

LPL Financial

Investor Presentation Q3 2017

October 26, 2017

Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding the Company's future financial and operating results, outlook, growth, prospects, business strategies, future market position, future operating environment, and goals, including forecasts and statements relating to the Company's future expenses, capital plans, and future enhancements to its strategic capabilities, 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 October 26, 2017. The words "anticipates," "believes," "expects," "may," "plans," "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 assets and the related impact on revenue; fluctuations in the number of retail investors served by the Company; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and institutions; changes in the number of the Company's financial advisors and institutions, and their ability to effectively market financial products and services; the company's success in recruiting and onboarding advisors and clients from the broker/dealer network of National Planning Holdings, Inc.; whether retail investors served by newly recruited advisors choose to open brokerage and/or advisory accounts and/or move their respective assets to a new account at the Company; 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; the effect of current, pending and future legislation, regulation and regulatory actions, including the U.S. Department of Labor's final rule ("DOL Rule") and disciplinary actions imposed by federal and state securities regulators and 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 capital management plans, including its compliance with the terms of its existing credit agreement and the indenture governing its senior notes; the price, the availability of shares, and trading volumes of the Company's common stock, which will affect the timing and size of future share repurchases by the Company; changes made to the Company's offerings and services in response to the current, pending and future legislation, regulation and regulatory actions, including the DOL Rule, 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 expense savings and service improvements and efficiencies expected to result from its initiatives and programs, particularly its expense plans and technological initiatives; the Company's success in negotiating and developing commercial arrangements with third-party services providers; the performance of third-party service providers to which business processes are transitioned; the Company's ability to control operating risks, information technology systems risks, cybersecurity risks, and sourcing risks; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2016 Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q or subsequent 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 October 26, 2017, 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 October 26, 2017.

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 herein are appropriate for evaluating the performance of the Company.

Gross profit is calculated as net revenues, which were \$1,064 million for the three months ended September 30, 2017, less commission and advisory expenses and brokerage, clearing, and exchange fees, which were \$664 million and \$13 million, respectively, for the three months ended September 30, 2017. All other operating 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 be useful to investors because it shows the Company's core operating performance before indirect costs that are general and administrative in nature.

Core G&A consists of total operating expenses 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 against the Company's total operating expenses, please see page 26 of this presentation. Prior to 2016, the Company calculated Core G&A as consisting of total operating expenses, excluding the items described above, as well as excluding other items that primarily consisted of acquisition and integration costs resulting from various acquisitions and organizational restructuring and conversion costs. Beginning with results reported for the quarter ended June 30, 2016, Core G&A was presented as including these items that were historically adjusted out, and for periods prior to June 30, 2016, reflects those items in employee share-based compensation and other historical adjustments for comparative purposes.

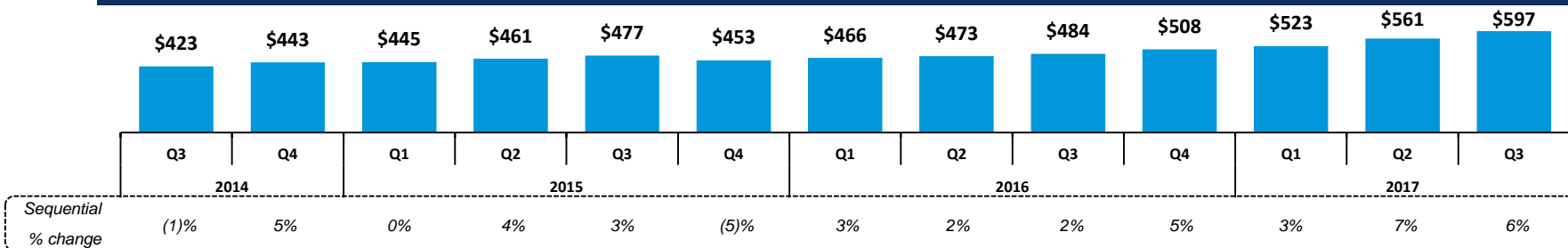
EBITDA is defined as net income plus interest expense, income tax expense, depreciation, and amortization. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's 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. For a reconciliation of EBITDA to net income, please see page 24 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.

Credit Agreement EBITDA is defined in, and calculated by management in accordance with, the Company's credit agreement (the "Credit Agreement") as "Consolidated EBITDA," which is Consolidated Net Income (as defined in the Credit Agreement) plus interest expense, tax expense, depreciation and amortization and further adjusted to exclude certain non-cash charges and other adjustments, including unusual or non-recurring charges and gains. The Company presents Credit Agreement EBITDA because management believes 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. For a reconciliation of Credit Agreement EBITDA to net income, please see page 25 of this presentation. In addition, the Company's 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.

LPL Overview

About Us	Key Markets and Services	Q3 2017 Metrics	
<p>LPL is a leader in the retail financial advice market and the nation's largest independent broker-dealer. ⁽¹⁾</p> <p>LPL provides integrated technology and services, comprehensive clearing and compliance services, practice management programs and training, and independent research.</p>	<p>\$560B+ Retail Assets:</p> <ul style="list-style-type: none"> • Brokerage: \$310B • Corporate Advisory: \$145B • Hybrid Advisory: \$105B <p>14K+ advisors:</p> <ul style="list-style-type: none"> • Independent Advisors: 7,000+ • Hybrid RIA: 5,000+ (420+ firms) • Institutional Services: 2,100+ (700+ banks, credit unions, and clearing clients) 	<p>Q3 Business Metrics</p> <p>Assets: \$560B Advisors: 14,253 Accounts: 4.7M Employees: 3,564</p> <p>Q3 Debt Metrics</p> <p>Credit Agr. EBITDA:⁽²⁾ \$655M Total Debt: \$2.4B Cost of Debt: 4.44% Net Leverage Ratio:⁽²⁾ 3.21x Interest Coverage Ratio: 6.88</p>	<p>LTM Financial Metrics</p> <p>Average Assets: \$535B Gross Profit:⁽³⁾ \$1.5B EBITDA: \$597M EPS: \$2.35*</p> <p>Ratings & Outlooks</p> <p>S&P Rating: BB- S&P Outlook: Stable Moody's Rating: Ba3 Moody's Outlook: Stable</p>

LTM EBITDA History (\$MM)



(1) Based on total revenues, Financial Planning magazine June 1996-2017

(2) The Company calculates Credit Agreement EBITDA and its Net Leverage Ratio in accordance with its credit agreement. Please see the description of Credit Agreement EBITDA under "Notice to Investors - Non-GAAP Financial Measures" on page 3 of this presentation for additional information

(3) Gross Profit and EBITDA are non-GAAP financial measures. Please see the description of Gross Profit and EBITDA respectively under "Notice to Investors - Non-GAAP Financial Measures" on page 3 of this presentation for additional information

* 2017 LTM EPS includes a charge related to the Company's March 2017 debt refinancing that reduced EPS by \$[0.14], and expenses related to the Company's August acquisition of NPH that reduced EPS by \$[0.02] and the Company's September debt refinancing that reduced EPS by \$[0.01]. Prior to those items, 2017 LTM EPS would have been \$2.52.

