

THE LPL FINANCIAL OPPORTUNITY

August 24th, 2015

NOTICES

SAFE HARBOR DISCLOSURE

Statements in this presentation regarding LPL Financial Holdings Inc.'s (the "Company") future financial and operating results, outlook, growth, plans, strategies, future market position, ability and plans to repurchase shares and pay dividends in the future, and goals, including forecasts and statements relating to future efficiency gains, scale and projected expenses, and future results of the Company's cash sweep programs, including the statements on the slides entitled "LPL's agile business model provides flexibility to manage potential environmental changes", "LPL's anticipated cost outlook has improved", "Latent earnings potential in the business model from rising interest rates", "LPL's capital-light model has supported shareholder capital returns", "LPL's operating principles that guide toward long-term shareholder value creation", "In 2015, LPL remains focused on executing core opportunities within its existing business model", "LPL believes that it has limited financial exposure from alternative investments under the DOL proposal as written", "LPL's cash sweep revenue potential has grown over time", "ICA bank spread outlook" and "Cash sweep opportunity", 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 August 24, 2015. Forward-looking statements are not guarantees that the future results, plans, intentions or expectations expressed or implied by the Company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause actual financial or operating results, levels of activity, or the timing of events to be materially different than those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of advisory and brokerage assets; fluctuations in levels of net new advisory assets and the related impact on fee revenue; effects of competition in the financial services industry; changes in the number of the Company's financial advisors and institutions, their ability to market effectively financial products and services, and the success of the Company's initiatives designed to engage them; the Company's strategy in managing program fees; changes in the growth of the Company's fee-based business; finalization and implementation of the Department of Labor's proposed fiduciary rule; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal or state securities regulators or self-regulatory organizations; the costs of settling and remediating issues related to pending or future regulatory matters; changes in interest rates and fees payable by banks participating in the Company's cash sweep programs, including the Company's success in negotiating agreements with current or additional counterparties; the performance of third party service providers to which business processes are transitioned from the Company; the Company's success in negotiating and developing commercial arrangements with third party technology providers that will enable the Company to realize the improvements and efficiencies expected to result from such technology, including with respect to supervision and oversight of advisor activities; the Company's ability to control operating risks, information technology systems risks and sourcing risks; the Company's success in integrating the operations of acquired businesses; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2014 Annual Report on Form 10-K as may be amended or updated in its quarterly reports on Form 10-Q. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of future developments, even if its estimates change, and you should not rely on those statements as representing the Company's views after August 24, 2015.

NON-GAAP FINANCIAL MEASURES

Adjusted Earnings represent net income before: (a) employee share-based compensation expense, (b) amortization of intangible assets resulting from various acquisitions, (c) debt extinguishment costs, (d) restructuring and conversion costs, (e) equity issuance and related offering costs and (f) other. Reconciling items are tax effected using the income tax rates in effect for the applicable period, adjusted for any potentially non-deductible amounts. Adjusted Earnings per share represents Adjusted Earnings divided by weighted average outstanding shares on a fully diluted basis. The Company prepares Adjusted Earnings and Adjusted Earnings per share to eliminate the effects of items that it does not consider indicative of its core operating performance. The Company believes these measures provide investors with greater transparency by helping illustrate the underlying financial and business trends relating to results of operations and financial condition and comparability between current and prior periods.

Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash charges and other adjustments. The Company presents adjusted EBITDA because the Company considers it a useful financial metric in assessing the Company's operating performance from period to period by excluding certain items that the Company believes are not representative of its core business, such as certain material non-cash items and other adjustments that are outside the control of management.

Adjusted earnings, adjusted earnings per share, and adjusted EBITDA are not measures of the Company's financial performance under GAAP and should not be considered as an alternative to net income or earnings per share or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, adjusted EBITDA can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

You can find additional related information, including a reconciliation of such non-GAAP measures for the year ended December 31, 2014 within the Company's Annual Report, under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—How We Evaluate Our Business." A reconciliation of Adjusted Earnings to GAAP measures is also set forth in the Appendix to this presentation.

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

Key messages

- Differentiated value proposition drives advisor growth
- Scale of advisory and brokerage offerings provides flexibility to manage change
- Financial performance demonstrates business growth and earnings potential

LPL is the leading financial services provider to independent advisors, RIAs, and financial institutions

#1 independent broker-dealer for

20 straight years¹

14,130²
advisors

\$606 billion
in assets³

● One office in the area
● Two offices in the area
● Three or more offices in the area

Focus on chosen markets

Independent Advisor Services
Over 8,000 advisors
\$258 billion assets served

Institution Services
Over 700 banks, credit unions
and clearing clients⁴
\$116 billion assets served

Hybrid RIA
Over 350 firms
\$112 billion assets served

Retirement Partners
Over 40,000 plans
\$120 billion in assets served⁵

¹ Financial Planning magazine 1996-2015 based on total revenue

² As of June 30, 2015

³ Consists of \$486 billion in retail assets and \$120 billion in retirement plan assets

⁴ Clearing clients include approximately 4,300 additional advisors affiliated with insurance companies

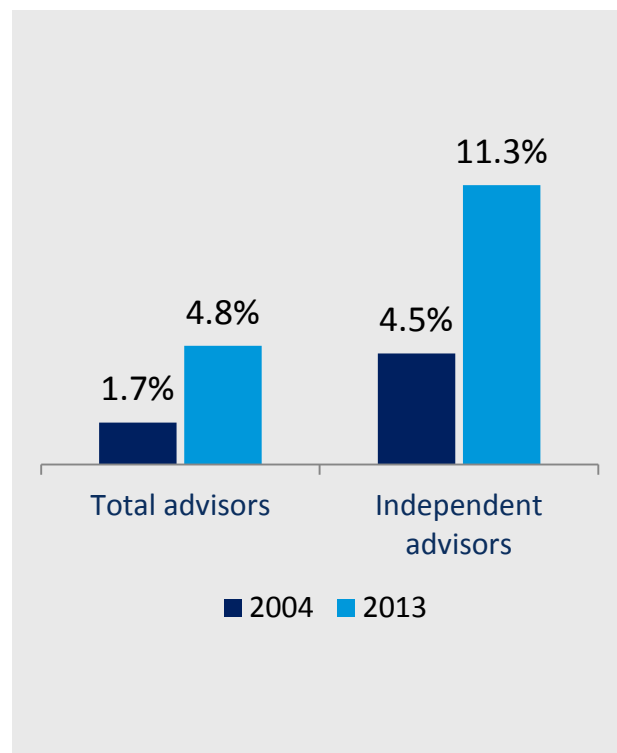
⁵ Retirement plan assets are not custodied by LPL

LPL's differentiated business model and capabilities drive market share growth

Differentiated model and capabilities

	LPL	Custodian	Employee	Independent
Model				
Enables independence	✓	✓	✗	✓
Superior advisor economics	✓	✓	✗	✓
Focused business model	✓	✗	✗	✓
Capabilities				
Integrated brokerage and RIA advisory platform	✓	✗	✗	✗
Robust technology and service support	✓	✓	✓	✗
Supports an array of advisor practices	✓	✗	✗	✗

LPL Financial market share by headcount¹



LPL's end-to-end solution attracts and retains independent advisors and institutions



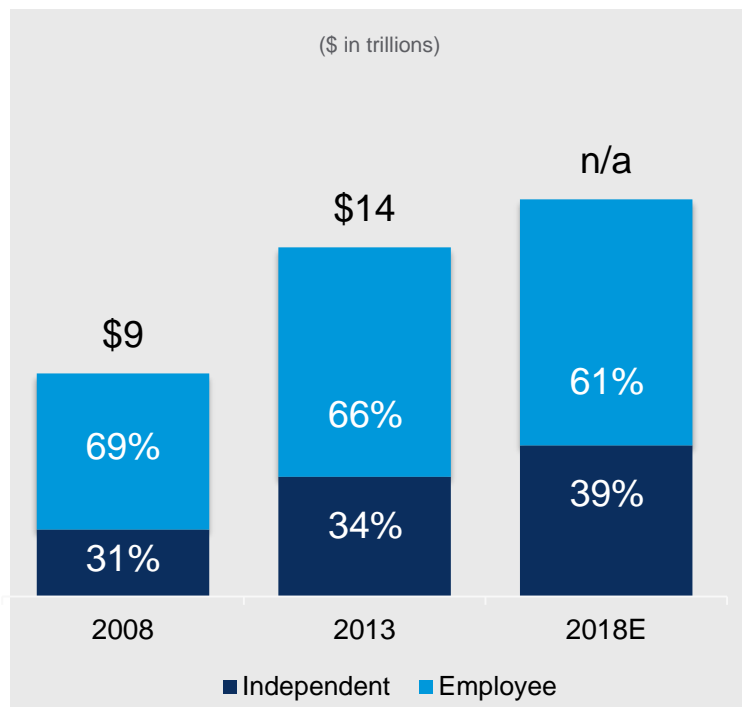
¹ Cogent 2013 Advisor Migration Trends

² Based on the number of broker-dealer affiliated advisors reported from publicly disclosed information since 12/31/10 through 6/30/15

