

LPL Financial

Credit Suisse 22nd Annual Financial Services Forum

February 24, 2021

Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the "Company") future financial and operating results, growth, priorities, business strategies and outlook, including forecasts and statements relating to the Company's future advisory and brokerage asset levels and mix, organic asset growth, deposit betas, Core G&A* expenses (including outlook for 2021), Gross Profit* benefits, investments and capital returns, 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 February 24, 2021. 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 from those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: the spread of COVID-19 and its direct and indirect effects on global economic and financial conditions; changes in interest rates and fees payable by banks participating in the Company's client cash programs; the Company's strategy and success in managing client cash 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; the 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 new accounts 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 and the implementation of Regulation BI (Best Interest); 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 investments, initiatives, acquisitions and programs; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2019 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 February 24, 2021, 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 February 24, 2021.

*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. Reconciliations and calculations of such measures can be found on pages 35-38.**

Gross profit is calculated as net revenues, which were \$1,581 million for the three months ended December 31, 2020, less advisory and commission expenses and brokerage, clearing and exchange fees ("BC&E"), which were \$1,030 million and \$18 million, respectively, for the three months ended December 31, 2020. 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 35 of this presentation.

EBITDA is defined as net income plus interest and other expense, income tax expense, depreciation and amortization, and amortization of intangible assets. 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 37 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 GAAP EPS to EPS Prior to Amortization of Intangible Assets, please see page 38 of this presentation.

Core G&A consists of total operating expenses, which were \$1,410 million for the three months ended December 31, 2020, excluding the following expenses: advisory and commission, 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 advisory and commission 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 36 of this presentation. The Company does not provide an outlook for its total operating expenses because it contains expense components, such as advisory and commission 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.

LPL Overview

Mission

We take care of our advisors so they can take care of their clients.

Value Proposition

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:

- **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, ClientWorks technology, Client Care model, and Business Solutions**
- **Industry-leading advisor payout rates**
- **Growth capital** to expand or acquire other practices

Key Markets and Services

\$900B+ Retail Assets:

- **Advisory:** \$461B
- **Brokerage:** \$442B

17,000+ Advisors:

- **Independent Advisors:** 9,700+
- **Hybrid RIA:** 5,000+ (450+ firms)
- **Institutional Services:** 2,500+ (780+ banks and credit unions)

Key Metrics

Q4 2020 Business Metrics

Assets (end of period):	\$903B
Organic Net New Assets:	\$17.8B
Organic Annualized Growth:	8.8%
Recruited Assets ⁽²⁾ :	\$10.8B
Advisors (end of period):	17,287
Accounts (end of period):	6.0M

2020 Financial Metrics

Average Assets:	\$784B
Organic Net New Assets:	\$56B
Organic Annualized Growth:	7.4%
Recruited Assets ⁽²⁾ :	\$41B
Gross Profit*:	\$2.1B
EBITDA*:	\$0.9B
EPS Prior to Intangible Assets*:	\$6.46

Q4 2020 Debt Metrics

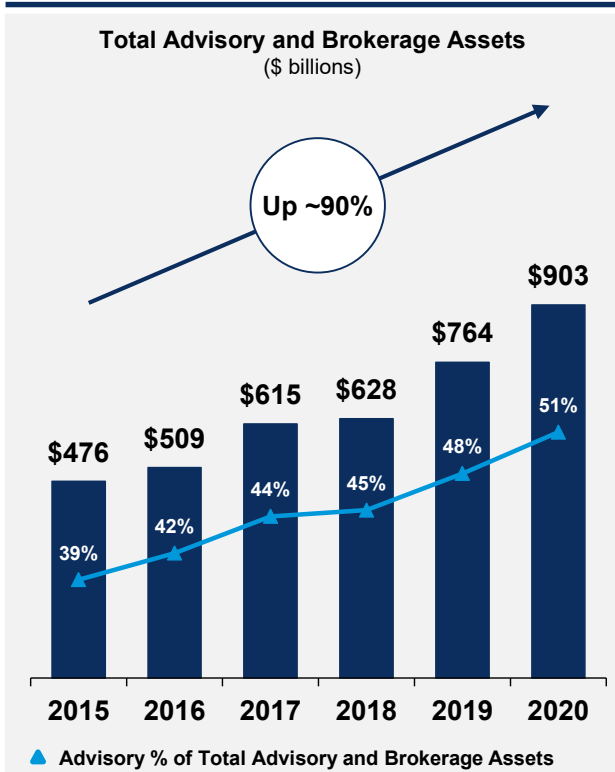
Credit Agr. EBITDA* (TTM):	\$1.0B
Total Debt:	\$2.4B
Net Leverage Ratio ⁽³⁾ :	2.16x
Cost of Debt:	3.83%

Debt Ratings⁽⁴⁾

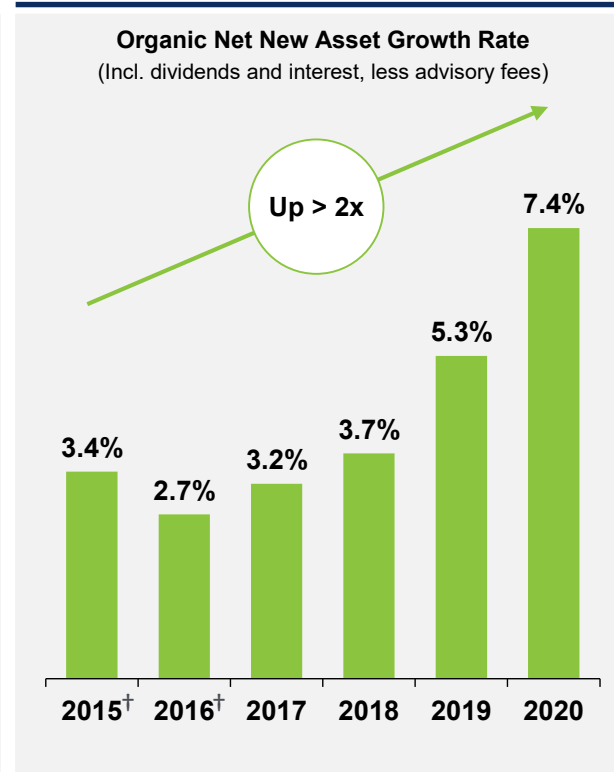
Moody's Rating:	Ba2
S&P Rating:	BB+

We continue to drive business and financial growth

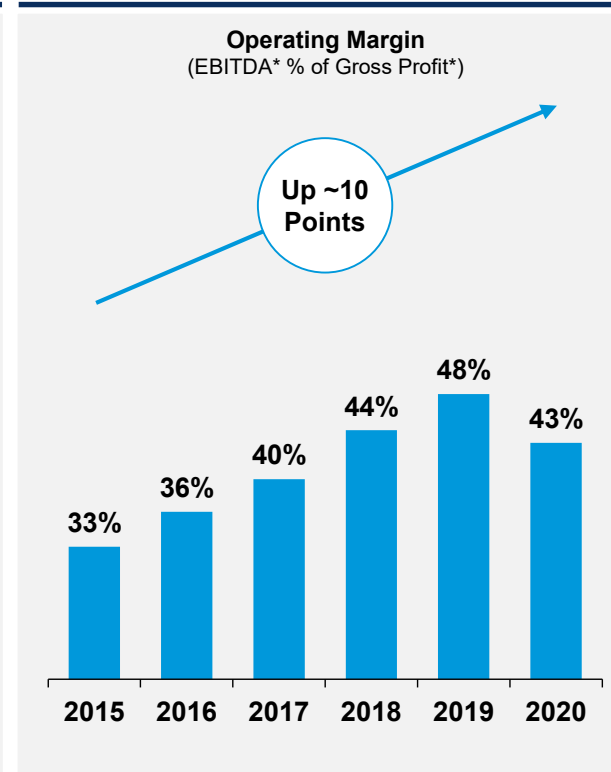
Total assets have increased by ~90%



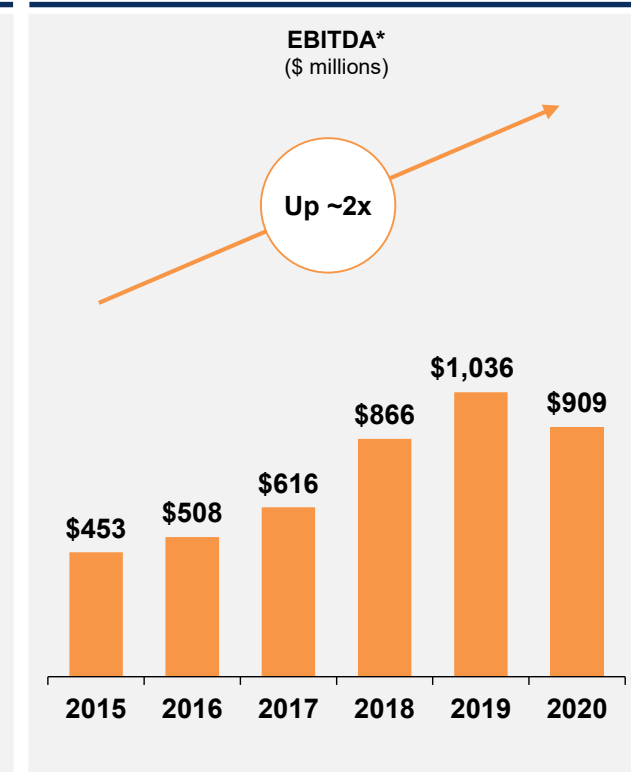
Organic asset growth has more than doubled



Operating margin has increased ~30%



EBITDA* has more than doubled



We are creating the next generation of the Independent Model



Meeting advisors where they are in the evolution of their practices

Deepen our participation across traditional independent and 3rd party bank channels

—
Redefine our industry with our new, transformative independent employee and RIA-only models



Helping advisors differentiate and win end-clients

Create a leading end-to-end platform for advisors

—
Develop and enhance end-client experiences



Delight advisors and their clients with industry-leading experiences

Transform our service model into a Customer Care model

—
Drive performance, efficiency and scale with a real-time, digital operating model

—
Develop excellence in Continuous Improvement



Helping advisors run the most successful businesses in the industry

Raise quality of execution and likelihood of success through Business Solutions

—
Unlock growth, succession and protection through innovative Growth and Capital Solutions

A strategy to win in the marketplace

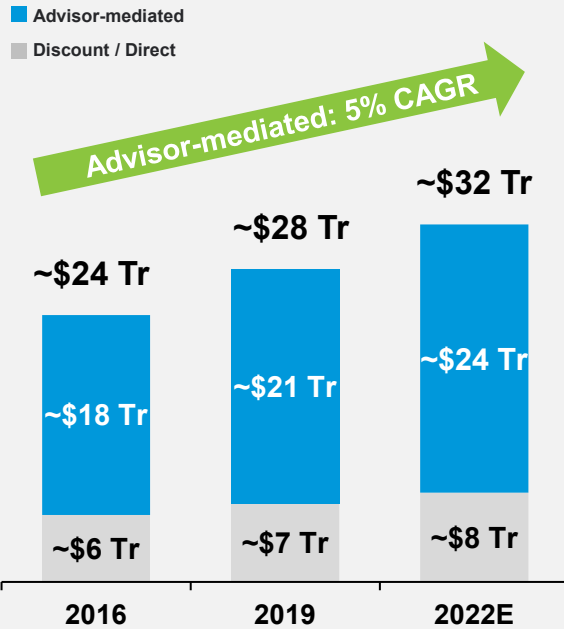
LPL Investment Highlights: Significant opportunities to grow and create long-term shareholder value

- 1 Established market leader with scale advantages and structural tailwinds**
- 2 Expanded 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

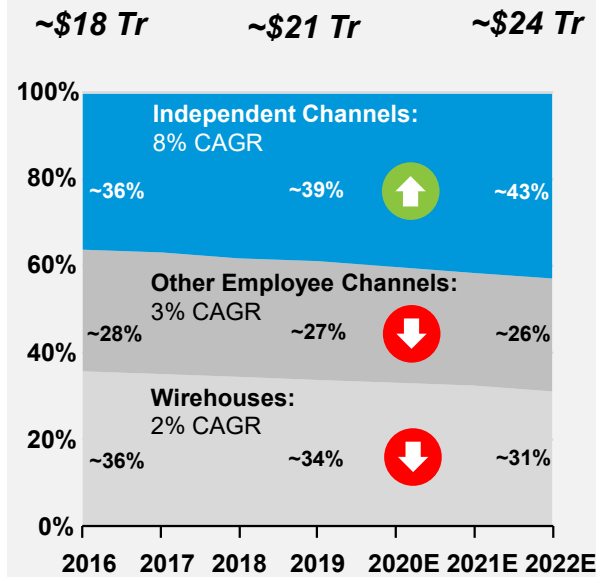
Growing demand for advice

Projected Growth in US Retail Investment Market



Independent Channel gaining share

Total Advisor-mediated Assets



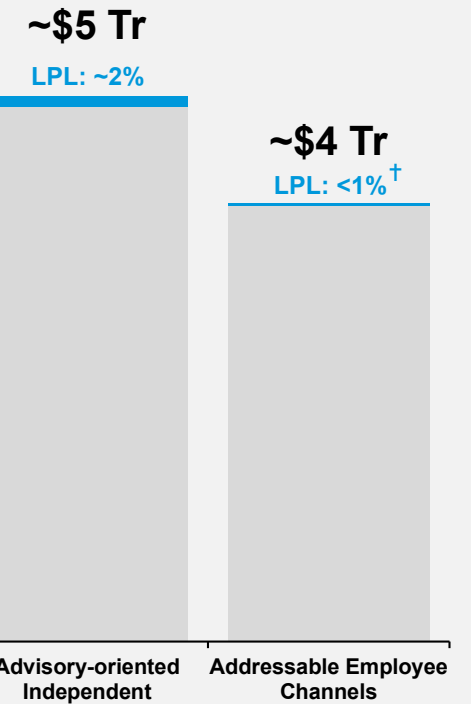
Leading position in traditional markets

Traditional Markets



Tripling our total addressable markets

Expanded Addressable Markets



Note: LPL estimates based on 2019 Cerulli channel size and advisory share estimates and include market adjustment for 2019.

