

LPL Investor & Analyst Day

May 22, 2019

Welcome & Agenda

MATT AUDETTE

Chief Financial Officer

Meeting Agenda

9:00 a.m.	Matt Audette	Welcome & Agenda
9:10 a.m.	Dan Arnold	Overall Strategy Followed by Q&A
9:55 a.m.	Break	
10:05 a.m.	Rich Steinmeier Burt White, Scott Seese	Business Development Capabilities & Technology Followed by Q&A
11:05 a.m.	Break	
11:15 a.m.	Andy Kalbaugh	Advisor Panel
11:45 a.m.	Break	
11:50 a.m.	Matt Audette	Shareholder Value Creation Followed by Q&A
12:25 p.m.	Matt Audette	Closing Remarks
12:30 p.m.	Lunch Available	

Notice to Investors: Safe Harbor

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the "Company") future financial and operating results, growth, opportunities, enhancements, priorities, business strategies and outlook, including forecasts and statements relating to the Company's future capital deployment, long-term shareholder value creation, service offerings, models and capabilities, services experiences, recruiting results, brokerage and advisory asset levels and mix, interest rate sensitivities, Core G&A* and technology-related expenses (including outlooks for 2019) and investments, 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 22, 2019. 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 interest rates and fees payable by banks participating in the Company's cash sweep programs; the Company's strategy and success in managing cash sweep program fees; changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue; effects of competition in the financial services industry; the success of the Company in attracting and retaining financial advisors and institutions, and their ability to market effectively financial products and services; whether retail investors served by newly-recruited advisors choose to move their respective assets to a new account at the Company; changes in the growth and profitability of the Company's fee-based business; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state regulators and self-regulatory organizations; the costs of settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of the Company's reserves; changes made to the Company's services and pricing, and the effect that such changes may have on the Company's gross profit* streams and costs; execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements and/or efficiencies expected to result from its initiatives, programs and acquisitions, and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2018 Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q or other filings with the SEC. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after May 22, 2019, even if its estimates change, and statements contained herein are not to be relied upon as representing the Company's views as of any date subsequent to May 22, 2019.

THIS PRESENTATION PRESENTS DATA AS OF MARCH 31, 2019, UNLESS OTHERWISE INDICATED.

*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 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 financial measures and metrics discussed herein are appropriate for evaluating the performance of the Company. **Specific Non-GAAP financial measures have been marked with an * (asterisk) within this presentation.**

Gross profit is calculated as net revenues, which were \$1,372 million for the three months ended March 31, 2019, less commission and advisory expenses and brokerage, clearing, and exchange fees ("BC&E"), which were \$800 million and \$16 million, respectively, for the three months ended March 31, 2019. All other expense categories, including depreciation and amortization of fixed assets and amortization of intangible assets, 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. Management believes that gross profit amounts can provide investors with useful insight into the Company's core operating performance before indirect costs that are general and administrative in nature. For a calculation of gross profit, please see page 92 of this presentation.

EBITDA is defined as net income plus interest expense, income tax expense, depreciation, amortization, and loss on extinguishment of debt. 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. For a reconciliation of net income to EBITDA, please see page 94 of this presentation. 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.

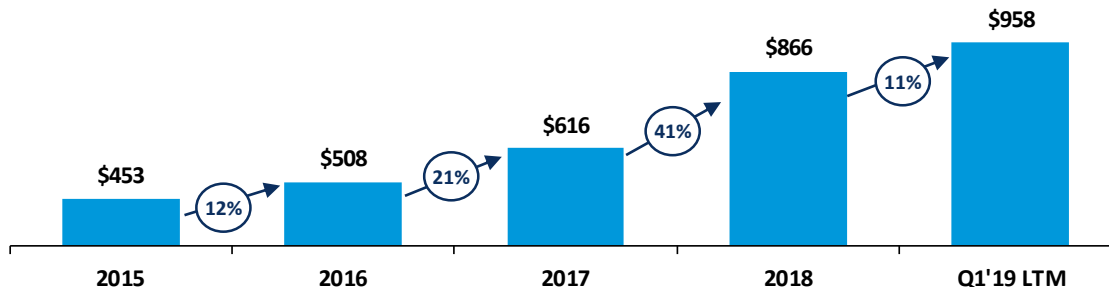
EPS Prior to Amortization of Intangible Assets is defined as GAAP earnings per share (EPS) plus the per share impact of Amortization of Intangible Assets. The per share impact is calculated as Amortization of Intangible Assets expense, net of applicable tax benefit, divided by the number of shares outstanding for the applicable period. The Company presents EPS Prior to Amortization of Intangible Assets because management believes the metric can provide investors with useful insight into the Company's core operating performance by excluding non-cash items that management does not believe impact the Company's ongoing operations. EPS Prior to Amortization of Intangible Assets is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to GAAP EPS or any other performance measure derived in accordance with GAAP. For a reconciliation of EPS Prior to Amortization of Intangible Assets to GAAP EPS, please see page 95 of this presentation.

Core G&A consists of total operating expenses, which were \$1,135 million for the three months ended March, 31 2019, excluding the following expenses: commission and advisory, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, and brokerage, clearing, and exchange. Management presents Core G&A because it believes Core G&A reflects the corporate operating expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as commission and advisory expenses, or which management views as promotional expense necessary to support advisor growth and retention including conferences and transition assistance. Core G&A is not a measure of the Company's total operating expenses as calculated in accordance with GAAP. For a reconciliation of Core G&A to the Company's total operating expenses, please see page 93 of this presentation. The Company does not provide an outlook for its total operating expenses because it contains expense components, such as commission and advisory expenses, that are market-driven and over which the Company cannot exercise control. Accordingly a reconciliation of the Company's outlook for Core G&A to an outlook for total operating expenses cannot be made available without unreasonable effort.

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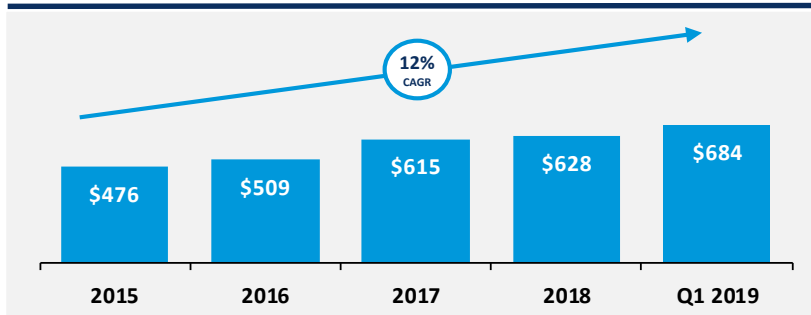
LPL Overview

Mission	Key Markets and Services	Q1 2019 Metrics																			
<p>We take care of our advisors so they can take care of their clients</p>	<p>~\$680B Retail Assets:</p> <ul style="list-style-type: none"> • Brokerage: \$372B • Corporate Advisory: \$192B • Hybrid Advisory: \$120B <p>16K+ advisors:</p> <ul style="list-style-type: none"> • Independent Advisors: 8,500+ • Hybrid RIA: 5,000+ (430+ firms) • Institutional Services: 2,500+ (810+ banks and credit unions) 	<p>Q1 Business Metrics</p> <table border="0"> <tr> <td>Assets:</td> <td>\$684B</td> </tr> <tr> <td>Recruited Assets⁽²⁾:</td> <td>\$7.1B</td> </tr> <tr> <td>Advisors:</td> <td>16,189</td> </tr> <tr> <td>Accounts:</td> <td>5.5M</td> </tr> <tr> <td>Employees:</td> <td>4,269</td> </tr> </table>	Assets:	\$684B	Recruited Assets ⁽²⁾ :	\$7.1B	Advisors:	16,189	Accounts:	5.5M	Employees:	4,269	<p>LTM Financial Metrics</p> <table border="0"> <tr> <td>Average Assets:</td> <td>\$663B</td> </tr> <tr> <td>Gross Profit*:</td> <td>\$2.0B</td> </tr> <tr> <td>EBITDA*:</td> <td>\$958M</td> </tr> <tr> <td>EPS Prior to Intangible Assets*:</td> <td>\$6.16</td> </tr> </table>	Average Assets:	\$663B	Gross Profit*:	\$2.0B	EBITDA*:	\$958M	EPS Prior to Intangible Assets*:	\$6.16
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<p>Value Proposition</p> <p>We are a leader in the retail financial advice market and the nation's largest independent broker-dealer⁽¹⁾. Our scale and self-clearing platform enable us to provide advisors with the capabilities they need, and the service they expect, at a compelling price, including:</p> <ul style="list-style-type: none"> • Open architecture offering with no proprietary products • Choice of advisory platforms between corporate and hybrid, as well as centrally managed solutions to support portfolio allocation and trading • Enhanced capabilities, ease of doing business, ClientWorks technology, and service model • Industry-leading advisor payout rates • Growth capital to expand or acquire other practices 		<p>Q1 Debt Metrics</p> <table border="0"> <tr> <td>Credit Agr.</td> <td></td> </tr> <tr> <td>EBITDA (TTM)*:</td> <td>\$1.0B</td> </tr> <tr> <td>Total Debt:</td> <td>\$2.4B</td> </tr> <tr> <td>Cost of Debt:</td> <td>5.12%</td> </tr> <tr> <td>Net Leverage Ratio⁽³⁾:</td> <td>2.05x</td> </tr> </table>	Credit Agr.		EBITDA (TTM)*:	\$1.0B	Total Debt:	\$2.4B	Cost of Debt:	5.12%	Net Leverage Ratio ⁽³⁾ :	2.05x	<p>Ratings & Outlooks</p> <table border="0"> <tr> <td>S&P Rating:</td> <td>BB</td> </tr> <tr> <td>S&P Outlook:</td> <td>Positive</td> </tr> <tr> <td>Moody's Rating:</td> <td>Ba3</td> </tr> <tr> <td>Moody's Outlook:</td> <td>Positive</td> </tr> </table>	S&P Rating:	BB	S&P Outlook:	Positive	Moody's Rating:	Ba3	Moody's Outlook:	Positive
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<p>LTM EBITDA* History (\$ millions)</p>																					

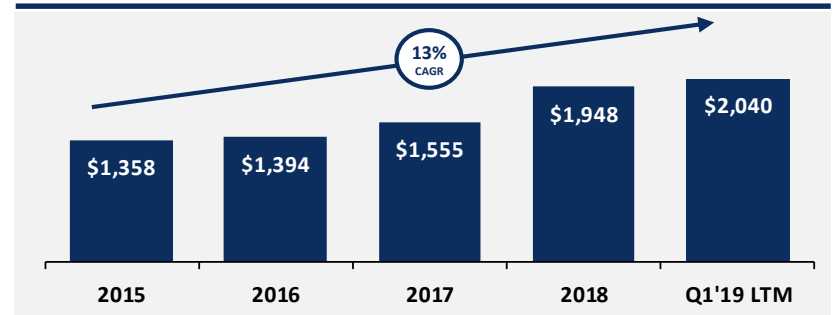


Our business continues to grow, and financial performance has steadily improved

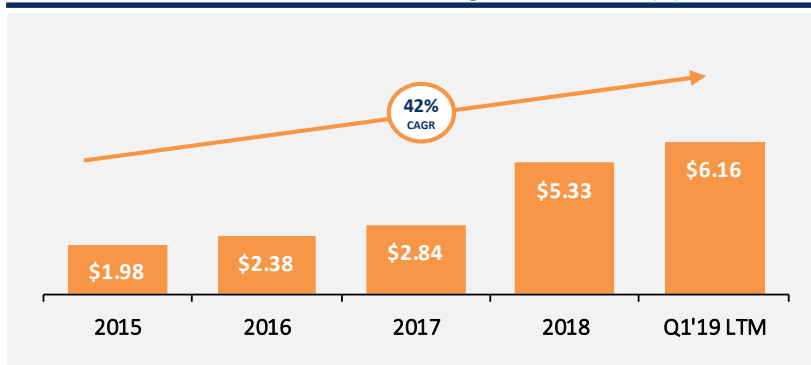
Total Brokerage and Advisory Assets ⁽⁴⁾ (\$ billions)



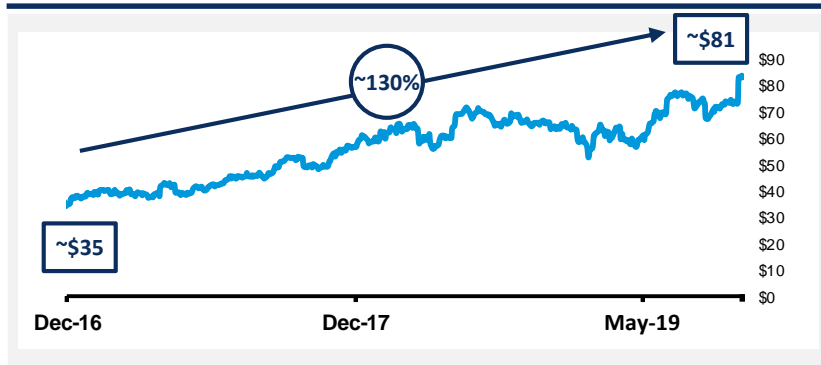
Gross Profit (\$ millions)



EPS Prior to Amortization of Intangible Assets* (\$)



LPLA Stock Price



Note: CAGR are based on 3.25 years from 2015 to Q1 2019 LTM

LPL Investment Highlights: Significant opportunities to grow and create long-term shareholder value

- 1 Established market leader with scale advantages and structural tailwinds**
- 2 Investments in capabilities to enhance the advisor value proposition**
- 3 Organic growth opportunities through net new assets and ROA**
- 4 Resilient business model with natural hedges to market volatility**
- 5 Disciplined expense management driving operating leverage**
- 6 Capital light business model with significant capacity to deploy**
- 7 Opportunity to consolidate fragmented core markets through M&A**

Meeting Agenda

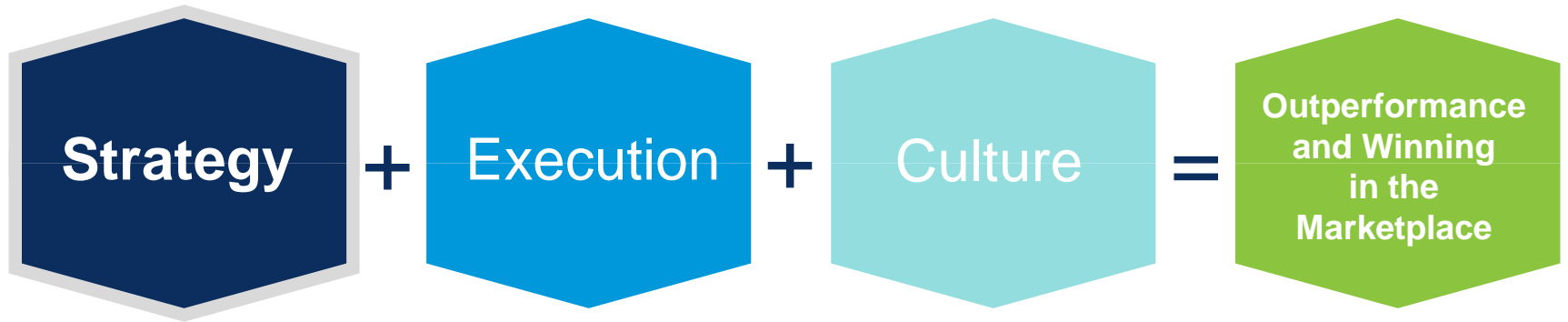
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Overall Strategy