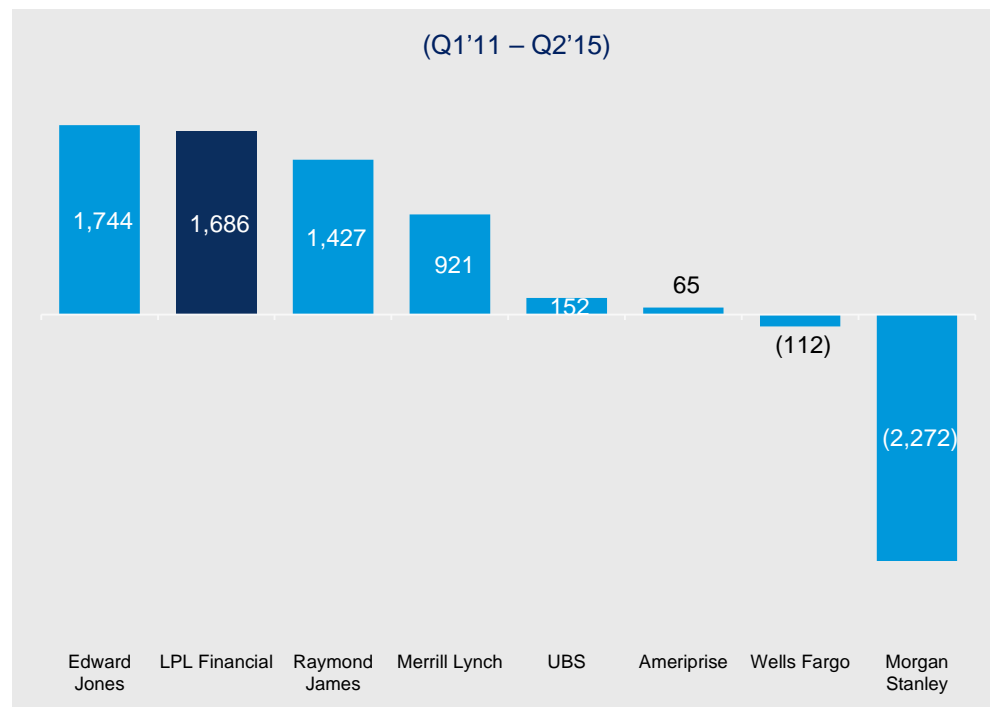
³ As of June 30, 2015

LPL's differentiated model and capabilities combine with favorable industry trends to generate strong recruiting

Retail Asset Market Share by Channel¹



Net New Advisors²



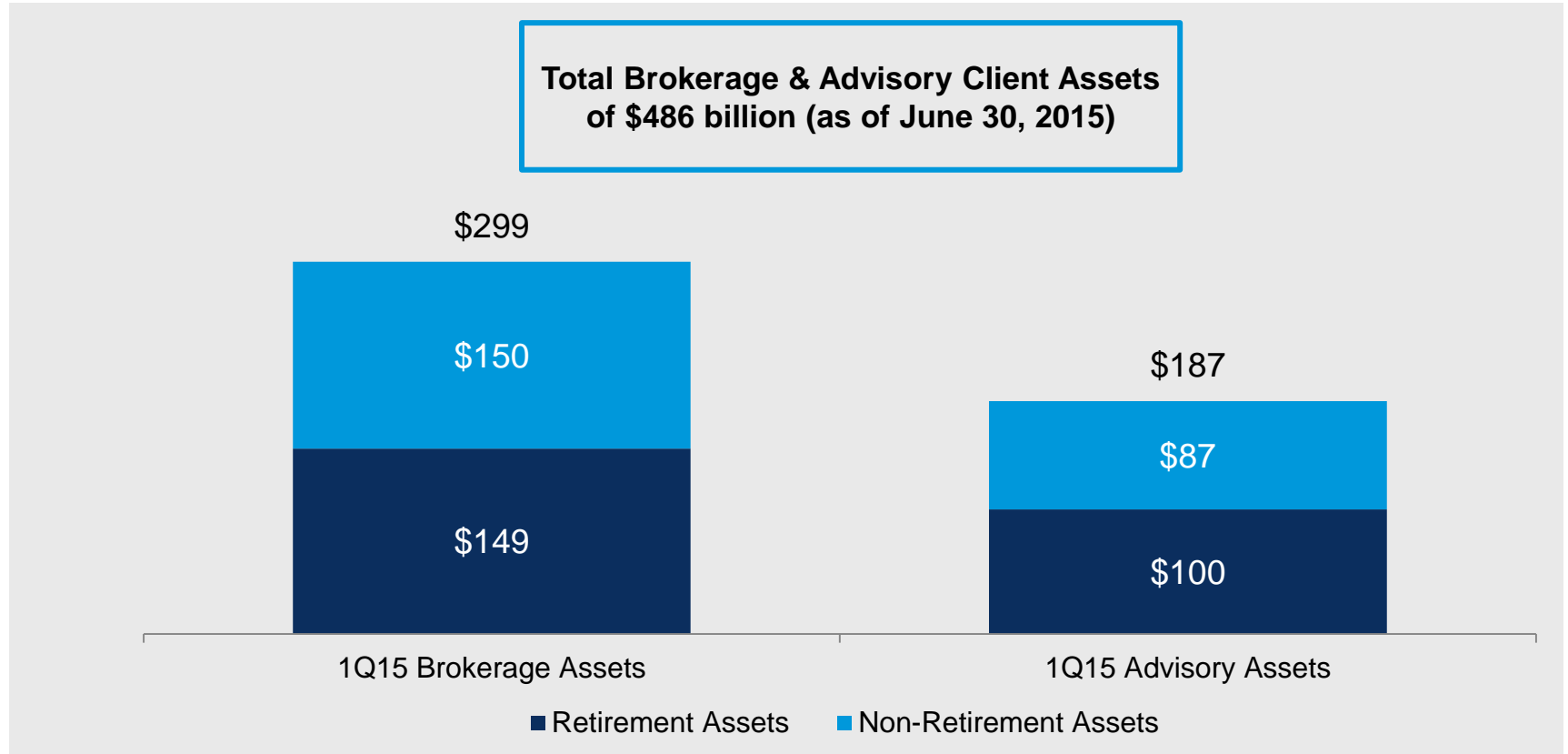
¹ Cerulli: "The State of U.S. Retail and Institutional Asset Management 2014". The Company defines "independent advisors" to include IBDs, independent RIAs and dual registrants

² Based on the number of broker-dealer affiliated advisors reported from publicly disclosed information since December 31st, 2010, inclusive of acquisitions

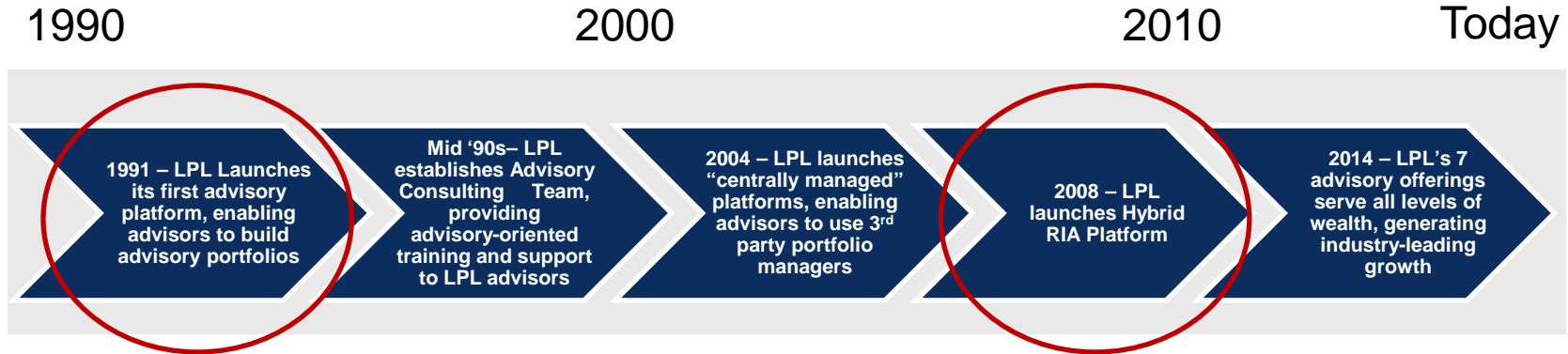
Key messages

- Differentiated value proposition drives advisor growth
- Scale of advisory and brokerage offerings provides flexibility to manage change
- Financial performance demonstrates business growth and earnings potential

