LPL Investor & Analyst Day

LPL Financial
Investor and Analyst Day

May 25, 2016

Welcome and Agenda

Matt Audette, Chief Financial Officer

LPL Investor & Analyst Day

Meeting Agenda

Time	Length	Presenter	Topics
8:00 am	25 minutes		Arrival and registration
8:25 am	5 minutes	Matt Audette	Welcome and agenda
8:30 am	60 minutes	Mark Casady Dan Arnold	LPL overview Growing our core business, Q&A with Dan
9:30 am	10 minutes		Break
9:40 am	60 minutes	Tom Gooley Michelle Oroschakoff Victor Fetter	Focus on operational excellence: Service, Trading, and Operations Governance, Risk, and Compliance Technology Q&A with Tom, Michelle, and Victor
10:40 am	10 minutes		Break
10:50 am	30 minutes	Matt Audette	Managing expenses and creating long-term shareholder value
11:20 am	30 minutes	Mark Casady Matt Audette	Q&A with Mark and Matt
11:50 am	5 minutes	Matt Audette	Thank you and closing remarks

Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the “Company”) future financial and operating results, outlook, growth, plans, business strategies, future market position, and goals, including forecasts and statements relating to the Company’s expense and capital plans, future efficiency gains, future expenses, new services, plans related to the U.S. Department of Labor's final rule ("DOL Rule”), future service capabilities, future results of the Company’s cash sweep programs and the statements on pages 14-17, 21, 23, 34-35, 41, 49-50 and 52, as well as any other statements that are not related to present facts or current conditions or 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 as of May 25, 2016. The words “anticipates”, “believes”, “expects”, “may”, “plans”, “predicts”, “will”, and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. 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: changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of advisory and brokerage assets; fluctuations in levels of net new advisory assets and the related impact on fee revenue; fluctuations in the number of retail investors served by the Company, effects of competition in the financial services industry; changes in the number of the Company's financial advisors and institutions, their ability to market effectively financial products and services, and the success of the Company in attracting and retaining financial advisors and institutions; 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 strategy in managing cash sweep program fees; changes in the growth and profitability of the Company's fee-based business; whether the Company’s proposed digital advice solution will adequately address the needs of advisors and their clients; the effect of current, pending and future legislation, regulation and regulatory actions, including the DOL Rule and disciplinary actions imposed by federal or state securities regulators or self-regulatory organizations; the costs of settling and remediating issues related to pending or future regulatory matters or legal proceedings; execution of the Company's expense management plans and its success in realizing the savings and service improvements expected to result from its initiatives and programs, particularly its technological initiatives, including ClientWorks; the price and availability of shares and trading volumes of the Company's common stock, which may influence the timing and size of future share repurchases; the performance of third party service providers to which business processes are transitioned from the Company; the Company’s success in negotiating and developing commercial arrangements with third party technology providers that will enable the Company to realize the improvements and efficiencies expected to result from such technology, including with respect to supervision and oversight of advisor activities; the Company’s ability to control operating risks, information technology systems risks and sourcing risks; the Company’s success in developing and maintaining ClientWorks and/or its digital advice solution, including the integration of the Company’s technology systems with those of third-party providers; whether ClientWorks will adequately address the needs of advisors and their clients; the performance of third-party providers on which the Company will rely in providing ClientWorks and/or its digital advice solution; and the other factors set forth in Part I, “Item 1A. Risk Factors” in the Company's 2015 Annual Report on Form 10-K as may be amended or updated in its quarterly reports on Form 10-Q. 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 after May 25, 2016.

THIS PRESENTATION PRESENTS DATA AS OF MARCH 31, 2016, UNLESS OTHERWISE INDICATED.

Notice to Investors: Non-GAAP Financial Measures

Management believes that presenting certain non-GAAP measures by excluding or including certain items can be helpful to investors and analysts who may wish to use some or all of this information to analyze the Company'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 measures and metrics discussed below are appropriate for evaluating the performance of the Company.

Gross Profit is calculated as net revenues less production expenses. Production expenses consist of the following expense categories from the Company's consolidated statements of income: (i) commission and advisory and (ii) brokerage, clearing, and exchange. All other expense categories, including depreciation and amortization, are considered general and administrative in nature. Because the Company's gross profit amounts do not include any depreciation and amortization expense, the Company considers its gross profit amounts to be non-GAAP measures that may not be comparable to those of others in its industry.

EBITDA is defined as net income plus interest expense, income tax expense, depreciation, and amortization. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. 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. In addition, the Company's 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.

Credit Agreement EBITDA is defined in the Company's credit agreement ("Credit Agreement") 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 Credit Agreement EBITDA because management believes that it can be a useful financial metric in understanding the Company's debt capacity and covenant compliance under its Credit Agreement. Credit Agreement 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. In addition, Credit Agreement EBITDA can differ significantly from adjusted EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

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We have a strong growth engine, and we are committed to disciplined expense management

Core Business Growth

+ Lead in attractive markets
- Expand leadership positions
- Capitalize on secular tailwinds

+ Expand capabilities
- Leverage leading advisory and custodial offerings
- Enhance research solutions, data analysis, and retail investor solutions

+ Differentiate through operational excellence
- Build best-in-class service organization
- Use a strong controls environment as a competitive advantage
- Drive advisor and employee productivity with technology

+ Grow asset base and gross profit
- Increase advisor recruiting, productivity, and retention
- Maximize the value of client cash sweep deposits
- Create additional value for sponsors

= Organic asset + gross profit growth

Increased Efficiency

+ Acknowledge financial characteristics
- Macro factors have largest short-term impact
- Long-term expense management is critical

+ Generate operating leverage
- Manage expenses conservatively while maintaining flexibility to invest for growth
- Improve financial productivity over time

+ Balance financial strength and capital returns
- Keep capital structure flexible for environment and available returns
- Allocate capital for highest shareholder returns

+ Improve clarity and transparency
- Highlight key business metrics and investment thesis

= Low expense growth + capital allocation

Creating Long-Term Shareholder Value

LPL Overview

Mark Casady, Chairman and CEO

LPL Investor & Analyst Day

LPL is the leading partner to independent advisors, hybrid RIAs, and financial institutions

$479 billion
in assets[1]

14,093
advisors[2]

#1 IBD
for 20 straight years[3]

Top 5
Hybrid RIA platform[4]

Top 25
High Net Worth manager[5]

Focused on chosen markets

Independent Advisor Services
Over 7,600 advisors
$238 billion assets served

Hybrid RIA
Over 375 firms
$125 billion assets served

Institution Services
Over 700 banks, credit unions, and clearing clients[6]
$116 billion assets served

Retirement Partners
Over 45,000 plans
$121 billion in assets served[7]

1 Total Brokerage and Advisory Assets as of March 31, 2016. 2 Does not reflect an additional 4,177 additional advisors affiliated with insurance companies. 3 Financial Planning magazine 1996-2015 based on total revenue
4 Cerulli RIA Marketplace 2014 ranks LPL #5. 5 Barron's 2015 Wealth Manager survey ranked LPL #23. 6 Clearing clients include approximately 4,177 additional advisors affiliated with insurance companies.
7 Consists of additional retirement assets not custodied at LPL and not included in Total Brokerage and Advisory Assets (defined on page 47).