DAN ARNOLD

President and Chief Executive Officer

LPL's Framework for Driving Outperformance



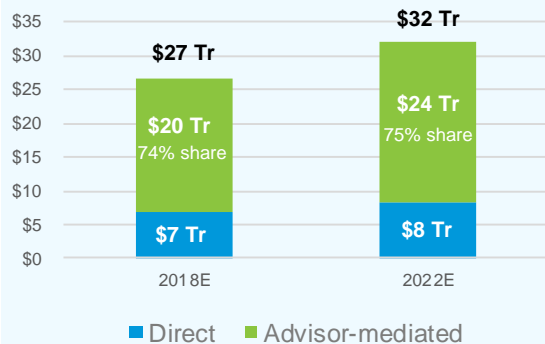
Evolution of Our Strategy

	From	To
Strategic Objective	<p>2017 – 2019</p> <p>Continue to do what we already do, and do it much better</p>	<p>2019 +</p> <p>Build on what we already do well to create the next generation of the independent model</p>
Strategic Characteristics	<p>Grow our market share in IBD by delivering new capabilities</p> <p>Close operational gaps on our core platform</p> <p>Create an improved business mix</p>	<p>Add versatility to our model to capture a broader profile of advisors, and a new layer of capabilities that extends our vertical integration</p> <p>Create an industry-leading service experience</p> <p>Gain share across all segments of the advisor-mediated market and build longer-term strategic moats</p>

We Continue to Have a Strong Market Opportunity, Supported by Structural Tailwinds

The Market for Advisor-Mediated Assets Is Growing

US Retail Investment Market projected growth



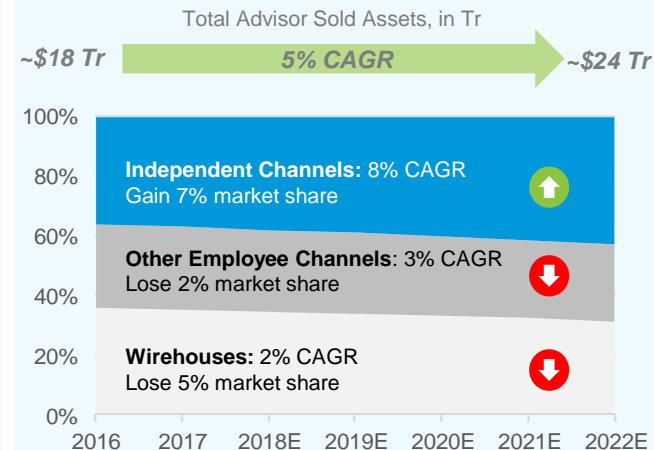
Investors Seek Human-Centered Financial Advice



of investors are unlikely to use a digital-only solution due to:

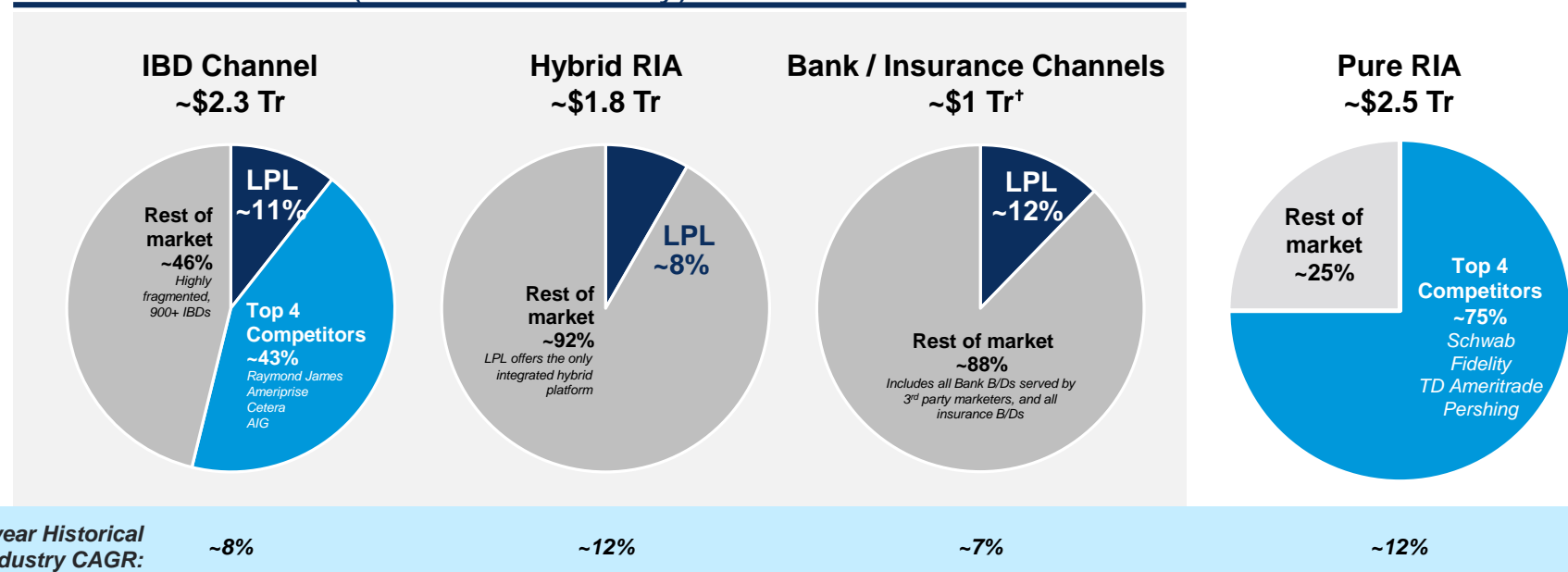
- Desire for human connection
- Lack of personalization
- Lack of trust of an automated service

Advisors Are Shifting Toward The Independent Channel



Historical Way We Viewed our Market Opportunity

Our Core Markets (2017 Investor Day)

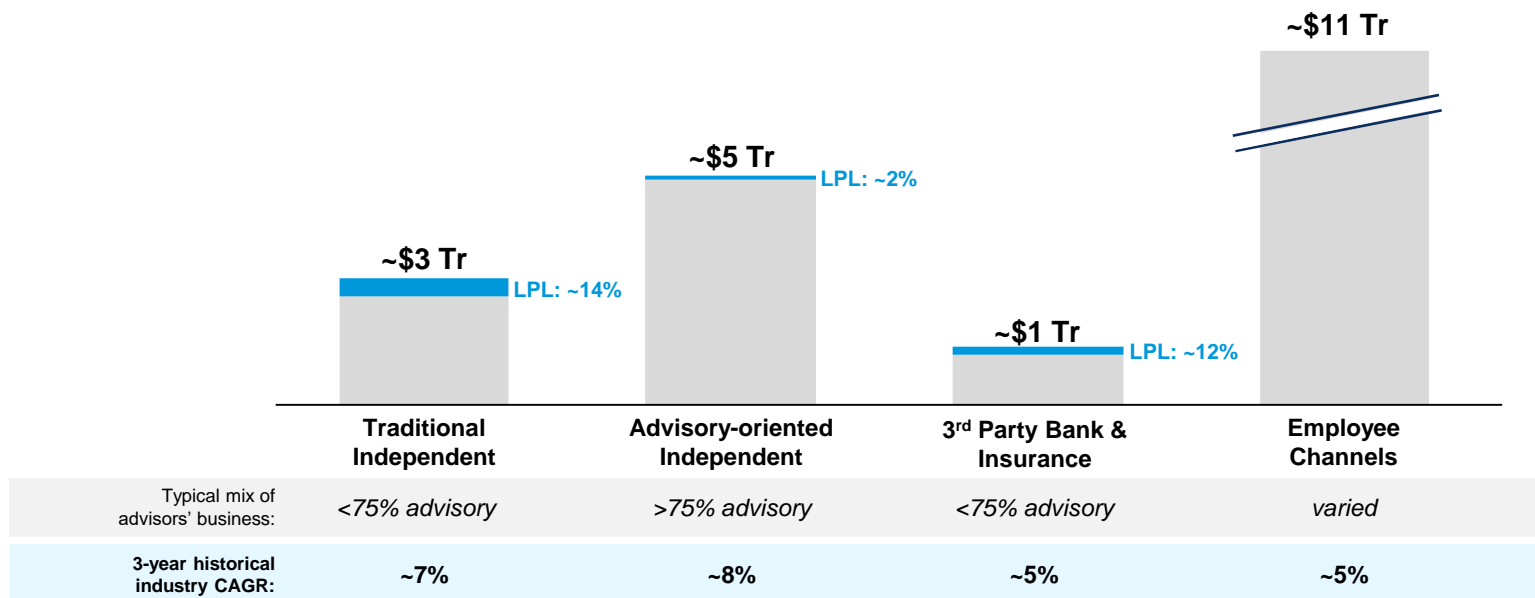


[†] ~\$1.0 Tr does not include \$1 Tr of assets custodied with proprietary bank B/Ds (e.g. Wells Fargo, JP Morgan Chase, etc.)

Source: All data is estimated using internal LPL metrics, Cerulli Lodestar 2017, Cerulli US Managed Accounts 2017, Cerulli Advisor 2016 AUM estimates, and Cerulli RIA Marketplace 2016

We Have Evolved the Way We Think About Our Market Opportunity

\$20 trillion Advisor-Mediated Market Opportunity[†]



[†] LPL estimates based on 2018 Cerulli channel size and advisory share estimates. These estimates include market adjustment for 2018.

Key Industry Trends That Shape Our Strategy



Shift to Advisory

Growth in fee-based assets across channels



Regulatory Complexity

Regulatory activity and scrutiny facing advisors is increasing



Rising Investor Expectations

Rising investor expectations creates a capacity challenge for independent practices



Decreasing Price of Advice for Investors

Increased transparency, automation, and shifts in investment management choices is lowering the price of advice

Implications for LPL:

- We continue to invest in and differentiate our advisory platform
- We are expanding our participation in the advisory-centric market with new go-to-market models
- Increases the value of our risk management capabilities and offering
- Advisors' needs within the independent model are evolving, as running and growing a business becomes more challenging
- We continue to lower costs of outsourced investment management solutions
- We are developing new solutions that enable greater practice scalability for advisors

We Continue to Leverage and Enhance our Competitive Advantages in Support of our Strategy

Differentiator	Competitive Advantage
Singular Focus on the Delivery of Financial Advice	We do not manufacture proprietary products or compete with advisors through a direct-to-consumer channel
Vertical Integration	Our integrated B/D, advisory platform, and self-clearing capabilities create more seamless experiences for advisors & give us economic advantages vs. competitors
Scale	Our scale enables competitive pricing and more investment capacity to further extend the differentiation of our model
Versatility of our Model	The scope of our model appeals to a broad profile of independent advisors and offers value-added capabilities unique in the marketplace

Summary of our Strategic Principles

1

Our strong and growing market opportunity coupled with a business that has competitive advantages positions us for continued growth in our core markets

2

We see the trends in the marketplace as opportunities for us to further extend the reach and differentiation of our model

3

By anticipating and serving the evolving needs of advisors and their clients, we will create the next generation of the independent model that continues to enhance our strategic positioning and accelerate our growth

Plays We Will Run to Achieve Our Strategy

2017 – 2019

Two primary plays to achieve our strategy:



Enhance our capabilities and utilize pricing to drive organic growth and improve business mix



Provide a competitive service experience

2019+

Strategic Plays: Broaden and expand on our existing plays, and add a new third play



Position our model across the entire wealth management market



Create an industry-leading service experience, at scale



Extend our vertical integration and develop a new layer of capabilities

Growth Benefits:

Increase New Store Sales and Retention

Increase Retention and the Scalability of our Model

Increase Same Store Sales and Develop New Revenue Streams



Position Our Model Across the Entire Wealth Management Market

IBD and Bank

- **Utilize capabilities differentiation and competitive pricing** to win through recruiting, complemented by M&A
 - Continued enhancements to advisory capabilities and pricing
 - Evolution of the advisor value proposition
 - End-client digital capabilities
- **Leverage our market leadership** vs. competitors to attract assets with a value-added model

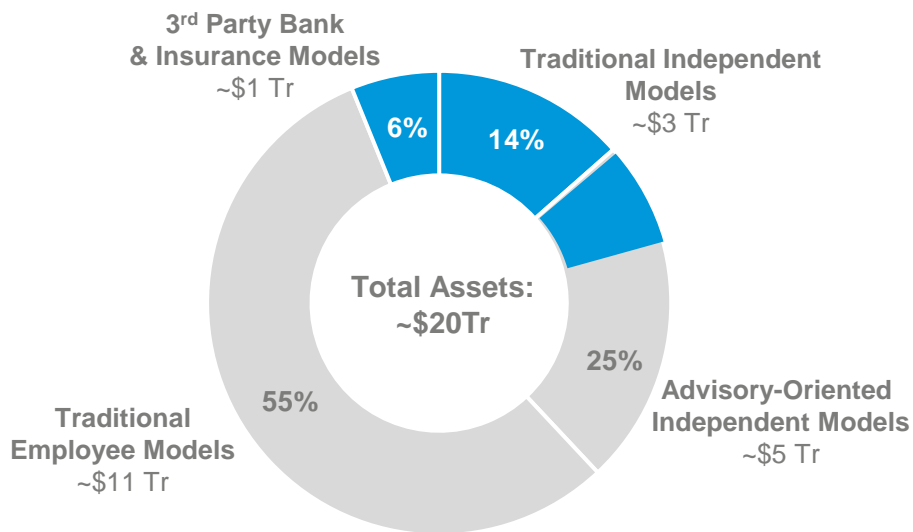
New Segments of the Market

- **Extend the versatility of our model to participate across a much broader portion of the wealth management market**
 - Leverage our core chassis, with some additional capabilities, to attract advisors who have more than a 75% mix of advisory business
 - Create a new, unique employee model for independent-minded advisors who do not want to manage every aspect of a business

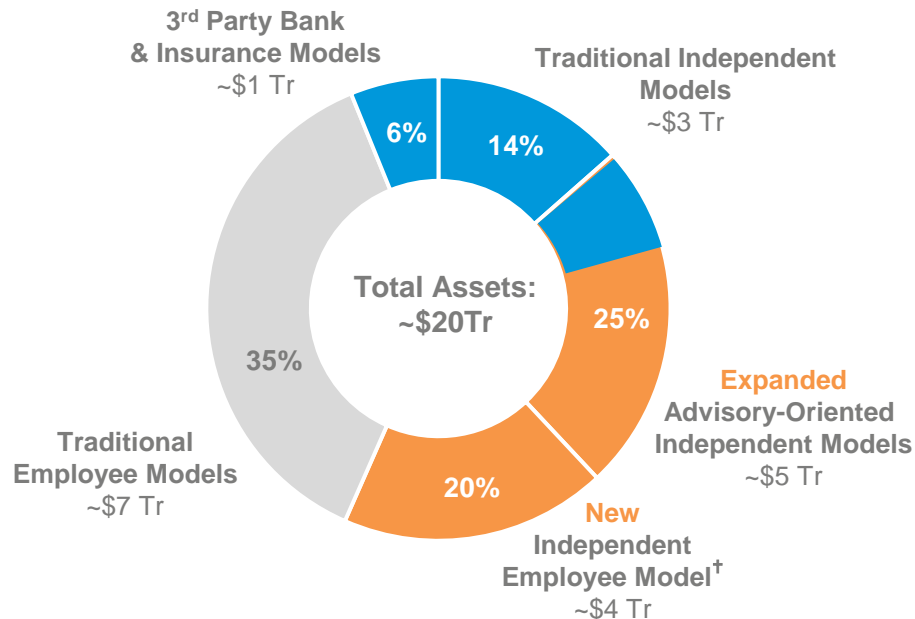


Expand Our Opportunity Set

Current Participation



Desired Future Participation



Drive higher New Store Sales by more than doubling our market participation

† LPL YE2018 estimates based on employee advisor preferred affiliation channel (Cerulli data). Includes wirehouse, regional, and proprietary bank assets.