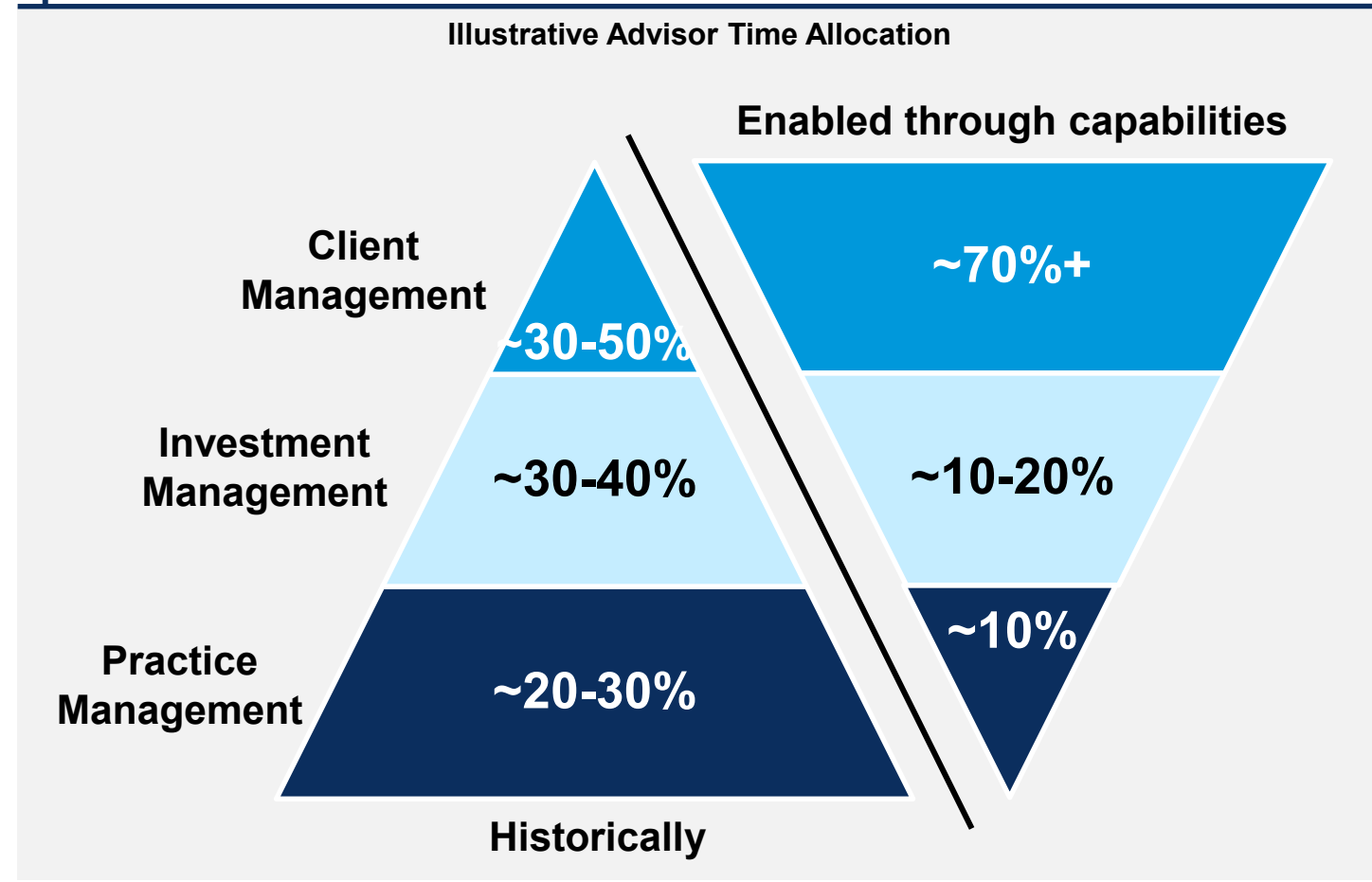
† Consists of approximately \$3 billion of advisory and brokerage assets serviced by Allen & Company advisors.

We are expanding our addressable markets by ~3x with new affiliation models

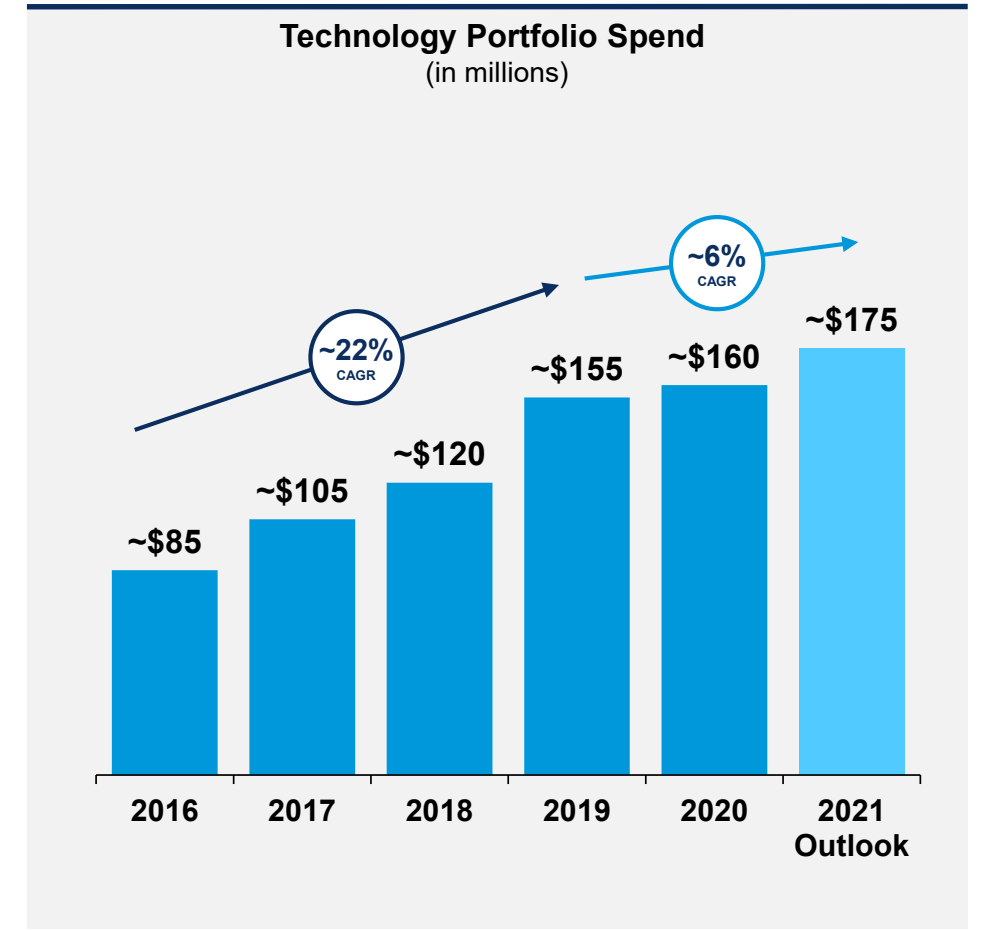
		Advisory-Oriented Independent Market New ~\$5 Tr Opportunity		Independent Employee Market New ~\$4 Tr Opportunity
		Strategic Wealth Services	Fee-Only Advisory	Independent Employee
Overview		<ul style="list-style-type: none"> Previously referred to as our “Premium” model Provides comprehensive support for “breakaway advisors” to move to independence Includes enhanced, hands-on assistance through all aspects of new practice startup and transition Delivers tailored business support through strategic consulting and Business Solutions 	<ul style="list-style-type: none"> Enables RIAs to leverage fully-integrated capabilities, technology, services, and clearing platform Supported by dedicated relationship management teams along with practice-level support Provides the flexibility to outsource risk management and compliance (Corporate RIA) or manage internally (Hybrid RIA) 	<ul style="list-style-type: none"> Pairs the benefits of independence with the turnkey services of an employee model Enables advisors to own their client relationships and have the freedom to design their practices to fit their model for advice Increases payout for advisors versus traditional employee firms through a lower-cost model
Progress		In 2020, we recruited 5 practices serving over \$1B in assets	We continue to progress our model for fee-only advisors, focusing on a dedicated service experience and integrated technology capabilities	In Q1 2021 we welcomed our first commitment with ~\$100M in assets

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

We are focused on delivering capabilities that position advisors to spend more time with their clients

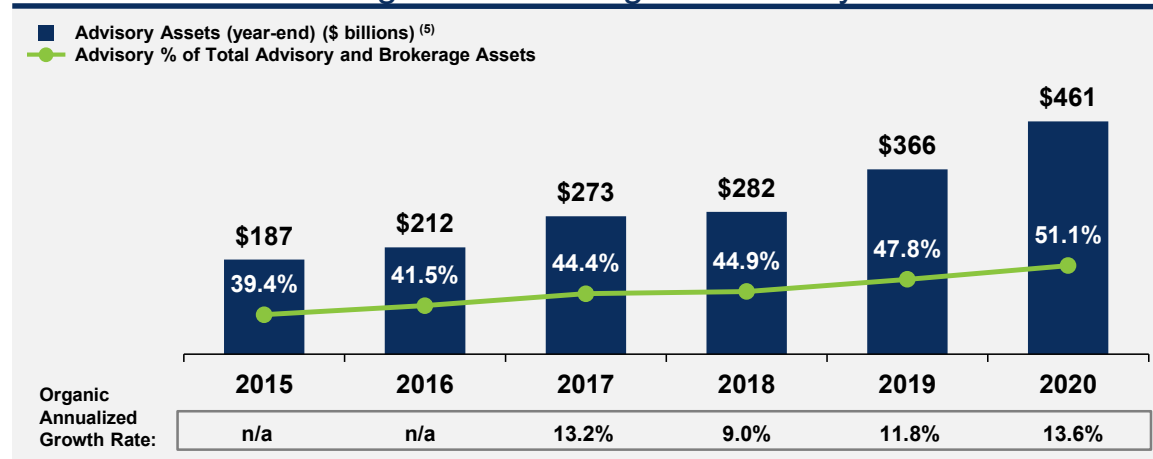


As a result, we have increased our technology investments over time



Advisory assets are over 50% of total assets

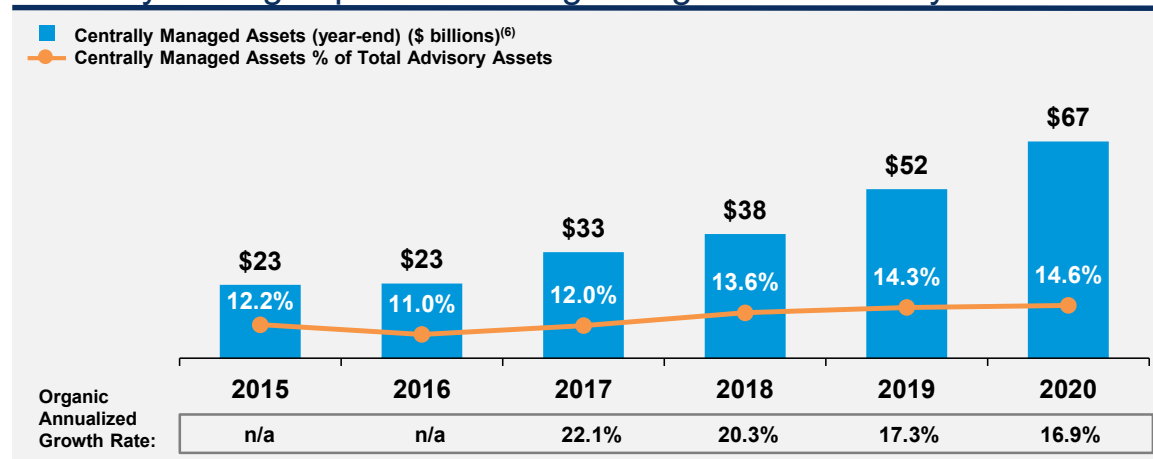
Our business is shifting from Brokerage to Advisory



The shift to Advisory can create value

- Assets are shifting from Brokerage to Advisory, consistent with industry trends, as end clients seek greater levels of support from advisors
- Our mix of Advisory is below industry levels of ~70% Advisory
- We are shifting towards Advisory at a rate of 2%+ per year
- Advisory ROA is ~10 bps higher than Brokerage ROA, so a ~2% shift is ~\$15M in annual Gross Profit* benefit

Centrally managed platforms are growing within advisory



Centrally managed platforms generate higher returns than Advisory


- Outsourcing portfolio design and management can free up advisors' time to serve clients and grow their practices
- Advisors can also continue to design their own portfolios while outsourcing investment management tasks to LPL
- Centrally managed platforms have increased as a percentage of total advisory assets
- Centrally managed platform ROA is ~10 bps higher than Advisory overall, so a 1% increase is ~\$3M in annual Gross Profit* benefit