What differentiates LPL as an investment

- Growing market with secular tailwinds
- Market leader with scale benefits with ongoing share gains
- Diversified, recurring gross profit and high customer retention
- Capital light with strong cash flow
- Significant upside from rising interest rates

Today we will discuss how growth and efficiency can drive long-term shareholder value

	Core Business Growth	Increased Efficiency
Dan Arnold	• Strengthen capabilities to drive recruiting, retention, and productivity • Help advisors gain share following DOL rule implementation	
Tom Gooley	• Improve service to benefit advisor retention and productivity	• Increase LPL service productivity
Michelle Oroschakoff	• Use leading controls environment to attract advisors	• Lower risk profile and benefit from trend to advisory
Victor Fetter	• Expand tech capabilities and automation for advisor productivity and retention	• Use automation to drive greater employee productivity
Matt Audette	• Increase cost discipline while investing for growth • Allocate capital to maximize shareholder value	

Note: DOL refers to the U.S. Department of Labor

Growing our core business

Dan Arnold, President

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Growing our core business

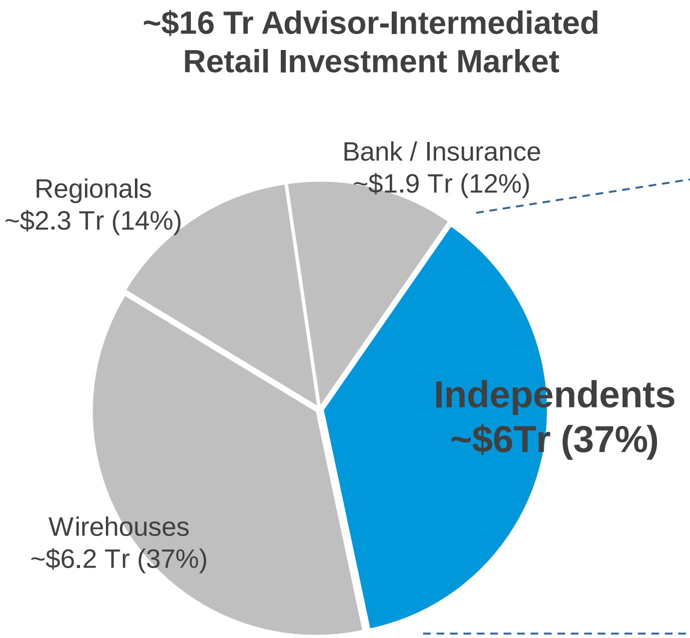
Market positioning
We have a leadership position in a large and growing market

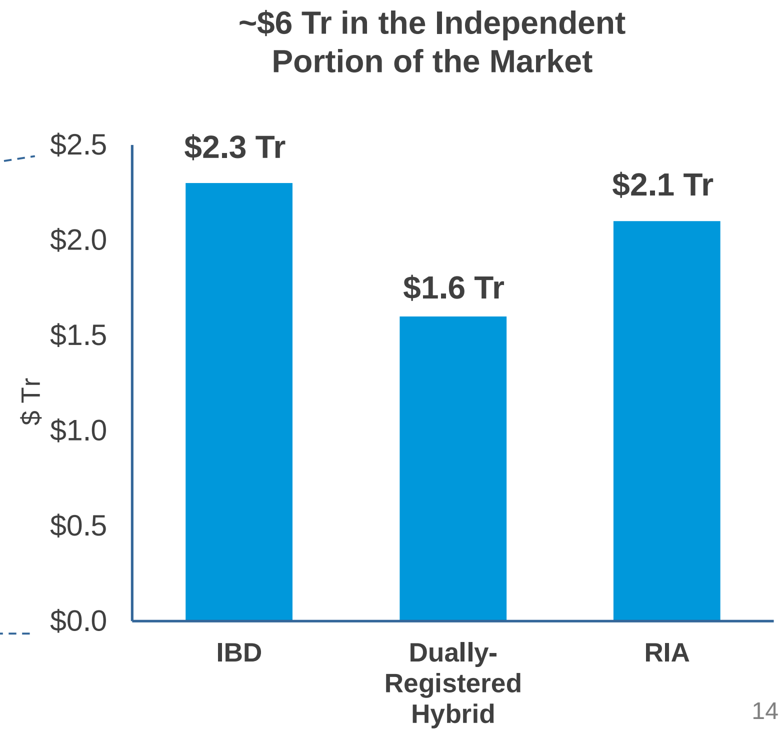
Structural and industry trends
Our business model is positioned well for sustained growth

Competitive advantages
Our unique positioning and differentiated capabilities enable us to achieve outsized share gains

Desired financial outcomes
Our focus is on Gross Profit growth ex-market

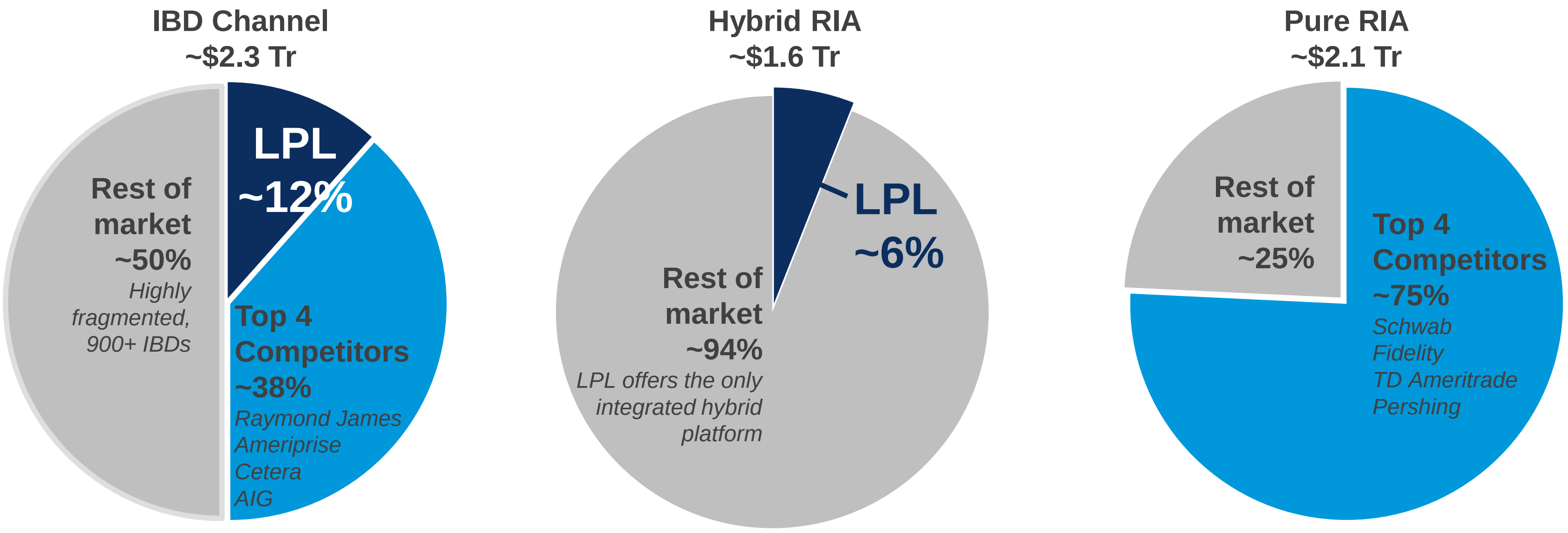
We have a large market opportunity within the retail investment market





Source: Cerulli Advisor Metrics 2015

We have room for growth in our core markets



5-year Historical Industry CAGR:	*~8%*	*~11%*	*~13%*

1. All data as of YE 2014 to align for consistency, based on internal LPL metrics, Cerulli Advisor 2015 AUM estimates, and Cerulli RIA Marketplace 2015.
2. LPL channel market share calculations exclude ~$116B of Institutional Services and Custom Clearing Assets