We are focused on growth and execution to create long-term shareholder value

Grow our Core Business

+ Leverage the strength of our markets and model

- Capitalize on secular trends
- Expand leadership positions

+ Enhance advisor experience and capabilities

- Deliver best-in-class service, compliance, and technology
- Expand advisory, custodial, research, and retail investor solutions

+ Drive organic asset and gross profit growth

- Increase advisor recruiting, productivity, and retention
- Leverage scale to expand gross profit

+ Benefit from rising rates and markets

- Capture cash sweep upside from rising rates
- Grow assets as market levels rise

= Asset and gross profit growth



Execute with Excellence

+ Drive greater efficiency and productivity

- Continuously improve over time
- Prioritize growth investments opportunities

+ Embed quality and innovation in our operations

- Create extraordinary service and technology outcomes
- Ongoing improvements in our operations over time

+ Balance financial strength and flexibility

- Keep capital structure strong and flexible for changes to environment and strategic opportunities
- Allocate capital to create long-term shareholder value

+ Increase investor understanding and confidence

- Expand and clarify key disclosures
- Deliver strong results

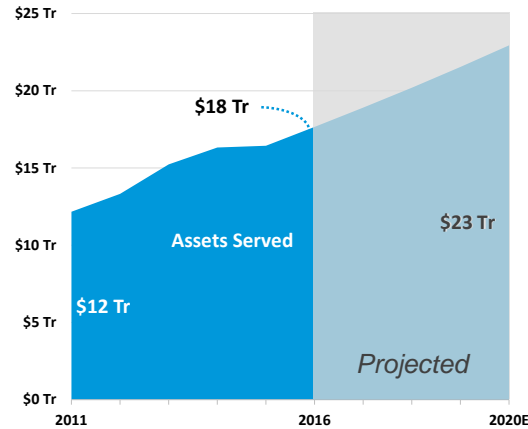
= Operating leverage and capital allocation



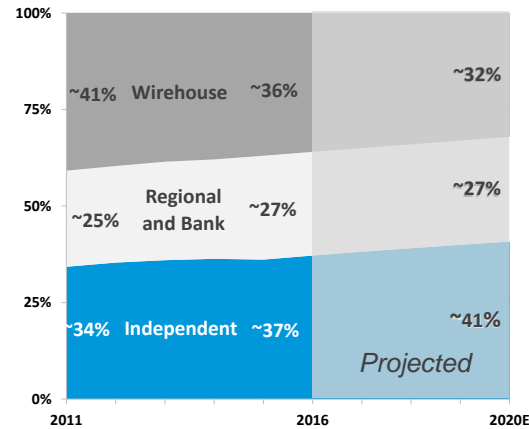
Create Long-Term Shareholder Value

Our business is positioned for sustained growth

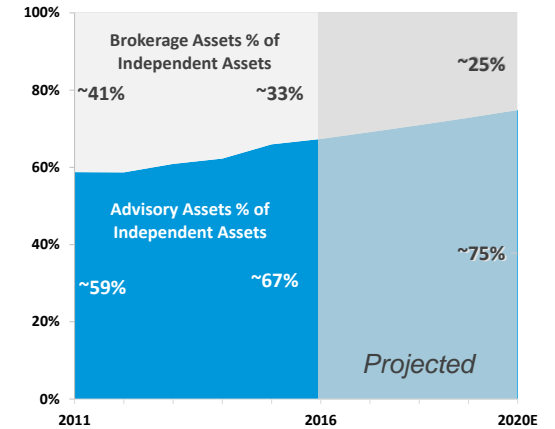
Assets served by financial advisors have grown ~8% per year



Independents continue to capture share from wirehouses

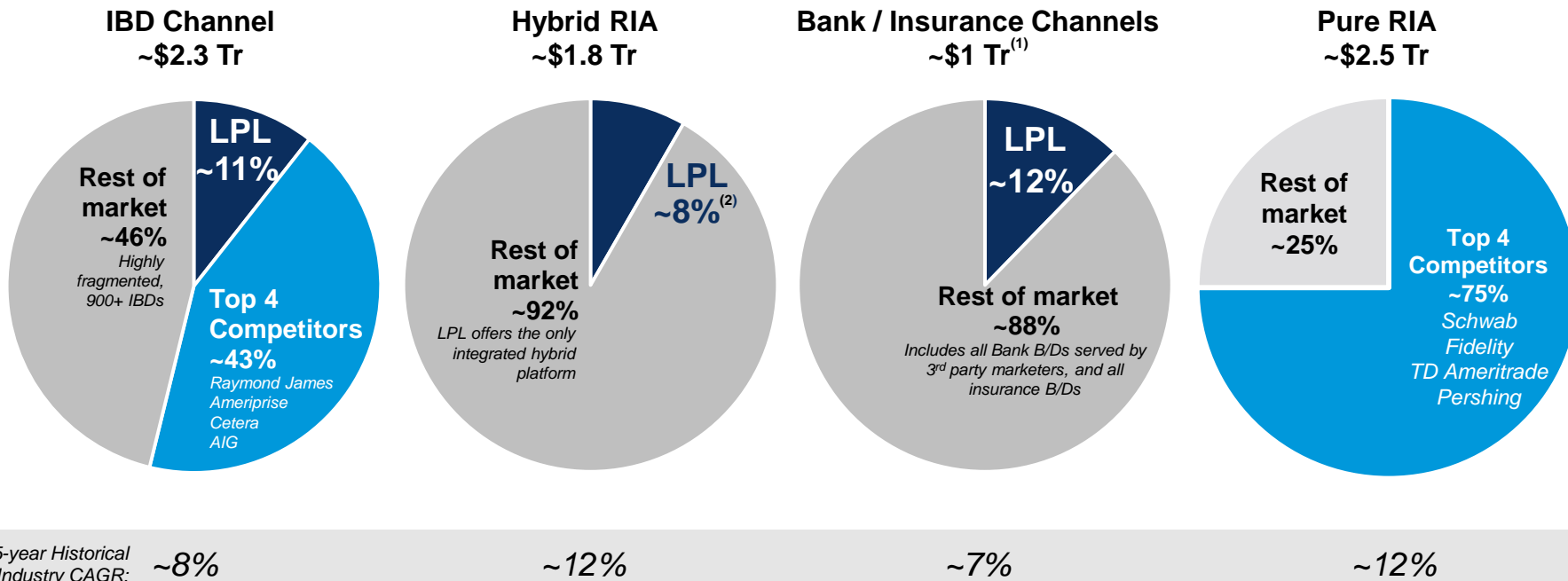


Independents continue to demonstrate growth in advisory



Note: Independent channel includes independent broker dealers and RIAs
 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 room to grow our leadership positions



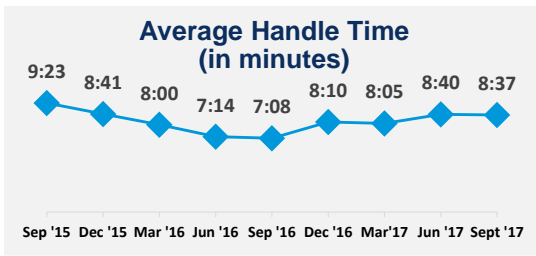
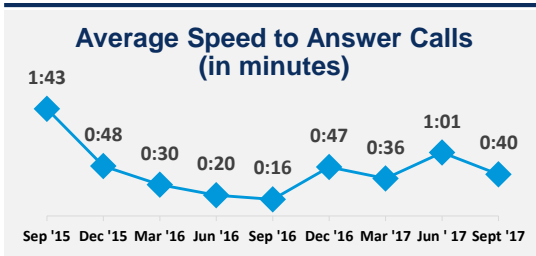
1) ~\$1 Tr does not include \$1 Tr of assets custodied with proprietary bank B/Ds (e.g. Wells Fargo, JP Morgan Chase, etc.)