We continue to scale and expand our Business Solutions portfolio

Business Solutions has grown to ~1,400 subscribers, up ~750 from a year ago
 We continue to expand the portfolio, including our Q1 2021 launch of M&A Solutions

Professional Services


- **Digital and employee-powered solutions** that provide practice management expertise to increase practice-level growth and operational efficiency
- Higher revenue and higher cost due to **full support from a LPL team**
- Subscriptions average **\$1,500+ per month**



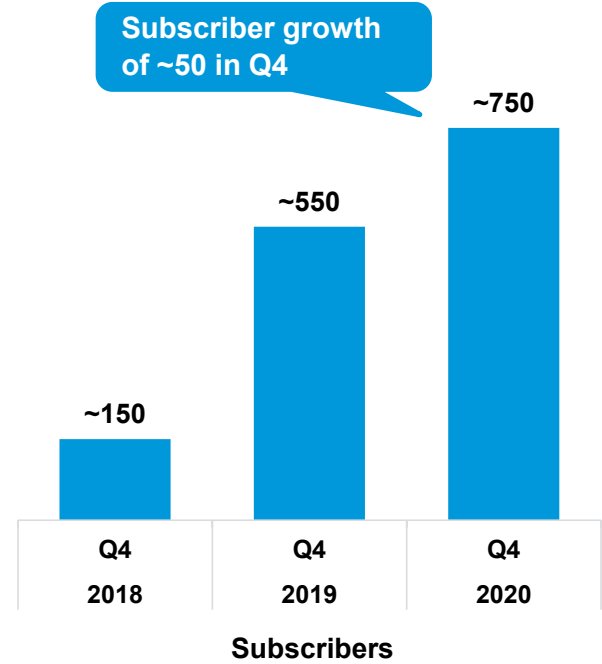
Admin Solutions
 Reduce daily tasks with experienced and trained administrative help



Marketing Solutions
 Unleash digital marketing to generate new prospects and connect with existing clients




CFO Solutions
 Optimize the growth, scale, and profitability of the advisor's business



Business Optimizers


- **Digital solutions** that provide risk mitigation and business continuity services to support practice operations and succession planning
- Lower revenue and lower cost since they **deliver digital capabilities**
- Subscriptions average **\$100+ per month**



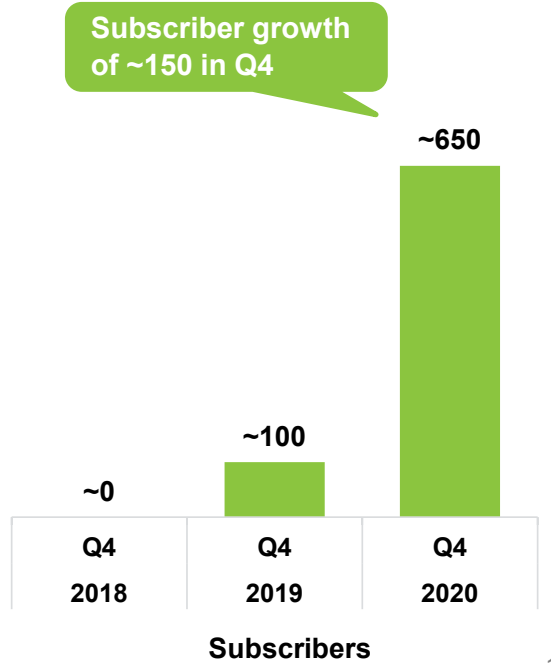
Assurance Plan
 LPL-backed succession plan to protect advisors' businesses and support their families and clients



Remote Office Solutions
 Smart, secure office network and connectivity technology to support remote operations



Launched Q1 2021 M&A Solutions
 Comprehensive buyer and seller programs supporting all aspects of advisor practice M&A



We have added M&A Solutions as our sixth Business Solution



Buying or selling a practice can be a demanding process for advisors. LPL's M&A Solutions provides comprehensive buyer and seller development programs and an end-to-end transaction platform which support all aspects of advisor practice M&A.

PREMIUM BUYER PROGRAM

Prepare your practice for growth through M&A
(Business model: asset retention, NNA growth, subscription revenue)



Priority access to deal flow



Discounts on financing & free deal execution



Detailed annual valuations



Timely market commentary and insights



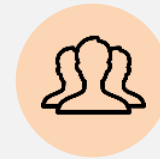
Access to M&A experts

SELLER SUPPORT PROGRAM

Simplify the M&A process and maximize the value of your practice
(Business model: asset retention, NNA growth, success fee)



Preparation for practice sale



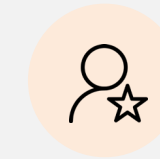
Buyer sourcing and contact



Assistance in selecting final partner



Comprehensive transaction analysis



Access to M&A experts

DEAL EXECUTION PLATFORM

The end-to-end platform for M&A transactions

Provides comprehensive business valuations, support through due diligence, negotiation, and deal structuring, competitive financing options with no origination fees, templated closing documents, and post-transaction integration support.



End-to-End Platform



Single Point of Contact




In-House Services



Execution support for Buyer and Seller Programs


We are supporting advisors with access to capital throughout their practice lifecycle




Transition Assistance
Capital to help advisors transition their practices to LPL



Growth Capital
Capital and expertise to support practice growth initiatives



Advisor Practice M&A
Capital and expertise to support acquisitions of other practices



Assurance Plan
Capital and expertise to help advisors monetize and transition their practices

We are digitizing key advisor workflows to help drive practice scalability and efficiency

ClientWorks Connected

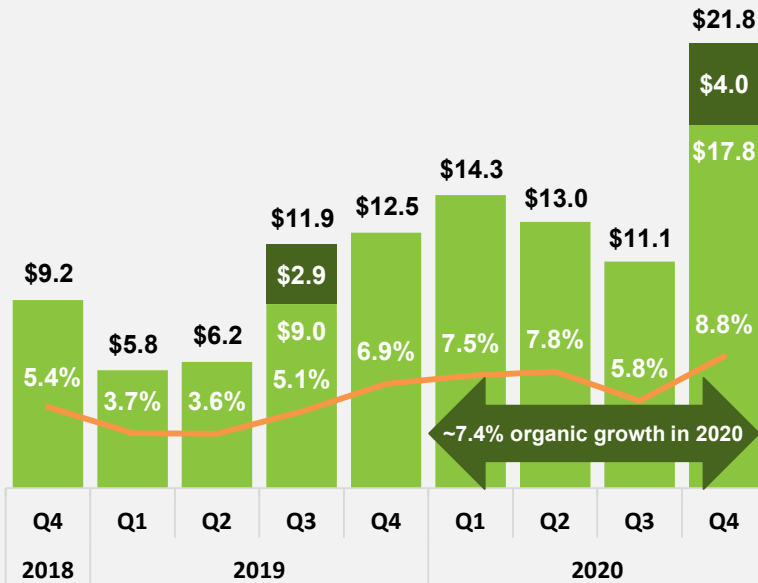


For each of the platforms, we are integrating a free solution as well as leading third-party options

We continued to drive solid organic growth with a Net New Asset growth rate of ~9% in Q4 and 7%+ for the past year

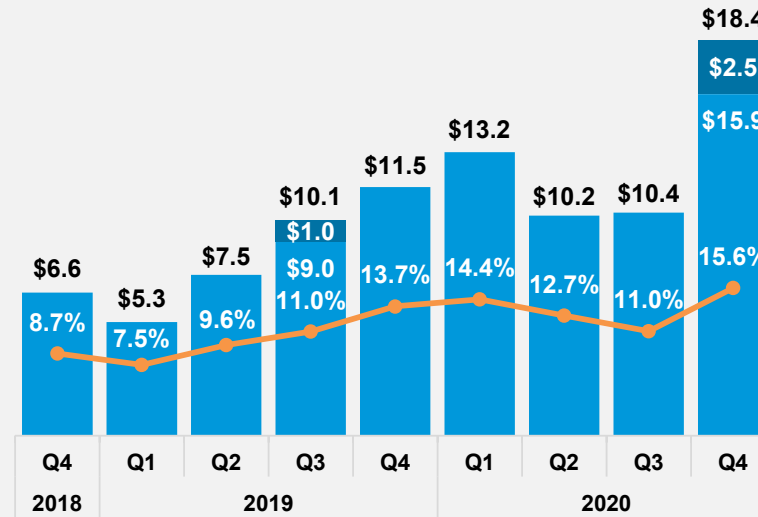
Total Net New Assets⁽⁷⁾ (\$ billions)

- Organic Total NNA
- Acquired Total NNA
- Organic Annualized Growth Rate



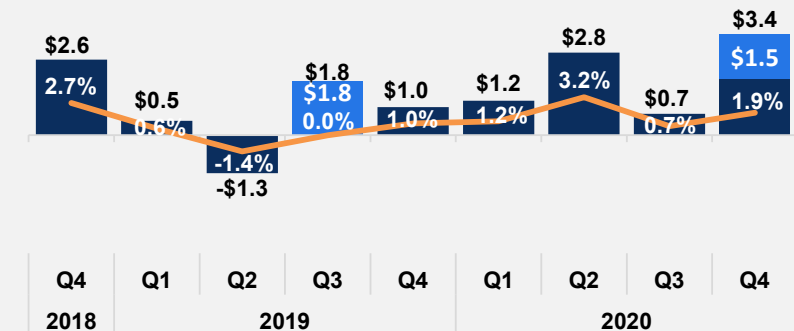
Net New Advisory Assets⁽⁸⁾ (\$ billions)

- Organic Advisory NNA
- Acquired Advisory NNA
- Organic Annualized Growth Rate



Net New Brokerage Assets⁽⁹⁾ (\$ billions)

- Organic Brokerage NNA
- Acquired Brokerage NNA
- Organic Annualized Growth Rate



Net Brokerage to Advisory Conversions⁽¹⁰⁾ (billions): \$1.4 \$1.4 \$1.8 \$1.7 \$1.9 \$2.4 \$1.6 \$2.0 \$2.6

We are the leading 3rd party provider to the bank channel, and the additions of M&T and BMO Harris will further strengthen our strategic position

We recently signed M&T and BMO Harris to join our Institution Services platform, and expect them to onboard in the middle of 2021

We are the largest provider of outsourced bank wealth management services

Serving **700+ institutions** with **~\$125B[†]** in assets

Background Context: The bank channel is a ~\$1T market in which broker dealers, such as LPL, provide 3rd party services to institutions such as clearing services, trading platforms, product & service offerings, technology and other advisor resources

Our Value

- We provide financial institutions with access to an array of investment solutions and wealth management platforms to enhance and scale their business.
- With LPL, banks can provide retail clients with enhanced capabilities, grow their business faster, increase profitability, and lower regulatory risk.

Top 10 Banks on LPL's Platform



M&T Bank and BMO Harris will become our two largest bank clients

M&T Bank

BMO



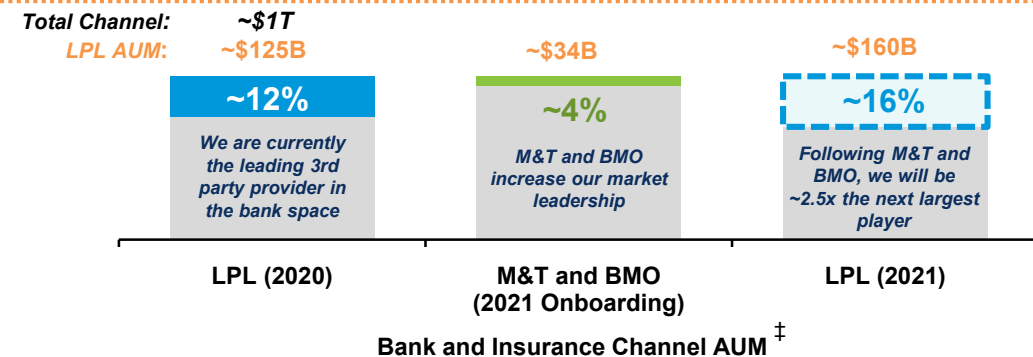
M&T Partnership

- Fortune 500 bank with 700+ branches nationwide
- ~\$20B in Assets and 170+ Advisors
- Agreement to join LPL signed in July 2020
- Expected onboarding in the middle of 2021

BMO Harris Financial Advisors

- Bank with 500+ branches nationwide
- ~\$14B in Assets and 110+ Advisors
- Agreement to join LPL signed in October 2020
- Expected onboarding in Q1 2021