Several trends are influencing the shape of our industry

Regulatory changes

Regulation re-shaping the industry, led by the DOL rule

Shift to advisory

Rapid growth in fee-based assets across channels

Key Trends Shaping Our Industry

Digitization of wealth management

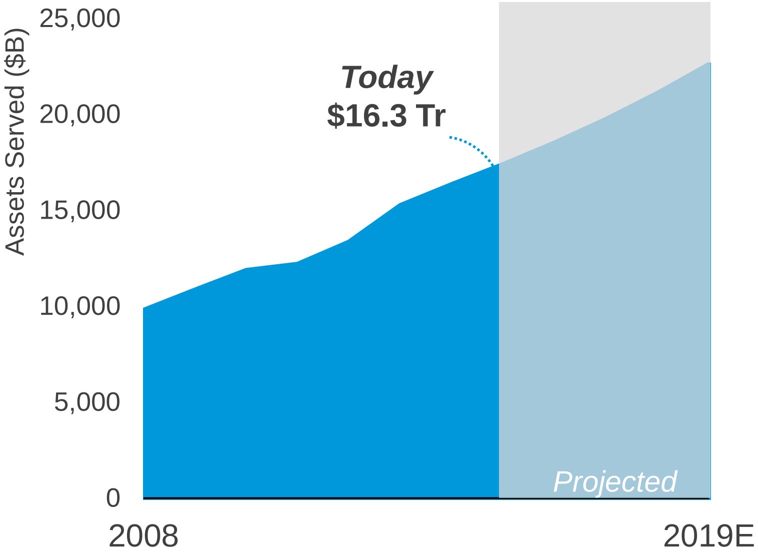
Expansion of technology solutions to enable advisor growth and productivity

Cost sensitivity across the value chain

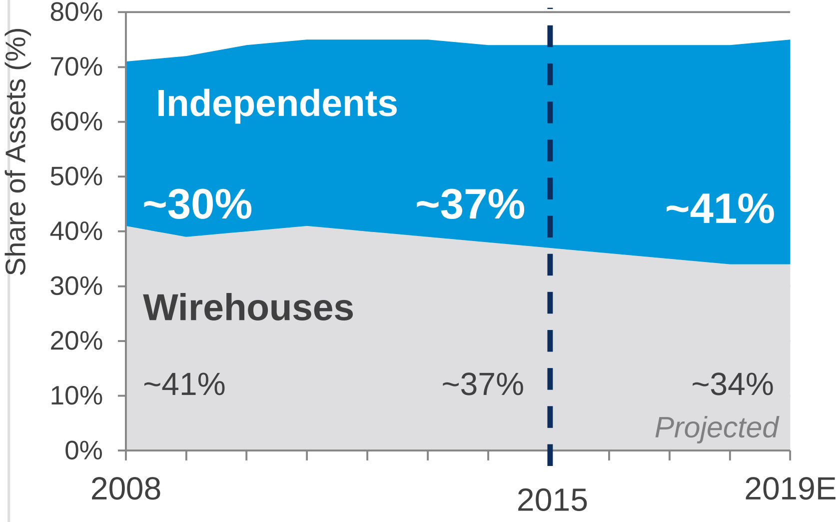
Cost sensitivity is influencing the mix of investment management choices

Our business is positioned for sustained growth

Assets served by financial advisors have grown ~8% per year



Independents continue to capture share from wirehouses



Source: Cerulli - Q1 2016 Lodestar. Cerulli – Advisor metrics 2015.
Note: The segments comprising the "Independents" portion of the market are set forth on page 14

Our business is uniquely positioned relative to competitive models

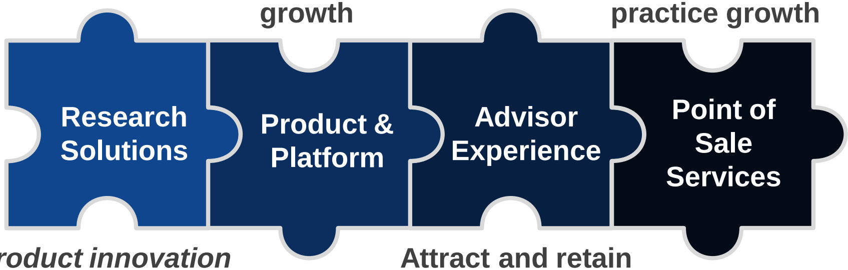
Differentiators	LPL Financial	Wirehouses / Regionals	Other IBDs	RIA Custodians
Singular focus on advisors	✓	✗	✓	✗
No employee model and no proprietary products	✓	✗	✓	✗
Range of advisor practice profiles served	✓	✗	✗	✗
Integrated brokerage-advisory hybrid platform	✓	✗	✗	✗
Competitive advisor pricing	✓	✗	✓	✓
Value-added services	✓	✓	✗	✗

We continue to strengthen our capabilities to drive growth

Differentiating Capabilities

Evolving our advisory platform **to drive growth**

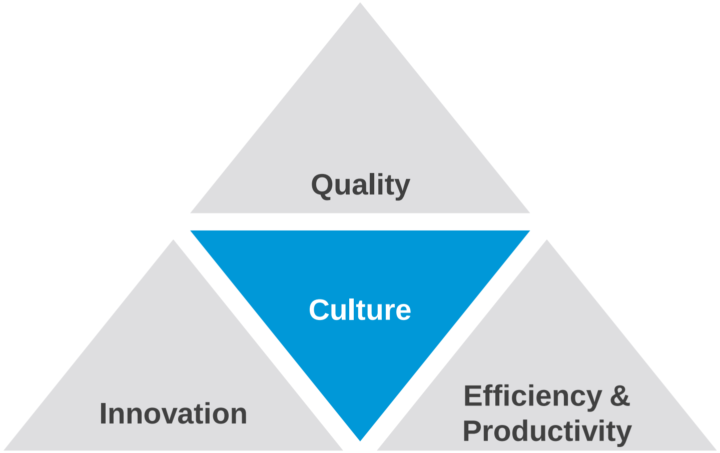
Expand investor services **to enable advisor practice growth**



Product innovation **that increases our yield on assets**

Attract and retain advisors through ***market-leading service, technology, and risk management experience***

Management System by Which We Execute



Capability enhancements we are focused on

Research Solutions

- Sourcing of lower-cost Investment Management IP
- Improving Separately Managed Account Platform

Product & Platform

- Evolution of our advisory platform
- Enhanced custodial capabilities
- Robo solution

Advisor Experience

- Automating 80-85% of operational processes
- Re-engineering the advisor service center
- ClientWorks

Point of Sale Services

- Digital experience for investors
- Support of end-to-end sales process
- Sourcing sales opportunities through Business Intelligence

We can continue to capture outsized share gain in our target markets

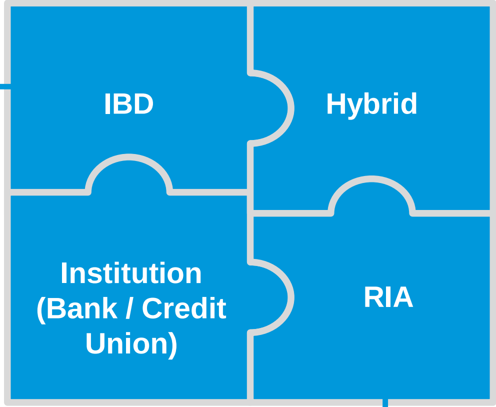
How we win

Market growth in the demand for financial advice

Structural trend toward independence

Differentiated model and market-leading capabilities

What we do



Extended market leadership in IBD and hybrid markets
- ~$125B in annual flows from employee models
- $2.3 Tr IBD market potentially seeking a flight to quality

Continue to monitor the pure RIA market opportunity
- ~$150B in annual flows from employee model & IBD / hybrid firms to pure RIAs
- Capitalize on higher growth ~$2 Tr market

Note: Asset flows data are 2015 projections
Source: Cerulli Lodestar Projected Advisor Movement 2015(E)

We are focused on controllable drivers of gross profit growth

Market Contribution

Controllable drivers

Net New Asset Growth → **New-Store Sales**: Recruiting new advisors + **Same-Store Sales**: Growth of existing advisors - **Attrition**: Retention of advisors

Yield on Assets → **Monetization**: Profitability of our assets

Gross Profit Growth

Our growth objective is to grow Gross Profit ex-market

We believe the impact from the Department of Labor rule will be manageable for our business

Cost trajectory improves over time

Upfront implementation costs will stretch over 2016-2017

- 2016 Core G&A implementation costs already included in our outlook
- We estimate implementation costs in 2017 will be lower than 2016

Ongoing costs are manageable

- Ongoing costs expected to be less than implementation costs
- Driven by compliance oversight and cost of insurance

Gross profit headwinds and growth opportunities

Changes in brokerage commissions

- Sales commissions may decrease
- Commission structure to less upfront and more over time

Growth opportunities

- Brokerage to advisory trends
- Off-platform to on-platform asset transition
- Advisors and assets in motion

Solutions to accelerate growth

- Mutual fund-only brokerage account
- Centrally managed advisory platforms
- Small-market solution for plan advice
- Deposit cash account for corporate advisory retirement cash

Note: Core G&A is defined on page 49.