2) Excludes ~\$137 B+ of Retirement Plan assets that LPL advisors advise

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

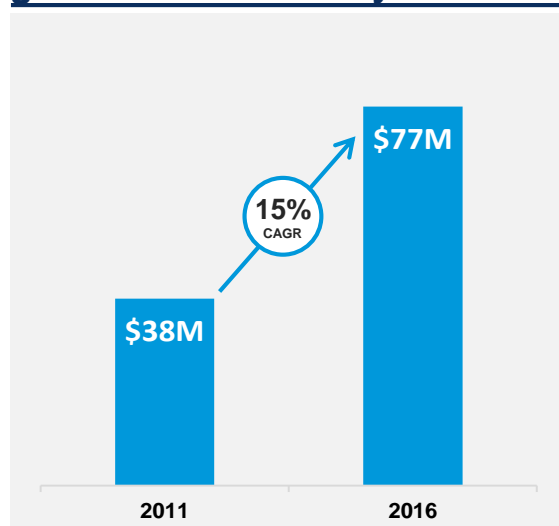
We continue to invest to deliver a best-in-class advisor experience

Service: faster responses and resolutions



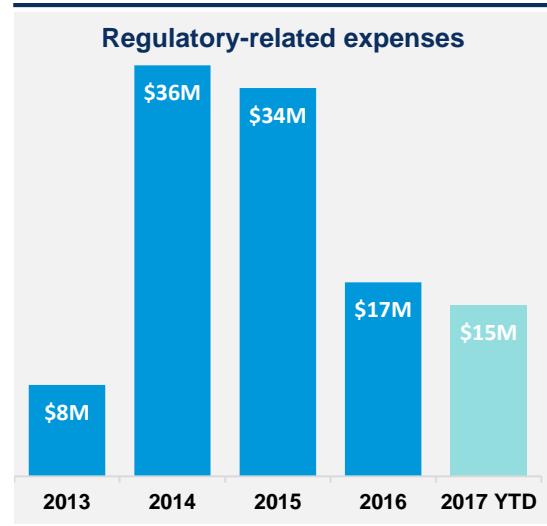
Higher call volumes due to increased investor engagement

Technology: capex driving growth and efficiency



We anticipate greater spend in 2017 including DOL rule implementation costs

Risk & Compliance: expenses down from 2014-2015 levels



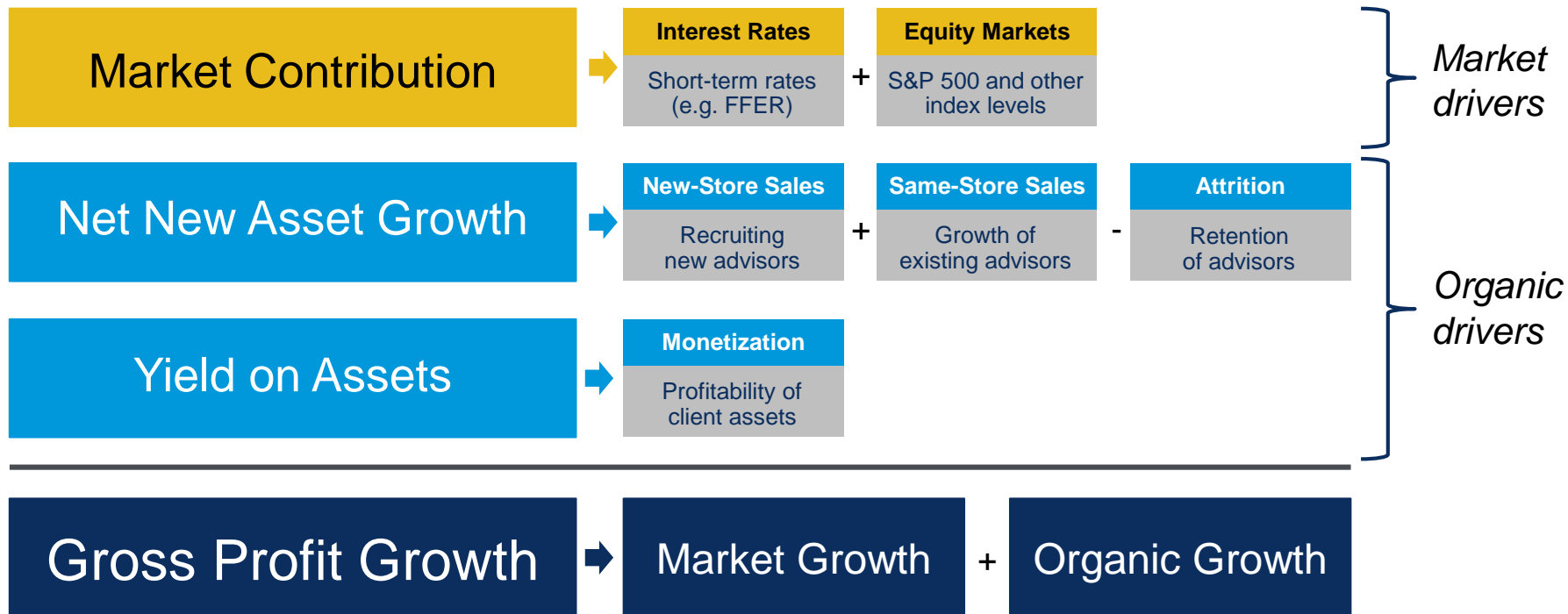
We are enhancing our strategic capabilities



Examples:

- Rolled out ClientWorks to all advisors
- Leveraging automation and data to further enhance service
- Helping advisors manage through the DOL rule transition
- Expanding our advisory solutions:
 - Digital advice solution
 - Centrally managed platform functionality and pricing
 - Separately Managed Account functionality and pricing
- Innovating brokerage product offering:
 - Mutual Fund Only platform
- Transforming client statements
- Upgrading our digital experience, including improvements to our investor portal

We benefit from market and organic growth



Our business is growing organically and shifting toward advisory

Total Net New Assets (\$ billions)