M&T and BMO Harris expand our 3rd party leadership of the bank channel

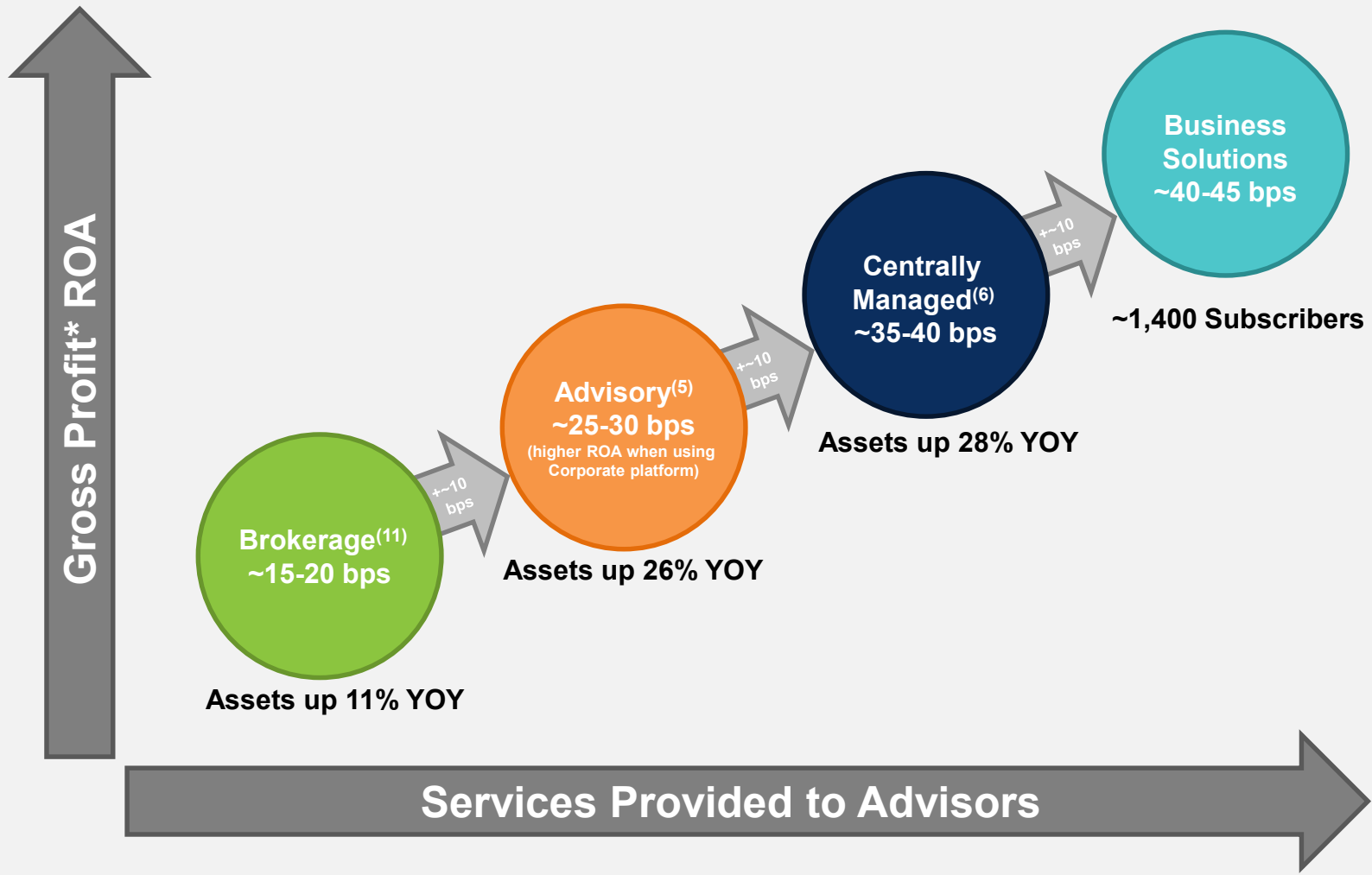


[†] LPL Institution Services AUM from banks and credit unions as of 12/31/2019.

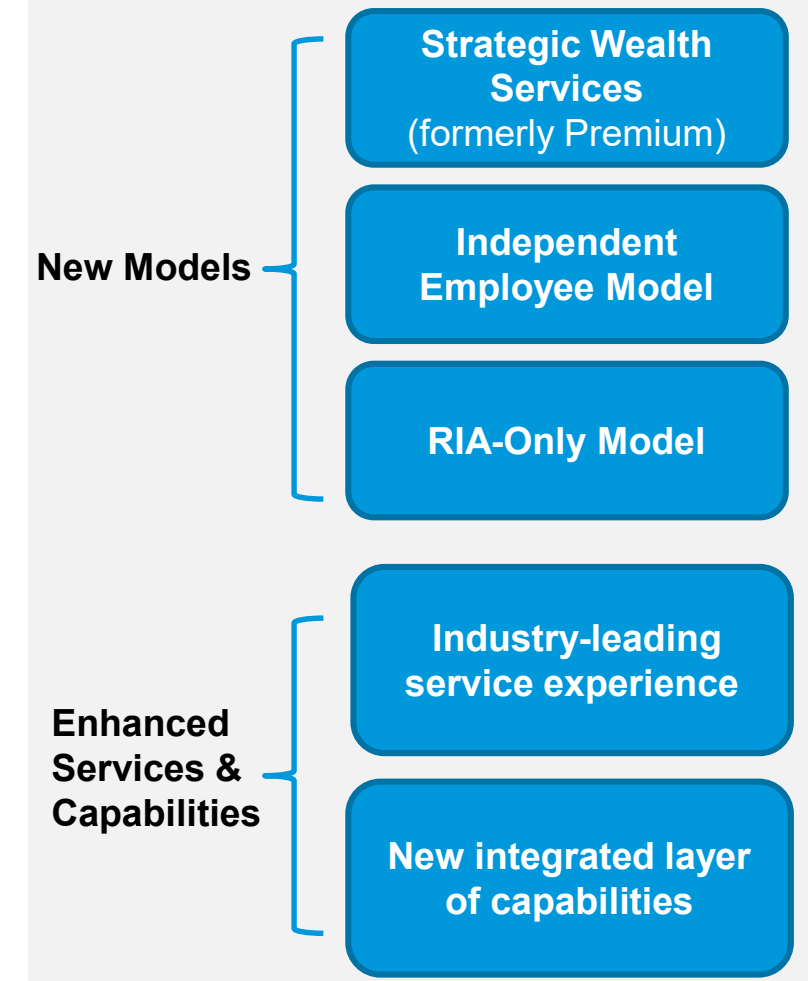
[‡] LPL market share estimates based on 2019 Cerulli channel size estimates.

As advisors use more of our services, our returns increase

We have seen a favorable mix shift in our platforms



Additional drivers of growth



Note: ROAs reflect Q4 2020 trailing twelve month averages adjusted for lower interest rates as of the end of Q4 2020. Year-over-year comparisons are based on the change from Q4 2019 to Q4 2020.

We benefit from rising market levels and interest rates, and our business model has natural hedges to market volatility

Macro benefits

Market Levels (S&P 500)

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

Annual Gross Profit* Impact

~\$25M

Per 100pt increase in market levels

Interest Rates

Rising interest rates benefit ICA and DCA yields including estimated deposit sharing of 25-50% per rate hike

~\$30-50M[†]

Per 25 bps increase in FFE target rates

Natural offsets to market declines

Cash Sweep Balance

Increased risk and volatility in the market drives higher cash sweep balances

As equity markets declined in early 2020, ICA balances increased by ~\$10B, which translates to a **~\$30M benefit annually[‡]**

Transaction Volume

Increased risk and volatility in the market drives additional portfolio rebalancing activity and higher transaction volumes

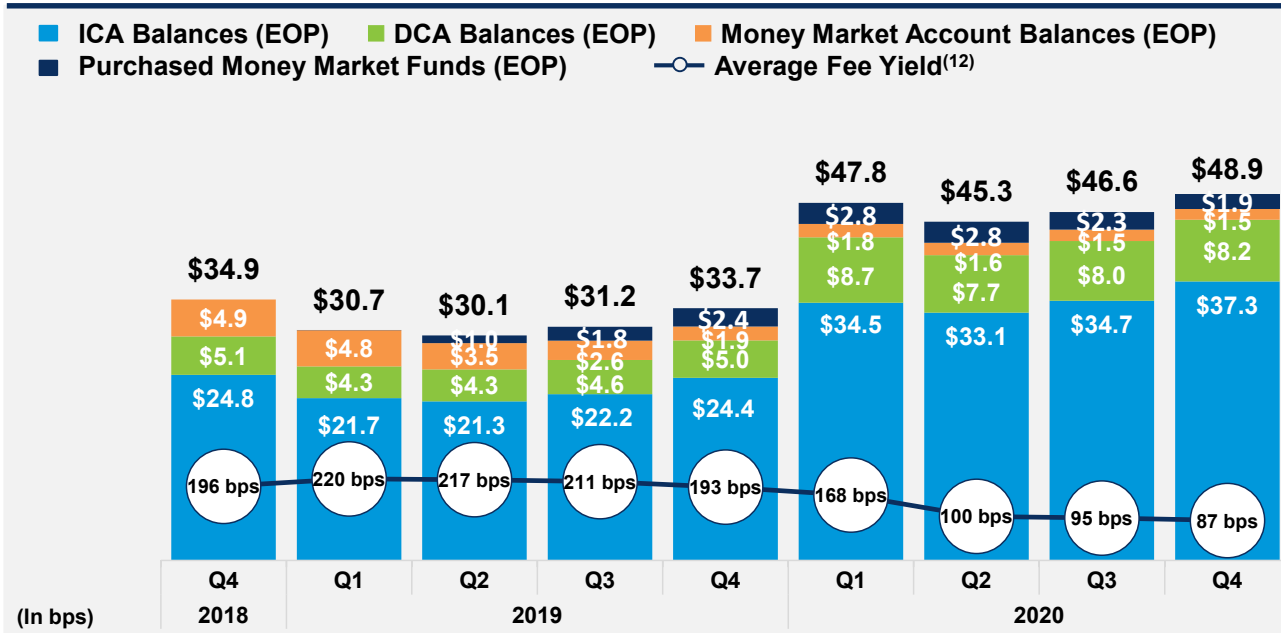
Transaction & fee revenue increased **~\$20M** sequentially in Q1 2020

[†] Assumes change based on ~\$37B of ICA balances (with ~\$12B fixed), deposit betas of 25-50%, ~\$15M change in DCA revenue, and ~\$3M change in interest expense on floating rate debt.

[‡] Based on variable ICA balances indexed to Fed Funds + a spread (~20 to ~30 bps).

Q4 Client Cash balances increased 5% sequentially

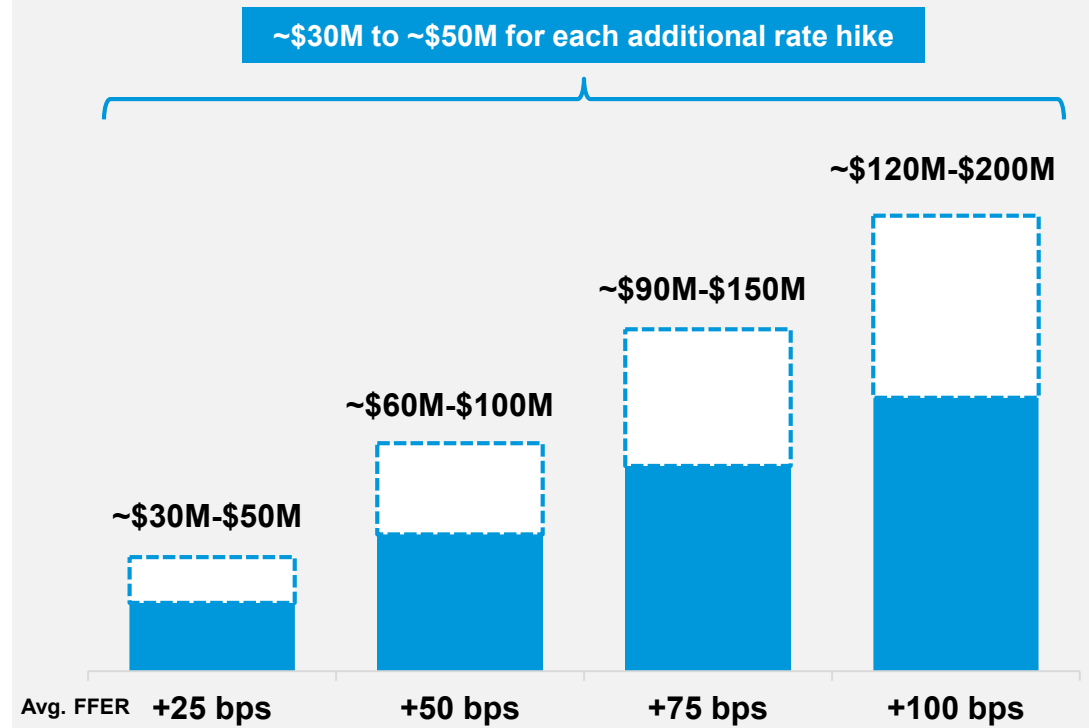
Client Cash balances (\$ billions)



(In bps)	2018	2019	2020
ICA Fee Yield	215	249	195
DCA Fee Yield	207	226	142
Purchased MM Fee Yield	n/a	n/a	29
MM Account Fee Yield	75	74	58
Average Fee Yield :	196	217	100
Client Cash % of Total Assets:	5.6%	4.3%	5.9%