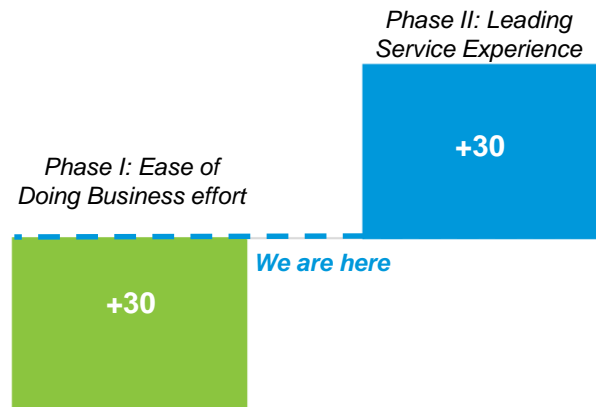
Create an Industry-leading Service Experience

What We Will Do

- **Phase I: Ease of Doing Business (2017-2019)**
 - Establish a competency in continuous improvement
 - Enhance the competitiveness of ClientWorks
- **Phase II: A Leading Service Experience (2019+)**
 - Create expertise in continuous improvement
 - Make ClientWorks an industry-leading technology platform
 - Transform our Service model to a Customer Care model

Our Service Experience Aspiration

Change in Net Promoter Score



Transform the Experience and Scalability of our Service Model

	Current State	Desired Future State
Experience	Method of interaction Single channel, call center	Multi-channel, to accommodate advisors' preferences
	Inquiries and requests Reliant on individuals' knowledge	Efficient, consistent responses driven by digital, AI-driven knowledge management systems
	Complex problem solving Requires navigation to subject matter experts	Single points of accountability for resolution
	Workflows Less automated with manual interventions	End-to-end automation for key operational workflows
Scalability	Scalability of our Service model Lower: people-driven	Higher: digitally-driven

Drive higher advisor retention and lower ongoing G&A growth through our future service experience



Extend Our Vertical Integration and Expand a New Layer of Capabilities

What we will do

Enhance advisors' ability to more successfully operate and grow their practices

Participate in the \$1B+ that our advisors currently spend on practice-level services

Grow and develop new services that are more embedded in the advisors' practices

Desired value proposition expansion



Drive a New Level of Scalability and Growth of Advisors' Practices

Current Approach to Running a Practice

LPL Plays a Consultative Role

Advisors' time equally spent between practice admin and clients/prospects

Limited scalability to a few hundred clients

Wide variations in execution quality (same store sales growth, efficiency)

Pay fees for services to 3rd parties for disjointed offerings (\$1B+ in spend)

Desired Future Approach to Running a Practice

LPL Plays an Execution Role

Majority of advisors' time is spent with clients/prospects

More scalable practice to several hundred clients

Heightened quality and consistency of execution, which will lead to greater same store sales growth

Integrated, turnkey solutions offered at a lower cost through a LPL subscription service

Amongst the best performing independent practices in the marketplace

Practice scalability and growth

Create a new, more integrated layer of capabilities that enhances Same Store Sales growth and creates subscription-based revenue streams



Shifting Services and Solutions from Experimentation to Operationalization



Digitizing advisors' practices

Practice Efficiency

ClientWorks Connected

Execution-related services at the practice level

Virtual Admin

Virtual CTO

Practice Growth

Virtual CFO

New-to-the-industry advisor program

M&A platform for advisors' practices

Succession solutions

Investor Growth

Virtual CMO

Lead generation on behalf of advisors

Advisor lifecycle solutions

We are creating the next generation of the Independent Model



Position Our Model Across the Entire Wealth Management Market

Extend our leadership in our place of strength (IBD and Bank)

Expand our affiliation models to compete across more segments of the wealth management market



Create an Industry-Leading Service Experience, at Scale

Develop excellence in Continuous Improvement

Turn ClientWorks into an industry-leading technology platform

Transform our Service model into a Customer Care model



Extend Our Vertical Integration and Develop a New Layer of Capabilities

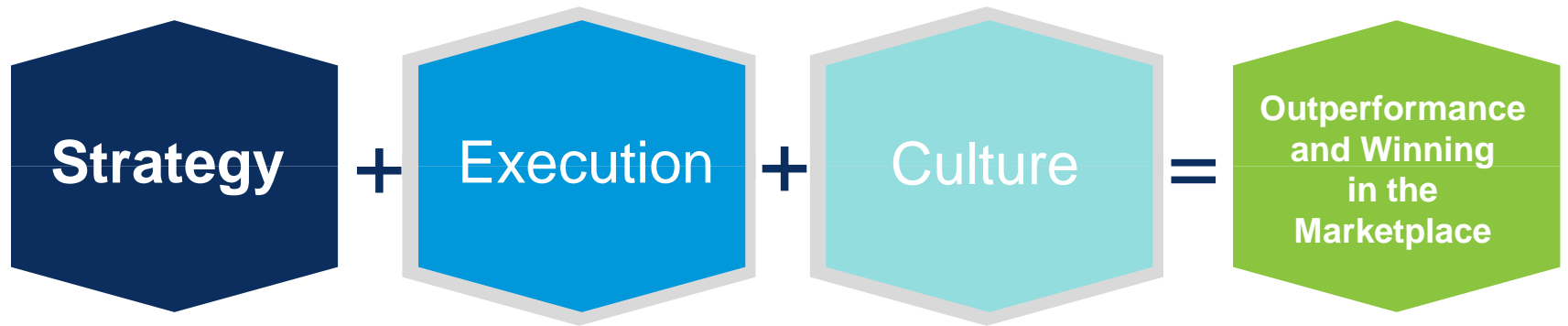
Digitize advisors' practices and enable evolution of their value proposition

Shift portions of practice management execution from advisors to LPL

Develop end-to-end solutions at each stage of the advisor lifecycle

A strategy to win in the marketplace

LPL's Framework for Driving Outperformance



We Continue to Enhance the Focus and Discipline of our Execution



Deliver QUALITY

Put the best leaders on the court

—

Develop continuous improvement as an organizational competency

—

Drive greater automation and digitization in the business



Drive INNOVATION

Grow our sandbox of innovation and new ventures and increase customer-driven experimentation

—

Continue to strengthen our product management capability



Gain EFFICIENCY

Build a Lean Six Sigma organizational capability

—

Continue excellence in expense management

Our Cultural Transformation Shifts Mindsets, Builds Capabilities and Attracts the Right Talent

From	To
LPL Focused	Client Is at the Heart of All We Do
Rules and Process	Capabilities and Innovation
Be Good	Be Extraordinary

We are ONE TEAM on ONE MISSION that Plays to Win

Questions & Answers

- Please wait for a microphone

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Break

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Business Development

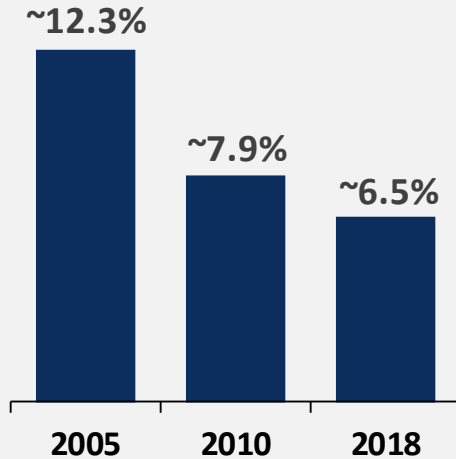
RICH STEINMEIER

Managing Director and Divisional President, Business Development

While market churn has declined, our pace of recruiting has increased

Industry churn has been declining

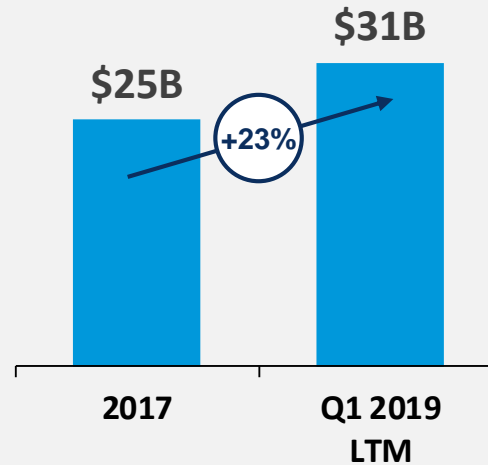
Overall industry churn
(% of advisors changing firms)



LPL estimates based on Cerulli Quantitative Update Advisor Metrics and Discovery Data

At the same time, our pace of recruiting has increased

Recruited Assets⁽²⁾



We made structural changes to drive growth

- Improved efficacy of our business development team
- Aligned recruiting transition assistance with financial returns
- Increased advisor advocacy driving referrals

Our business development efforts drive our first strategic play



**Position Our Model
Across the
Entire Wealth
Management Market**

Traditional Markets

Advisory-Oriented Models

Employee Services



**Create an Industry-
Leading Service
Experience, at Scale**



**Extend Our Vertical
Integration and Develop a
New Layer of Capabilities**

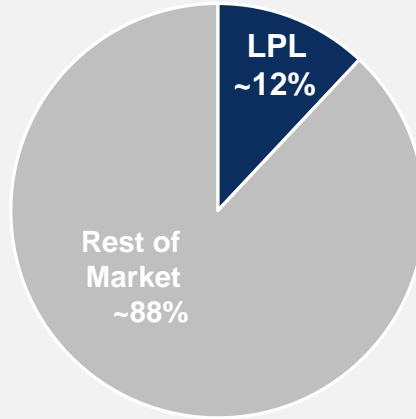
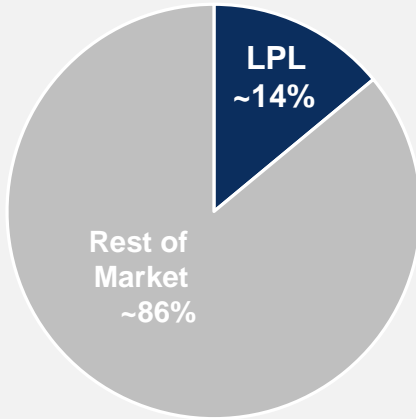
We have significant room to expand our leadership position in our traditional markets

Traditional and Bank Markets

~\$4 trillion market size

Traditional Independent
(~\$3 trillion)

Insurance & 3rd Party Bank
(~\$1 trillion)



*LPL estimates based on 2018 Cerulli channel size and advisory share estimates and include market adjustment for 2018.

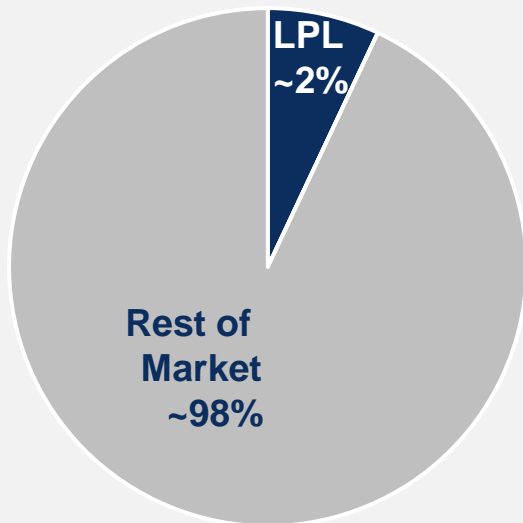
How We Win

- **Raise the bar for the independent channel**
by continuing to invest in differentiated capabilities, technology, and service
- **Increase advisor movement**
by growing the number of marketplace advocates and leveraging data and digital channels
- **Win more advisors in motion**
by personalizing and digitizing advisors' recruiting experience and empowering our team with analytics
- **Make LPL the easiest firm to join**
by simplifying and digitizing the onboarding process and increasing onsite and specialized support

We can drive growth by enhancing our advisory platforms and rolling out new advisory-oriented models

Advisory-Oriented Models

~\$5 trillion market size



*LPL estimates based on 2018 Cerulli channel size and advisory share estimates and include market adjustment for 2018.

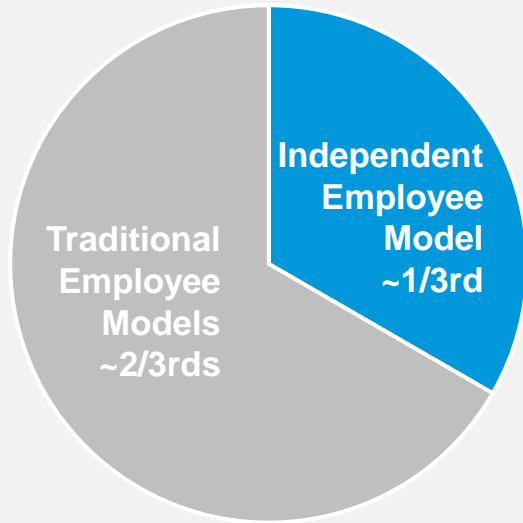
How We Win

- **Enhance our corporate and hybrid advisory platforms**
by continuing to expand capabilities and technology and providing greater flexibility and simplified pricing
- **Bring new capabilities to fee-only advisors**
by leveraging our corporate RIA, centrally managed platforms, integrated capabilities and digitized workflows, and virtual services
- **Introduce a Premium RIA model**
that makes it easier for larger employee advisors to go independent with enhanced support and services

We are innovating with a new independent model wrapped in employee services

Employee Services

~\$11 trillion market size



*LPL estimates based on 2018 Cerulli channel size and advisory share estimates and include market adjustment for 2018.

How We Win

- **Develop a new independent model** that preserves the principles of independence and wraps employee services around it
- **Bring our platforms to more advisors** by leveraging our integrated capabilities, vertical and ClientWorks ecosystem
- **Innovate through our acquisition of Allen & Company** by using its initial scale as an opportunity to enhance our offering

We believe these business development efforts can meaningfully increase our pace of recruiting over time

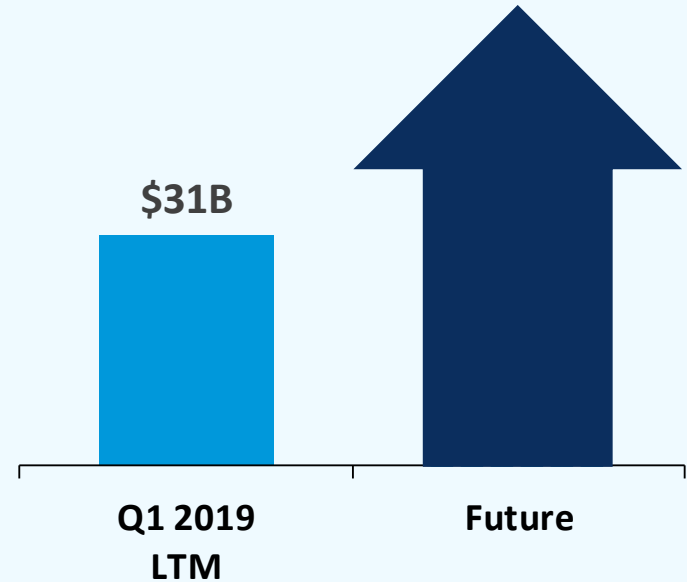
Business Development Efforts

Traditional Markets

Advisory-Oriented Models

Employee Services

Recruited Assets can grow over time



Capabilities & Technology

SCOTT SEESE

Managing Director,
Chief Information Officer

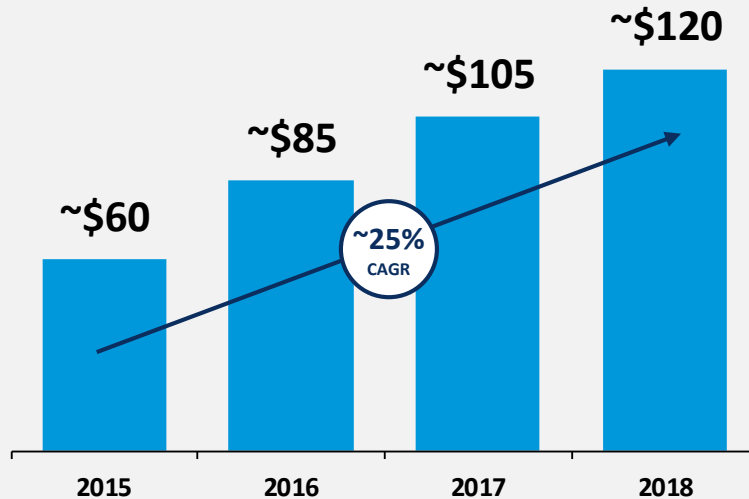
BURT WHITE

Managing Director,
Investor & Investment Solutions
Chief Investment Officer

We are focused on delivering capabilities and technology that help our advisors thrive

We are increasing investment...