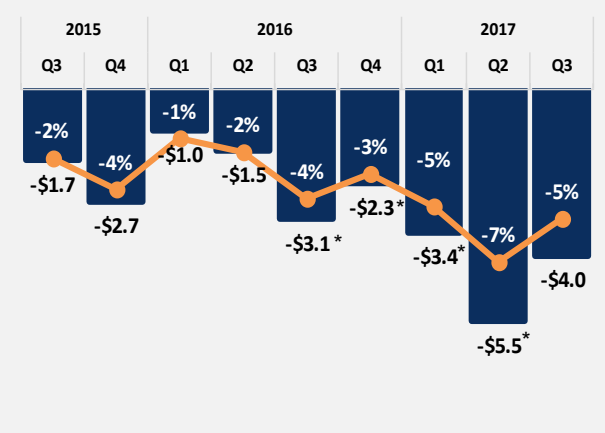
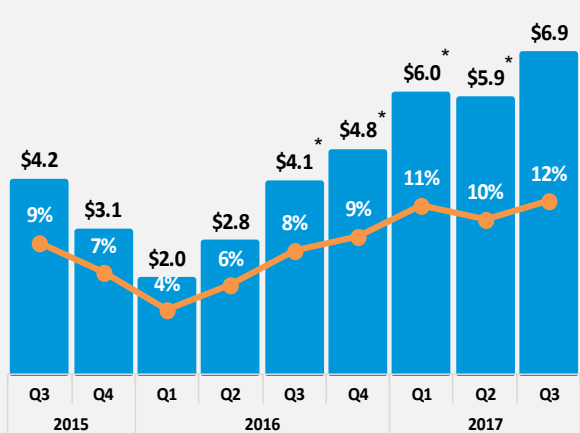
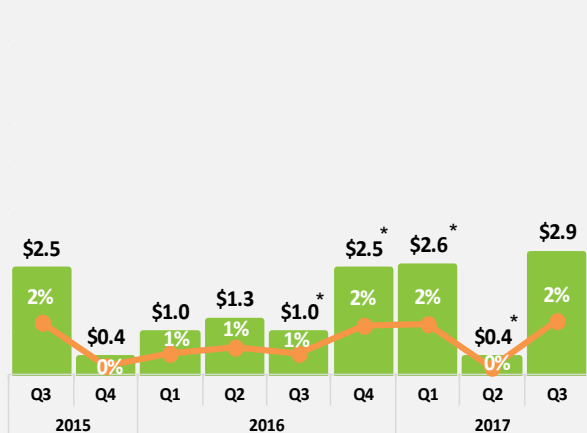
Net New Advisory Assets (\$ billions)

Net New Brokerage Assets (\$ billions)

■ Total NNA —●— Total NNA Annualized Growth

■ Advisory NNA —●— Advisory NNA Annualized Growth

■ Brokerage NNA —●— Brokerage NNA Annualized Growth



Net Brokerage to Advisory Conversions (billions):

\$1.0 \$0.8 \$1.0 \$1.4 \$1.3 \$1.7 \$2.3 \$2.0 \$1.9

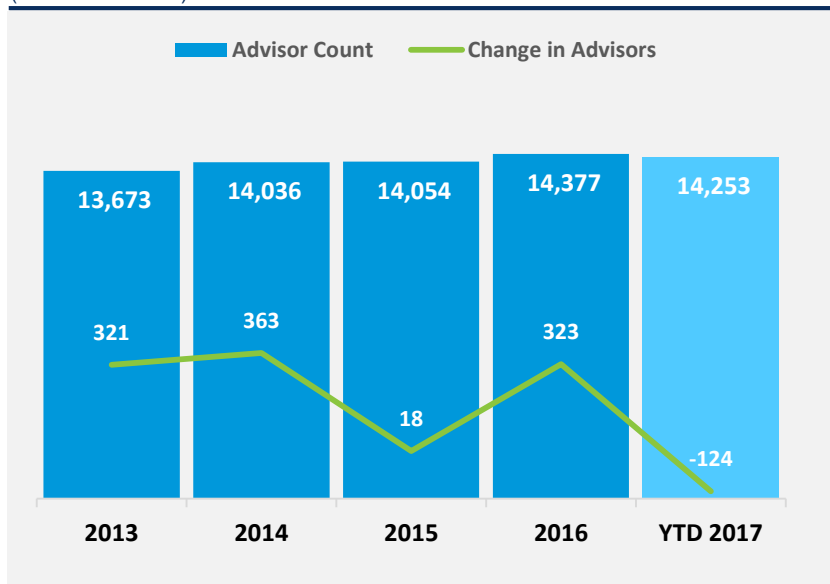
Results excluding previously announced departures*:	NNA:	\$3.2B \$4.9B \$6.5B \$2.1B				\$4.7B \$4.8B \$7.1B \$6.1B				-\$1.5B \$0.1B -\$0.6B -\$4.0B			
		Annualized Growth:		3% 4% 5% 2%		10% 9%		13% 11%		-2% 0%		-1% -5%	

*The Company announced anticipated client departures on both its Q3 2016 and Q4 2016 earnings calls. The impact in Q2 2017 of the announced client departures was \$1.7B (\$0.2B of advisory assets and \$1.5B of brokerage assets) and in Q1 2017 it was \$3.9B (\$1.1B of advisory assets and \$2.8B of brokerage assets). The impact of the departure of an institutional client that was announced on the Q3 2016 earnings call was \$2.2B of assets in Q3 (\$0.6B of advisory and \$1.6B of brokerage) and \$2.4B of assets in Q4 (all brokerage).

We have continued to attract advisors and maintain high retention over the long-term

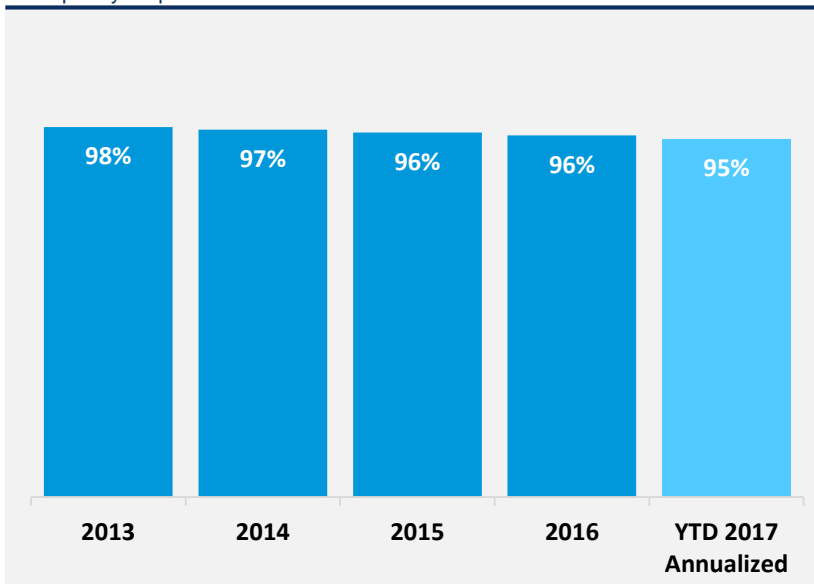
Advisors Count

(Net new advisors)