Annual potential Gross Profit* benefit from rising interest rates

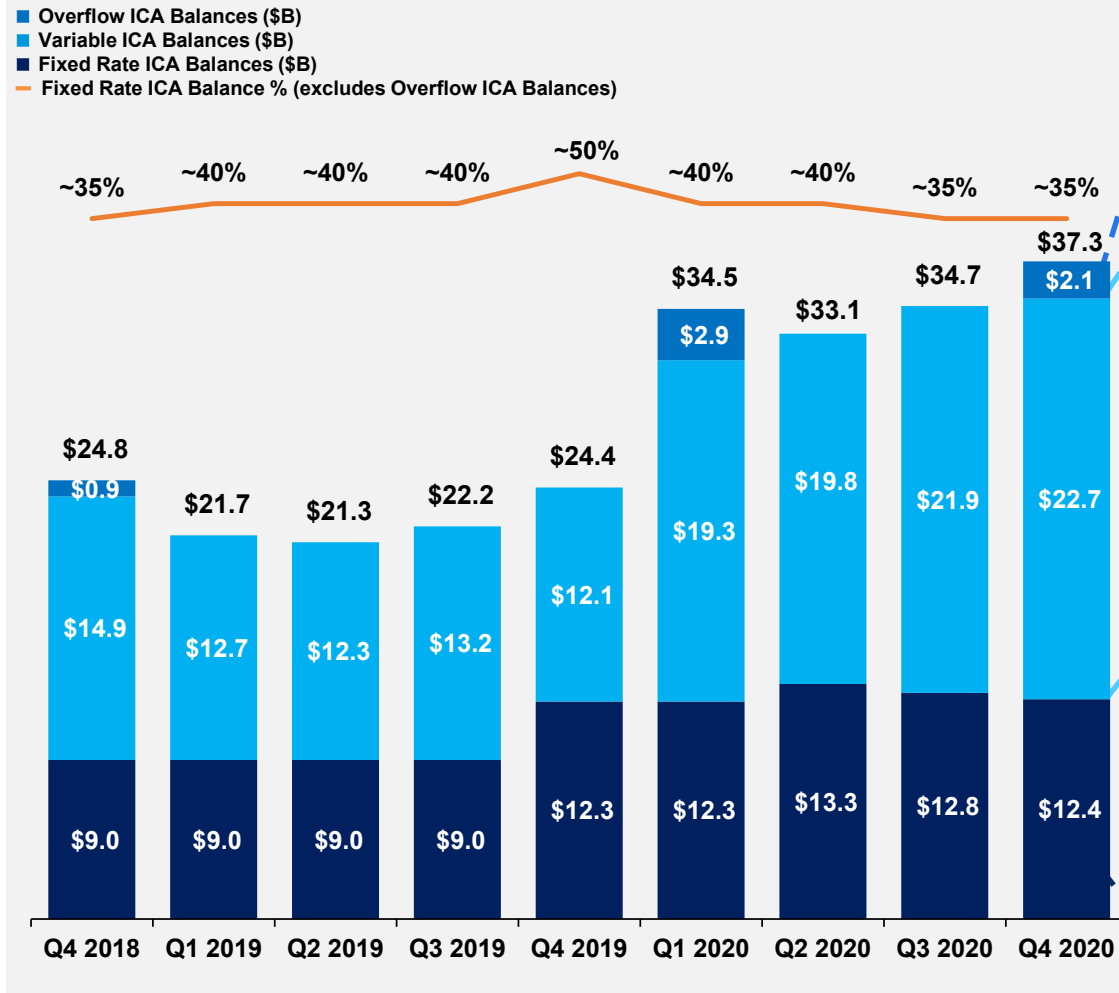
Estimated Interest Rate Sensitivity with ICA Balances of ~\$37B (with ~\$12B of fixed ICA balances)



Note: assumes change based on Q4 2020 end of period ICA balances of ~\$37B (with ~\$12B of fixed ICA balances), deposit betas of 25-50%, ~\$15M change in DCA revenue per 25 bps rate hike, and ~\$3M change in interest expense on floating rate debt per 25 bps rate hike.

In Q4, ICA balances remained well above 2019 levels

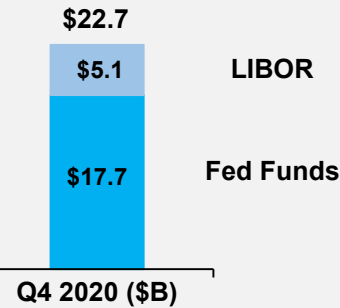
ICA balances remain elevated



Overflow balances provide capacity when balances spike

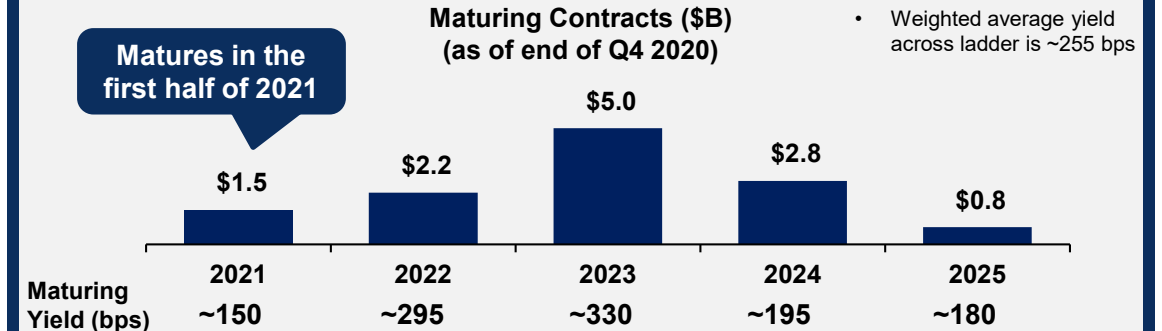
- When elevated market volatility leads ICA balances to temporarily exceed our variable contract capacity, we use overflow contracts
- In the current interest rate environment, the net interest rate earned on overflow contracts averages 1 to 2 basis points

Variable balances are mostly indexed to Fed Funds



- Most variable balances are indexed to Fed Funds + a spread (~20 to ~30 bps)
- However, some are indexed to short-term LIBOR (1ML and 3 ML)

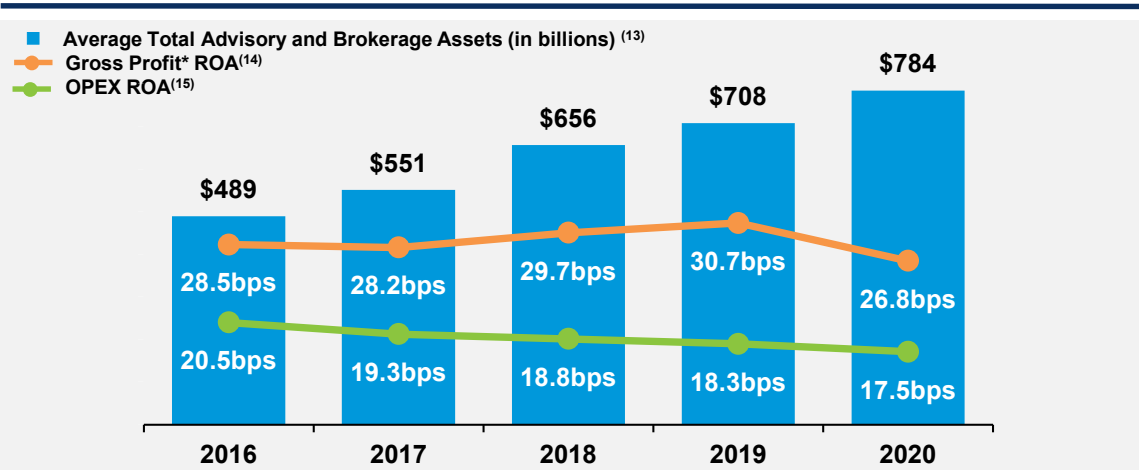
Fixed rate ICA contracts are laddered over ~5 years



Note: Yields shown on this page are prior to client deposit rates (~1 bps) and administrator fees (~4 bps), other than overflow yields which are shown as net of these fees.

We have driven margin expansion

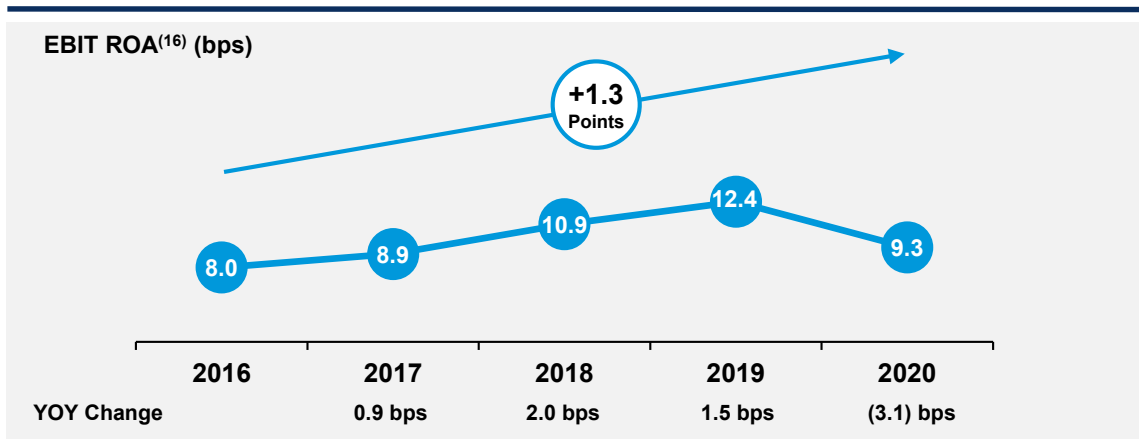
Gross Profit* ROA remains solid, and OPEX ROA continued to decline



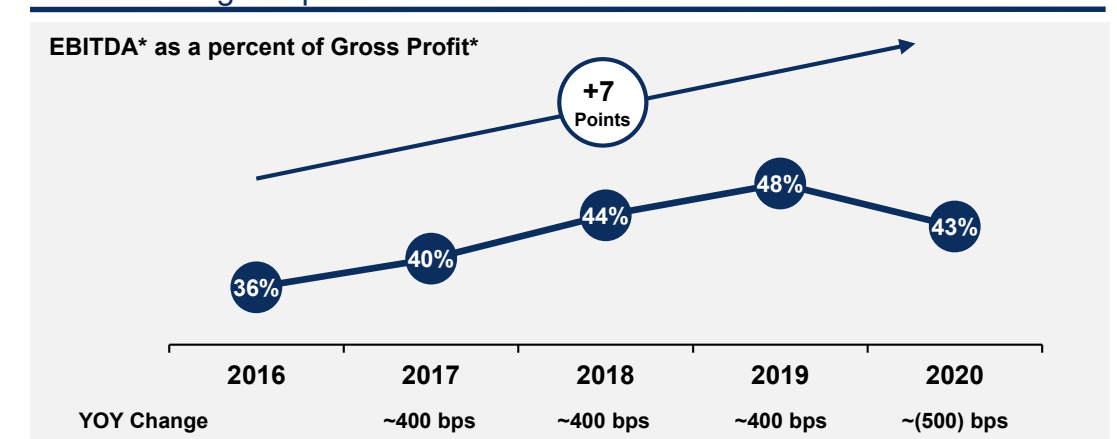
Long-term expense and investment strategy

- Deliver operating leverage in core business
- Prioritize investments that drive additional growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

As a result, EBIT ROA has grown



EBITDA* margin expanded over time



We remain focused on investing to drive organic growth while delivering long-term operating leverage in our core business

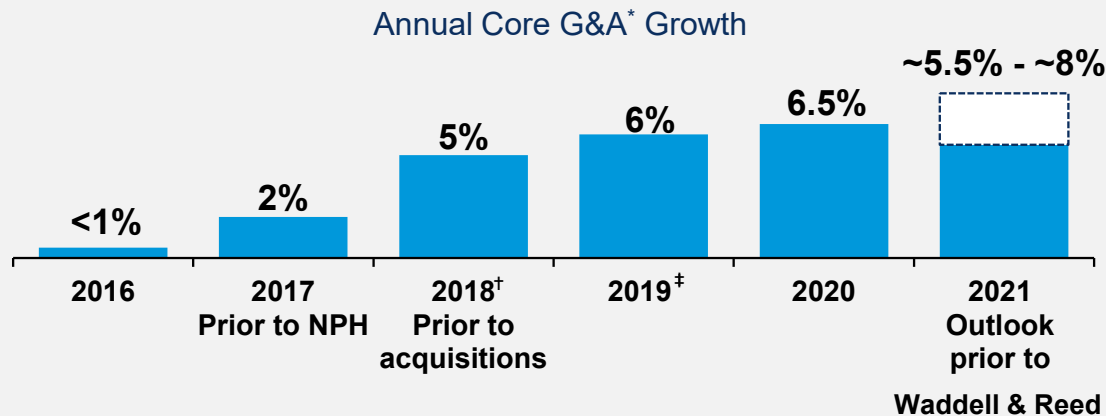
Long-term cost strategy

- Deliver operating leverage in core business
- Prioritize investments that drive additional growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

2021 Core G&A* context

- Our 2020 Core G&A* was \$925M, translating to a 6.5% year-over-year growth rate, which was in the lower half of our \$915M to \$940M outlook range
- We are seeing positive results as we continue to prioritize investments that drive organic growth and deliver operating leverage in our core business
- Given this, in 2021 we plan to continue investing for growth at a similar rate to 2020
- Our 2021 Core G&A* outlook range is ~5.5% to ~8% year-over-year growth prior to Waddell & Reed, or \$975M to \$1,000M