Q & A

Focus on Operational Excellence: Service, Trading, and Operations

Tom Gooley, Managing Director,
Service, Trading, and Operations

LPL Investor & Analyst Day

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We are on a journey to best-in-class service

Strong Foundation

- Scaled up team by ~25%*
- Redesigned organization
- Made key hires
- Created specialized service teams
- Improved performance through reporting and metrics
- Shifted cultural focus to continuous improvement

Hyper-Efficient Delivery

- Streamline and standardize processes and policies
- Enhance online capabilities to reduce call volumes
- Upgrade technology and continue to automate
- Improve call routing logic
- Enhance metrics and diagnostics capabilities
- Segment the service model
- Revise service training and career pathing

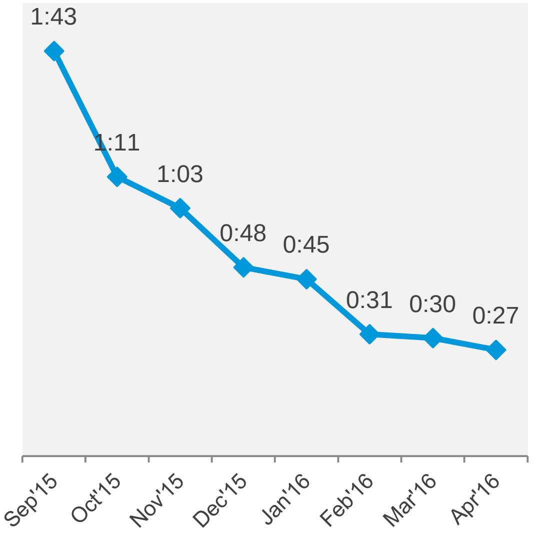
Best in Class

- Provide advisor analytics, and real-time data
- Build Service Professional Desktop
- Deliver proactive support to advisors on complex work
- Offer suggestions to advisors to grow their businesses
- Target advisor training on growth opportunities

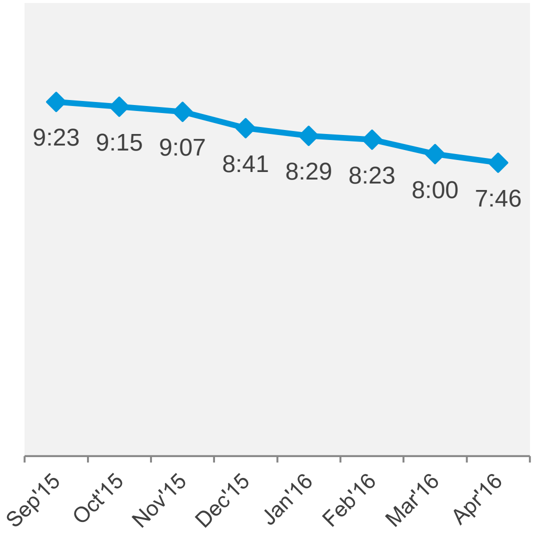
*~25% increase in base service center staff from August 2015 to April 2016

We have significantly improved our service levels

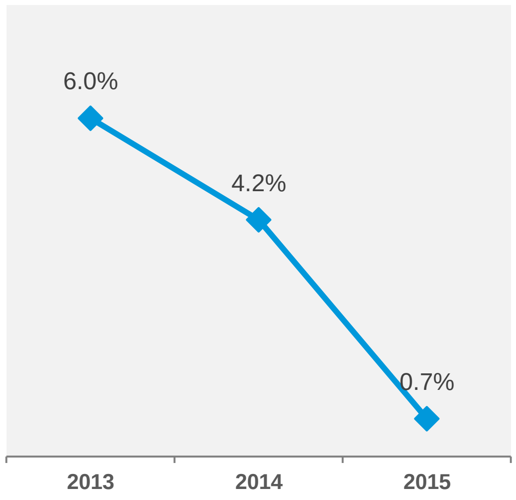
Average Speed to Answer Improved 74%



Average Handle Time Improved 17%



Tax Form Reporting Correction Rate Improved 88%



We are focused on continuous improvement and technology enhancements in 2016 and beyond

Continuous improvement

- Leverage call routing, handling, and forecasting best practices
- Optimize service request routing
- Reduce defect rates across platform
- Integrate operational experts and service center roles
- Improve advisor training and adoption of technology
- Improve “ease of use” for advisors through revised policies and procedures

Technology to help us work smarter

- Provide better transparency through real-time reporting to advisors
- Build intuitive workflows for advisors to improve cycle time and reduce defects
- Enhance call management platform
- Develop Advisor Dashboard
- Develop Service Professional Desktop
- Leverage speech analytics and improved client intelligence
- Provide real-time feedback on service experience

- Improve service to benefit advisor retention and productivity
- Increase LPL service productivity

Focus on Operational Excellence: Governance, Risk, and Compliance

Michelle Oroschakoff, Chief Risk Officer, Managing Director, Governance, Risk, and Compliance

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Our three lines of defense provide accountability for risk management across the firm

Board

- Governance and “tone from the top”
- Approve policy and framework
- Oversee risk & compliance functions

3rd Line of Defense	**Internal Audit**
2nd Line of Defense	**Risk Mgmt. and Compliance**
1st Line of Defense	**Business Owners**

Independent Verification of Controls

- Provide assurance that 1st and 2nd line of defense processes are adequate/appropriate

Risk Assessment and Oversight

- Establish a policy, compliance, and control framework to address regulatory and firm-specific compliance risks and requirements
- Identify risk trends and risk response strategies
- Provide oversight and reporting of business owner risk management processes

Risk Process Ownership

- Primary responsibility for day-to-day risk management
- Manage risks and implement controls
- Execute risk assessments and identify emerging risks
- Comply with risk management policies

Business growth and environmental changes required large investments in governance, risk management, and compliance

Business growth and regulatory environment

Rapid growth – Appeal of model led to period of unusually rapid growth in early 2000s

Heightened regulatory scrutiny – Regulators increased expectations for the entire industry

Increased investment – Made investments in controls functions and supporting technology to catch up with our growth and enhance controls environment

Investments supporting risk management

People – upgraded talent, including key hires from large banks and other broker-dealers

Policy – created formal program designed to improve quality, consistency, and communication of new and changed policies

Process – implemented operational and infrastructure risk management and self-assessment programs; enhanced oversight processes, including complex product supervision

Technology – strengthening capabilities and gaining efficiency with significant investments in key systems and applications