Technology Portfolio Spend in millions



...and driving better outcomes

- Enhancing capabilities to help our advisors thrive
- Providing an open ecosystem platform enabled by best-of-breed technology
- Improving our investment quality and returns

Our technology principles are leading to higher quality and faster delivery



Speed

- System performance
- Agile development
- Efficient workflows
- Smart resourcing



Resiliency

- System stability
- Platform scalability
- Cloud-enabled
- Information security



Functionality

- Open ecosystem
- Best-of-breed technology partnerships
- API / micro-services
- Artificial intelligence & machine learning

Capabilities and Technology are foundational across our Strategic Plays



**Position Our Model
Across the
Entire Wealth
Management Market**

**Advisory Platform
Enhancements**



**Create an Industry-
Leading Service
Experience, at Scale**

ClientWorks



**Extend Our Vertical
Integration and Develop a
New Layer of Capabilities**

**ClientWorks
Connected**



Capabilities and Technology are foundational across our Strategic Plays



**Position Our Model
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**Extend Our Vertical
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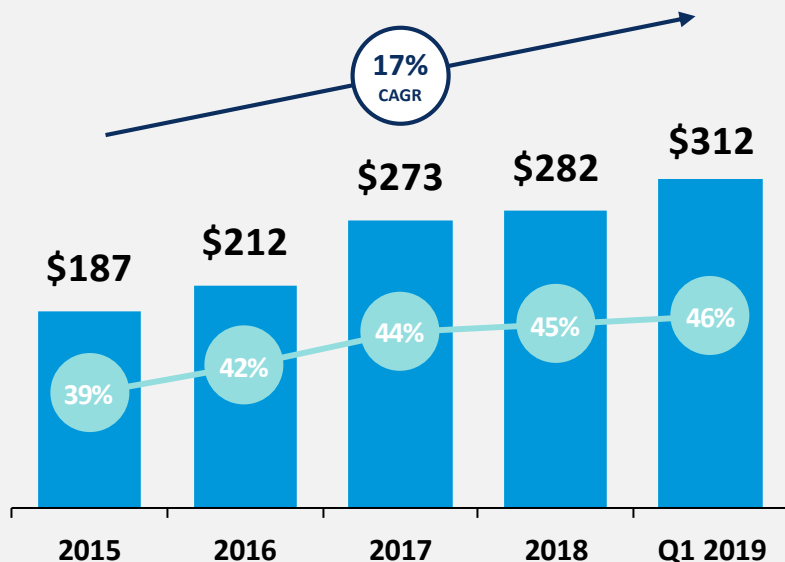
**ClientWorks
Connected**



Our assets are moving towards advisory, and we continue to enhance our offering

Advisory increased as a percent of total assets

- Total Advisory Assets (\$B) ⁽⁹⁾
- Advisory % of Total Brokerage and Assets



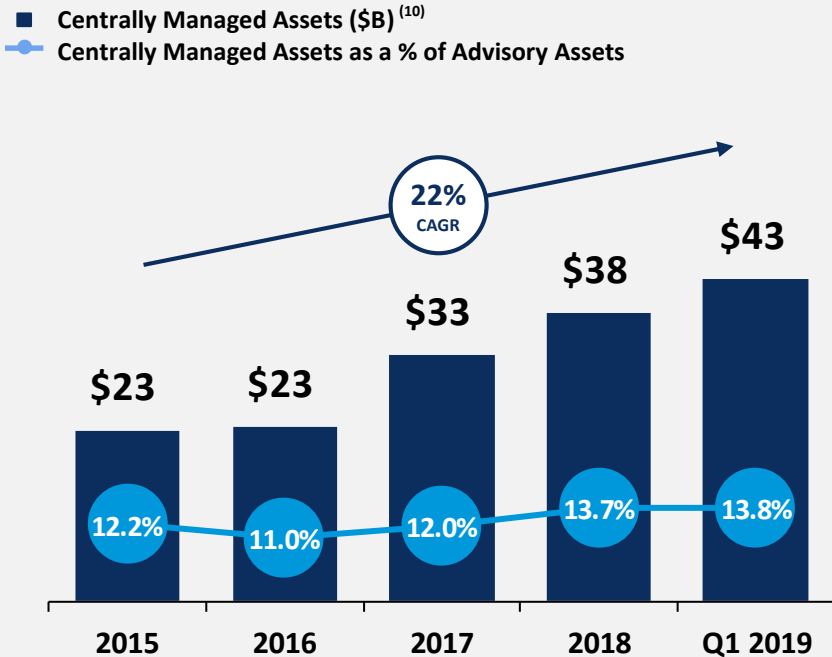
Enhancements over the past ~2 years

- Introduced No Transaction Fee Mutual Fund Platforms
- Lowered and simplified corporate platform pricing
- Launched goals-based planning and proposal generation solutions
- Streamlined brokerage to advisory conversion tools
- Rolled-out low-cost Separately Managed Accounts
- Enhanced Centrally Managed platform capabilities

Advisors can differentiate with a leading advisory offering

Advisors are leveraging our Centrally Managed Platforms to drive efficiency and growth

Centrally Managed Platforms have grown



Enhancements over the past ~3 years

- Enhanced investment content
- Lower platform and strategist pricing ('16 and '17)
- Developed Centrally Managed account conversion tool
- Launched MWP Advisor Sleeve

Advisors can lower their costs and serve more clients

Capability example: Advisor Sleeve in Centrally Managed Platforms

Model Management

Specify the position allocations for this model. As you add positions, we'll calculate a score to indicate what objective this model is on target for.

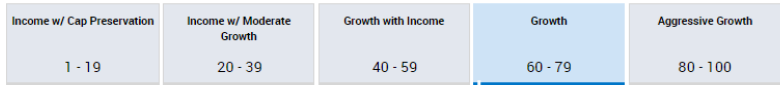
Position Allocations

Search by Symbol or Fund Name Add Position Import Spreadsheet

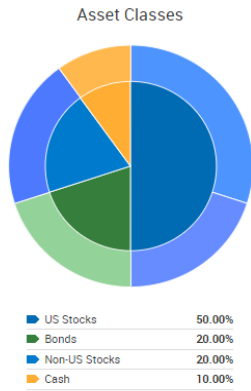
Show Position Minimums

Position	Risk Score	Position Min.	% Allocation	Weighted Min.	Remove
Large Cap U.S. Blend Equity			30.00%		
Fund 1	84.60	\$1.00	<input type="text" value="30.00"/>	\$3.33	<input checked="" type="checkbox"/>
Mid Cap U.S. Value Equity			20.00%		
Fund 2	86.20	\$1.00	<input type="text" value="20.00"/>	\$5.00	<input checked="" type="checkbox"/>
Intermediate/Long-Term High-Quality U.S. Bond			20.00%		
Fund 3	4.30	\$1.00	<input type="text" value="20.00"/>	\$5.00	<input checked="" type="checkbox"/>
Small Cap Foreign / Emerging Market Equity			20.00%		
Fund 4	81.80	\$1.00	<input type="text" value="20.00"/>	\$5.00	<input checked="" type="checkbox"/>
Cash and Equivalents			10.00%		
USD Cash	0.00	-	<input type="text" value="10.00"/>	-	<input checked="" type="checkbox"/>
Total			100.00%		

After this model is submitted, you can modify the positions and allocations. However, the model must stay within range of the original investment objective while accounts are assigned to it.



Model Risk Score
61



Total % Allocations
100%
100% allocation required
Min: 2% | Max: 40% in a single position

Positions
5
Min: 5 | Max: 25

Model Minimum
\$25,000
How is this calculated?

Advisors can lower their costs and serve more clients

Capabilities and Technology are foundational across our Strategic Plays



Position Our Model
Across the
Entire Wealth
Management Market

Advisory Platform
Enhancements



Create an Industry-
Leading Service
Experience, at Scale

ClientWorks

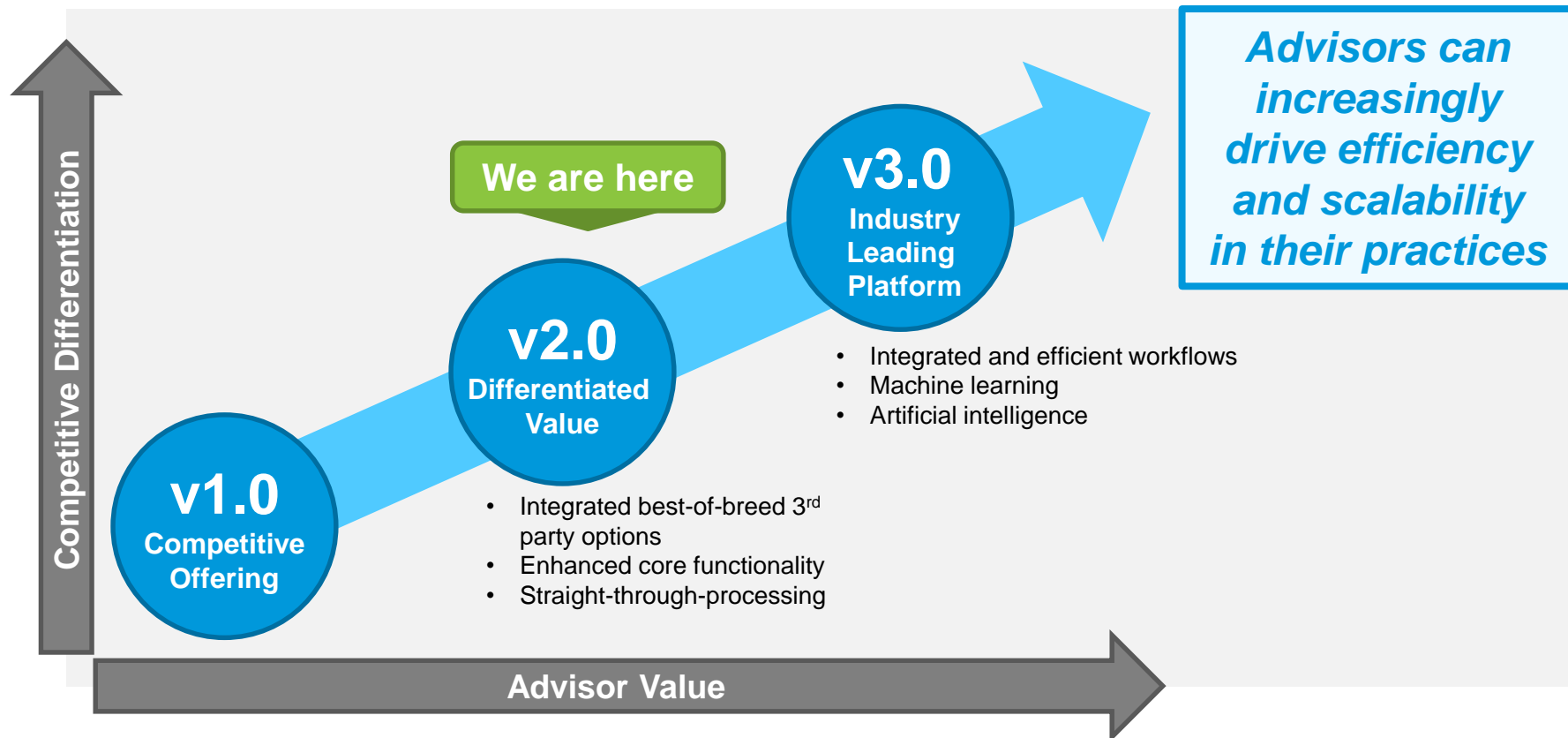


Extend Our Vertical
Integration and Develop a
New Layer of Capabilities

ClientWorks
Connected



We are evolving ClientWorks into an open ecosystem platform enabled by best-of-breed technology



Capabilities and Technology are foundational across our Strategic Plays



Position Our Model
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Create an Industry-
Leading Service
Experience, at Scale

ClientWorks



Extend Our Vertical
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ClientWorks
Connected



We are organizing our capabilities into integrated and flexible digital workflows to help advisors thrive

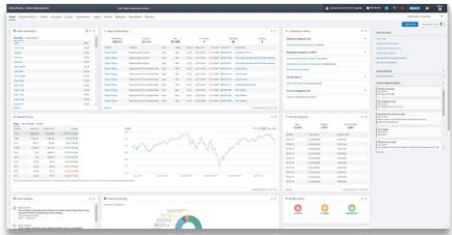


Workflow demo:

2

Turning Prospects into Clients

Getting prospects to say "YES"



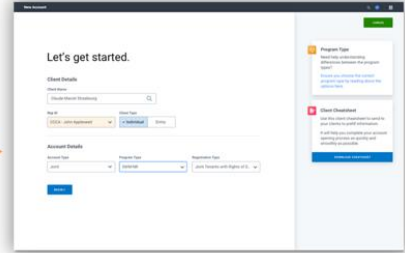
Nurturing Leads
(ClientWorks + CRM)



Generating Proposals
(AdvisoryWorld)



Setting Goals
(Client Goals)



Opening New Accounts
(ClientWorks)

Workflow demo:



Capabilities and Technology are foundational across our Strategic Plays



**Position Our Model
Across the
Entire Wealth
Management Market**

**Advisory Platform
Enhancements**



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**Extend Our Vertical
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Connected**



Questions & Answers

- Please wait for a microphone

Meeting Agenda

9:00 a.m.	Matt Audette	Welcome & Agenda
9:10 a.m.	Dan Arnold	Overall Strategy Followed by Q&A
9:55 a.m.	Break	
10:05 a.m.	Rich Steinmeier Burt White, Scott Seese	Business Development Capabilities & Technology Followed by Q&A
11:05 a.m.	Break	
11:15 a.m.	Andy Kalbaugh	Advisor Panel
11:45 a.m.	Break	
11:50 a.m.	Matt Audette	Shareholder Value Creation Followed by Q&A
12:25 p.m.	Matt Audette	Closing Remarks
12:30 p.m.	Lunch Available	

Break

- Please return by 11:15 a.m.