LPL operates at scale across both brokerage and advisory businesses



LPL has been building its advisory business for many years and are benefitting from the marketplace trend towards advisory



LPL Financial Advisory Business (2014)

90%

of advisors licensed for advisory business

38%

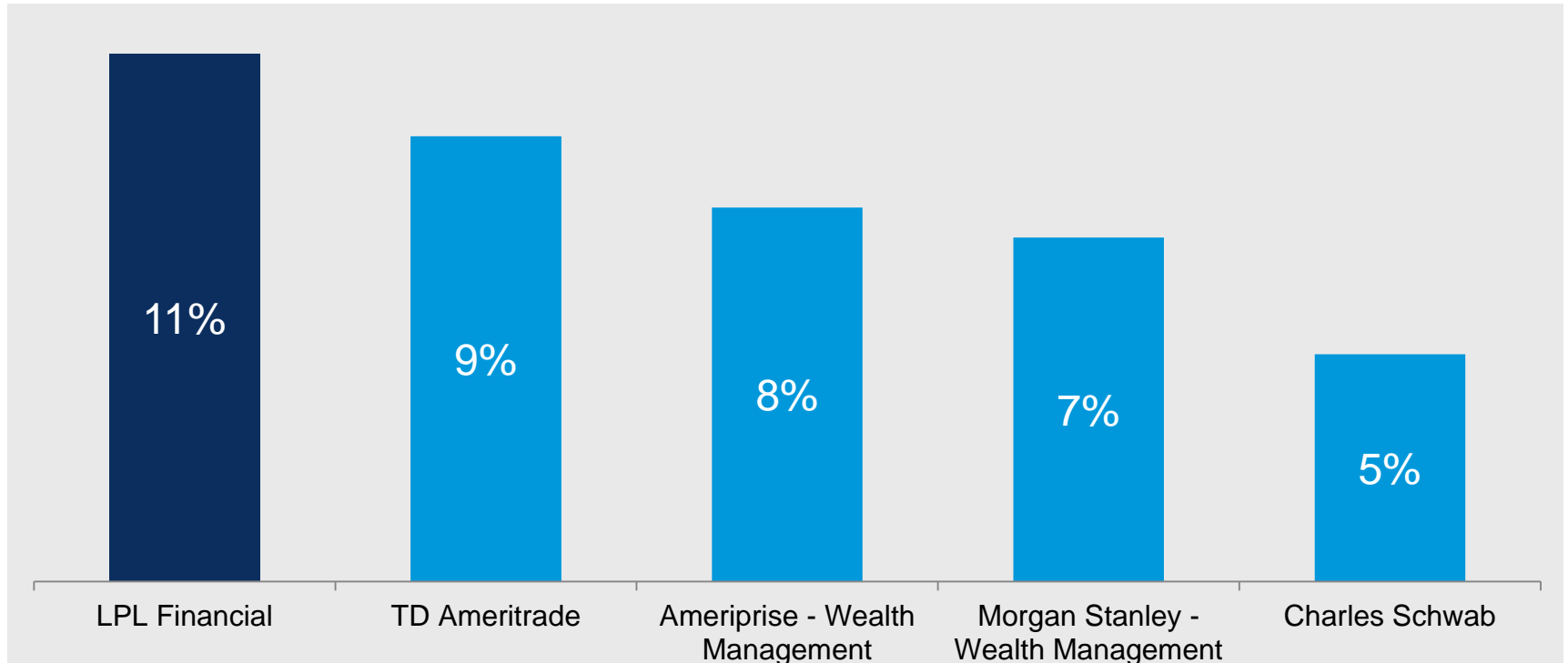
of client assets were in advisory accounts

62%

of gross asset sales¹ were advisory

LPL's rate of net new advisory asset growth was the highest among publicly-traded peers

TTM Q2'15 Net New Advisory Asset Growth Rate¹



LPL Financial Member FINRA/SIPC

¹ Based on trailing twelve month net flows reported from publicly disclosed information as of June 30, 2015, inclusive of acquisitions

LPL's agile business model provides flexibility to manage potential environmental changes

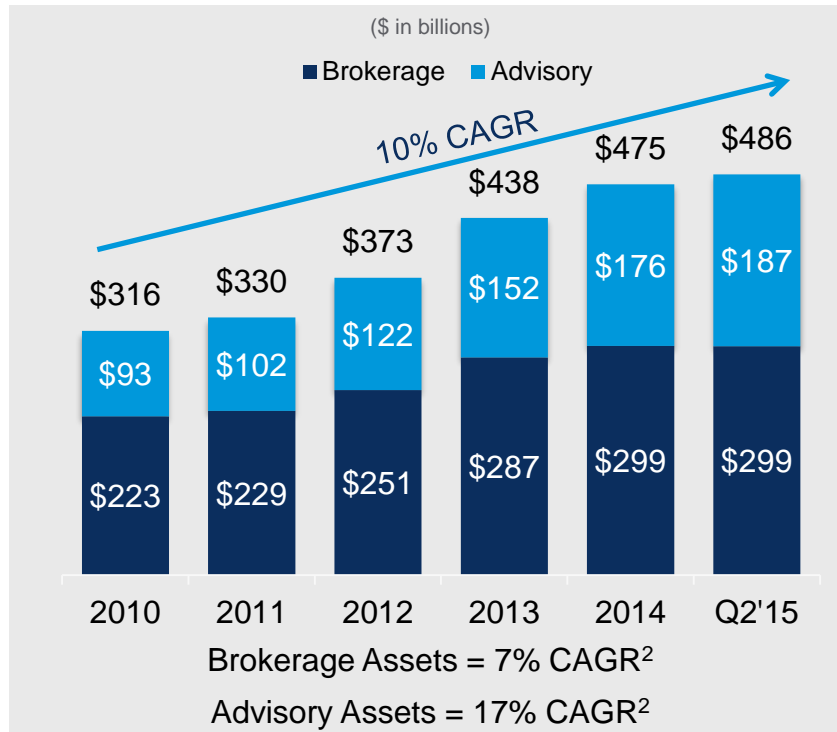
Potential environmental change	Potential impact
Department of Labor proposal / heightened regulatory standards	<ul style="list-style-type: none">• Product substitution• Cost to comply with final rule• Further acceleration of shift industry to advisory• Industry consolidation
Marketplace shift from brokerage toward advisory	<ul style="list-style-type: none">• Growth of the Company's hybrid RIA platform and broader advisory offerings• Improved LPLA economics
Emergence of robo-advice	<ul style="list-style-type: none">• Reassessment of value proposition• Market expansion strategy for advisors• Improved productivity of advisors• Increased use of the Company's centrally managed platforms