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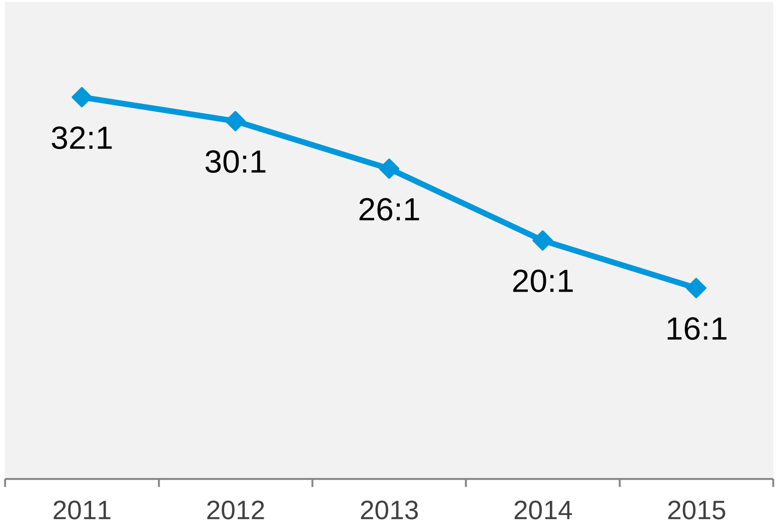
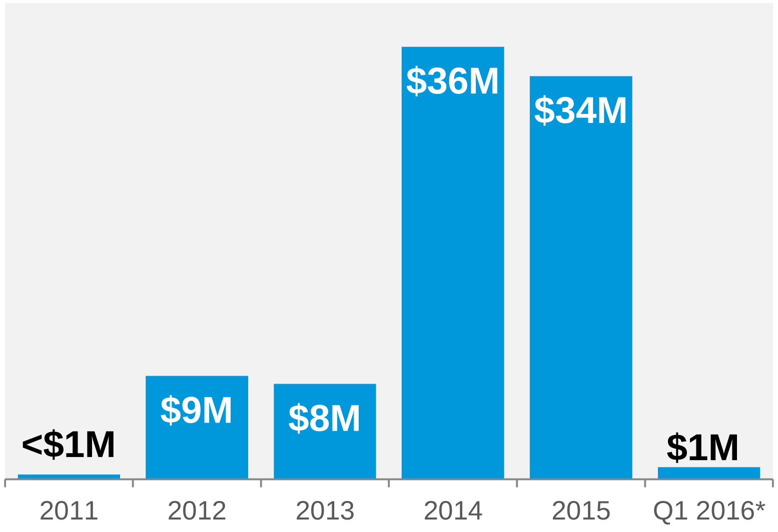
We believe our investments in compliance and risk management will reduce our regulatory expenses

Ratio of Advisors to Employees in Key Control and Legal Functions**



LPL Regulatory Expenses***



*Q1 2016 Regulatory expenses of $1 million; this includes $3 million in recoveries from prior matters where our costs were less than estimated as noted in the management remarks on the Q1 2016 earnings call
**Employees in Key Control and Legal Functions include Governance, Risk, & Compliance; Legal; Internal Audit; Service, Trading, and Operations - Risk Operations
***Regulatory expenses consist of items that the Company’s management relates to the resolution of regulatory issues (including remediation, restitution, and fines after giving effect to third party reimbursement).

Our continued investments are focused on two business objectives

Lowering risk profile

- **Stronger controls in place** – as a result of our investments
- **Proactive risk management** – to identify and remediate issues early
- **Trend toward advisory** – launched new, more efficient surveillance system in 2015

Turn controls environment into a competitive advantage

- **Advisors** want to know that they and their clients are well-protected
- **Banks and credit unions** want a vendor partner with strong controls
- **Our size and the breadth and depth of our talent pool** enable us to be nimble in responding to regulatory change and in offering innovative solutions like our integrated hybrid platform
- **Increased automation** for key compliance and risk functions enables advisors, managers, and staff to operate more efficiently

Focus on Operational Excellence: Technology

Victor Fetter, Chief Information Officer,
Managing Director, Business Technology Services

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Delivering highly competitive technology furthers our service and controls objectives while fueling productivity

Technology Fundamentals
Establishing a solid foundation from which to drive efficiency and build secure and robust solutions

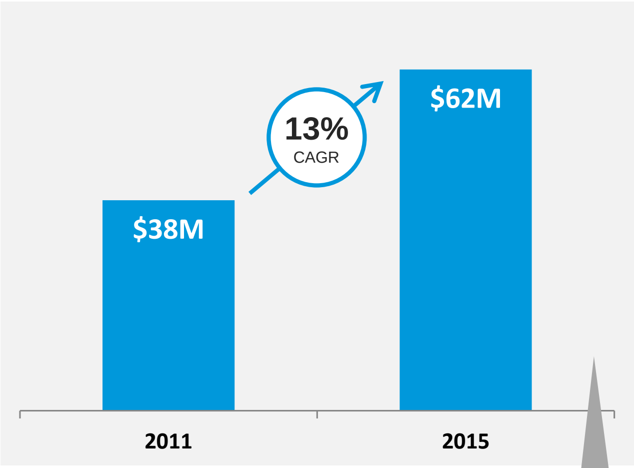
Customer Centricity
Facilitating a program of ongoing engagement with stakeholders to ensure alignment with their business needs

Compelling Solutions
Fostering innovation and delivering solutions that support our breadth of capabilities and our leadership position

Advisor and Employee Productivity
Delivering solutions that create efficiency, enhance quality, fuel growth and enable scale

Operational Efficiency
Driving a culture of efficiency that takes advantage of our scale, seeks continual improvement, simplifies the environment, and facilitates increased strategic investment

Technology portfolio project spend*



We anticipate greater spend in 2016 including DOL implementation

*Represents operating and capital expenditures on the Company's technology related projects

Key pillars of recent technology investments

Invested in foundational **infrastructure** capabilities	Drove productivity and efficiency in **regulatory and operations**	Extended **advisor-facing** solutions
✓ Refreshed private cloud infrastructure ✓ Built recovery data center ✓ Significantly upgraded security competency	✓ Improved the risk and control environment ✓ Improved the operational environment ✓ Enhanced trading capabilities ✓ Provided employees with upgraded tools	✓ Increased digital workflow ✓ Enhanced transaction automation ✓ Improved portfolio performance offerings ✓ Delivered new compliance oversight tools

We are deploying broad capabilities at scale

Broad capabilities

Delivery at scale

Advisor solutions

- **~1.2M** emails daily
- **~100k** trades daily
- **~600k** Portfolio Manager reports monthly
- **~14k** new accounts monthly

Controls environment

- **~30k** trade reviews monthly
- **~20k** licenses maintained

Document management

- **~55M** documents managed
- **~4M** documents added annually

Investor tools

- **~1.2M** Account View accounts
- **~800** IPPT proposals monthly

Continuous change

Expanding our offering

- Wealth Management platform
- Automated advice (robo)
- Advisory and custodial platform enhancements

Enabling efficiency

- Workflow enablement
- Service Center solutions
- Enhanced surveillance capabilities

Meeting regulatory requirements

- DOL implementation
- T + 2

We will assert our leadership through ClientWorks

Experience

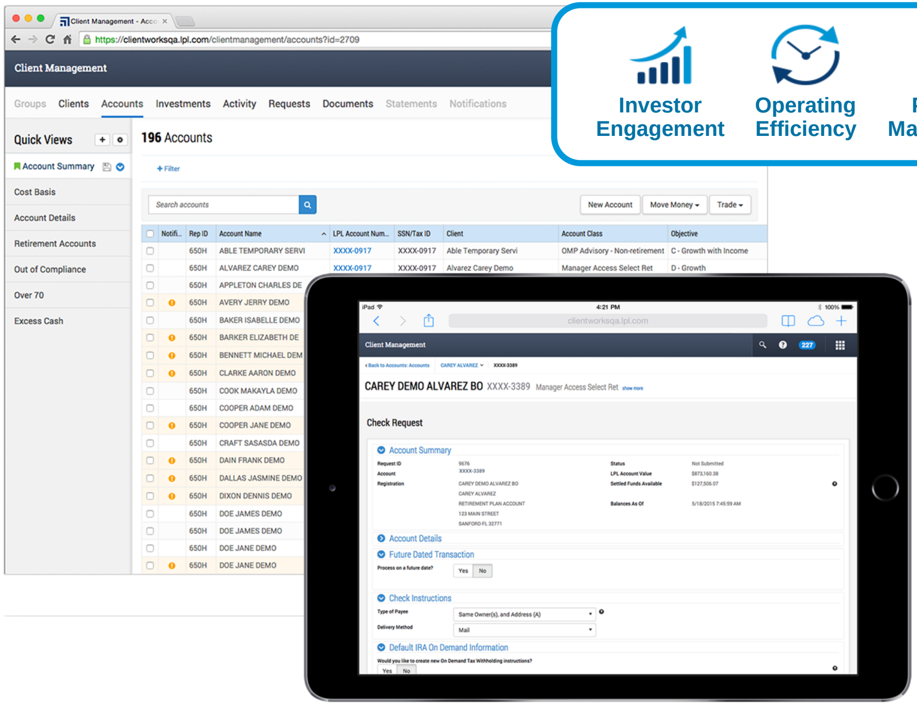
- Intuitive, modern user experience
- Anywhere/Any-device access
- Customizable experience
- Multi-channel, household experience