Recent expense trajectory, prior to acquisitions



Core G&A* outlook

2020 Actual

\$925M

2021 Outlook
Prior to Waddell & Reed

\$975M - \$1,000M

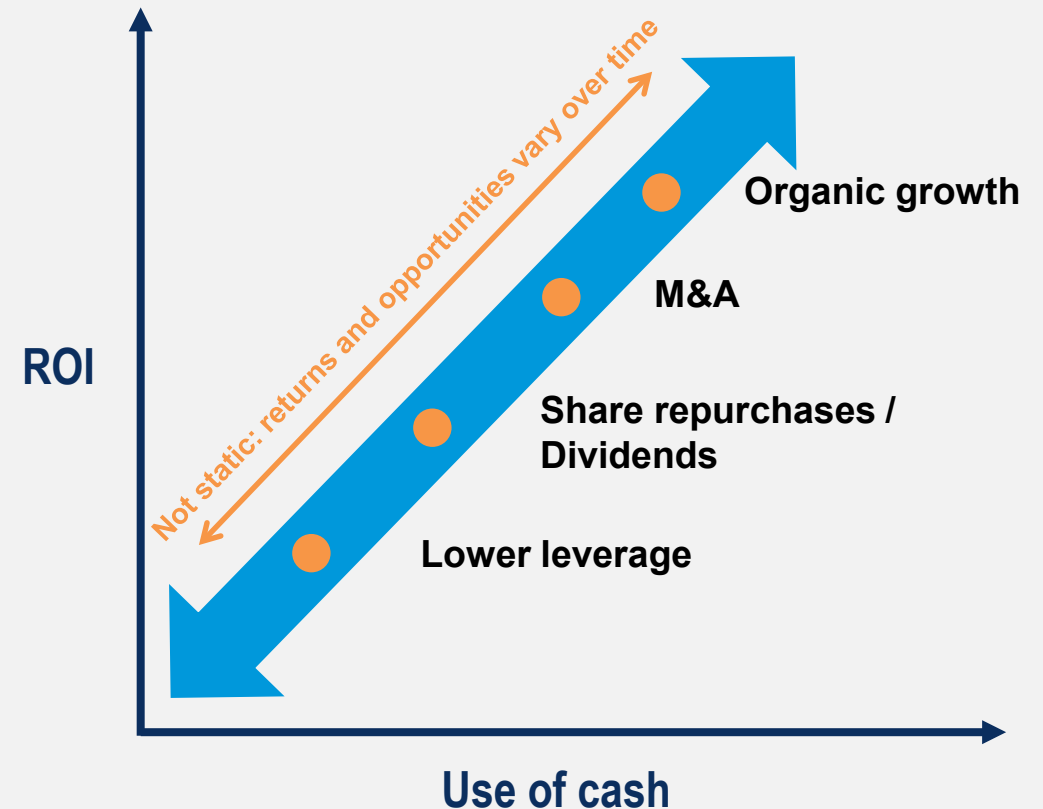
[†] Based on the Company's 2018 Core G&A* prior to NPH and AdvisoryWorld related expenses compared to the Company's 2017 Core G&A* prior to NPH-related expenses. [‡] Based on the Company's total 2018 Core G&A*.

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

Our capital management principles

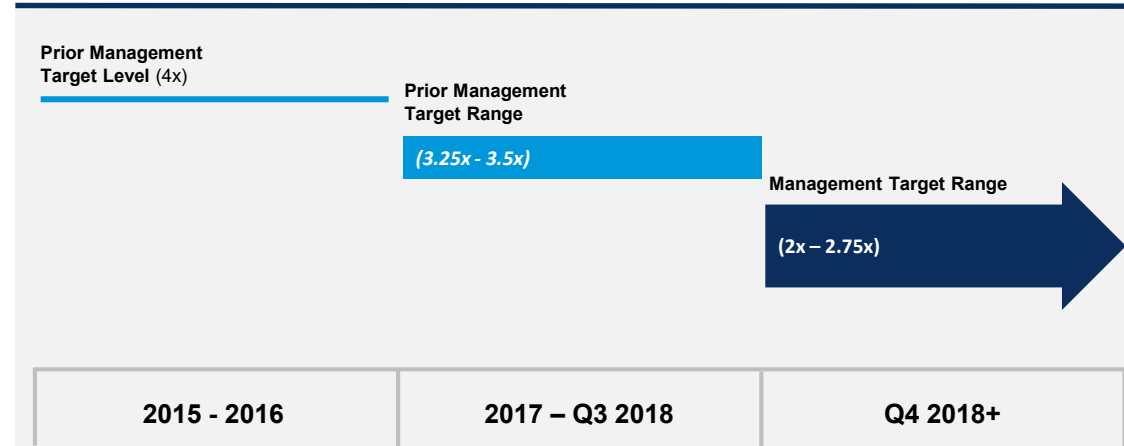
- **Disciplined capital management to drive long-term shareholder value**
- **Maintain a strong and flexible balance sheet**
 - Management target net leverage ratio range of 2x to 2.75x
 - Debt structure was refinanced to be more flexible and support growth
- **Prioritize investments that drive organic growth**
 - Recruiting to drive net new assets
 - Capital to support advisor growth and advisor M&A
 - 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

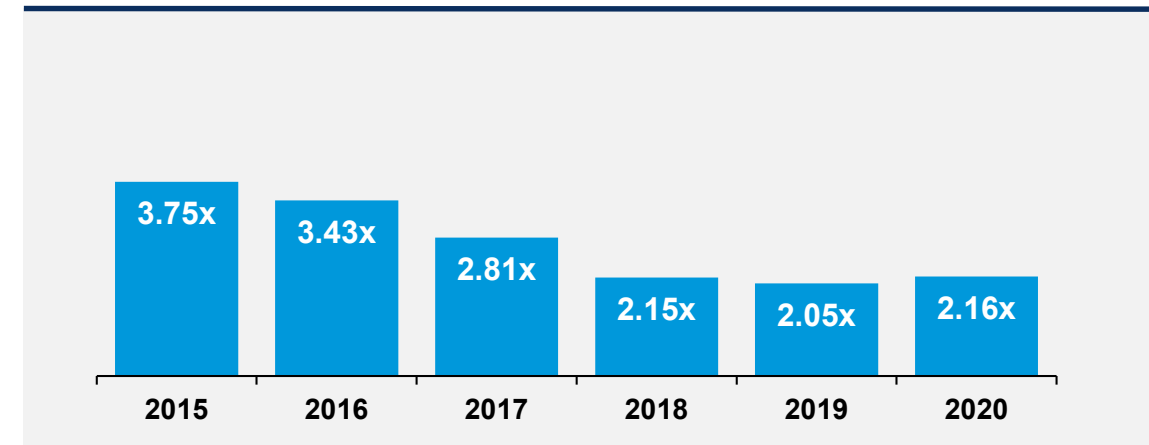


Our balance sheet strength is a key driver of our organic growth

Management Target Credit Agreement Net Leverage Ratio[†]



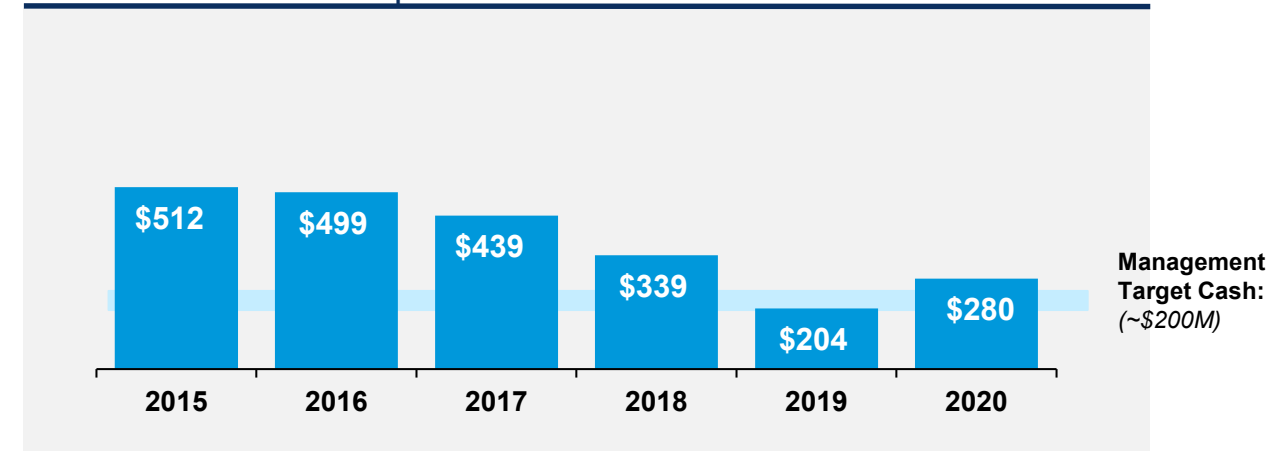
Credit Agreement Net Leverage Ratio[†]



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

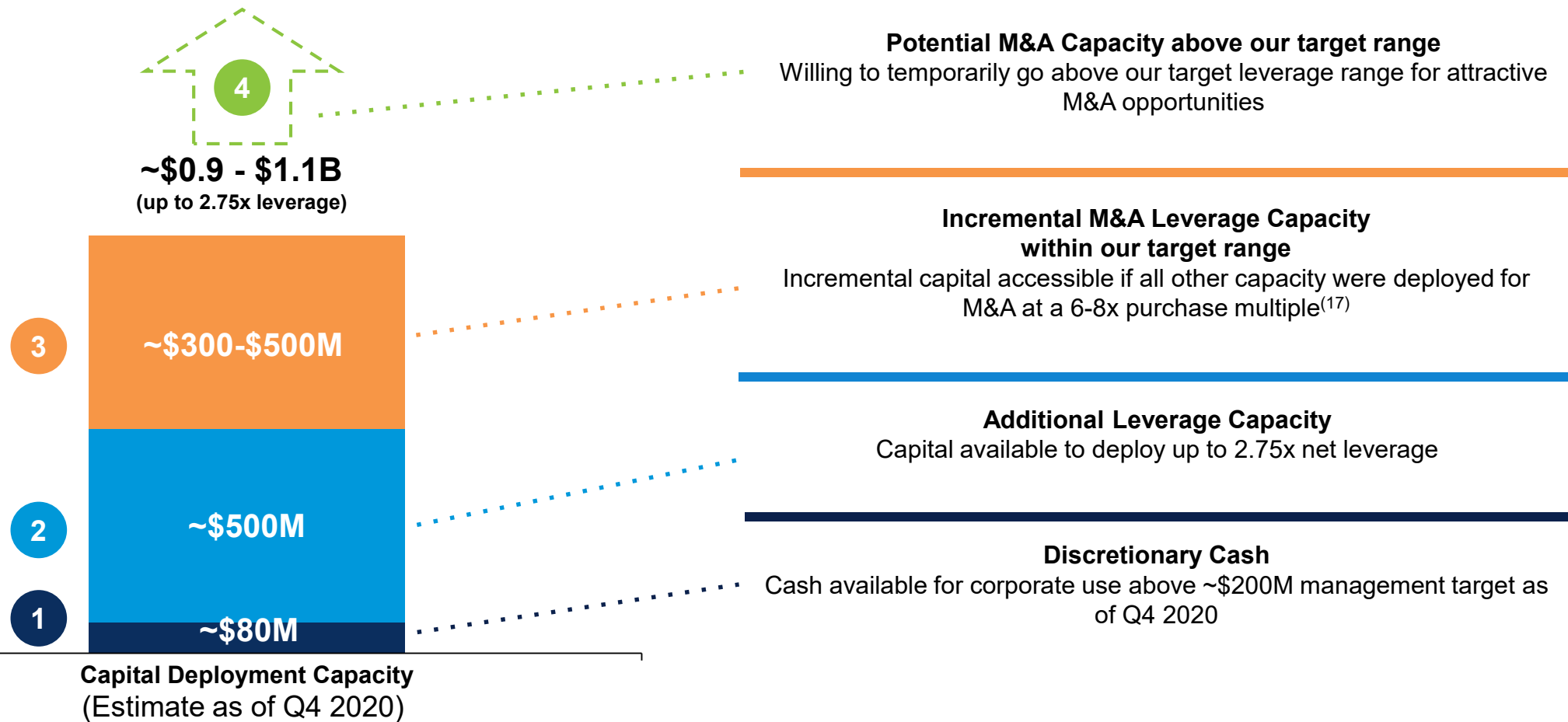
Cash Available for Corporate Use[‡]



[†] Note that the Credit Agreement Net Leverage Ratio only applies to the Company's revolving credit facility.

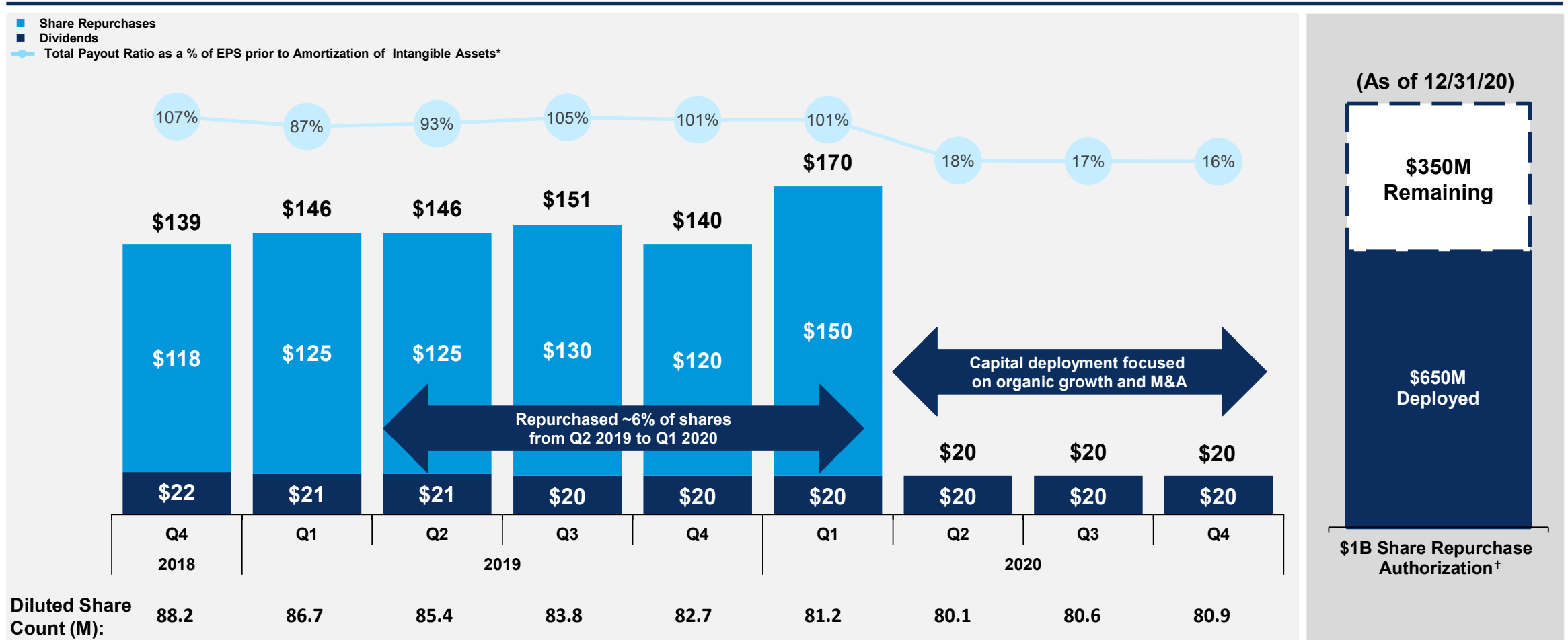
[‡] Note that these figures are as of period-end.