Key messages

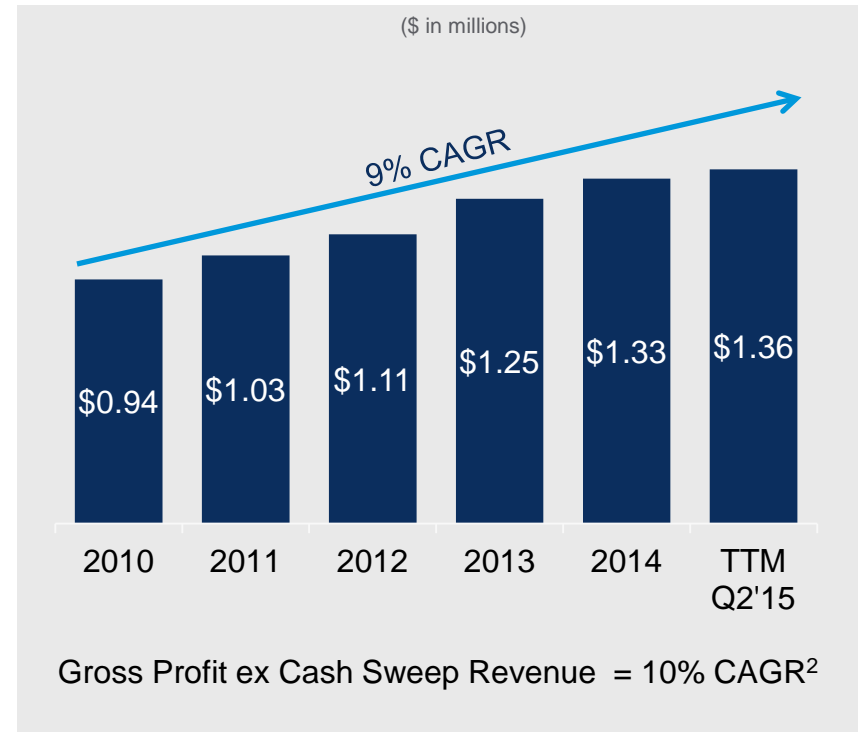
- Differentiated value proposition drives advisor growth
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LPL's steady asset growth has driven topline performance

Assets¹

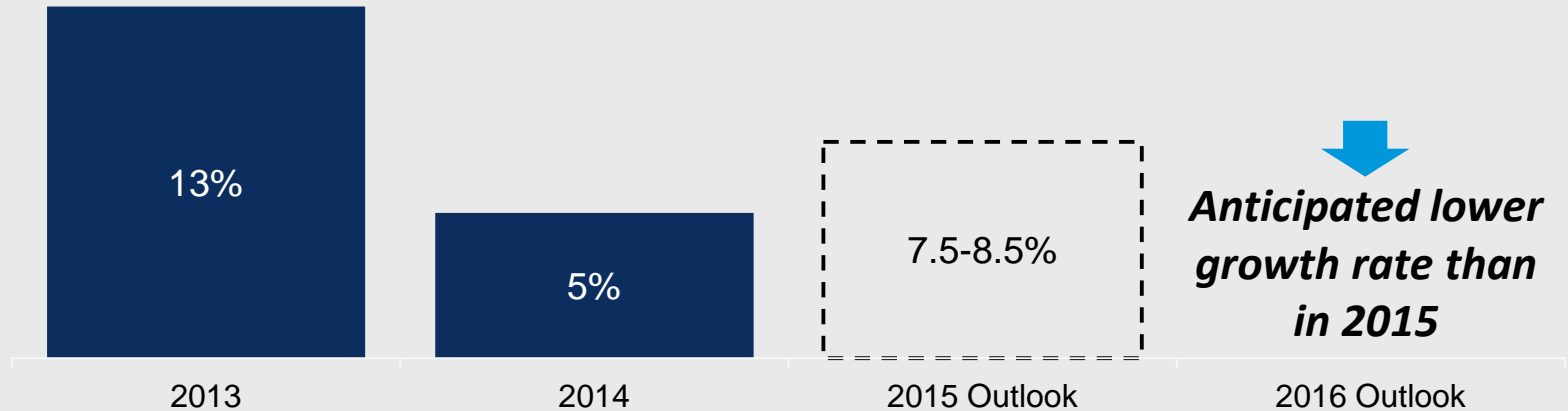


Gross Profit



LPL's anticipated cost outlook has improved

Year-over-Year Core G&A Growth Rate Excluding Regulatory Charges



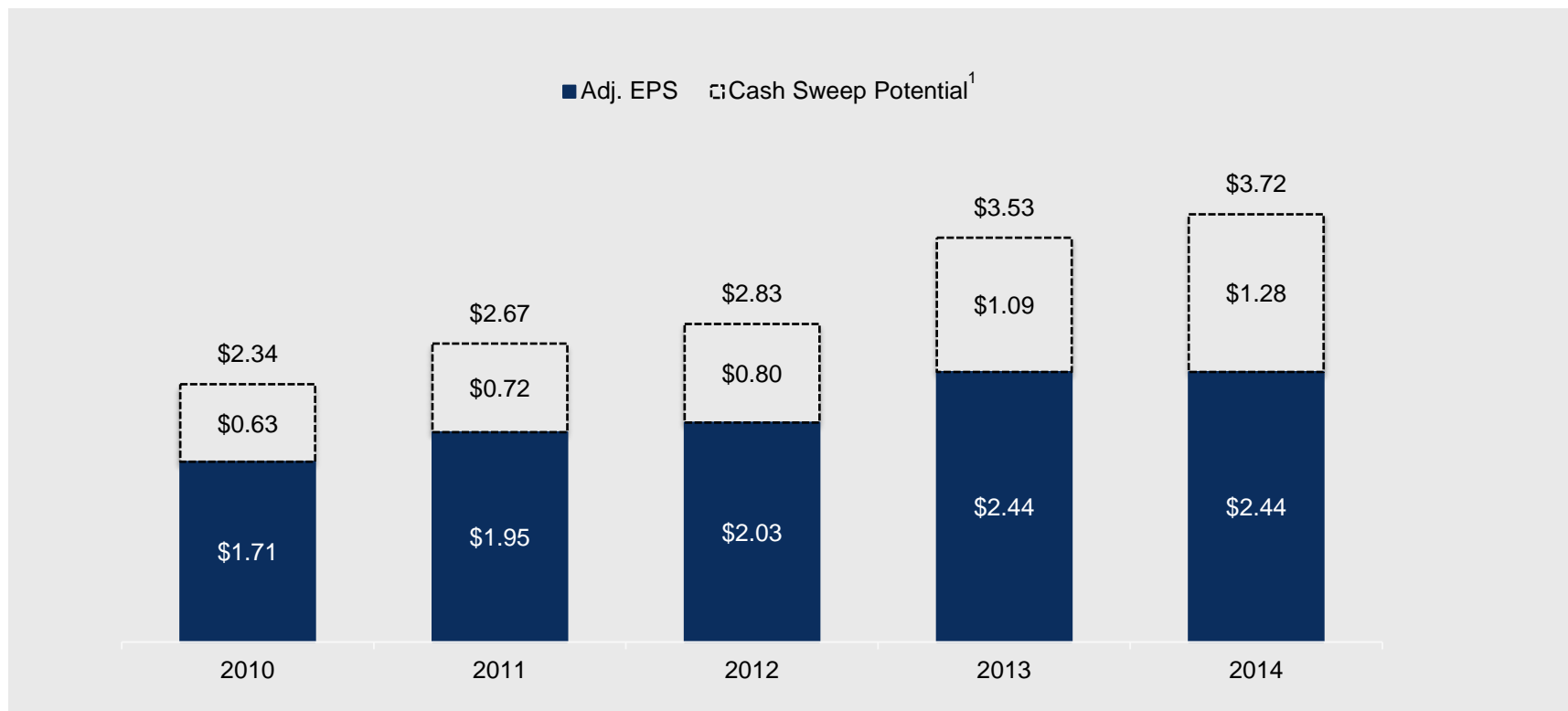
Core G&A (\$ in mm)

Ex-Reg.	\$616	\$648	\$697-703M	TBD
Regulatory	\$8	\$36	Lower than 2014	Meaningfully lower than 2015 ¹

¹ The Company operates in a complex and highly regulated industry, and its regulatory charges are unpredictable quarter to quarter.