Content

- Rich and dynamic content engine
- Collaboration
- Robust search
- Notifications and detailed history

Platform Fundamentals

- Robust security and entitlements
- Event processing/workflow
- Reliable data and analytics
- 3rd party integration framework
- Cloud-ready infrastructure



Investor Engagement

Operating Efficiency

Practice Management

Risk Management

We are seeing positive results from our investments

Automation

51% of Move Money transactions without 1Q16 back-office coordination

1.4+ M "Go Green" investor elections for paperless communications thus far in 2016

Digital

160K+ esigned documents in 1Q16 enabling LPL advisors to conduct business from anywhere

54% of eligible deposits were completed via Remote Deposit Capture in 2015

Enhanced tools

74% decline in average speed to answer in Service Center using call routing and handling

Affinity program

Over $16M of total annual advisor savings across more than 70 providers and 180 products; more than 9,000 advisors participating to date

- Expand technology capabilities and automation for advisor productivity and retention
- Use automation to drive greater employee productivity

Note: MoveMoney refers to online self-directed money transfers and distributions; Go Green refers to paperless delivery; Remote Deposit Capture refers to mobile check deposits

Positive feedback on technology investments

"The technology developments at LPL have ***significantly improved our practice's efficiency and administrative processes****. As a result, our* ***client relationships have strengthened*** *through an improved online experiences for them."*

- James Agostini, DaVinci Financial Designs

"When I onboard a client, ***one of the first things I set up for them is AccountView****. We follow up with the clients within the first week to ensure they have logged in, and even walk them through the site. Our goal is to get them* ***using the Go Green [eDelivery] features as soon as possible****. We learned over the years that new clients don't want their mailbox flooded by trade confirmations and prospectuses."*

- Zach Ivey, Bridgeworth LLC

"Since we adopted ***eSignature, my offices spend significantly less in printing and postage costs****. Plus, the efficiencies created are profound across our 17 team members, reducing time spent for printing, routing forms for signatures, and chasing down loose ends."*

- Mike Osborne, McInnes Wealth Management, LLC

"This business has increasingly become complex, but ***technology has been a game-changer*** *in terms of the information that we can provide our clients. We can* ***serve them better, faster, and in new ways****."*

- Dan LaHaie, NewMarket Financial Advisors

Q & A

Managing expenses and creating long-term shareholder value

Matt Audette, Chief Financial Officer

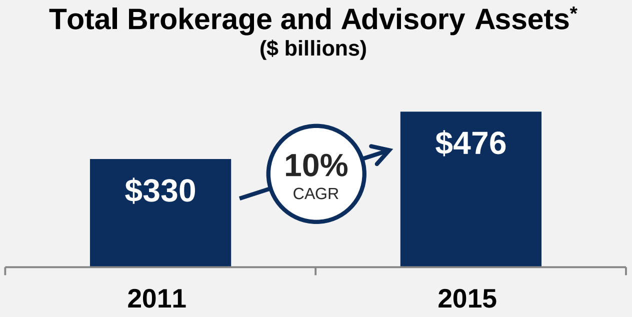
LPL Investor & Analyst Day

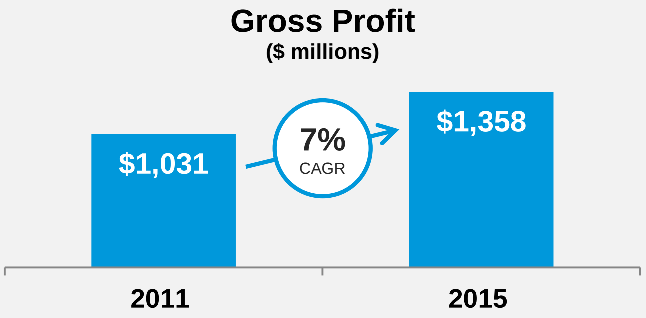
Today we will discuss how growth and efficiency can drive long-term shareholder value

	Core Business Growth	Increased Efficiency
Dan Arnold	• Strengthen capabilities to drive recruiting, retention, and productivity • Help advisors gain share following DOL rule implementation	
Tom Gooley	• Improve service to benefit advisor retention and productivity	• Increase LPL service productivity
Michelle Oroschakoff	• Use leading controls environment to attract advisors	• Lower risk profile and benefit from trend to advisory
Victor Fetter	• Expand tech capabilities and automation for advisor productivity and retention	• Use automation to drive greater employee productivity
Matt Audette	• Increase cost discipline while investing for growth • Allocate capital to maximize shareholder value	

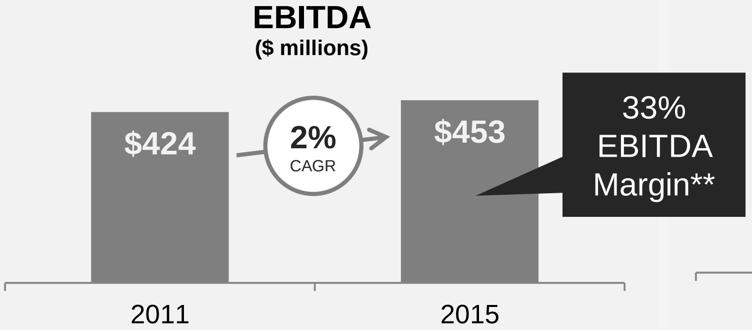
We have had solid business growth but need to improve operating leverage