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Advisor Panel

ANDY KALBAUGH

Managing Director, Divisional President, National Sales & Consulting

LPL Advisor Panel



Name	Joan Valenti	Steve Budin	Jim Platania
Firm	Valenti Wealth Management	The Budin Group	Platania Financial Inc.
Location	Farmington, CT	Las Vegas, NV	Arlington Heights, IL
Experience	35+ years	25+ years	30+ years
Years at LPL	25+ years	20+ years	1 year
Practice Assets	~\$800M	~\$250M	~\$150M

Example Panel Topics



**Position Our Model
Across the
Entire Wealth
Management Market**

- **Joining LPL**
- **Advisory Platforms**
- **Centrally Managed Platforms**



**Create an Industry-
Leading Service
Experience, at Scale**

- **Ease of Doing Business**
- **ClientWorks**
- **Service**



**Extend Our Vertical
Integration and Develop a
New Layer of Capabilities**

- **ClientWorks Connected**
- **Virtual Services**
- **Advisor Capital**

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Shareholder Value Creation

MATT AUDETTE

Chief Financial Officer

Our strategic plays are key drivers of shareholder value creation



**Position Our Model
Across the
Entire Wealth
Management Market**



**Create an Industry-
Leading Service
Experience, at Scale**



**Extend Our Vertical
Integration and Develop a
New Layer of Capabilities**



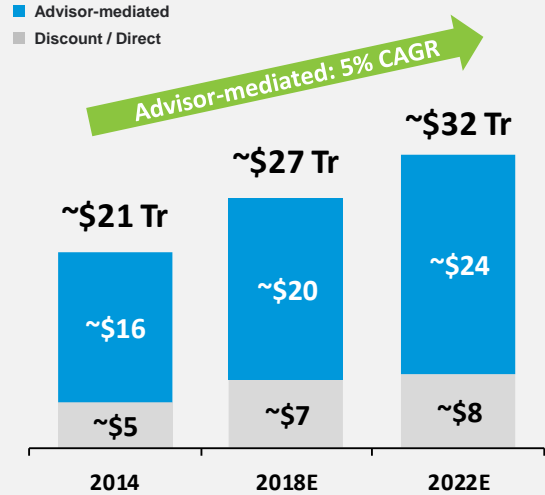
LPL Investment Highlights: Significant opportunities to grow and create long-term shareholder value

- 1 Established market leader with scale advantages and structural tailwinds**
- 2 Investments in capabilities to enhance the advisor value proposition**
- 3 Organic growth opportunities through net new assets and ROA**
- 4 Resilient business model with natural hedges to market volatility**
- 5 Disciplined expense management driving operating leverage**
- 6 Capital light business model with significant capacity to deploy**
- 7 Opportunity to consolidate fragmented core markets through M&A**

We are a market leader with scale advantages and industry tailwinds

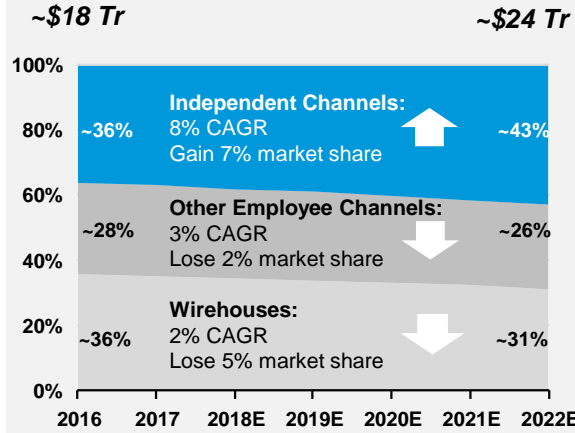
Growing demand for advice

Projected Growth in US Retail Investment Market

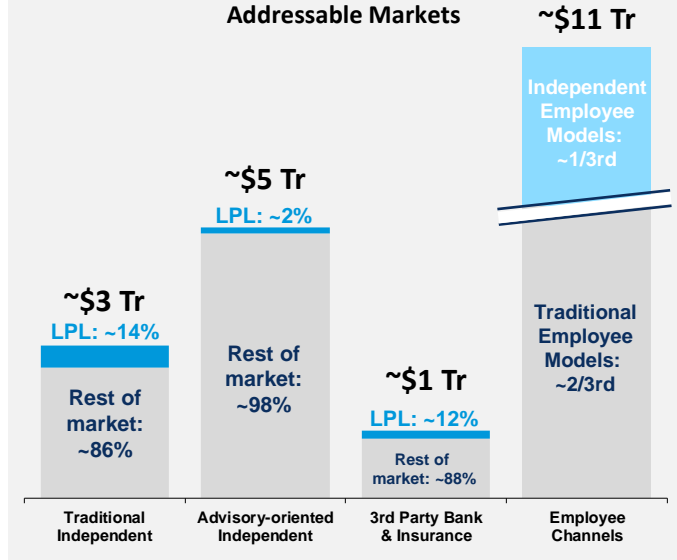


Independent Channel gaining share

Total Advisor-mediated Assets



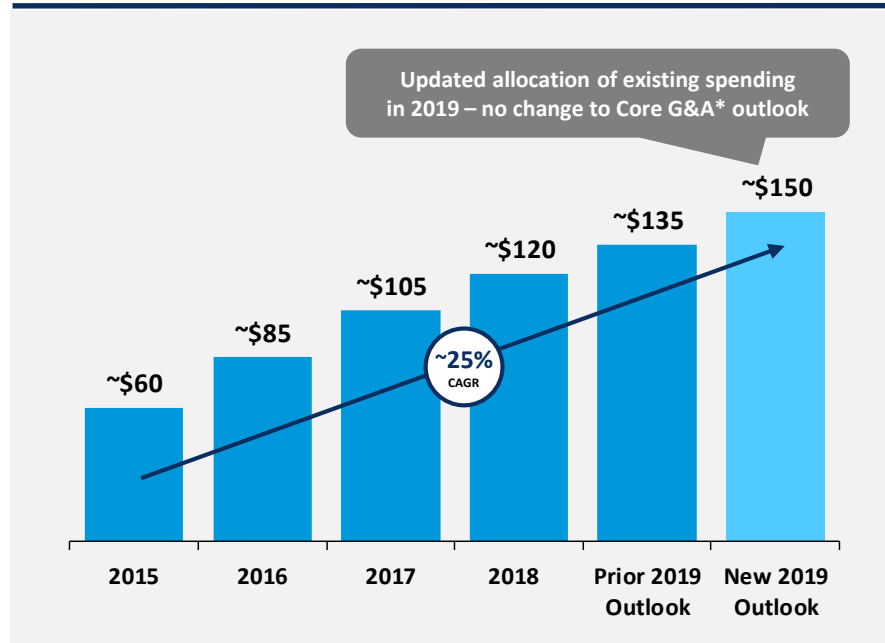
Leading position in traditional markets



Note: LPL estimates based on 2018 Cerulli channel size and advisory share estimates and include market adjustment for 2018.

We have increased our investments in capabilities to enhance our advisor value proposition and drive growth

Technology Portfolio Spend (in millions)

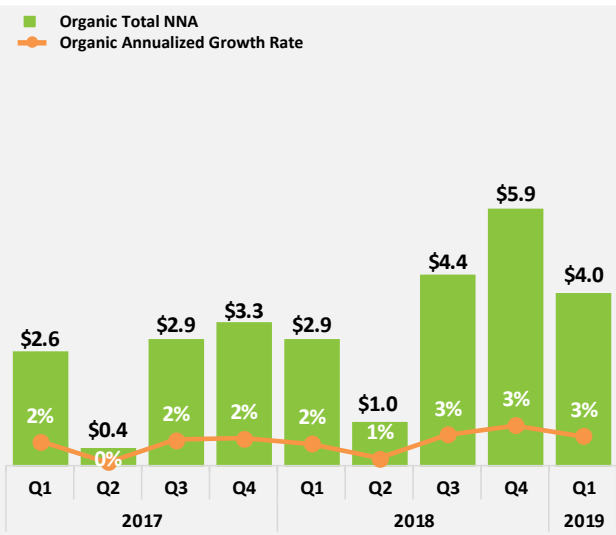


Key Points

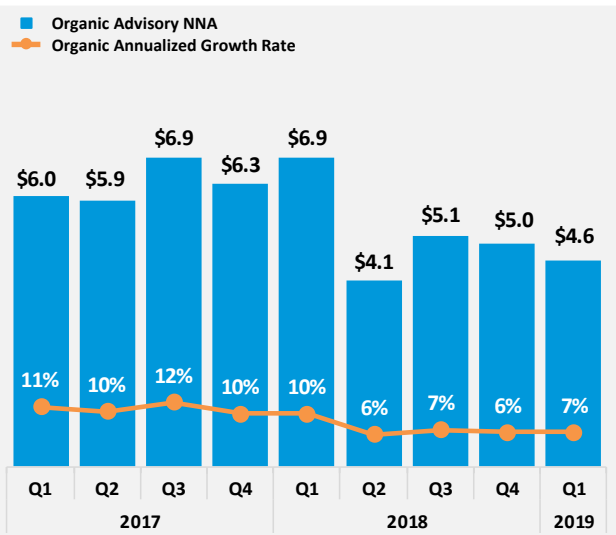
- Enhancing our capabilities can make our platform more appealing to existing and prospective advisors
- As a result, we have increased our technology investments over time
- Our spend is primarily focused on turning our existing competitive offering into a industry-leading platform

We have steadily increased our pace of organic growth

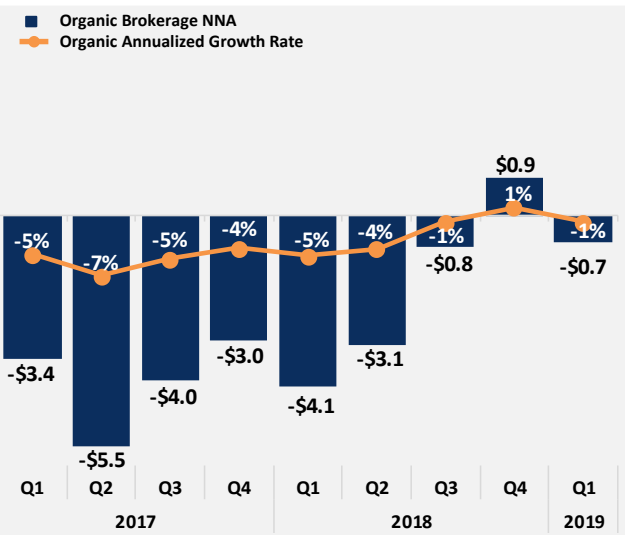
Total Net New Assets (\$ billions)



Net New Advisory Assets⁽⁵⁾ (\$ billions)



Net New Brokerage Assets⁽⁶⁾ (\$ billions)



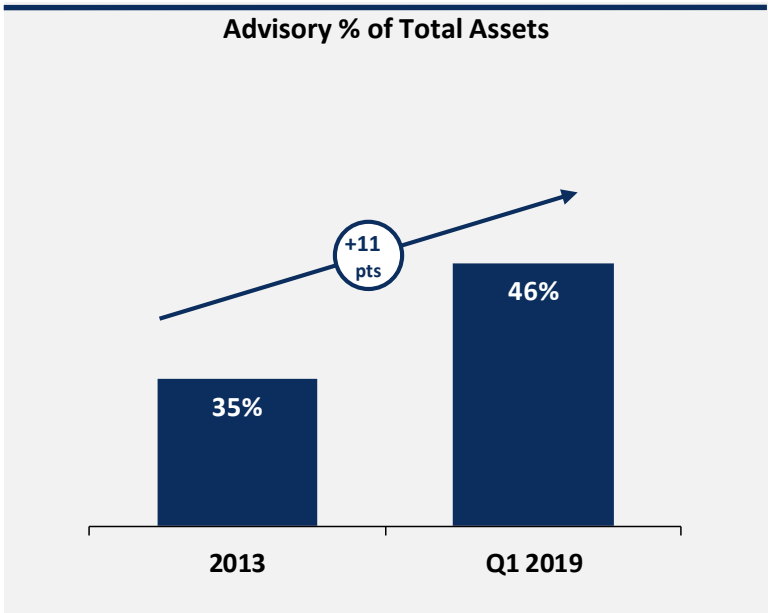
Net Brokerage to Advisory Conversions (billions)⁽⁷⁾:

\$2.3	\$2.0	\$1.9	\$2.1	\$2.5	\$1.8	\$1.7	\$1.4	\$1.4
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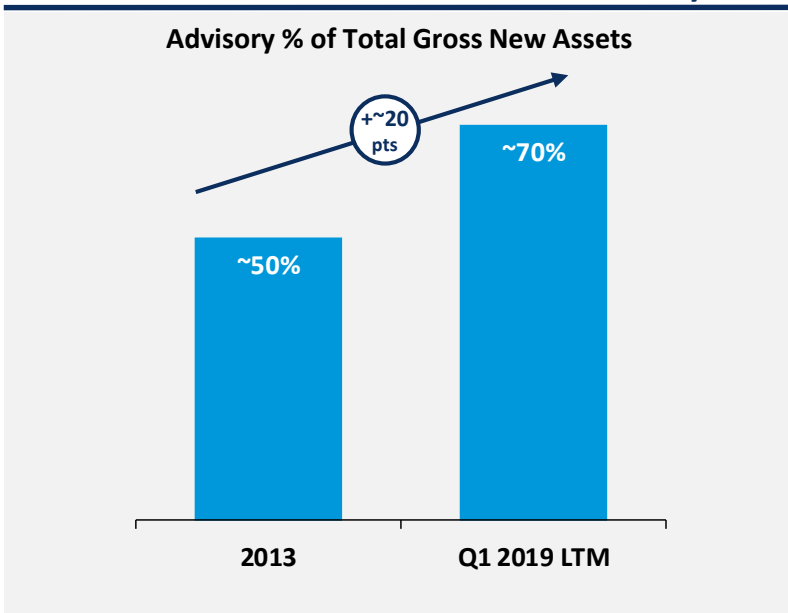
Note: Q3 2018 includes \$2.4 billion of outflows (of which \$1.5 billion was advisory) and Q4 2018 includes \$0.7 billion of outflows (of which \$0.3 billion was advisory) from a small number of hybrid firms, consistent with the Company's expectations as discussed on its Q2 and Q3 2018 earnings calls. Q1 2019 includes \$0.6 billion of outflows (of which \$0.3 billion was advisory) related to a large hybrid firm.