Latent earnings potential in the business model from rising interest rates

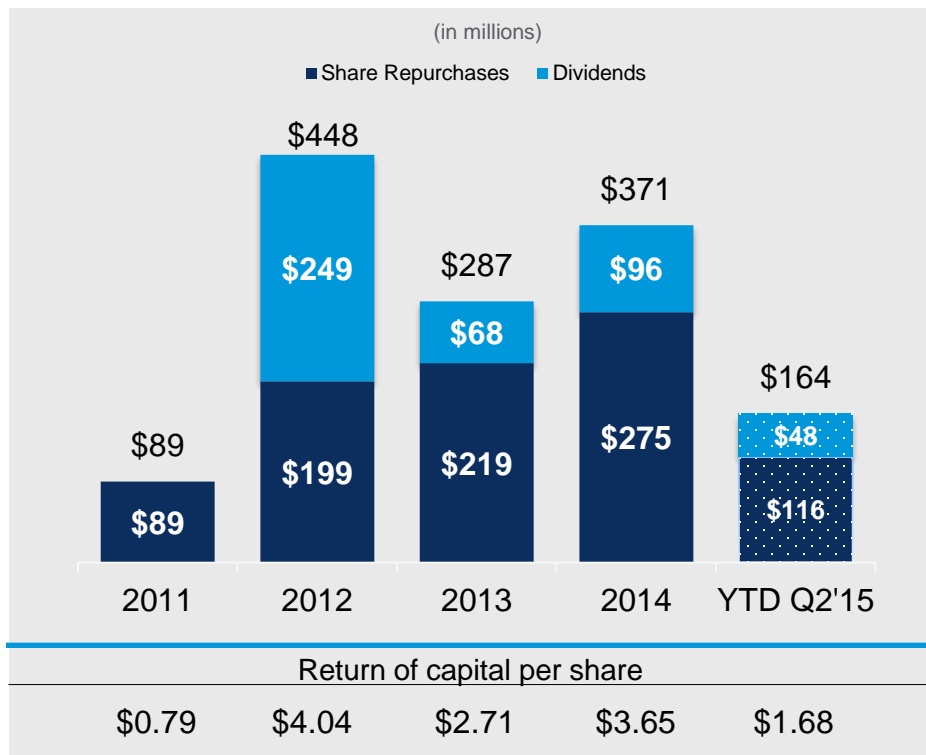
Adjusted Earnings Per Share



¹ Demonstrates the potential benefit that rising interest rates would have had on cash sweep revenue, using quarterly end of period average asset balances and cash sweep yields, and assuming a max fee of 185 bps in the Company's insured cash account (ICA) program and 55 bps in its money market fund (MMF) program. Analysis includes the impact that rising interest rates would have had on the Company's floating rate term loans

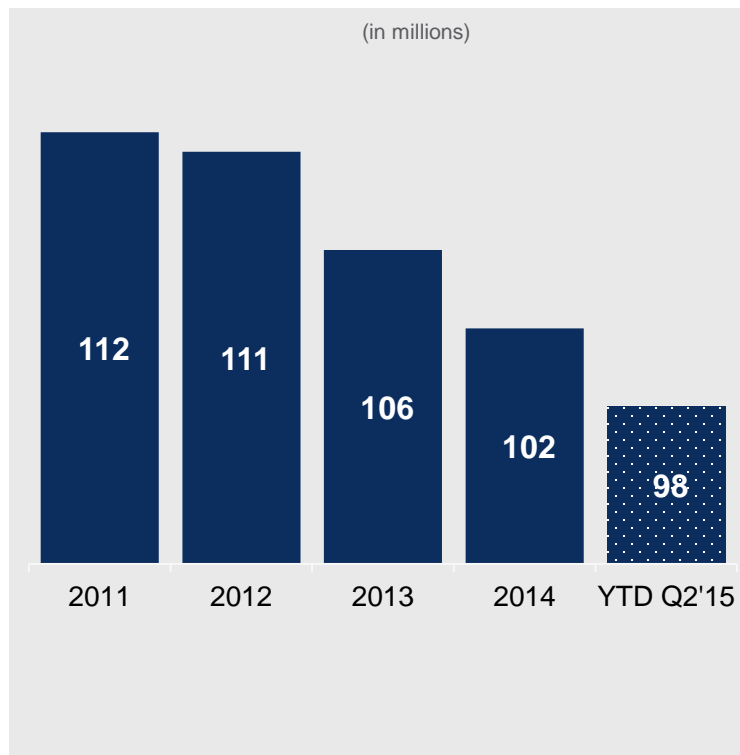
LPL's capital-light model has supported shareholder capital returns

Return of Capital



2012 includes a special dividend of \$223 million

Fully Diluted Shares



LPL's operating principles that guide toward long-term shareholder value creation

1

Enable the delivery of objective advice, which the Company believes is the best solution for retail investors, through an **unmatched independent model**

2

Provide choice by offering both **brokerage and advisory** solutions and an **open architecture** platform with products that meet the diverse financial needs of American investors

3

Drive differentiated value for the Company's advisors by offering a comprehensive, integrated set of services that serve investors effectively and efficiently

4

Protect investor interests by developing and maintaining leading compliance and risk management capabilities

5

Prioritize reinvestment to drive long-term business outcomes, recognizing that, at times, longer-term investments must be prioritized ahead of maximizing short-term results

6

Allocate capital to create the highest long-term shareholder value; reinvesting in the business where the Company can earn attractive long-term returns and returning surplus capital to shareholders

7

Make decisions that create long-term value for all stakeholders in the Company's community – employees, advisors, investors, business partners, and shareholders

Long-term shareholder value

In 2015, LPL remains focused on executing core opportunities within its existing business model

Adding **advisors**

Supporting the shift to **advisory**
where appropriate

Retaining upside on **interest rates**

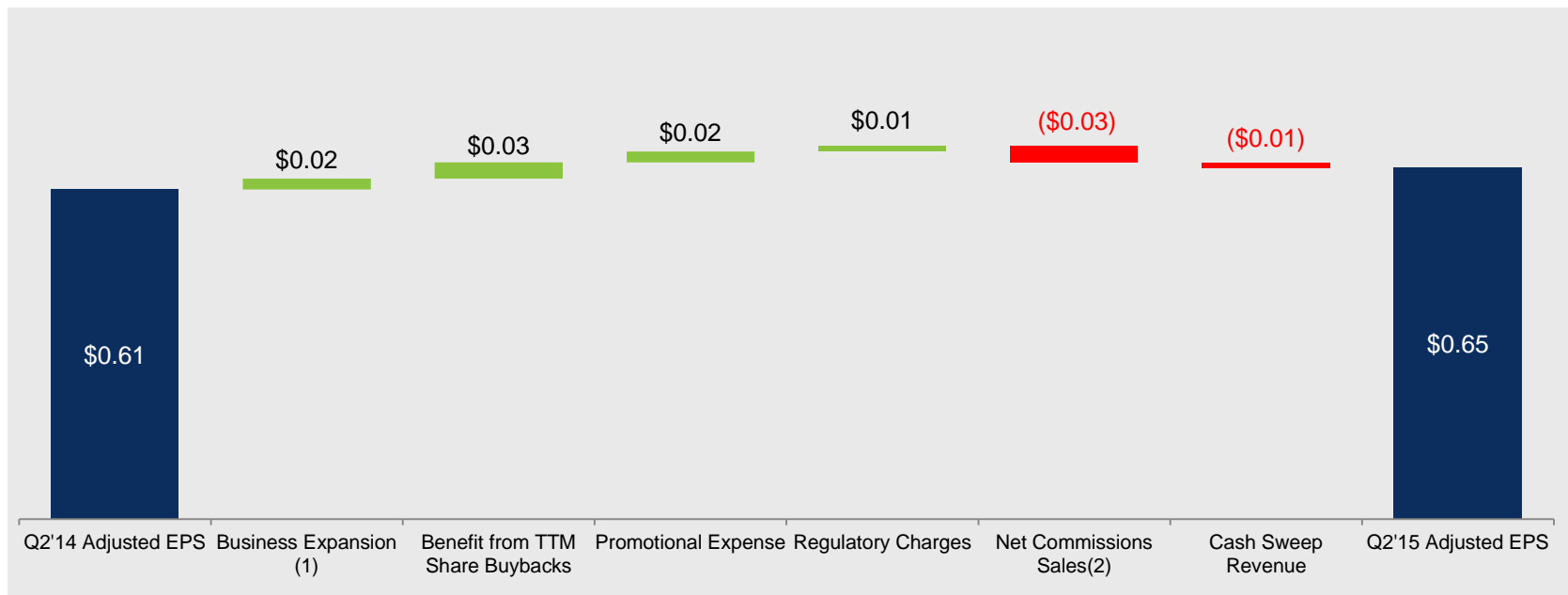
Positioning **cost structure** to enter normalized conditions

Remaining good **financial stewards** of our investors' capital

APPENDIX

Adjusted Earnings per Share grew 7% year-over-year, largely driven by business expansion and share buybacks

Adjusted Earnings Per Share: Q2'14 vs. Q2'15



Note: Adjusted Earnings per Share and Gross Profit are non-GAAP metrics.