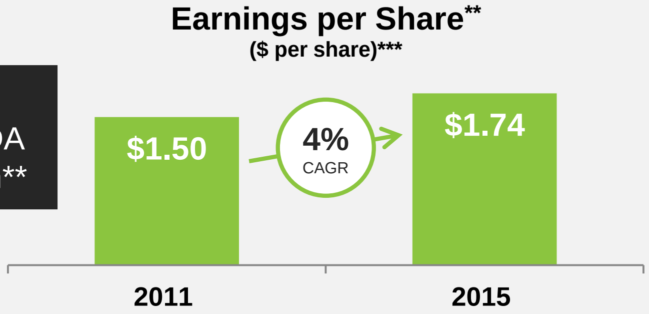
Growth





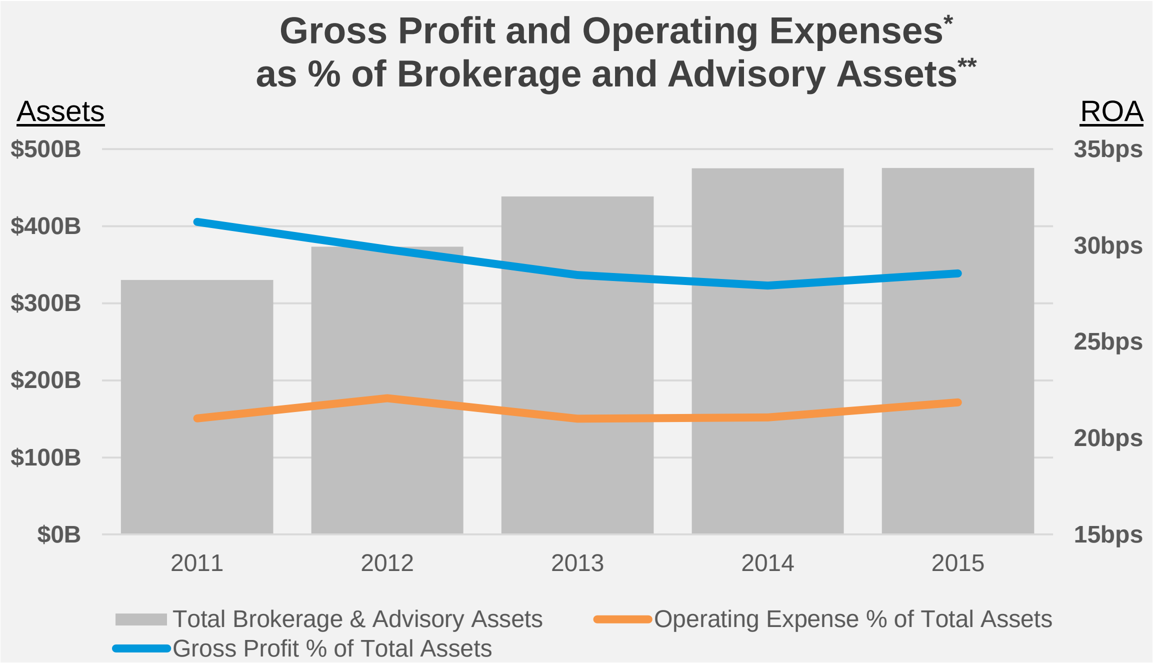
Profitability





Note: See page 57 for a reconciliation of EBITDA to net income for the periods presented
*Total Brokerage and Advisory Assets are comprised of assets that are custodied, networked, and non-networked, and reflect market movement in addition to new assets, inclusive of new business development and net of attrition; **Margin is calculated as EBITDA divided by Gross Profit; ***EPS is diluted GAAP EPS

Disciplined expense management is key for operating leverage and sustained profit growth



From 2011 to 2015:

Gross profit declined with lower commission and cash sweep yields

Expenses grew with needed legal, control and compliance, and technology investments

We are focused on becoming more efficient and productive over time

*Operating Expenses include Core G&A, Promotional, Regulatory, Share Based Compensation, Historical Adjustments, Depreciation & Amortization, and Amortization of Intangibles

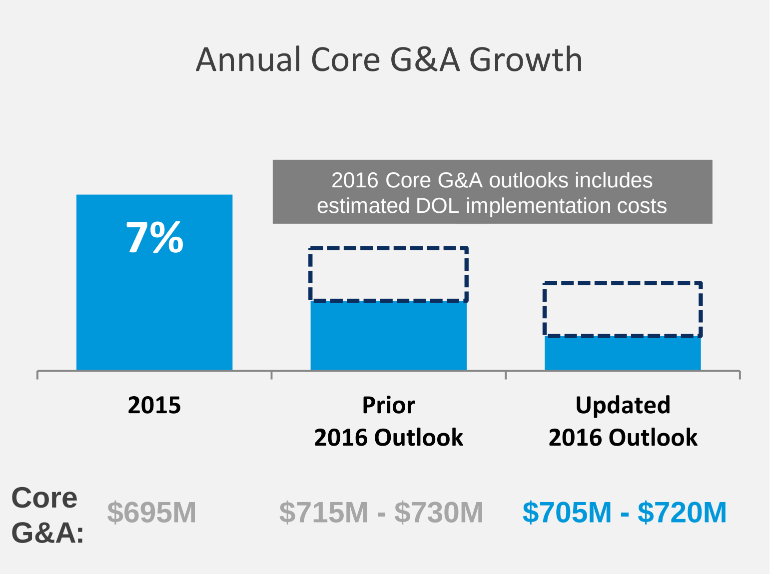
**Gross Profit and Operating Expense percent calculated as number divided by year end total assets

Note: Total Brokerage & Advisory Assets is defined on page 47

LPL Investor & Analyst Day

We are embedding greater cost discipline and efficiency into our work

Lower near-term expense trajectory



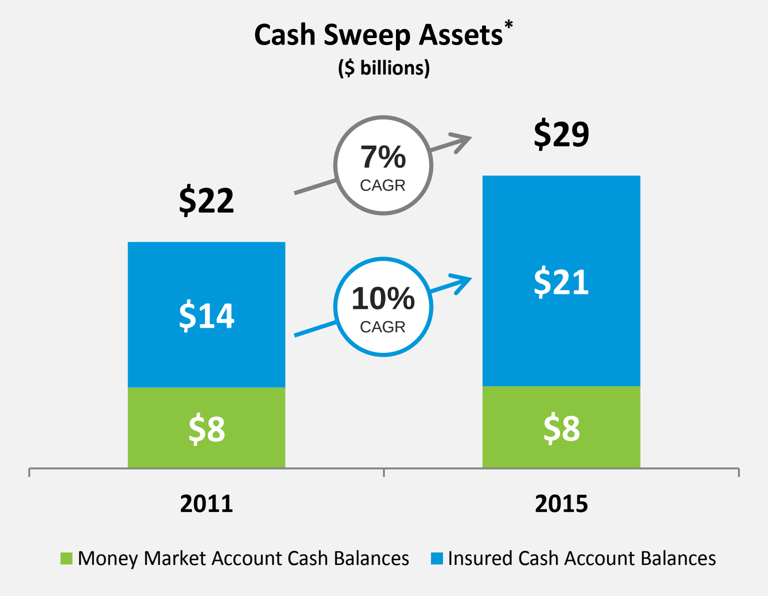
Driving greater cost discipline

1. Focusing investments on the priorities that drive the greatest long-term value
2. Building productivity and efficiency into our everyday lives and budgeting process
3. Increasing oversight and reviews of prior investment areas
4. Maintaining the tactical ability to adjust as the environment evolves

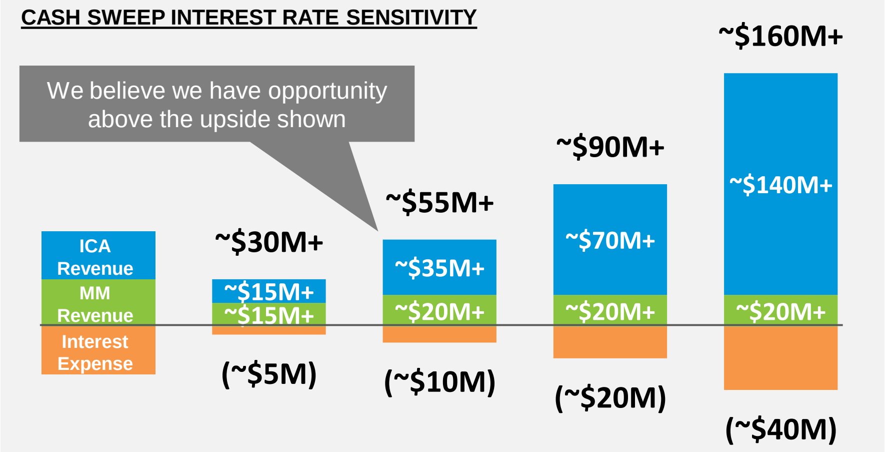
Note: Core G&A expenses consists of total operating expenses excluding the following expenses: commission and advisory, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, brokerage, clearing, and exchange, and items that the Company's management relates to the resolution of regulatory issues (including remediation, restitution, and fines). In 2015, Core G&A also excluded related pre-tax earnings adjustments of ~$13 million. In 2016, the Company has not made, and does not intend to make, pre-tax adjustments.

We also have significant upside as interest rates rise

Client cash sweep balances have grown meaningfully



Rising rates could provide significant pre-tax income benefit



Avg. Fed Funds Target Range	**+25 bps**	**+50 bps**	**+100 bps**	**+200 bps**
Pro-forma pre-tax income Impact**	**~$25M+**	**~$45M+**	**~$70M+**	**~$120M+**

Note: Our cash sweep program consists of deposits in our insured cash account ("ICA") program, in which deposits are made in an insured bank deposit vehicle, and deposits in money market fund providers ("MM").
*Cash sweep assets are as of year-end
**Incremental cash revenue estimates for ICA and money market revenue based on 3/31/16 end of period cash asset balances of $30 billion; Pre-tax income impact is calculated as cash revenue minus interest expense
**Fed Target Rate impact primarily driven by increased ICA fee as money market estimated to have maximum fee in mid 50 basis points.