Production Retention Rate⁽¹⁾

% of prior year production



**Results excluding
previously announced
client departures⁽²⁾:**

419 94

97%

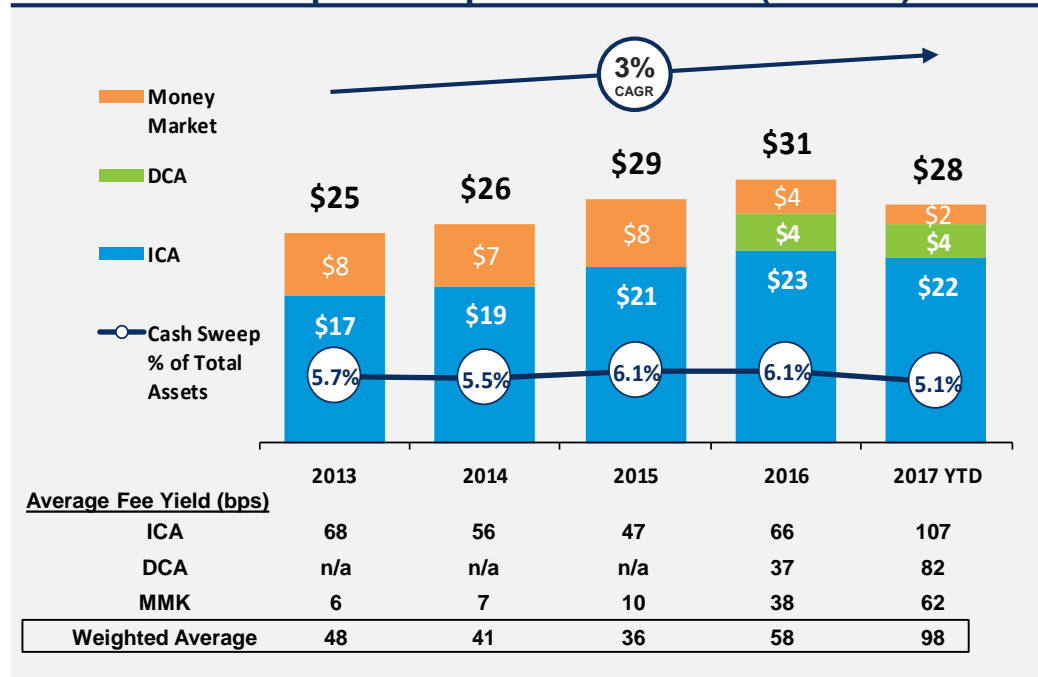
Annualized

97%

Note: (1) Reflects retention of commission and advisory revenues, calculated by deducting the prior year production of the annualized year-to-date attrition rate, over the prior year total production; (2) The Company announced an anticipated institutional client departure on the Q3 2016 earnings call, which totaled 96 advisors in Q3. The Company also announced several anticipated client departures on its Q4 2016 earnings call, in Q1 2017, these departures totaled 118 advisors. In Q2 2017, these departures totaled 100 advisors.

Client cash sweep balances position us for earnings growth as rates rise

Client cash sweep end of period balances (billions)



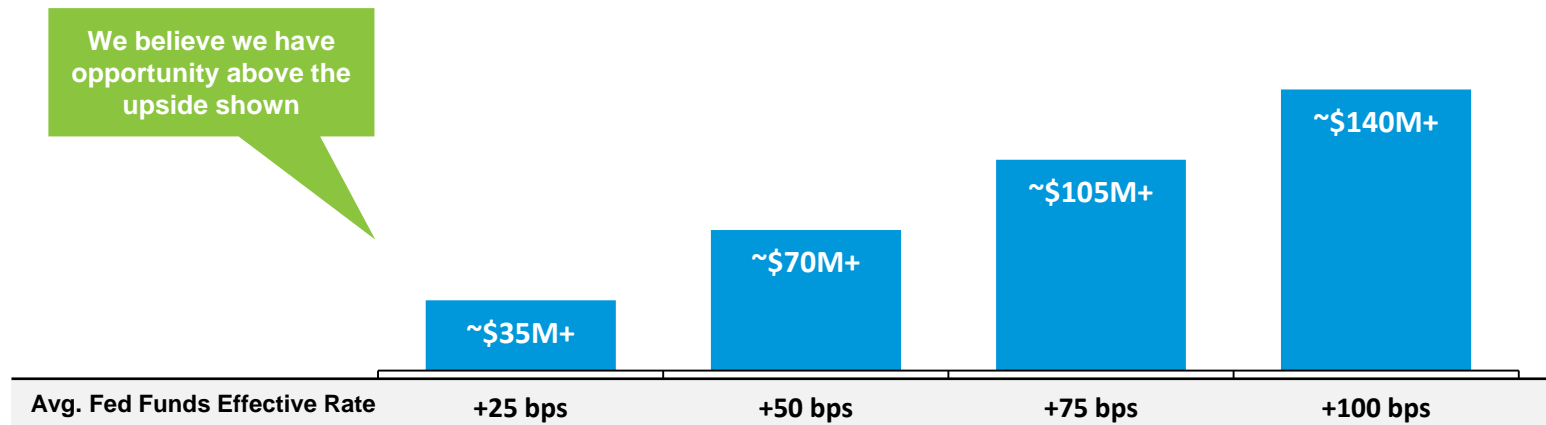
Cash sweep product descriptions

- | | |
|-----------------------------------|--|
| Insured Cash Account (ICA) | <ul style="list-style-type: none"> • FDIC insured sweep deposits • Available to brokerage, hybrid advisory, and corporate advisory taxable accounts • Actively managed portfolio of ~30 bank contracts* • Yield indexed primarily to FFER but also 1ML and 3ML, with a small portion fixed |
| Deposit Cash Account (DCA) | <ul style="list-style-type: none"> • Launched July 2016 • FDIC insured sweep deposits • Available to certain advisory individual retirement accounts • Actively managed portfolio of ~25 bank contracts* • Fee per account indexed to Fed Funds Target Range |
| Money Market (MMK) | <ul style="list-style-type: none"> • Third party money market funds • Most balances in government funds following money market reform • Yield determined by product manufacturers |

*The lists of banks participating in the ICA and DCA programs are available on lplfinancial.lpl.com/disclosures in the "LPL Financial FDIC-Insured Bank Deposit Programs" section
 Note: With respect to the applicable cash sweep vehicle (Insured Cash Account, Deposit Cash Account and/or Money Market Account), the average fee yield over the period is calculated by dividing revenue for the period by the average balance during the quarter