We have a significant amount of capital deployment capacity...



...And we are currently prioritizing capital deployment to organic growth and M&A

Shareholder Capital Returns (\$ millions)



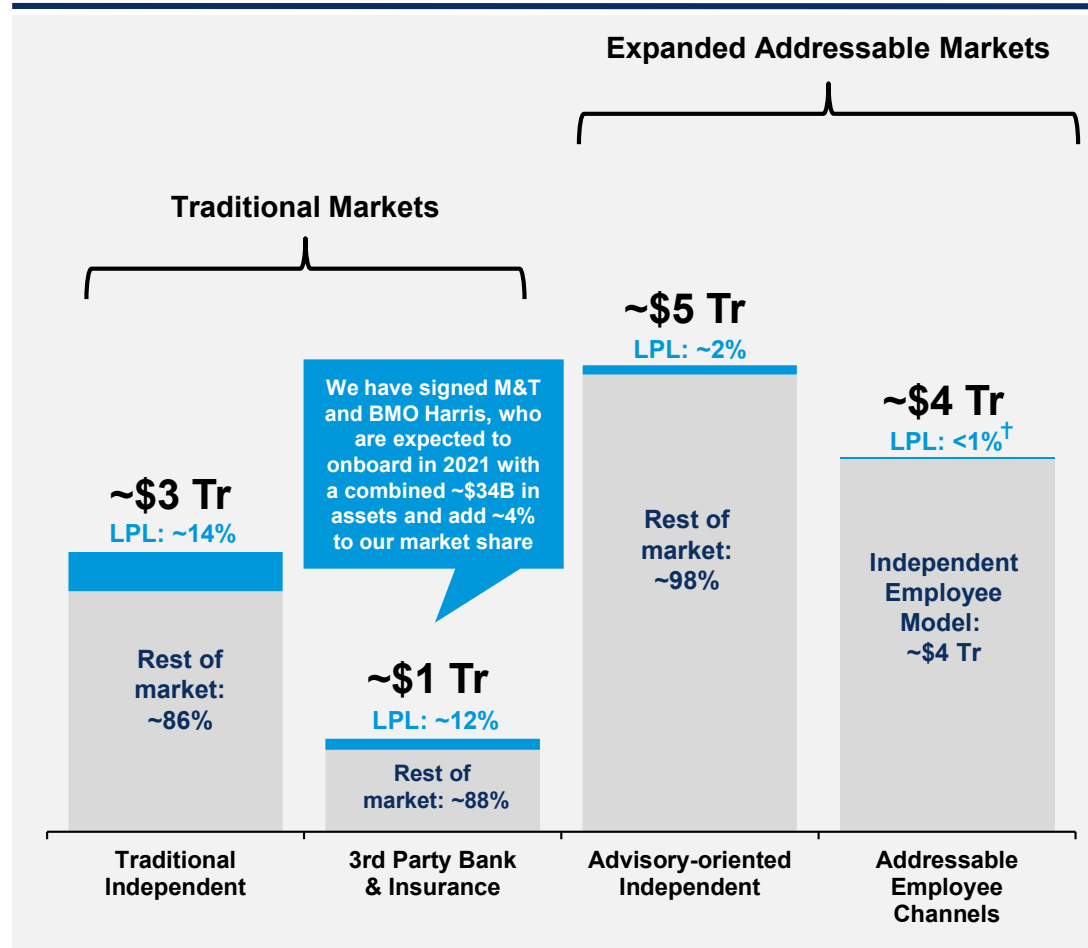
Diluted Share Count (M):

88.2	86.7	85.4	83.8	82.7	81.2	80.1	80.6	80.9
------	------	------	------	------	------	------	------	------

[†] Increased share repurchase authorization to \$1B as of December 31, 2018.

Our addressable markets are fragmented, with potential for consolidation

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

Recent acquisitions

Traditional Markets



2021

~\$63B client assets at sign
~\$50M+ est. run-rate EBITDA
~6.5x or lower purchase multiple

- Signed an agreement to acquire Waddell and Reed's wealth management business
- Anticipate to close the transaction in the middle of 2021
- Increases LPL's scale and capacity to invest in capabilities, technology, and service to help existing advisors serve their clients and differentiate in the marketplace



National Planning
HOLDINGS, INC.

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



2020

~\$1.5B Assets
~6X EBITDA* purchase multiple

- Leading San Diego practice with approximately 20 advisors



2020

~\$2B Assets
~6X EBITDA* purchase multiple

- Leading Seattle practice with approximately 35 advisors

New Markets



2019

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

- Leading Florida practice with client base and culture that are good fits for LPL
- Affiliated under our employee model
- Transaction closed in August 2019 and assets onboarded onto LPL's platform in November 2019
- Achieved expected ~\$5M of annual run-rate EBITDA* accretion in early 2020

Capabilities

BlazePortfolio

2020

~Industry-leading capabilities
~\$12M purchase price †

- Innovative trading and rebalancing capabilities to drive efficiency and scale in advisors' practices



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

† The up-front purchase price for Blaze Portfolio was ~\$12M, with up to \$5M in earn-out payments.

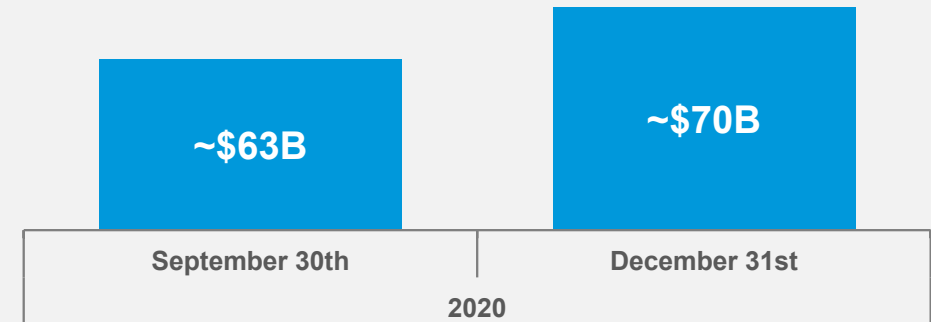
Update on our agreement to acquire Waddell & Reed's wealth management business

Transaction Details at Signing

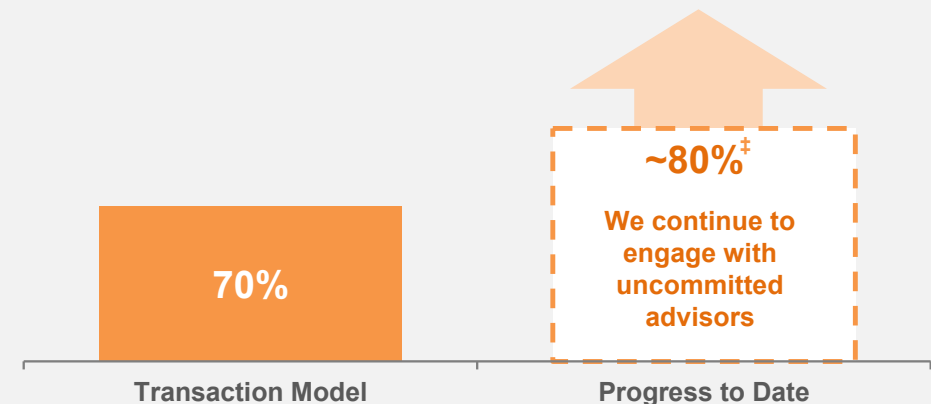
- On December 2nd, we signed an agreement to acquire Waddell & Reed's wealth management business
- Transaction structured primarily as an equity purchase with a price of **\$300M**
- Estimated onboarding and integration costs of **~\$85M**
- Estimated Run-Rate EBITDA* accretion of **~\$50M+** by twelve months following close
- Transaction multiple of **~6.5x[†]** or lower
- Waddell & Reed's wealth management client assets were **~\$63B** with asset mix of ~45% advisory and ~55% brokerage *(as of September 30, 2020)*
- Waddell & Reed's wealth management business has over **900 advisors**, serving ~\$70M of client assets per advisor

Progress to Date

Waddell & Reed's wealth management client assets have increased by **~\$7B**



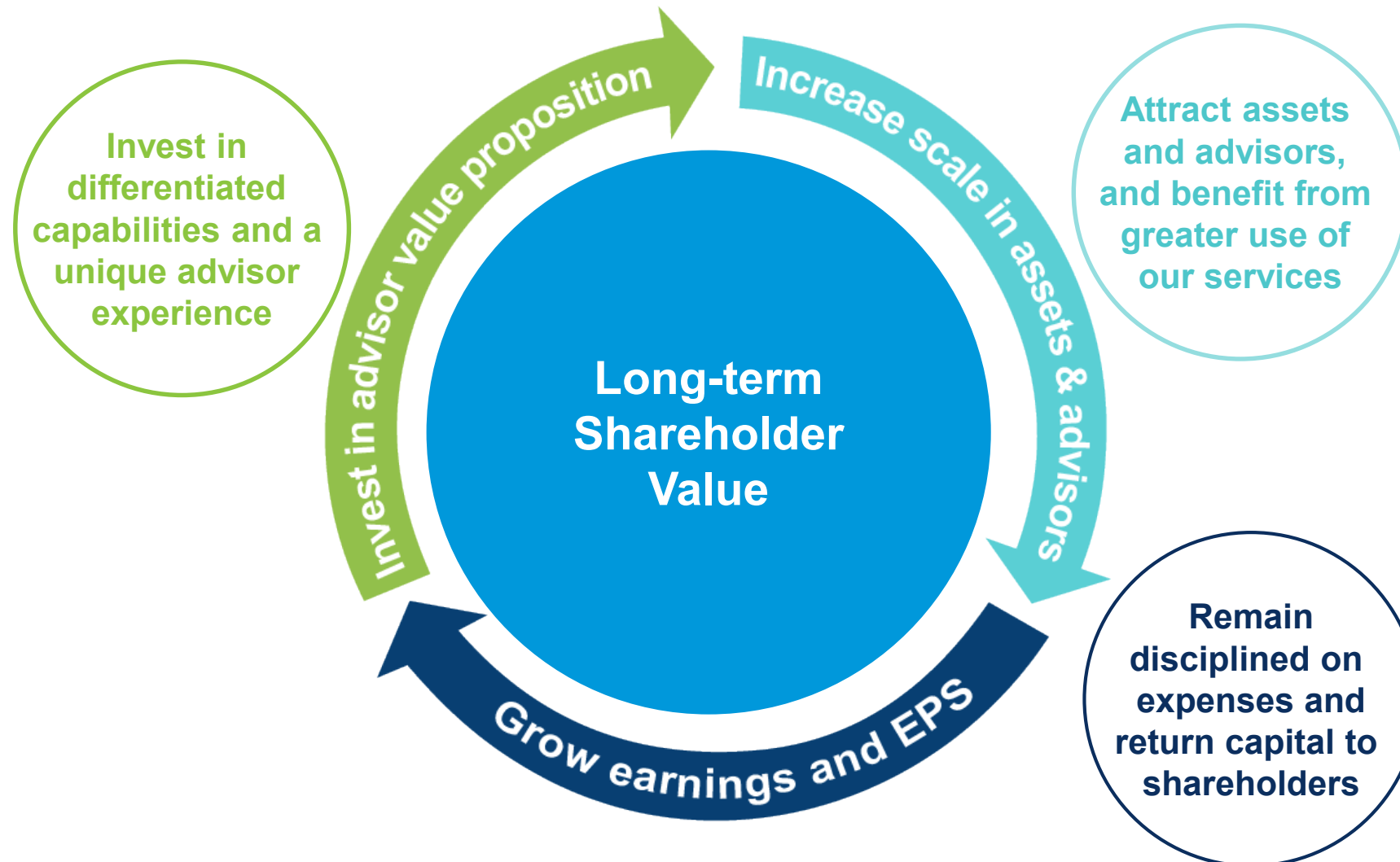
Waddell & Reed advisors serving **~80%[‡]** of client assets have already committed to join our platform following the close of the transaction



[†]Estimated transaction multiple of ~6.5x or lower based on \$50M+ of run-rate EBITDA* relative to ~\$335M total consideration; total consideration includes purchase price plus onboarding and integration costs, net of capital related to Waddell & Reed's wealth management business.