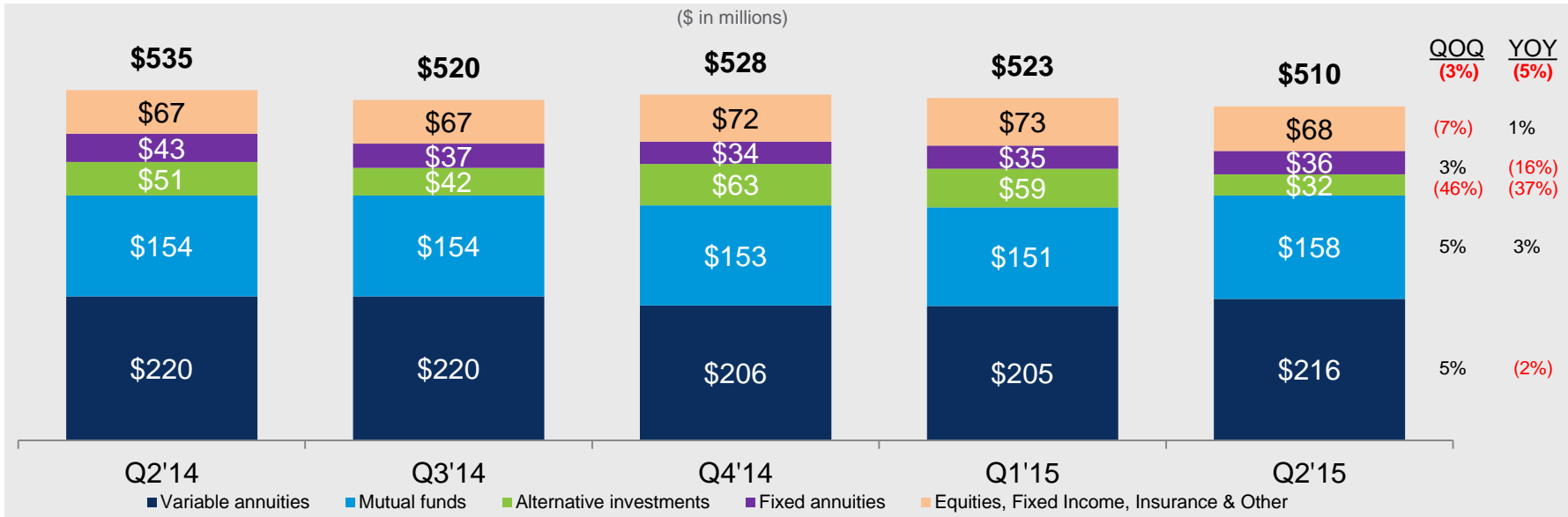
(1) Business expansion consists of a) Gross Profit growth excluding net commission sales and cash sweep revenue which contributed \$0.07 per share, less b) Core G&A expense growth which reduced adjusted earnings by \$0.05 per share. Core G&A expenses are defined as total operating expenses, including the pre-tax earnings adjustments, but excluding the following expenses: commission and advisory, promotional, depreciation and amortization, and brokerage, clearing, and exchange.

(2) Represents commission sales revenue less commission sales expense.

Excluding commissions from alternative investments, Q2'15 commissions revenue increased 3% sequentially, driven by VA and mutual fund trail growth

Total Quarterly Commission Revenue

(\$ in millions)



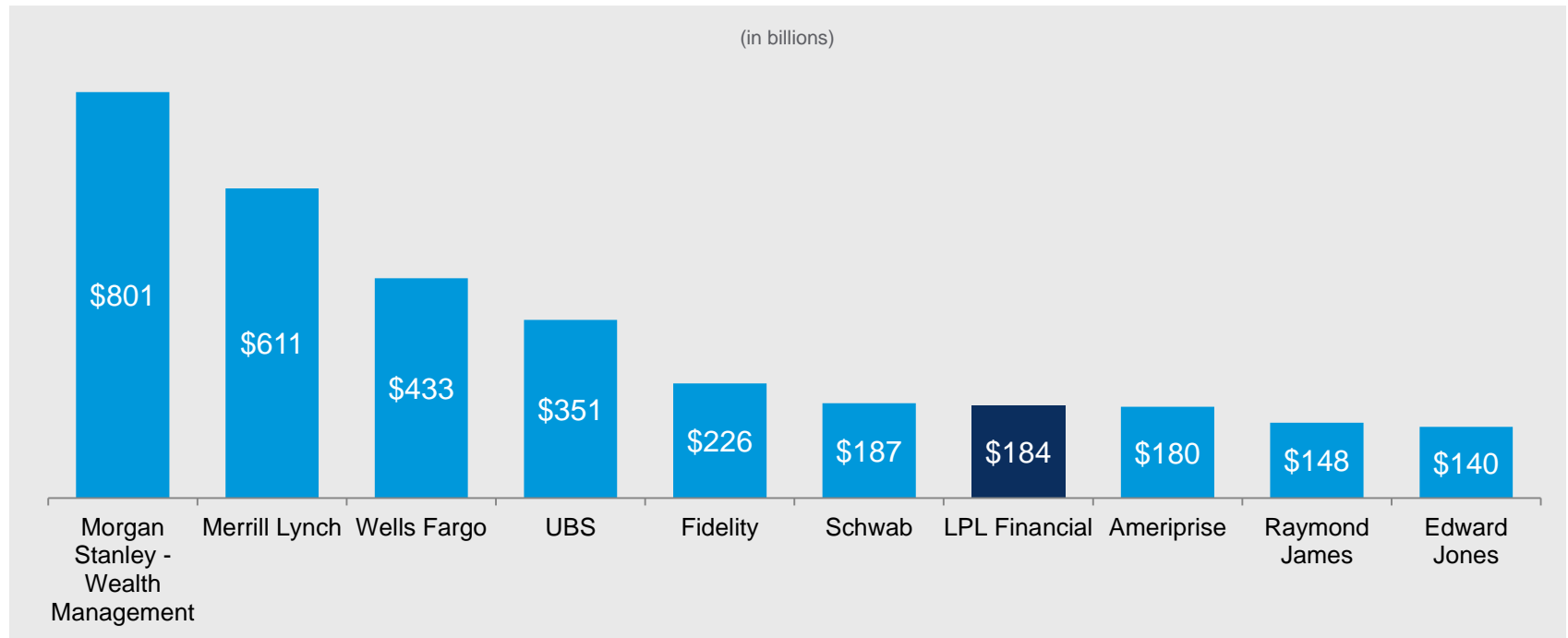
Quarterly Commission Revenue Excluding Alternative Investments (\$ in millions)

Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
\$484	\$478	\$464	\$465	\$478

3%

LPL is the 7th largest advisory asset manager

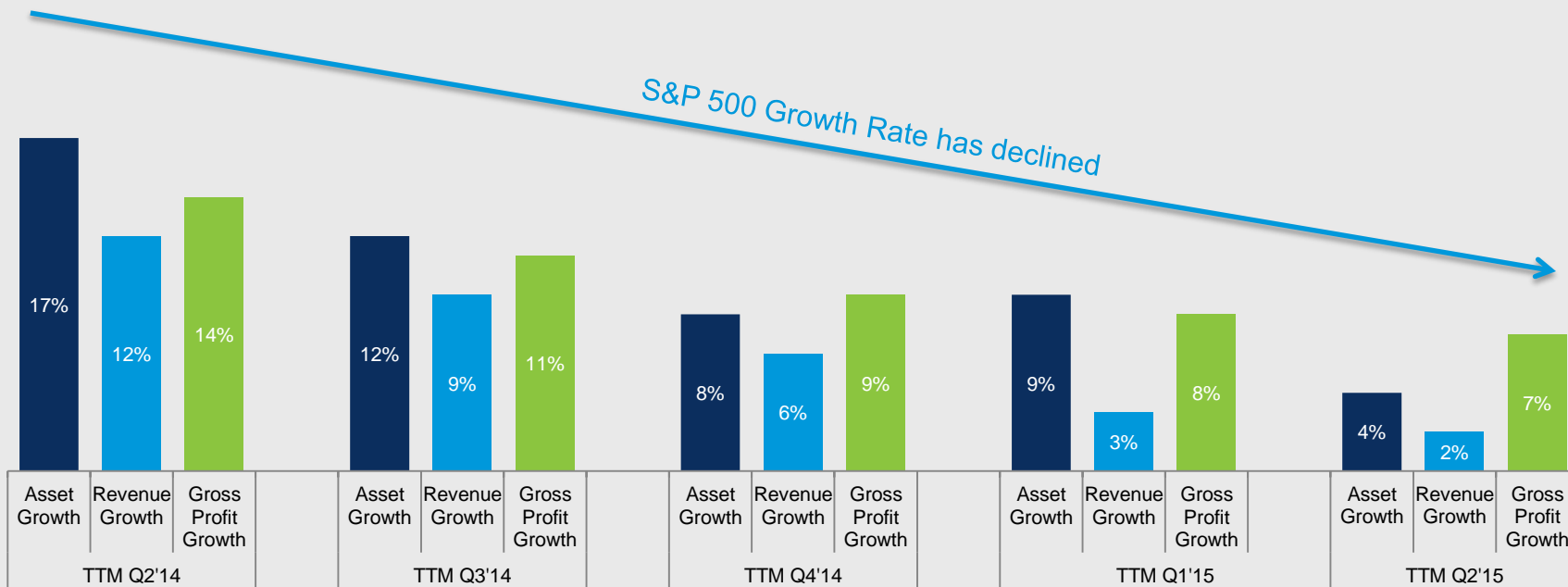
Q1 2015 Advisory Assets¹



LPL views growth of assets and gross profits as more representative of business growth than revenue growth