We have significant cash sweep upside as interest rates rise

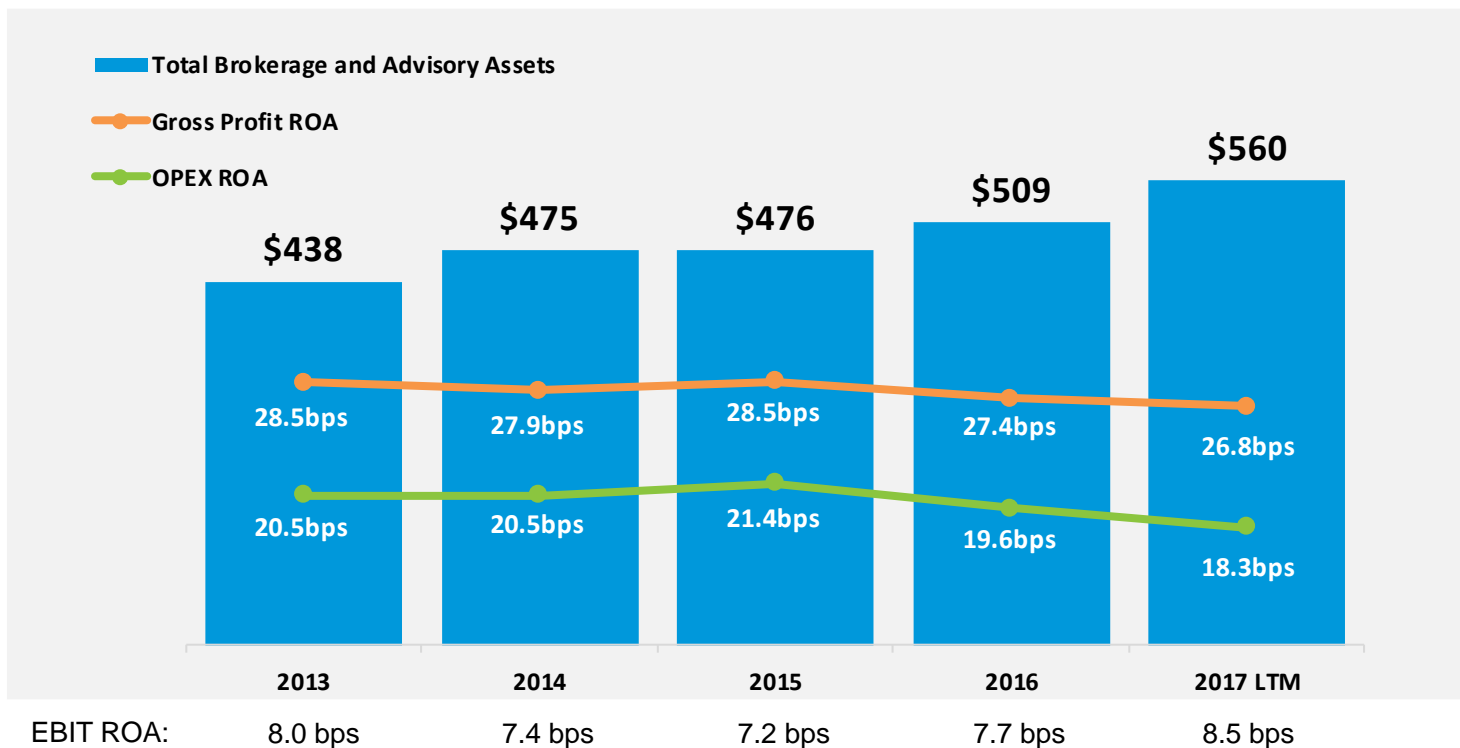
Annual gross profit upside potential (assumes 50% client sharing)*



*Assumes ~50% upside from rising rates on our ICA and DCA cash sweep balances of ~\$27B as of 12/31/16. This illustration also excludes upside from money market account balances which are assumed to have achieved max yield.

Note: This does not include the impact of rising interest rates on our interest expense.

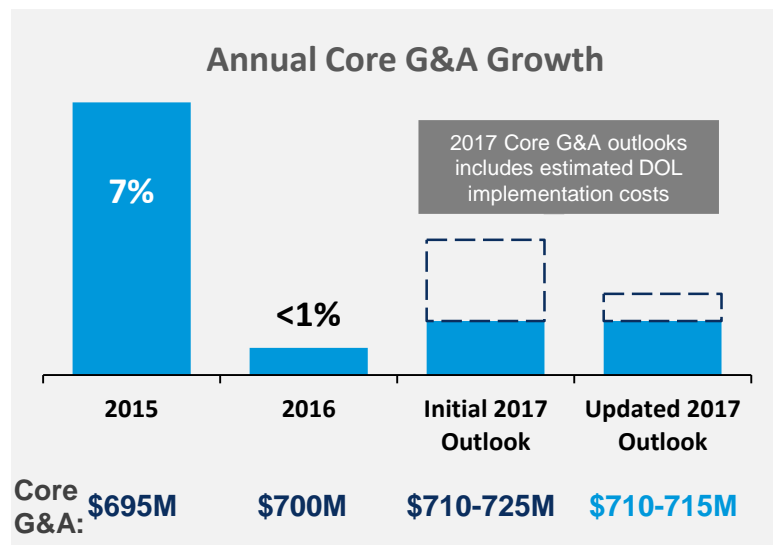
We are focused on generating operating leverage



Notes: Operating Expenses include Core G&A, Promotional, Regulatory, Employee Share Based Compensation, Other Historical Adjustments, Depreciation & Amortization, and Amortization of Intangibles and excludes Commissions and Advisory Expense and Brokerage, Clearing and Exchange Expense; Each of Gross Profit ROA and Operating Expense ROA is calculated as our annual Gross Profit and Operating Expense, respectively, divided by period end Total Brokerage and Advisory Assets. EBIT ROA is defined as Gross Profit ROA - OPEX ROA. Gross Profit and Core G&A are non-GAAP financial measures. Please see page 3 of this presentation for additional information.

We are executing with greater cost discipline and efficiency

Lower near-term expense trajectory →

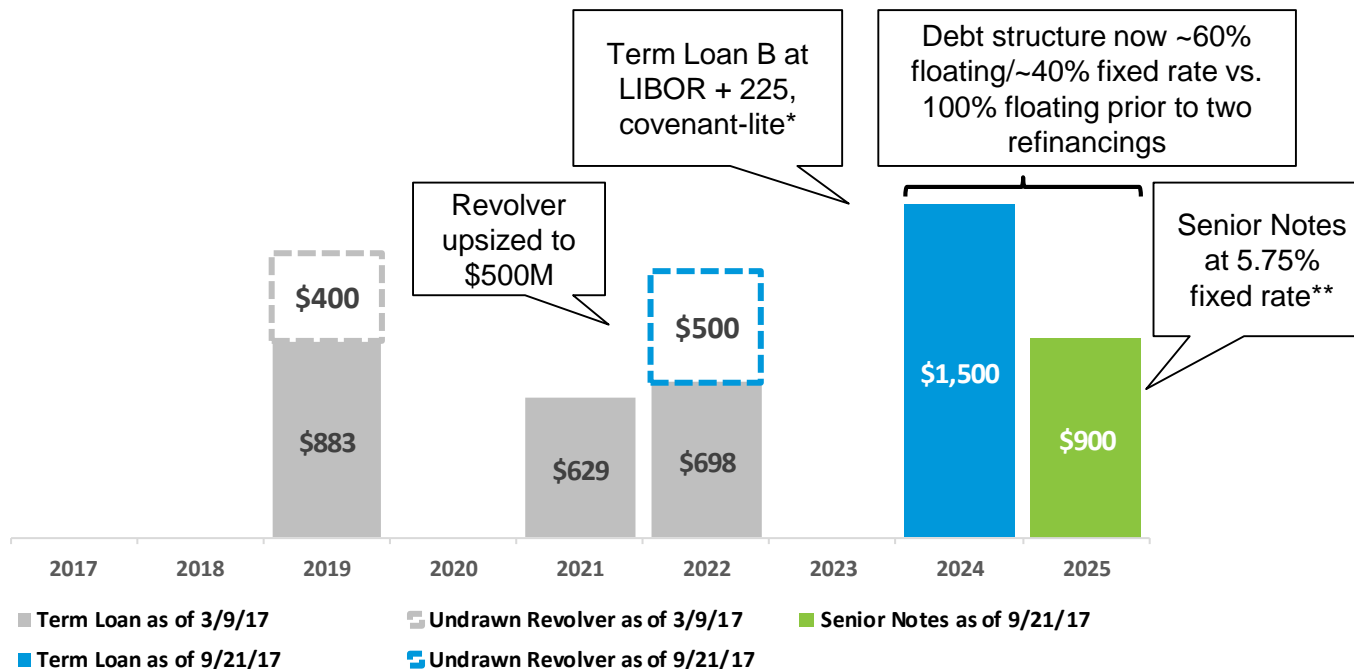


Driving greater cost discipline

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

After two debt refinancings in 2017, our capital structure is better positioned to support growth

Debt Maturities



*The Company no longer has financial maintenance covenants on its Term Loan B as of March 10, 2017.