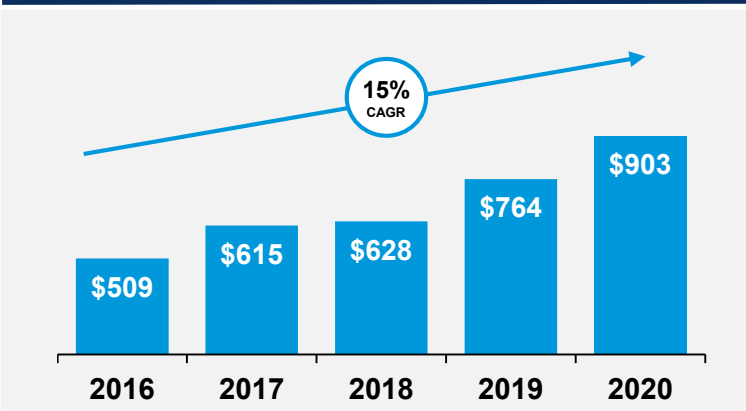
[‡] As of Q4 2020 Earnings Call (February 4th, 2021).

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

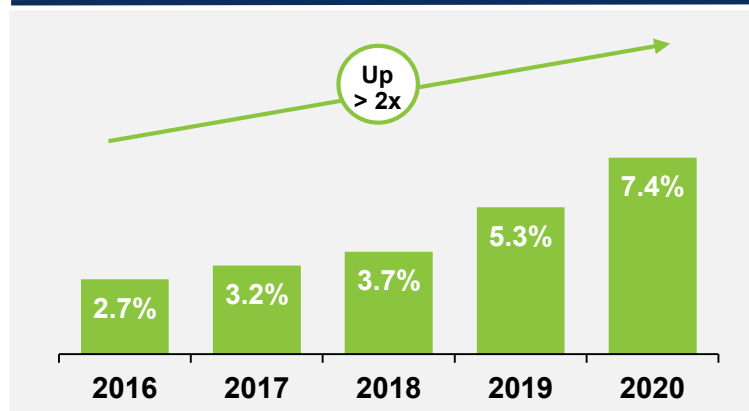


We are focused on executing our strategy and delivering results

Total Advisory and Brokerage Assets⁽¹⁸⁾ (\$B)



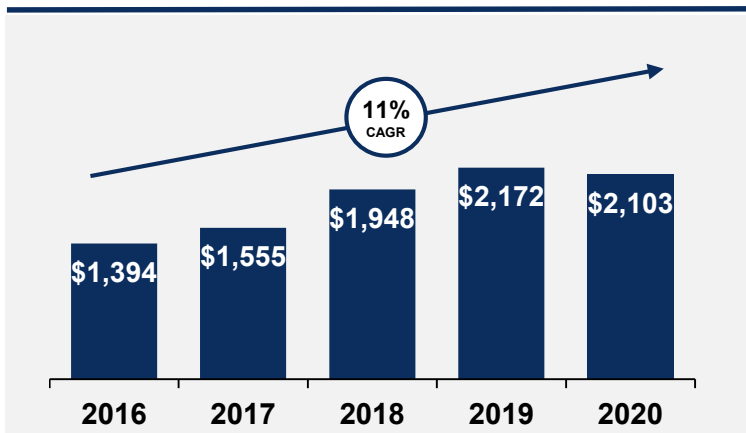
Organic Net New Asset Growth



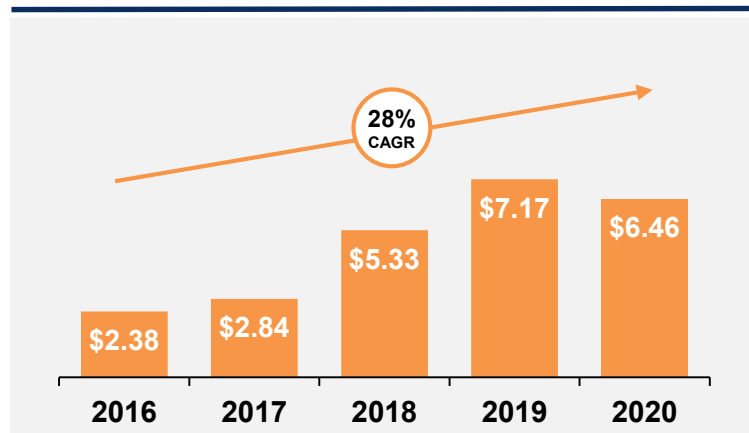
Incremental earnings growth opportunities

- Enhanced Advisor Value Proposition**
(Capabilities, Technology, Service)
- Greater Use of our Services**
(Advisory, Corporate, Centrally Managed, Business Solutions, Advisor Capital Solutions)
- New Models**
(Strategic Wealth Services, Independent Employee, RIA-Only)
- Increased Organic NNA**
(Opportunities in Traditional Markets and Financial Institutions)
- Increased Scale and Capabilities through M&A**
- Drive Operating Leverage in Core Business while Investing for Additional Growth**
- Excess Capital Deployment**
(Technology, Advisor Capital, returning capital to shareholders)

Gross Profit* (\$M)



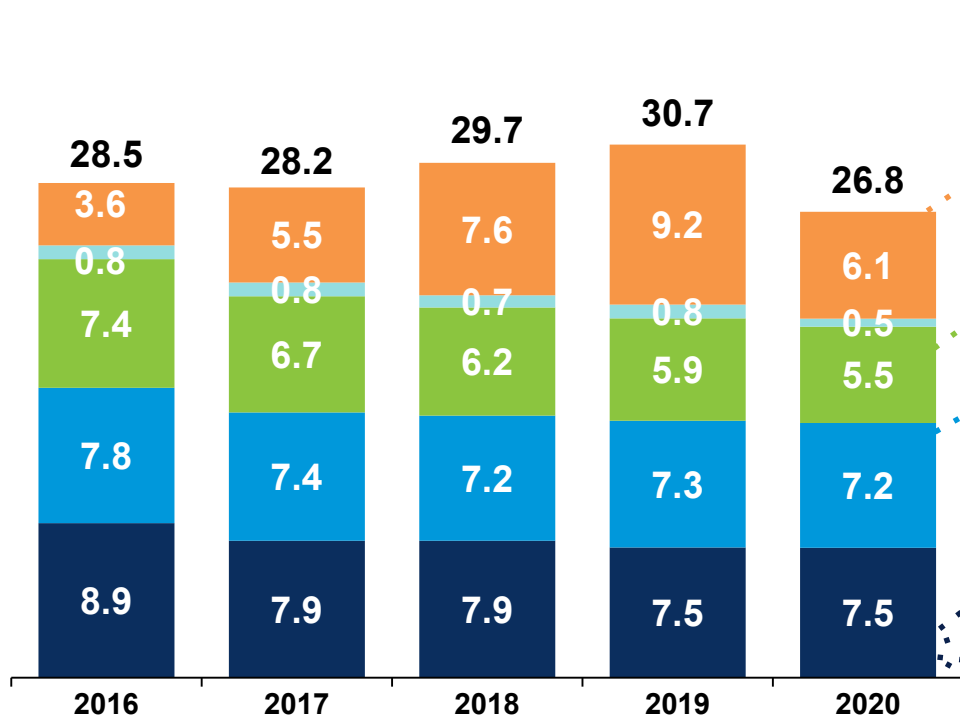
EPS Prior to Amortization of Intangible Assets* (\$)



Appendix

Our strategy and investments have helped drive positive mix shifts that stabilize return on assets prior to client cash

Gross Profit* ROA ⁽¹⁴⁾



Gross Profit* ROA prior to client cash:	2016	2017	2018	2019	2020
	24.9	22.8	22.1	21.5	20.7

■ Net Commission & Advisory Fees
 ■ Interest Income and Other, net ⁽¹⁹⁾
■ Other Asset-Based ⁽²⁰⁾
■ Transaction & Fee, Net of BC&E
 ■ Client Cash

Key drivers of Gross Profit* ROA growth going forward

- Client Cash Offerings**
(e.g. deposit betas in the 25-50% range, extending ICA duration)
- Modernize Practice Management**
(e.g. Business Solutions, Advisor Capital solutions)
- Asset Custody**
(e.g. sponsor programs)
- Advisory Services**
(e.g. secular brokerage to advisory trend, enhanced hybrid capabilities, centrally managed platforms)
- 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. Strategic Wealth Services, Independent Employee, RIA-Only)

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 3 of this presentation for additional information.

Set forth below is a calculation of Gross Profit for the periods presented on pages 4 and 32:

\$ in millions	2020	2019	2018	2017	2016	2015
Total Net Revenue	\$5,872	\$5,625	\$5,188	\$4,281	\$4,049	\$4,275
Advisory & Commission Expense	3,697	3,388	3,178	2,670	2,601	2,865
Brokerage, Clearing and Exchange	71	64	63	57	55	53
Gross Profit	\$2,103	\$2,172	\$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 3 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 23, and of Core G&A, prior to the impact of the acquisitions of NPH and AdvisoryWorld, against the Company’s total operating expense for the same periods:

\$ in millions	2020	2019	2018	2017	2016	2015
Core G&A	\$925	\$868	\$819	\$727	\$700	\$695
Regulatory charges	29	32	32	21	17	34
Promotional	208	206	209	172	149	139
Employee share-based compensation	32	30	23	19	20	23
Other historical adjustments	-	-	-	-	-	13
Total G&A	1,194	1,136	1,082	938	886	904
Advisory and commissions	3,697	3,388	3,178	2,670	2,601	2,865
Depreciation and amortization	110	96	88	84	76	73
Amortization of intangible assets	67	65	60	38	38	38
Brokerage, clearing and exchange	71	64	63	57	55	53
Total operating expense	\$5,140	\$4,750	\$4,471	\$3,787	\$3,655	\$3,933

\$ in millions	2018	2017
Core G&A	\$819	\$727
NPH related Core G&A	65	15
AdvisoryWorld related Core G&A	2	-
Total Core G&A prior to NPH and AdvisoryWorld	\$752	\$712

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.

Below are reconciliations of the Company’s net income to EBITDA for the periods presented on pages 4 and 5:

\$ in millions	2020	2019	2018	2017	2016	2015
Net Income	\$473	\$560	\$439	\$239	\$192	\$169
Non-operating interest expense and other	106	130	125	107	96	59
Provision for Income Taxes	153	182	153	126	106	114
Depreciation and amortization	110	96	88	84	76	73
Amortization of intangible assets	67	65	60	38	38	38
Loss on Extinguishment of debt	-	3	-	22	-	-
EBITDA	\$909	\$1,036	\$866	\$616	\$508	\$453
Credit Agreement Adjustments	52	45	103	129	44	57
Credit Agreement EBITDA	\$961	\$1,081	\$969	\$745	\$552	\$510

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 3 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 4 and 32 of this presentation.

	2020	2019	2018	2017	2016	2015
GAAP EPS	\$5.86	\$6.62	\$4.85	\$2.59	\$2.13	\$1.74
Amortization of Intangible Assets (\$ millions)	67	65	60	38	38	38
Tax Expense (\$ millions)	(19)	(18)	(17)	(15)	(15)	(15)
Amortization of Intangible Assets Net of Tax (\$ millions)	48	47	43	23	23	23
Diluted Share Count (millions)	81	85	91	92	90	97
EPS Impact	0.60	0.56	0.48	0.25	0.26	0.24
EPS Prior to Amortization of Intangible Assets	\$6.46	\$7.17	\$5.33	\$2.84	\$2.38	\$1.98

Endnotes

- (1) Based on total revenues, Financial Planning magazine, June 1996-2020.
- (2) Represents the estimated total advisory and brokerage 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. 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) Represents Moody's Corporate Family Rating and S&P Issuer Credit Rating.
- (5) Consists of total assets on LPL Financial's corporate advisory platform serviced by investment advisor representatives of LPL Financial or Allen & Company 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.
- (6) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
- (7) In April 2020, the Company updated its definition of net new assets to include dividends plus interest, minus advisory fees (see FNs 8 and 9). Net new assets figures for periods prior to Q2 2020 appearing in this presentation have been recast using the updated definition.
- (8) Consists of total client deposits into advisory accounts (including advisory assets serviced by Allen & Company) less total client withdrawals from advisory accounts, plus dividends, plus interest, minus advisory fees (see FN 7). 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.
- (9) Consists of total client deposits into brokerage accounts (including brokerage assets serviced by Allen & Company) less total client withdrawals from brokerage accounts, plus dividends, plus interest (see FN 7). 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.
- (10) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.
- (11) Consists of brokerage assets serviced by advisors licensed with LPL Financial or Allen & Company.
- (12) Calculated by dividing client cash program revenue for the period by the average client cash program balances during the period.
- (13) Represents the average month-end Total Advisory and Brokerage Assets for the period.
- (14) Represents trailing twelve-month Gross Profit* for the period, divided by average month-end Total Advisory and Brokerage Assets for the period.
- (15) Represents trailing twelve-month operating expenses for the period, excluding production-related expense ("OPEX"), divided by average month-end Total Advisory and Brokerage 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.
- (16) Calculated as Gross Profit* ROA less OPEX ROA.
- (17) 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.
- (18) Consists of total advisory and brokerage assets under custody at LPL Financial or serviced by Allen & Company advisors.
- (19) Consists of interest income, net of interest expense plus other revenue, less advisor deferred compensation expense.
- (20) 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 client cash 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.