Our assets continue to move towards advisory, primarily driven by new client investment

Our business continues to trend towards Advisory

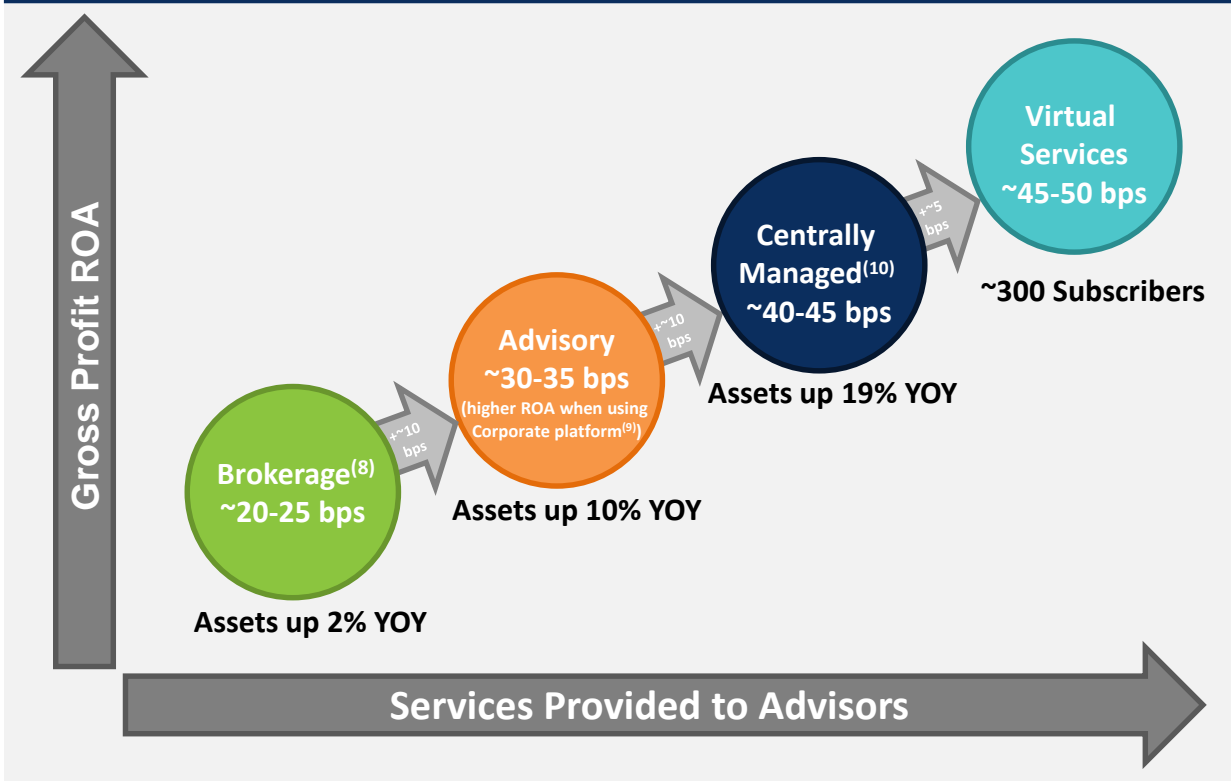


~70% of new client investments are in Advisory

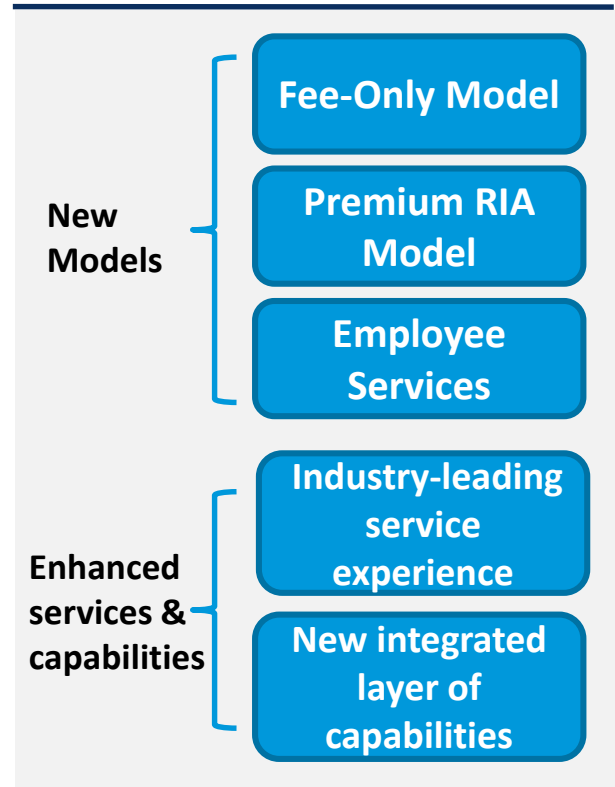


As advisors use more of our services, our returns increase

We have seen a favorable mix shift in our platforms

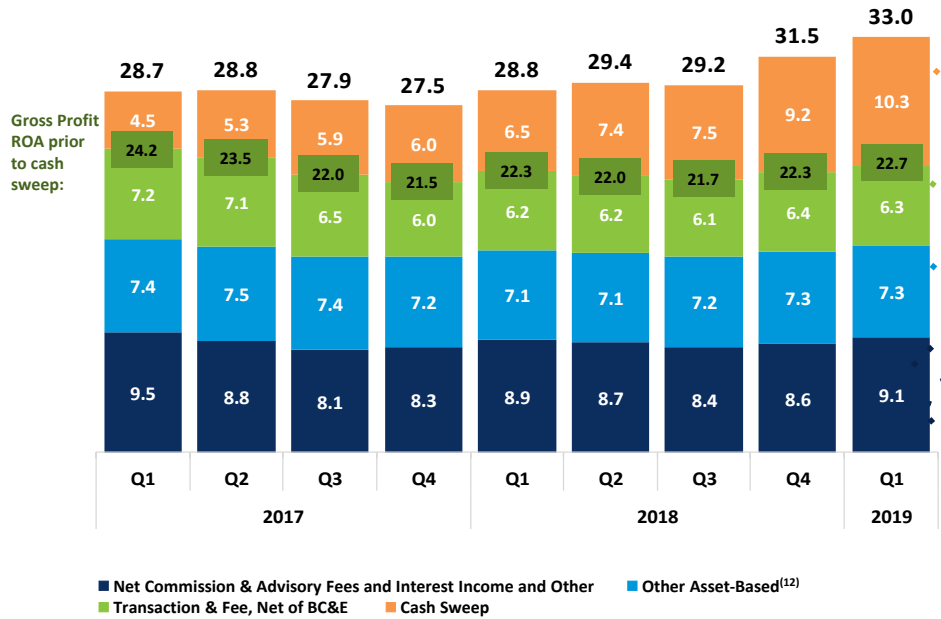


Additional drivers of growth



Our gross profit* ROA has grown over time

Gross Profit* ROA ⁽¹¹⁾

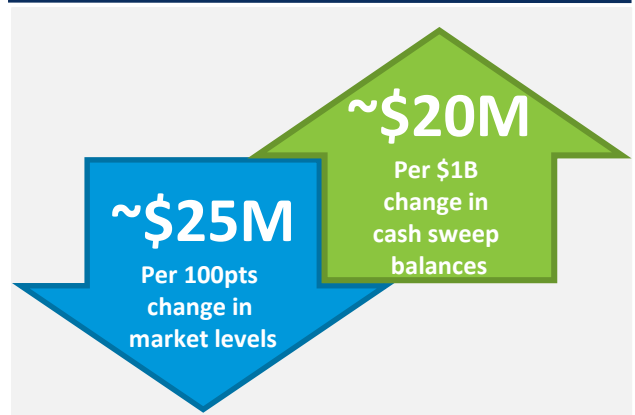


Key drivers of gross profit* ROA growth going forward

- Cash Sweep Offerings**
(e.g. deposit betas in the 25-50% range, extending ICA duration)
- Modernize Practice Management**
(e.g. virtual services, advisor lifecycle solutions)
- Asset Custody**
(e.g. sponsor programs, centrally managed platforms)
- Advisory Services**
(e.g. secular brokerage to advisory trend, enhanced hybrid capabilities)
- Portfolio Construction**
(e.g. centrally managed, separately managed, Guided Wealth Portfolios)
- Risk Management**
(e.g. corporate vs hybrid mix shift, increased use of compliance capabilities)
- New Models**
(e.g. Premium RIA, Fee-Only, Employee Services)

The stability of our business model better positions us to continue investing and deploying capital

Changes in market levels and cash sweep balances tend to offset each other



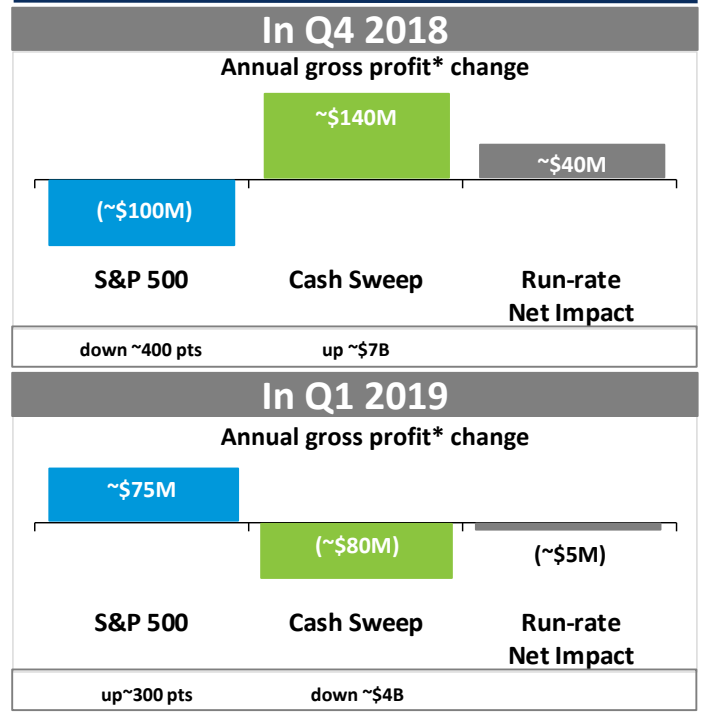
Market Levels (S&P 500)

Rising market levels drive growth in assets and related revenues including Advisory Fees, Trailing Commissions, and Sponsor Revenues

Cash Sweep Balances

Increased market volatility drives higher cash sweep balances with average yield of ~200 bps as of Q1 2019

Two recent case studies

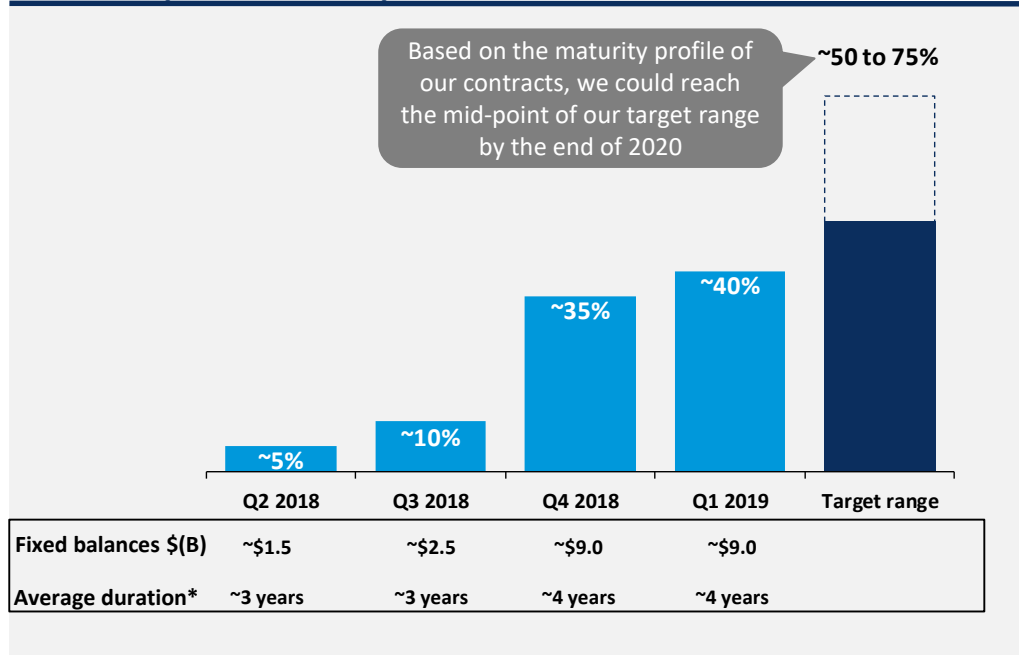


Key Points

- In the long-term, we benefit from rising equity markets which drive growth in assets and cash balances
- In the short-term, our business model has natural hedges to market volatility
- This helps create stability in earnings in the short-run which improves our ability to invest for growth across different macro environments

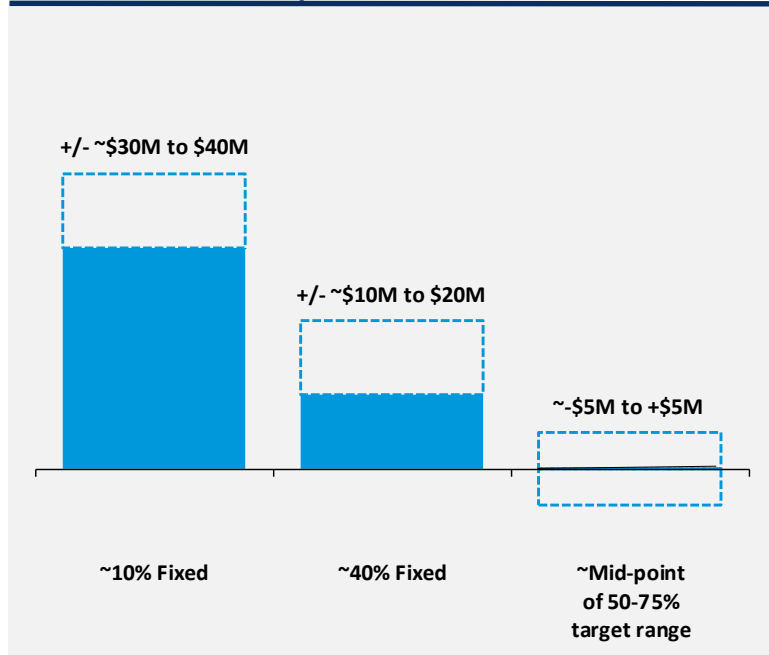
We are moving ICA balances to fixed rates over time, reducing our sensitivity to movements in short-term rates

Fixed rate portion of ICA portfolio



*Calculated as the weighted average life of the fixed rate contracts.

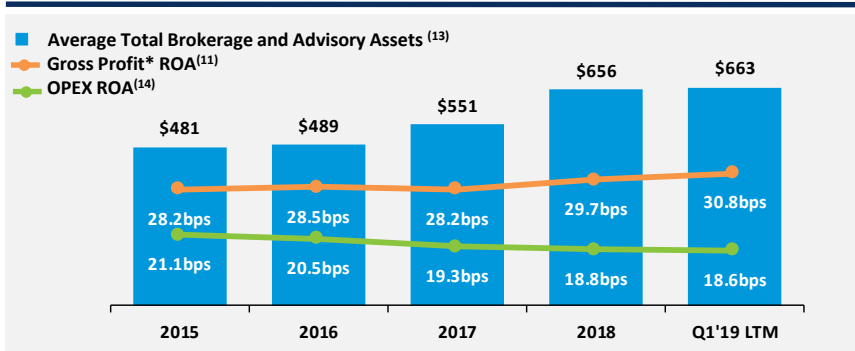
Annual financial impact of a Fed rate hike or cut



Note: assumes change based on ICA floating rate balances, deposit betas of 25-50%, ~\$5M change in DCA revenue, and ~\$5M change in interest rate expense on our floating rate debt

We continue to drive operating leverage while investing for growth

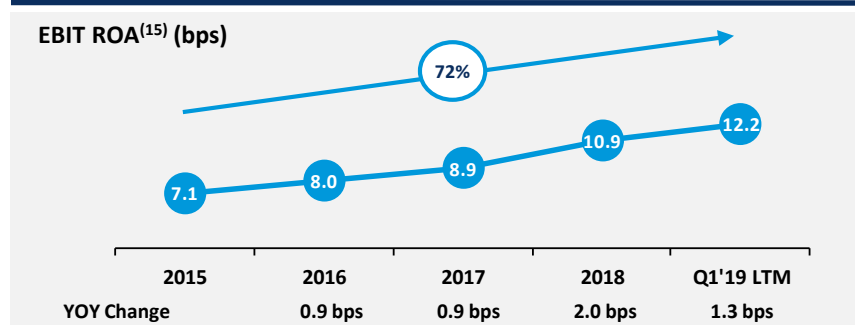
Gross Profit* ROA increased, and OPEX ROA continued to decline



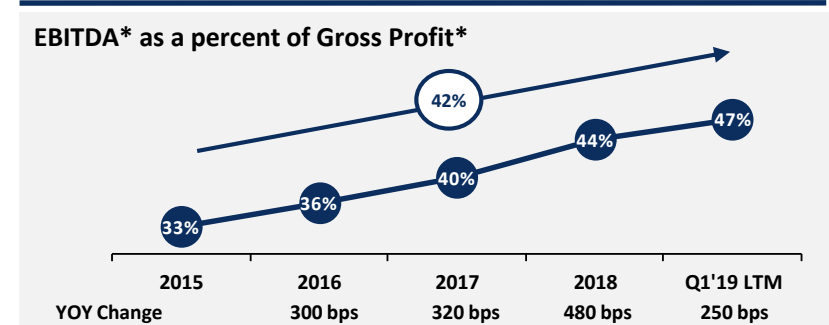
Long-term expense and investment strategy remains unchanged