**Initial \$500M of senior notes issued in March 2017 at 5.75%; Add-on \$400M notes issued in September 2017 above par with yield to worst of 5.115% and coupon rate at 5.75%

We balance flexible capital structure with dynamic allocation

Flexible capital structure

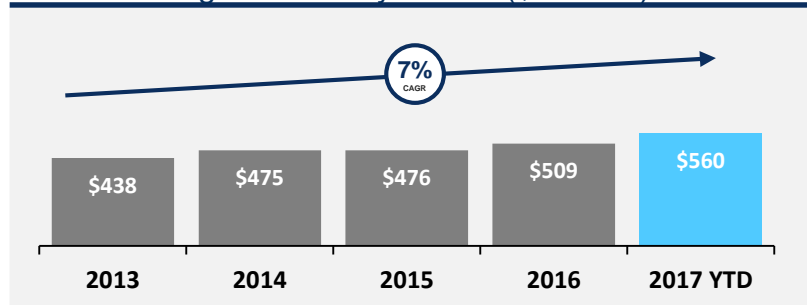


Dynamic capital allocation

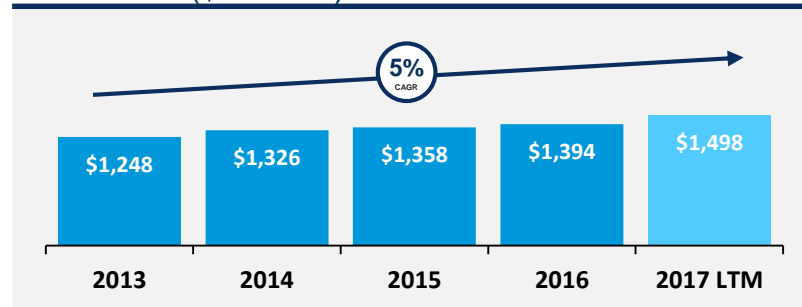


We are combining business growth, operating leverage, and capital management to drive EBITDA and EPS growth over time

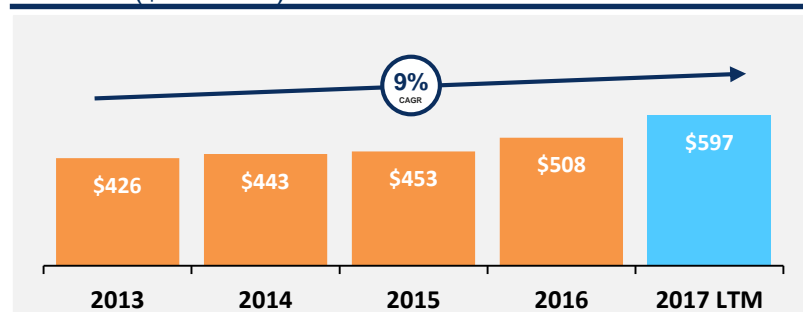
Total Brokerage & Advisory Assets (\$ billions)



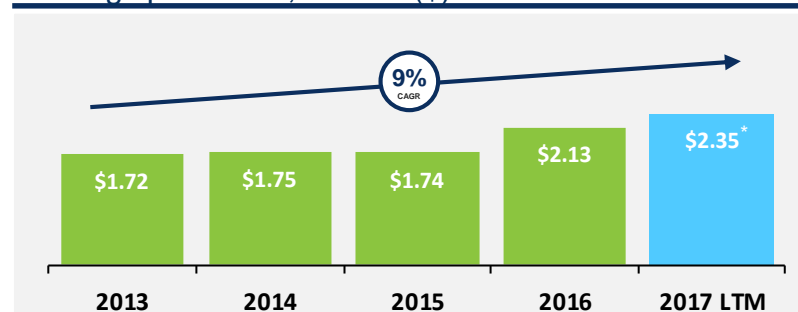
Gross Profit (\$ millions) ⁽¹⁾



EBITDA (\$ millions) ⁽²⁾



Earnings per Share, Diluted (\$)



(1) Gross Profit is a non-GAAP financial measure. Please see a description of Gross Profit under "Notice to Investors - Non-GAAP Financial Measures" on page 3 of this presentation for additional information

(2) EBITDA is a non-GAAP financial measure. Please see a description of EBITDA under "Notice to Investors - Non-GAAP Financial Measures" on page 3 of this presentation for additional information