Asset, Revenue⁽¹⁾ and Gross Profit⁽²⁾ Growth

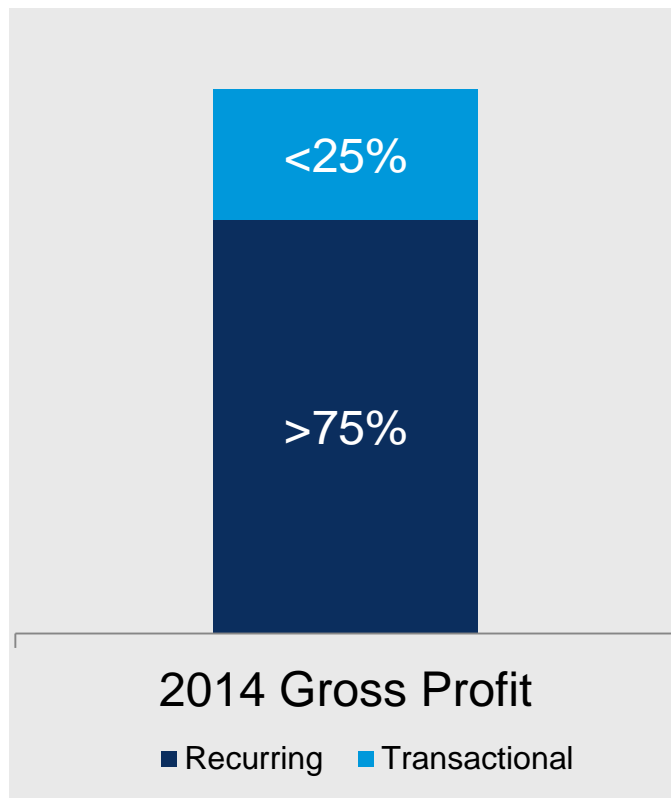
Under accounting standards, advisory fees charged to investors by advisors on the Company's hybrid RIA platform are not reflected on its income statement (unlike advisory fees charged for the Company's corporate advisory platform business).



¹ Revenue growth included cash sweep revenue.

² Gross Profit growth has excluded cash sweep revenue for purposes of this comparison. Gross profit is a non-GAAP metric.

Recurring gross profit* of >75% has created financial stability and minimized dependency on sales commissions



2014 Components (\$ in millions)	Revenue	% Recurring	Gross Profit	% of Gross Profit	Recurring Gross Profit
Advisory	1,338	99%	231	17%	229
Sales commissions	1,181	0%	120	9%	-
Trailing commissions	937	100%	115	9%	115
Cash sweep	100	100%	100	8%	100
Other asset based	377	96%	357	27%	344
Transaction and fee	370	63%	340	26%	214
Interest and other	71	32%	62	4%	20
Total	4,373		1,326	100%	1,022
% Recurring		68%			77%

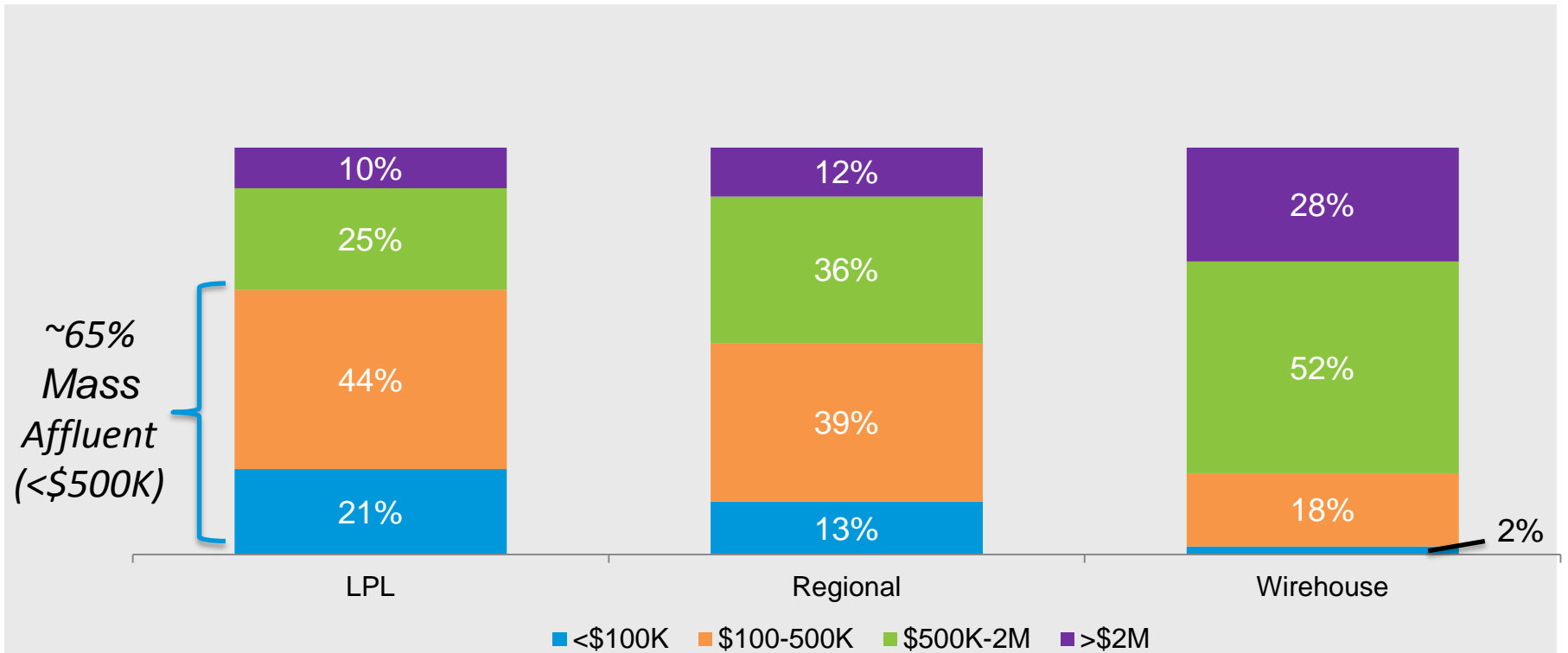
*Gross profit is a Non-GAAP financial metric

Note: The 2014 gross profit breakdown applies a refined cost allocation methodology that was implemented in 2015. The gross profit breakdown methodology differs from the 2013 gross profit breakdown methodology that was included in a presentation dated December 10, 2014 ("The LPL Financial Opportunity") posted on LPL's website in connection with the Goldman Sachs investor conference held on December 10, 2014. Applying the updated methodology to 2013 yields gross profit distribution of 17% Advisory, 9% Sales Commissions, 9% Trail Commissions, 34% Asset Based, 27% Transaction and Fees, and 4% Interest and Other.