- Focus on delivering operating leverage
- Prioritize investments that drive organic growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

As a result, EBIT ROA has grown



EBITDA* margin expanded over time



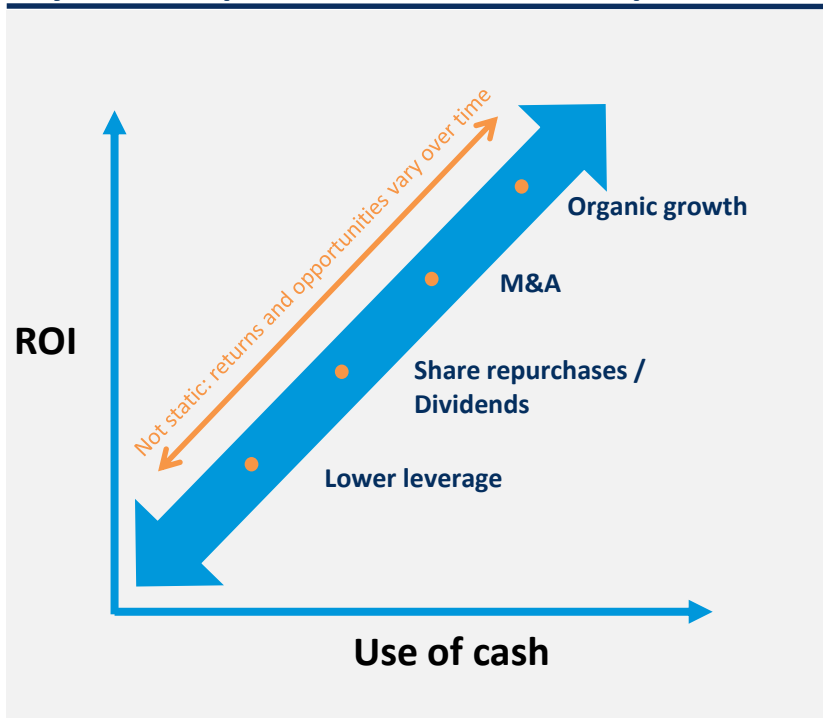
Note: Q1 2019 YOY change for EBIT ROA and EBITDA margin are calculated relative to full year 2018 results

Our capital management strategy is focused on driving growth and maximizing shareholder value

Our capital management principles

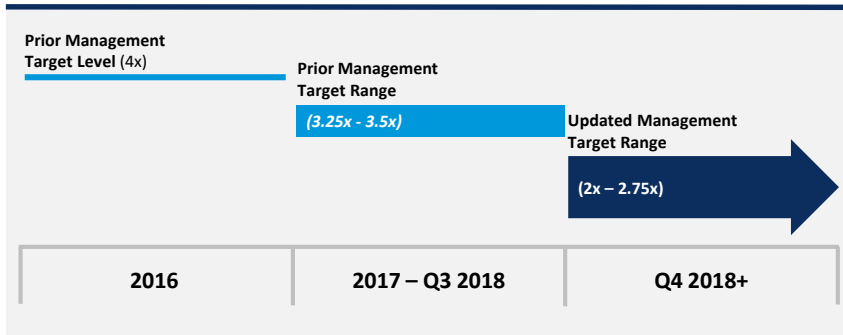
- **Disciplined capital management to drive long-term shareholder value**
- **Maintain a strong and flexible balance sheet**
 - Management target net leverage ratio range of 2x to 2.75x
 - Debt structure was refinanced to be more flexible and support growth
- **Prioritize investments that drive organic growth**
 - Recruiting to drive net new assets
 - Capability investments to add net new assets and drive ROA
- **Position ourselves to take advantage of M&A**
 - Potential to consolidate fragmented core market
 - Stay prepared for attractive opportunities
- **Return excess capital to shareholders**
 - Share repurchases
 - Dividends

Dynamic capital allocation across options

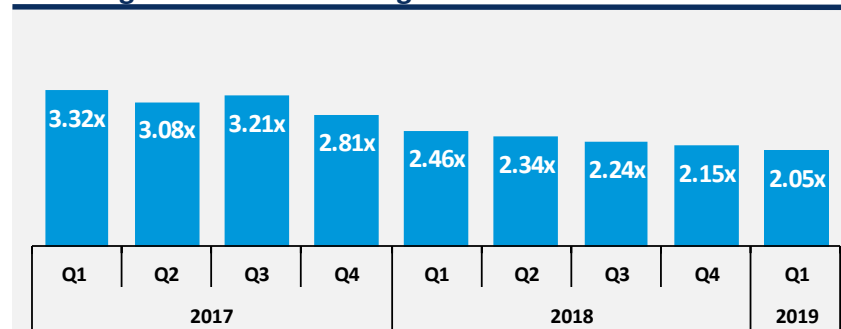


Our balance sheet strength is a key driver of our organic growth

Management Target Credit Agreement Net Leverage Ratio[†]



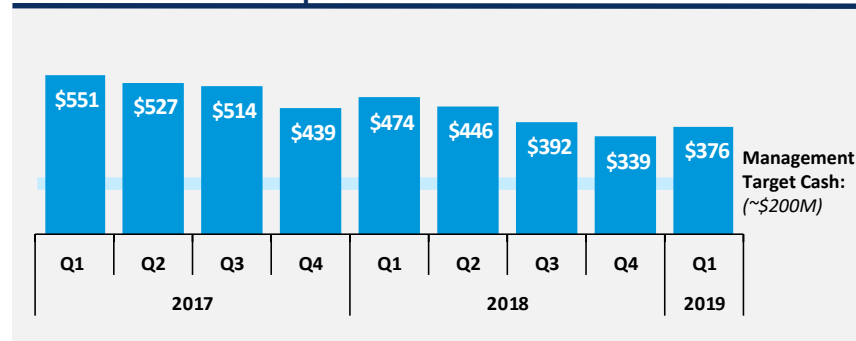
Credit Agreement Net Leverage Ratio



Balance sheet principles

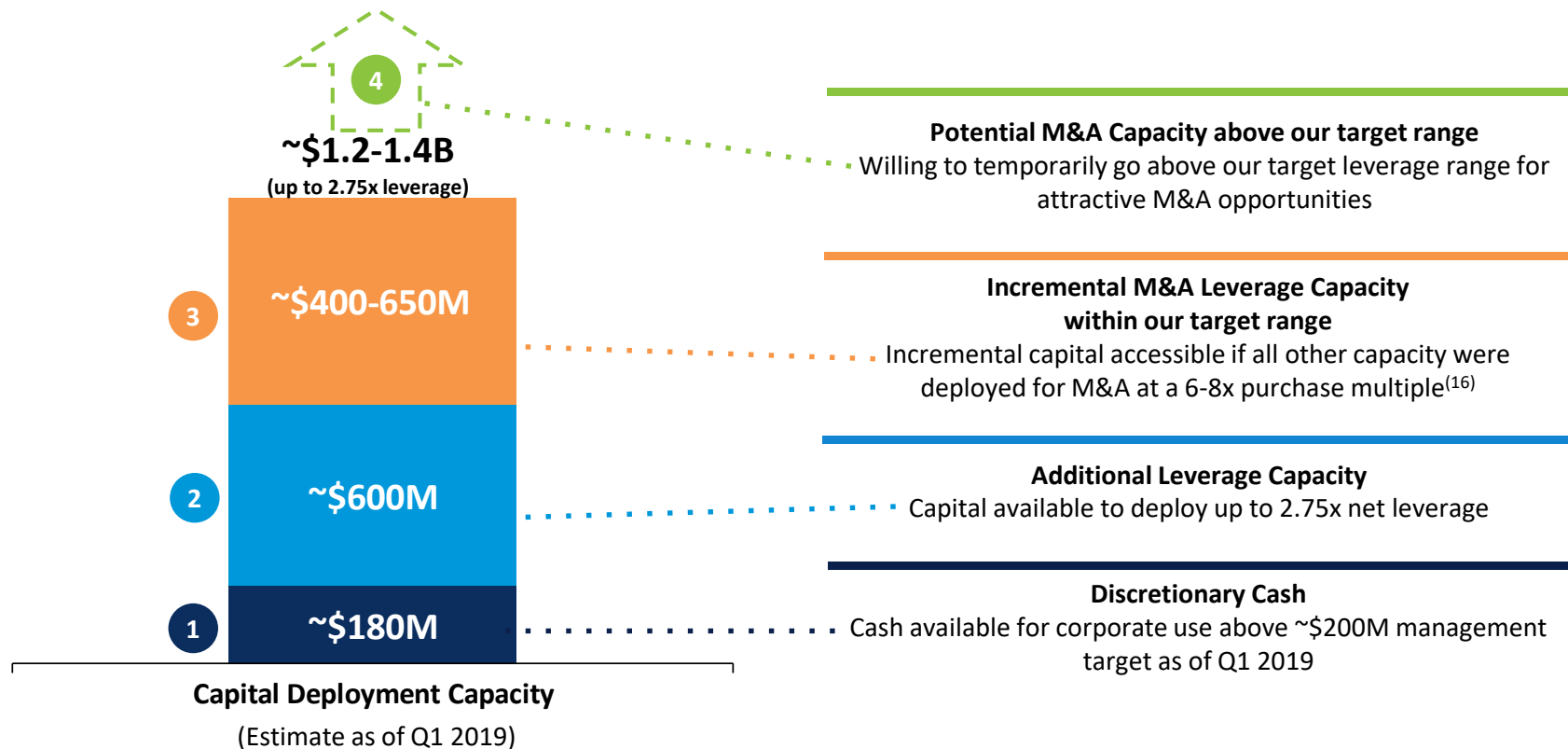
- We want to maintain a strong balance sheet that can absorb market volatility while having the capacity to invest for growth
- As a result, our target leverage range is 2x to 2.75x, which we believe positions our balance sheet well
- At the same time, we are comfortable operating above or below this range temporarily if attractive M&A opportunities arise and as we continue to grow earnings

Cash Available for Corporate Use



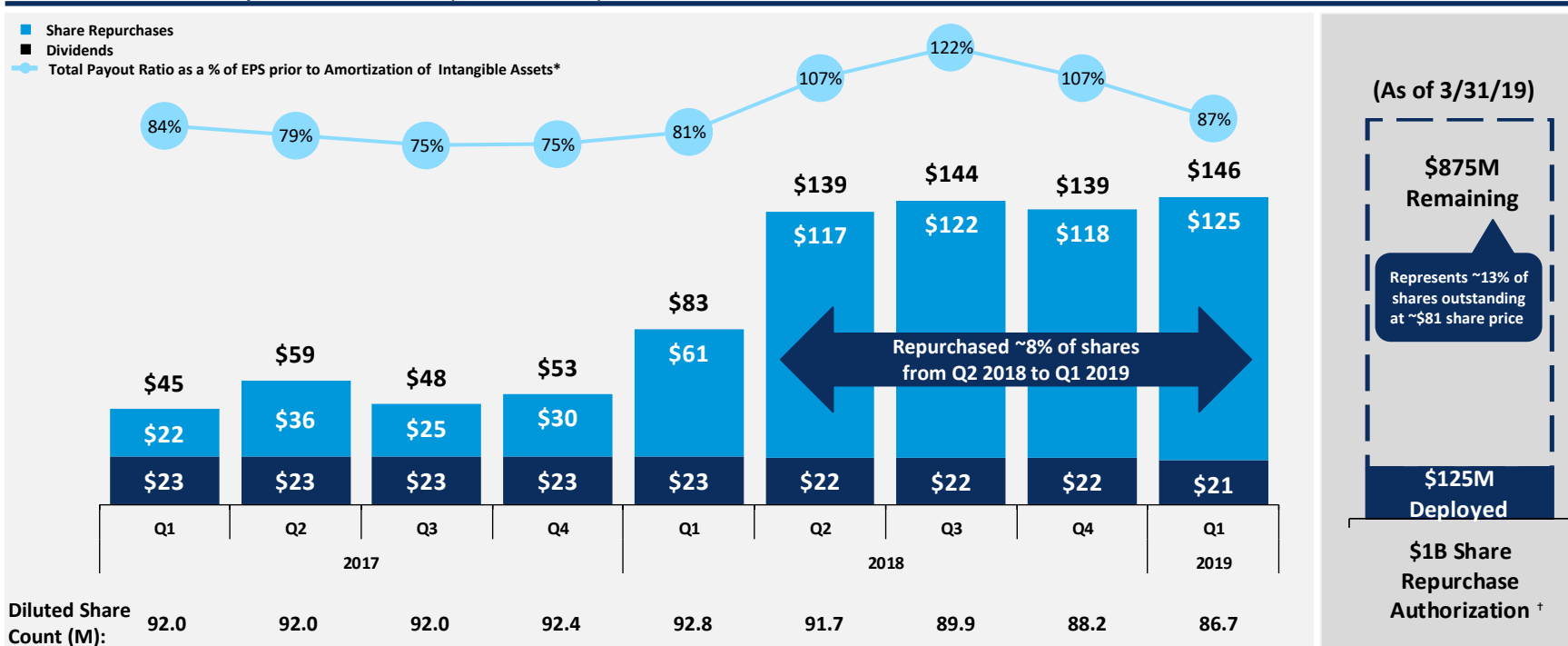
[†] Note that the Credit Agreement Net Leverage Ratio only applies to the Company's revolving credit facility, which was undrawn as of March, 31, 2019

We have significant capacity to deploy capital



We have increased capital returns over time

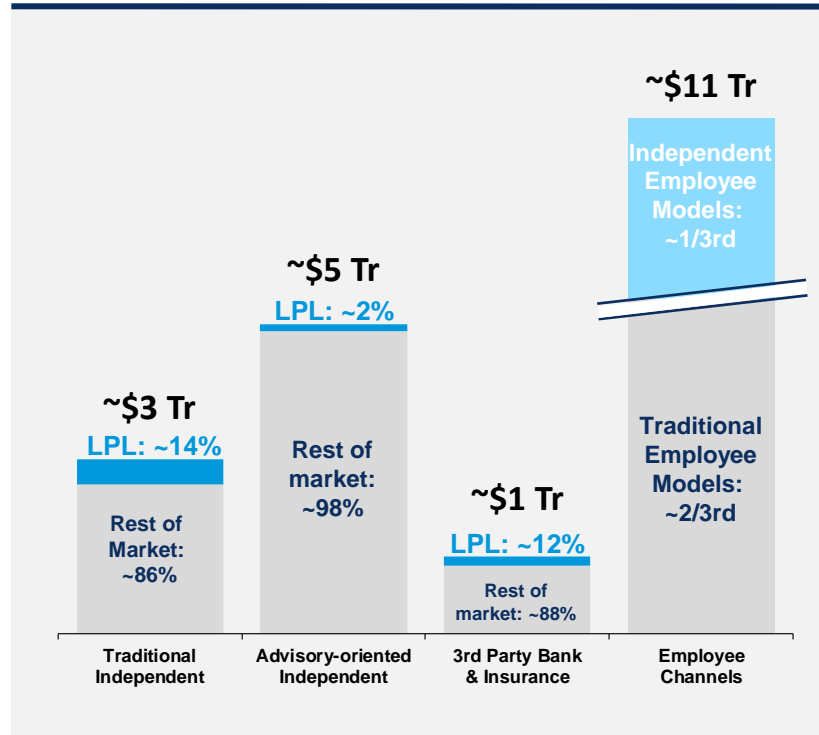
Shareholder Capital Returns (\$ millions)



† As of December 31, 2018

We see opportunities to increase our market share through M&A

Addressable markets



Growth potential from consolidation

- Our scale, capabilities, and economics give us **competitive advantages in M&A**
- The **traditional and advisory-oriented markets are fragmented** with consolidation opportunities
- Rising cost and complexity** is making it **harder for smaller players** to compete
- Therefore, **we believe consolidation can drive value** by adding scale, increasing our capacity to invest in capabilities, and creating shareholder value

Note: LPL estimates based on 2018 Cerulli channel size and advisory share estimates and include market adjustment for 2018.

