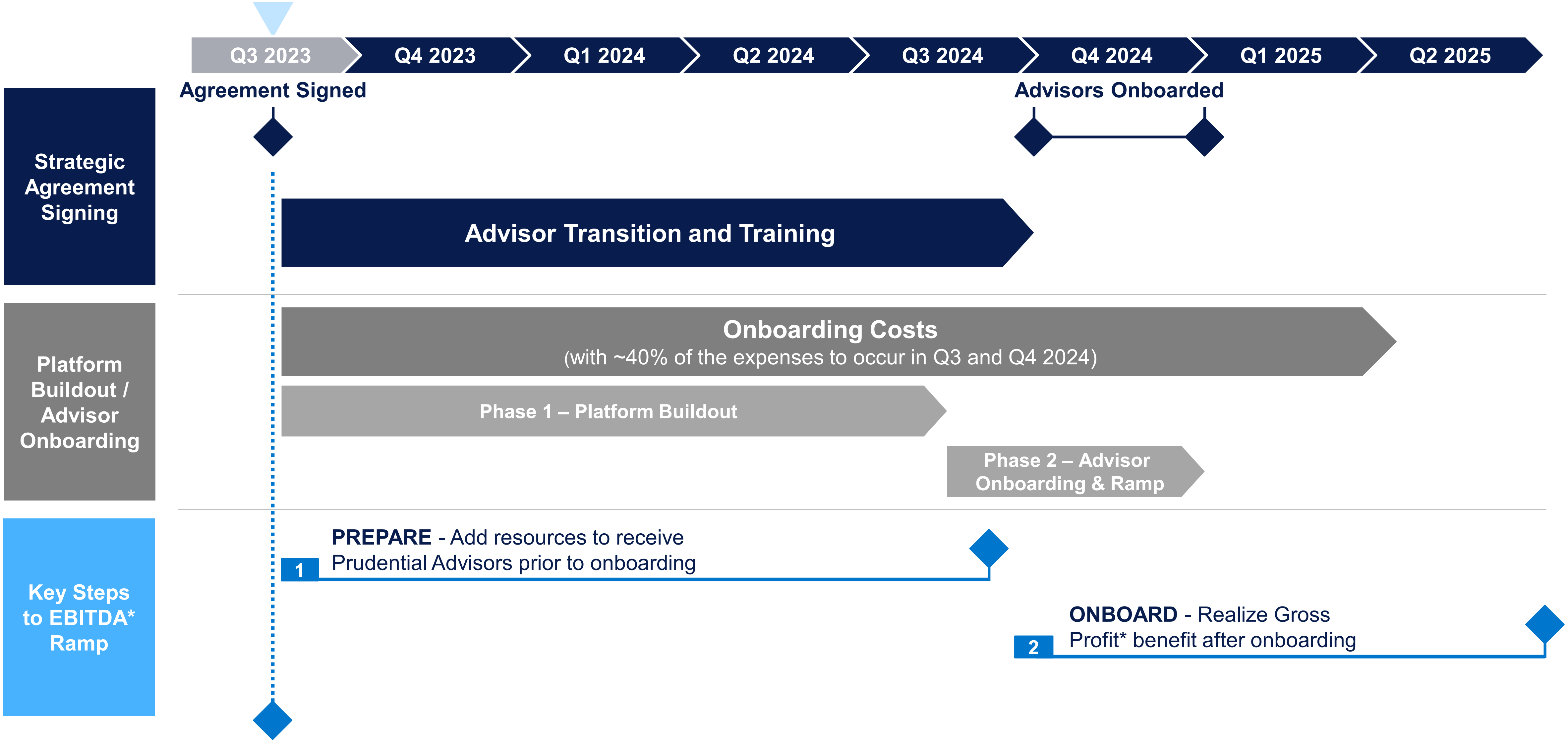
(2) Estimated onboarding and integration costs are expensed as incurred. There is no transition assistance with this strategic relationship. In addition, estimated technology spend of ~$200M will be capitalized and amortized over time.
(3) Estimated run-rate EBITDA* accretion of $60M+ based on Prudential Advisors' assets as of 06/30/2023
(4) LPL's LTM EBITDA* includes results for the twelve months ending 06/30/2023 and is a non-GAAP measure. A reconciliation of net income to LTM EBITDA appears in the appendix of this presentation.
(5) Estimated market sizing based on 2021 Cerulli reports. See endnote (1) for additional detail.

We estimate reaching an annual EBITDA* benefit of $60M+ when fully ramped



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APPENDIX

Reconciliation

Gross Profit*
Gross profit* is a non-GAAP financial measure. Please see a description of gross profit under "Non-GAAP Financial Measures" on page 3 of this presentation for additional information.

Below is a calculation of gross profit* for the period presented herein:

$ in millions	Q2'23 LTM
Total revenue	**$9,383**
Advisory and commission expense	5,467
Brokerage, clearing and exchange expense	95
Employee deferred compensation	2
Gross Profit	**$3,820**

Net Income to EBITDA*
EBITDA* is a non-GAAP financial measure. Please see a description of EBITDA* under "Non-GAAP Financial Measures" on page 3 of this presentation for additional information.

Below is a reconciliation of LPL's net income to EBITDA* for the period presented herein:

$ in millions	Q2'23 LTM
Net income	**$1,176**
Interest expense on borrowings	154
Provision for income taxes	383
Depreciation and amortization	220
Amortization of other intangibles	97
EBITDA	**$2,030**

Note: Totals may not foot due to rounding

Endnote

(1) Estimated market sizing based on 2021 Cerulli reports, unless otherwise noted. Below is a reconciliation of the enterprise market:

Enterprise Channel
Insurance B/D
Bank Trust
Product Manufacturers†
Boutique B/D†
Retail bank B/D
(-) Adj. to Retail bank B/D: Chase & Wells Fargo

† Estimated market sizing based on LPL estimates. Product Manufacturers defined as fund companies with an adjacent traditional wealth management business serving individuals. Boutique B/D defined as National and Regional B/Ds with less than $50B AUM, which we view as an Enterprise market opportunity.