Note: "CAGR" is calculated from 2013 to YTD 2017

Summary LPL investment thesis

Summary

Attractive secular industry trends

Established market leader with scale

Stable and recurring revenue and cash flow

Positively levered to rising markets and interest rates

Capital light business model

Experienced management team focused on driving growth and efficiency

Opportunities

Rising interest rates and markets

Mix shift toward advisory

Industry consolidation

Risks

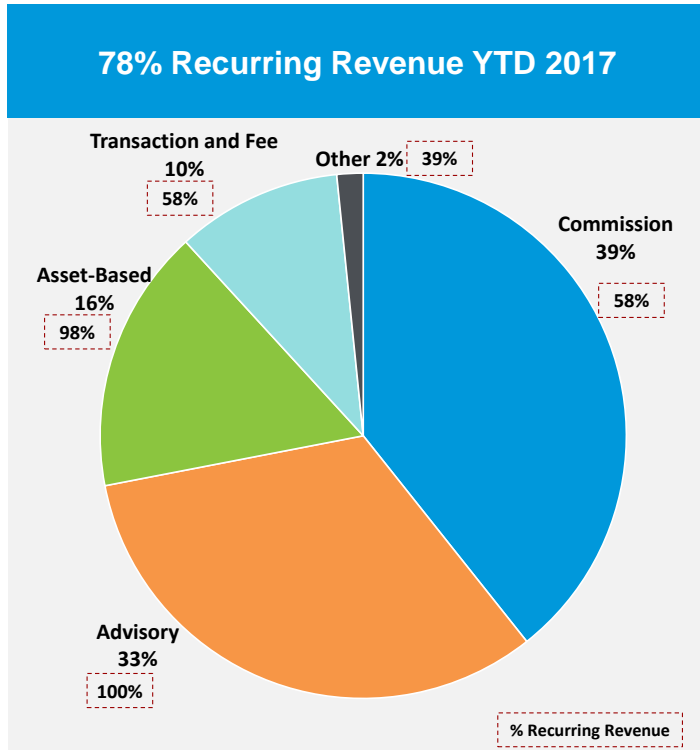
Lower interest rates and markets

Evolving competitive landscape

Regulatory environment

APPENDIX

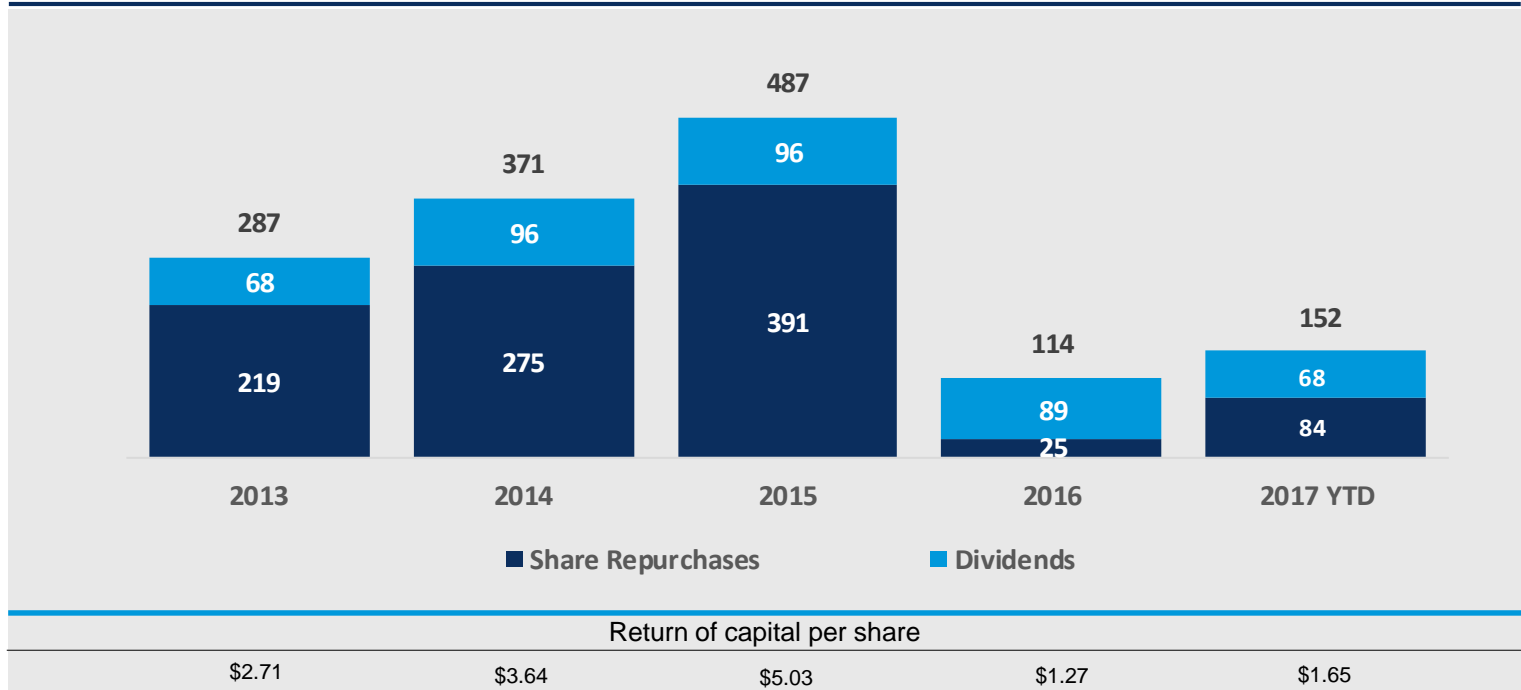
Our diversified and recurring revenue streams support EBITDA consistency



Sources of Revenue	Primary Drivers	For YTD 2017		
		Net Revenues (millions)	% of Total Net Revenue	% Recurring
<i>Advisor-driven revenue with ~85%- 90% total payout ratio</i>	<ul style="list-style-type: none"> Sales Transactions Brokerage asset levels 	\$1,245	39%	58%
	<ul style="list-style-type: none"> Corporate advisory asset levels 	1,033	33%	100%
<i>Revenue retained 100% by LPL Financial</i>	<ul style="list-style-type: none"> Cash balances Cash Sweep Fees Sponsorship Fees Record Keeping 	515	16%	98%
	<ul style="list-style-type: none"> Client activity Trades Client (Investor) Accounts Advisor Seat and Technology 	321	10%	58%
	<ul style="list-style-type: none"> Margin accounts Alternative investment transactions 	51	2%	39%
	Other			
Total		\$3,165	100%	78%

LPL's capital-light model has supported shareholder capital returns

Capital Returns (\$ millions)



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 3 of this presentation for additional information.

Set forth below is a reconciliation from the Company's net income to EBITDA for the periods presented:

\$ in millions	2013	2014	2015	2016	YTD 2017
NET INCOME	\$182	\$178	\$169	\$192	\$175
Non-Operating interest expense	51	52	59	96	78
Provision for Income Taxes	109	117	114	106	110
Depreciation and amortization	44	58	73	76	64
Amortization of intangible assets	39	39	38	38	28
Loss on Extinguishment of debt	-	-	-	-	22
EBITDA	\$426	\$443	\$453	\$508	\$477

Reconciliation of Net Income to Credit Agreement EBITDA

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

Set forth below is a reconciliation from the Company's net income to Credit Agreement EBITDA for the three months ended September 30, 2017:

\$ in millions	2013	2014	2015	2016	LTM 2017
NET INCOME	\$182	\$178	\$169	\$192	\$217
Non-Operating interest expense	51	52	59	96	103
Provision for Income Taxes	109	117	114	106	133
Depreciation and amortization	44	58	73	76	84
Amortization of intangible assets	39	39	38	38	38
Loss on Extinguishment of debt	-	-	-	-	22
EBITDA	\$426	\$443	\$453	\$508	\$597
Credit Agreement Adjustments	103	85	57	44	58
Credit Agreement EBITDA	\$529	\$528	\$510	\$552	\$655

Credit Agreement Adjustments include:

- (1) Employee share-based compensation expense, which represents 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) Advisor share-based compensation expense, which represents share-based compensation for equity awards granted to advisors and financial institutions based on the fair value of the awards at each reporting period
- (3) Other, which represents items that are adjustable in accordance with the Credit Agreement to calculate Credit Agreement EBITDA, including employee severance costs, employee signing costs, employee retention or completion bonuses, and other non-recurring costs

Note: Under the Credit Agreement, management calculates Credit Agreement EBITDA for a four-quarter period at the end of each fiscal quarter, and in so doing may make further adjustments to prior quarters.

Reconciliation of Core G&A to OPEX

Core G&A is a non-GAAP financial measure. Please see a description of Core G&A under “Non-GAAP Financial Measures” on page 3 of this release for additional information.

Below is a reconciliation of Core G&A against the Company’s total operating expenses for the periods presented:

\$ in millions	2013	2014	2015	2016	YTD 2017
Core G&A	\$615	\$648	\$695	\$700	\$532
Regulatory charges	8	36	34	17	15
Promotional	111	125	139	149	112
Employee share-based compensation	15	21	23	20	15
Other historical adjustments	64	48	13	-	-
Total G&A	813	879	904	886	674
Commissions and advisory	2,848	2,999	2,865	2,601	1,972
Depreciation & amortization	44	58	73	76	64
Amortization of intangible assets	39	39	38	38	28
Brokerage, clearing, and exchange	45	49	53	55	42
Total operating expense	\$3,790	\$4,023	\$3,933	\$3,655	\$2,780