Recent acquisitions

Traditional markets



2017

~\$70B Assets transferred
~4X EBITDA purchase multiple

- Large independent broker/dealer network
- Added to our scale and leadership position
- Increased our capacity to invest in the advisor value proposition and return capital to shareholders

Capabilities



2018

Industry-leading capabilities
\$28M purchase price

- Leading provider of digital tools for advisors that serves more than 30,000 U.S. financial advisors and institutions
- Capabilities include proposal generation, investment analytics, and portfolio modeling
- Enables our efforts to digitize workflows that help advisors grow and drive efficiency in their practices

New markets



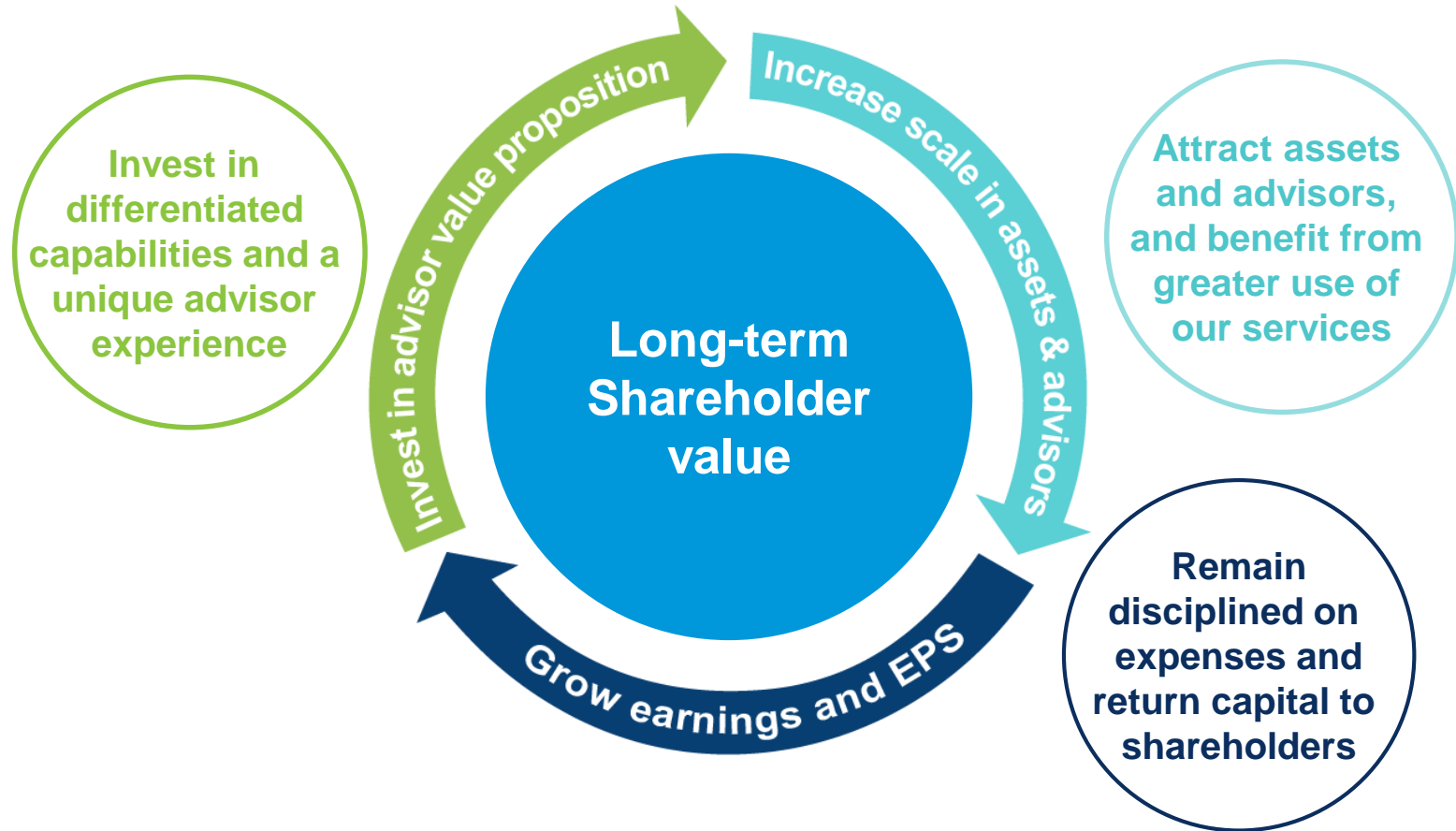
2019

~\$3B Assets
~7X EBITDA purchase multiple

- Leading Florida practice with client base and culture that are good fits for LPL
- Projected to add ~\$5M of post-synergy EBITDA by early 2020 for a purchase price in the mid-\$20M to mid-\$30M range*
- Will affiliate under an employee model
- Purchase agreement signed in May 2019 and expect to close by end of the year

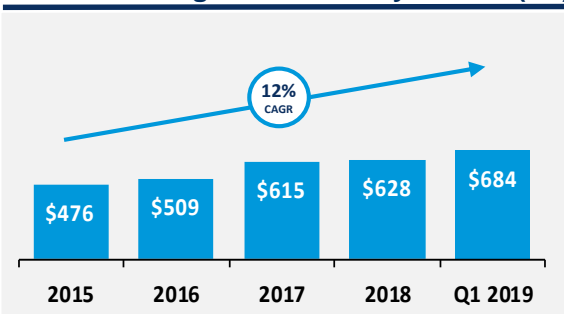
*Based on 80% to 100% asset transfer to LPL's platform

As we continue to invest and increase our scale, we enhance our ability to drive further growth

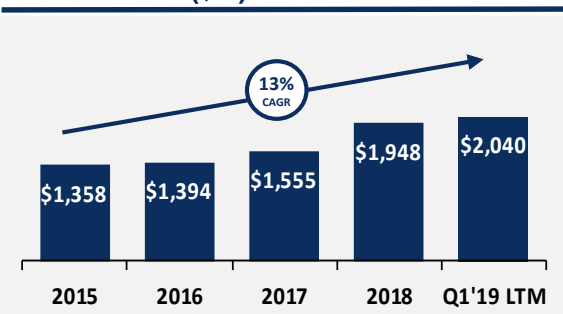


As we execute on our strategy, we see significant opportunities to drive long-term shareholder value

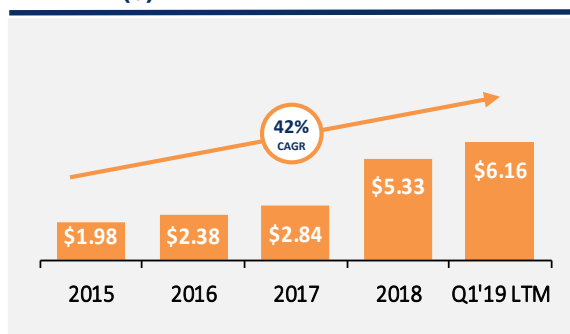
Total Brokerage and Advisory Assets (\$B)



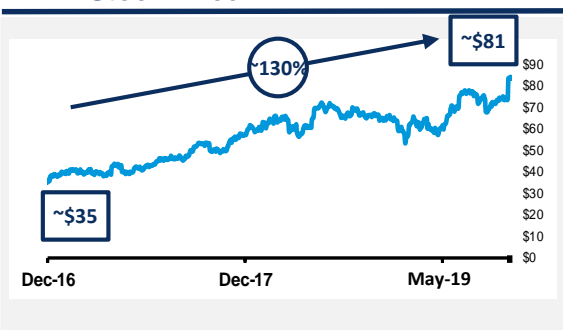
Gross Profit* (\$M)



EPS Prior to Amortization of Intangible Assets* (\$)



LPLA Stock Price



Incremental earnings growth opportunities

Enhanced Advisor Value Proposition
(Capabilities, Technology, Service)

Greater Use of our Services
(Advisory, Corporate, Centrally Managed, Virtual services)

New Models
(Fee-only, Premium RIA, Employee Services)

Increased Organic NNA

Continued Operating Leverage

Excess Capital Deployment
(Technology, Advisor Capital, M&A, returning capital to shareholders)

Questions & Answers

- Please wait for a microphone

Meeting Agenda

9:00 a.m.	Matt Audette	Welcome & Agenda
9:10 a.m.	Dan Arnold	Overall Strategy Followed by Q&A
9:55 a.m.	Break	
10:05 a.m.	Rich Steinmeier Burt White, Scott Seese	Business Development Capabilities & Technology Followed by Q&A
11:05 a.m.	Break	
11:15 a.m.	Andy Kalbaugh	Advisor Panel
11:45 a.m.	Break	
11:50 a.m.	Matt Audette	Shareholder Value Creation Followed by Q&A
12:25 p.m.	Matt Audette	Closing Remarks
12:30 p.m.	Lunch Available	

Closing Remarks

MATT AUDETTE

Chief Financial Officer

Thank you

Appendix

Calculation of Gross Profit

Gross profit is a non-GAAP financial measure. Please see a description of gross profit under “Non-GAAP Financial Measures” on page 5 of this presentation for additional information.

Set forth below is a calculation of Gross Profit for the periods presented on pages 6, 7, and 86:

\$ in millions	Q1'19 LTM	2018	2017	2016	2015
Total Net Revenue	\$5,319	\$5,188	\$4,281	\$4,049	\$4,275
Commission & Advisory Expense	3,216	3,178	2,670	2,601	2,865
Brokerage, Clearing and Exchange	63	63	57	55	53
Gross Profit	\$2,040	\$1,948	\$1,555	\$1,394	\$1,358

Reconciliation of Core G&A to Total Operating Expense

Core G&A is a non-GAAP financial measure. Please see a description of Core G&A under “Non-GAAP Financial Measures” on page 5 of this presentation for additional information.

Below are reconciliations of Core G&A to the Company’s total operating expenses for the periods presented on page 71

\$ in millions	Q1'19 LTM	2018	2017	2016	2015
Core G&A	\$830	\$819	\$727	\$700	\$695
Regulatory charges	33	32	21	17	34
Promotional	193	209	172	149	139
Employee share-based compensation	25	23	19	20	23
Other historical adjustments	-	-	-	-	13
Total G&A	1,081	1,082	938	886	904
Commissions and advisory	3,216	3,178	2,670	2,601	2,865
Depreciation & amortization	90	88	84	76	73
Amortization of intangible assets	63	60	38	38	38
Brokerage, clearing and exchange	63	63	57	55	53
Total operating expense	\$4,513	\$4,471	\$3,787	\$3,655	\$3,933

Reconciliation of Net Income to EBITDA

EBITDA is a non-GAAP financial measure. Please see a description of EBITDA under “Non-GAAP Financial Measures” on page 5 of this presentation for additional information.

Below are reconciliations of the Company’s net income to EBITDA for the periods presented on page 6:

\$ in millions	Q1'19 LTM	2018	2017	2016	2015
NET INCOME	\$501	\$439	\$239	\$192	\$169
Non-operating interest expense	128	125	107	96	59
Provision for Income Taxes	175	153	126	106	114
Depreciation and amortization	90	88	84	76	73
Amortization of intangible assets	63	60	38	38	38
Loss on Extinguishment of debt	-	-	22	-	-
EBITDA	\$957	\$866	\$616	\$508	\$453

Reconciliation of EPS Prior to Amortization of Intangible Assets to GAAP EPS

EPS Prior to Amortization of Intangible Assets is a non-GAAP financial measure. Please see a description of EPS Prior to Amortization of Intangible Assets under “Non-GAAP Financial Measures” on page 5 of this presentation for additional information.

Below are the following reconciliations of EPS Prior to Amortization of Intangibles to GAAP EPS for the periods presented on pages 6, 7, and 86 of this presentation.

	2019 LTM	2018	2017	2016	2015
GAAP EPS	\$5.64	\$4.85	\$2.59	\$2.13	\$1.74
Amortization of Intangible Assets (\$ millions)	63	60	38	38	38
Tax Expense (\$ millions)	(18)	(17)	(15)	(15)	(15)
Amortization of Intangible Assets Net of Tax (\$ millions)	45	43	23	23	23
Diluted Share Count (millions)	87	88	92	90	97
EPS Impact	0.52	0.48	0.25	0.26	0.24
EPS Prior to Amortization of Intangible Assets	\$6.16	\$5.33	\$2.84	\$2.38	\$1.98

Endnotes

(1) Based on total revenues, Financial Planning magazine June 1996-2018.

(2) Represents the estimated total brokerage and advisory assets expected to transition to the Company's broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"), associated with advisors who transferred their licenses to LPL Financial during the period. The estimate is based on prior business reported by the advisors, which has not been independently and fully verified by LPL Financial. The actual transition of assets to LPL Financial generally occurs over several quarters including the initial quarter of the transition, and the actual amount transitioned may vary from the estimate.

(3) The Company calculates its Net Leverage Ratio in accordance with the terms of its credit agreement.

(4) Consists of total brokerage and advisory assets under custody at LPL Financial.

(5) Consists of total client deposits into advisory accounts less total client withdrawals from advisory accounts. The Company considers conversions to and from advisory accounts as deposits and withdrawals respectively. Annualized growth is calculated as the current period Net New Advisory Assets divided by preceding period total Advisory Assets, multiplied by four.

(6) Consists of total client deposits into brokerage accounts less total client withdrawals from brokerage accounts. The Company considers conversions to and from brokerage accounts as deposits and withdrawals respectively. Annualized growth is calculated as the current period Net New Brokerage Assets divided by preceding period total Brokerage Assets, multiplied by four.

(7) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage. This included \$0.2 billion of assets from National Planning Holdings, Inc. (NPH) in Q4 2017, and \$0.3 billion of assets from NPH in each Q1 and Q2 2018.

(8) Consists of brokerage assets serviced by advisors licensed with the LPL Financial.

(9) Consists of total assets on LPL Financial's corporate advisor platform serviced by investment advisor representatives of LPL Financial and total assets on LPL Financial's independent advisory platform serviced by investment advisor representatives of separate investment advisor firms ("Hybrid RIAs"), rather than of LPL Financial.

(10) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.

(11) Represents annualized Gross Profit* for the period, divided by average month-end Total Brokerage and Advisory Assets for the period.

(12) Consists of revenues from the Company's sponsorship programs with financial product manufacturers and omnibus processing and networking services, but does not include fees from cash sweep programs. Other asset-based revenues are a component of asset-based revenues and are derived from the Company's Unaudited Condensed Consolidated Statements of Income.

(13) Represents the average month-end Total Brokerage and Advisory Assets for the period.

(14) Represents annualized operating expenses for the period, excluding production-related expense (OPEX), divided by average month-end Total Brokerage and Advisory Assets for the period. Production-related expense includes commissions and advisory expense and brokerage, clearing and exchange expense. For purposes of this metric, operating expenses includes Core G&A*, Regulatory, Promotional, Employee Share Based Compensation, Depreciation & Amortization, and Amortization of Intangible Assets.

(15) Calculated as Gross Profit ROA less OPEX ROA.

(16) Additional leverage capacity is assumed to be generated by acquired EBITDA from an M&A opportunity at a 6-8x purchase multiple for which capital was deployed up to 2.75x net leverage.