We balance flexible capital structure with dynamic allocation for greatest shareholder returns

Flexible capital structure

- ENVIRONMENT +

- AVAILABLE RETURNS +

Normalized target

- LEVERAGE LEVELS +

Dynamic capital allocation

Advisor Loans / Transition Assistance at high IRRs

Potential M&A Opportunities

Service, Technology, and Other Projects / CAPEX

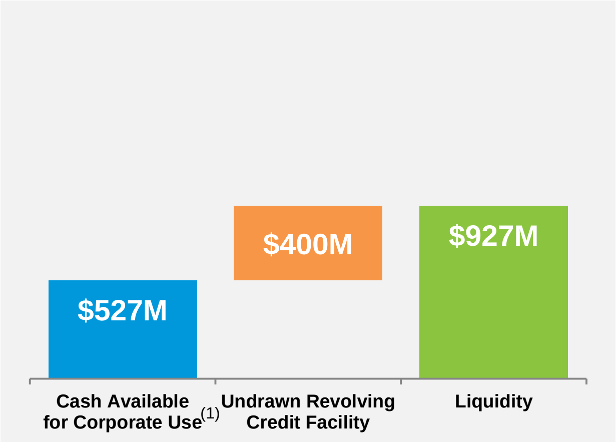
Share Repurchases

Dividends

We are focused on maintaining a strong balance sheet

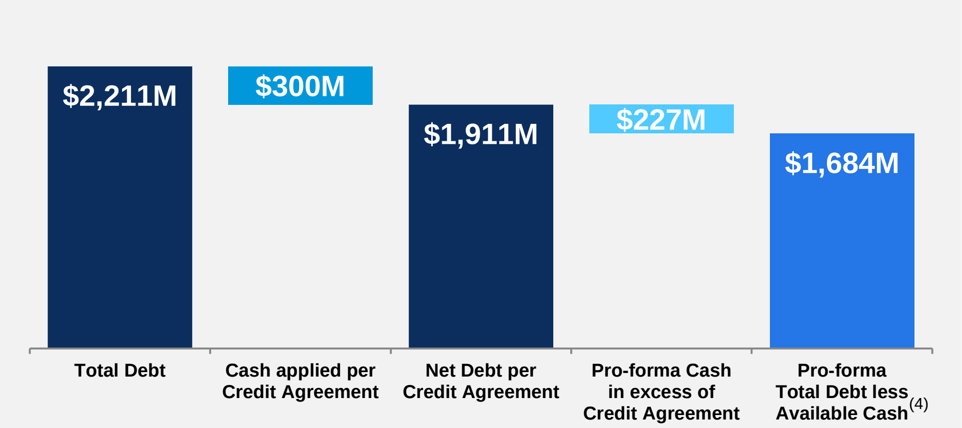
Cash and Liquidity

(as of March 31, 2016)



Debt and Leverage

(as of March 31, 2016)



Credit Agreement EBITDA	**$518M**	**$518M**
Net Leverage Ratio[2]	**3.7x**	**3.3x**
Credit Agreement Max[3]	**5.0x**	

(1) Consists of cash unrestricted by the Credit Agreement and other regulations available for operating, investing, and financing uses (2) Refers to the Company's net leverage ratio as calculated under the Credit Agreement
(3) Credit Agreement max leverage is 5.0x through the end of 2016 and steps down to 4.75x on January 1, 2017. (4) Total Debt less Cash Available for Corporate Use of $527M as of March 31, 2016

We are focused on driving what we can control, while recognizing the impact of what we cannot

Goals	Key Metrics	Business Controllable	Market Driven
Grow Assets	S&P 500 / Market		✓
	Recruiting New Advisors	✓	
	Growing & Retaining Existing Advisors	✓	
	Net New Assets*	✓	
Increase Gross Profit	Fed Funds Rate & Cash Balances		✓
	Asset Profitability	✓	
Manage Expenses	Core G&A	✓	
	Regulatory G&A	✓	✓
	Other Expense	✓	
Increase Shareholder Value	Dynamic Capital Allocation	✓	
	EBITDA and EPS Growth	✓	✓

*The Company currently discloses disclose advisory net new assets, or NNA, and is working to provide brokerage net new assets

We have a strong growth engine, and we are committed to disciplined expense management

Core Business Growth

+ Lead in attractive markets
- Expand leadership positions
- Capitalize on secular tailwinds

+ Expand capabilities
- Leverage leading advisory and custodial offerings
- Enhance research solutions, data analysis, and retail investor solutions

+ Differentiate through operational excellence
- Build best-in-class service organization
- Use a strong controls environment as a competitive advantage
- Drive advisor and employee productivity with technology

+ Grow asset base and gross profit
- Increase advisor recruiting, productivity, and retention
- Maximize the value of client cash sweep deposits
- Create additional value for sponsors

= Organic asset + gross profit growth

Increased Efficiency

+ Acknowledge financial characteristics
- Macro factors have largest short-term impact
- Long-term expense management is critical

+ Generate operating leverage
- Manage expenses conservatively while maintaining flexibility to invest for growth
- Improve financial productivity over time

+ Balance financial strength and capital returns
- Keep capital structure flexible for environment and available returns
- Allocate capital for highest shareholder returns

+ Improve clarity and transparency
- Highlight key business metrics and investment thesis

= Low expense growth + capital allocation

Creating Long-Term Shareholder Value

Q & A

APPENDIX

Reconciliation of Net Income to EBITDA

The reconciliation from net income to EBITDA, a non-GAAP measure, for the periods presented is as follows:

$ in thousands	2015	2014	2013	2012	2011
NET INCOME	**$168,784**	**$178,043**	**$181,857**	**$151,918**	**$170,382**
Non-operating interest expense	59,136	51,538	51,446	54,826	68,764
Provision for Income Taxes	113,771	116,654	109,446	98,673	112,303
Depreciation and amortization	73,383	57,977	44,497	32,254	33,760
Amortization of intangible assets	38,239	38,868	39,006	39,542	38,981
EBITDA	**$453,313**	**$443,080**	**$426,252**	**$377,213**	**$424,190**

Reconciliation of EBITDA to Credit Agreement EBITDA

Credit Agreement EBITDA, a non-GAAP measure, is defined in the Company's Credit Agreement as EBITDA (net income plus interest expense, income tax expense, depreciation, and amortization), further adjusted to exclude certain non-cash charges and other adjustments. We present Credit Agreement EBITDA because we believe that it can be a useful financial metric in understanding our debt capacity and covenant compliance. Credit Agreement EBITDA is not a measure of our 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, our Credit Agreement-defined EBITDA measure can differ significantly from adjusted EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

Set forth below is a reconciliation from our net income to Credit Agreement EBITDA for the twelve months ended March 31, 2016 (in thousands)

$ in thousands	TTM Q1 2016
NET INCOME	**$168,498**
Non-operating interest expense	69,011
Provision for Income Taxes	113,982
Depreciation and amortization	75,915
Amortization of intangible assets	38,127
EBITDA	**$465,533**
Credit Agreement Adjustments	52,418
Credit Agreement EBITDA	**$517,951**

Credit Agreement Adjustments include:
(1) Share-based compensation for equity awards granted to employees, officers, and directors. such awards are measured based on the grant-date fair value and recognized over the requisite service period of the individual awards, which generally equals the vesting period.
(2) Share-based compensation for stock options and warrants awarded to its advisors and to financial institutions based on the fair value of the awards at each reporting period.
(3) Other items that are adjustable in accordance with our Credit Agreement to arrive at Credit Agreement EBITDA including employee severance costs, employee signing costs, and employee retention or completion bonuses.