LPL believes that it has limited financial exposure from alternative investments under the DOL proposal as written

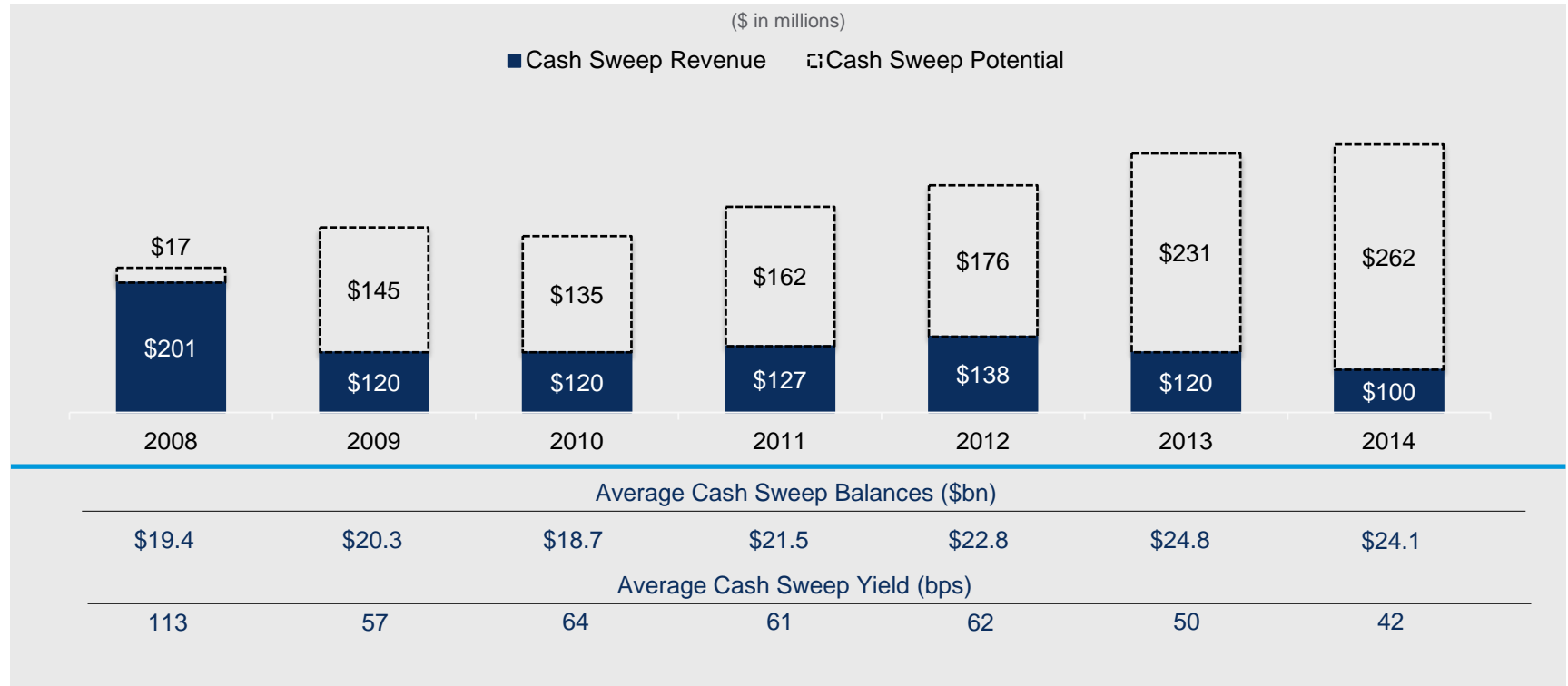
Alternative investment sales as a percentage of total gross profit (2014 total of \$1,326M)	~5% (~\$65 million)
Percentage of alternative investment sales that are made in brokerage retirement accounts	~40%
Alternative investment sales in brokerage retirement accounts as a share of total gross profit	~2% (~\$26 million)
Variable cost projected to be eliminated due to reduced manual alternative investments processing and compliance	~25% of gross profit reduction (~\$6 million)
Substitute products potential contribution to gross profit*	At least 1% (\$13 million+)
Potential EBIT impact	\$7 million or less (\$26M - \$6M - \$13M+)

LPL's product mix reflects the greater percentage of mass affluent investors that it serves relative to wirehouse or regional firms



LPL's cash sweep revenue potential has grown over time

Cash Sweep Revenue



ICA bank spread outlook

- Certain ICA bank contracts established in 2008 provide fees that are above market. As these contracts gradually reset to market rates, the weighted average bank spread over FFER has and will continue to decline
- If FFER remains flat in 2015, the result would be a ~\$20 mm revenue and EBITDA headwind based on 2Q15 cash balances
- The Company expects a ~22 bps step-down in its bank spread in Q1 2016
- The anticipated 2016 ending bank spread is approximately within the range of current market rates
- As interest rates rise, the Company may incur additional interest expense related to its loan facilities

	Beginning of Year FFER ¹		Beginning of the Year Bank Spread ¹		ICA Fee ¹		Change in FFER		Bank Spread Compression ²		Change in bank spread due to volume shift between contracts ³		Estimated Ending ICA Fee ⁴	FFER needed to achieve 185 bps ICA target fee ^{5,6}	EBITDA upside from rise in interest rate (\$mm) ⁷
2015	10	+	45	=	~55	+	~3	-	~13	+	~3	=	~48	~260	~\$270
2016 (pro forma)	13	+	35	=	~48	+	tbd	-	~22	+	tbd	=	~26	~305	~\$310

¹ As of January 1st of the applicable year

² 2016 bank spread compression is an estimate; historically a majority of bank spread compression has occurred in the first quarter

³ Bank spread may increase or decrease as asset balances shift among banks with differing yields

⁴ The ICA fee is based on average balances for the prior four quarters inclusive of Q2'15 and assumes a flat FFER. An increase in balances may lead to further ICA bank fee compression

⁵ Please see pages 21 - 22 of the Company's Q2 2015 Financial Supplement, which is posted on the LPL Financial Investor Relations website under the Events section and provides additional information regarding the effect of a rising FFER on the ICA program

⁶ Based on 2Q15 balances and contracts, if maximum bank spread compression occurs, the minimum FFER rate required to maximize fees could increase up to approximately 350 bps

⁷ Does not include the potential to incur additional expense related to the Company's loan facilities as interest rates rise

Cash sweep opportunity

	ICA	MMF	Total
Assets ¹ (\$ in bn)	\$17.4	\$6.8	\$24.2
Fee ¹ (bps)	48	9	37
Assumed max fee (bps)	185	55	145
Potential annualized incremental EBITDA (\$ in mm) ²	\$239	\$32	\$271

ICA upside from FFER will be recognized incrementally and immediately as FFER improves

Adjusted Earnings per share reconciliation

The reconciliation from net income to Adjusted Earnings and Adjusted Earnings per share, a non-GAAP measure, for the periods presented is as follows (in thousands):

	TTM Q2'15	2014	2013	2012	2011	2010
Net income (loss)	\$182,737	\$178,043	<i>(unaudited)</i> \$181,857	\$151,918	\$170,382	(\$56,862)
After-Tax:						
EBITDA Adjustments(a)						
Employee share-based compensation expense(b)	15,391	14,175	11,109	13,161	11,472	8,400
Acquisition and integration related expenses(c)	(263)	366	10,919	11,106	(2,354)	7,638
Restructuring and conversion costs(d)	16,297	21,357	19,011	3,792	13,606	13,877
Debt amendment and extinguishment costs(e)	2,678	2,678	4,916	10,274	-	23,477
Equity issuance and related offering costs(f)	-	-	-	4,262	1,272	149,568
Other	677	7,137	6,926	7,384	156	91
Total EBITDA Adjustments	34,780	45,713	52,881	49,979	24,152	203,051
Amortization of intangible assets(a)(g)	23,718	23,865	24,067	24,397	24,051	26,531
Acquisition related benefit for a net operating loss carry-forward(h)	-	-	-	(1,265)	-	-
Adjusted Earnings	\$241,235	\$247,621	\$258,805	\$225,029	\$218,585	\$172,720
Adjusted Earnings per share(i)	\$2.43	\$2.44	\$2.44	\$2.03	\$1.95	\$1.71
Weighted-average shares outstanding - diluted	99,274	101,651	106,003	111,060	112,119	100,933

- (a) Generally, EBITDA Adjustments and amortization of intangible assets have been tax effected using a federal rate of 35.0% and the applicable effective state rate which was 3.30%, net of the federal tax benefit, for the periods presented, except as noted below.
- (b) Represents share-based compensation expense 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.
- (c) Represents acquisition and integration costs resulting from various acquisitions, including changes in the estimated fair value of future payments, or contingent consideration, required to be made to former shareholders of certain acquired entities.
- (d) Represents organizational restructuring charges, conversion and other related costs incurred resulting from the expansion of the Company's Service Value Commitment, the 2011 consolidation of UVEST Financial Services Group, Inc. and the 2009 consolidation of Mutual Service Corporation, Associated Financial Group, Inc., Associated Planners Investment Advisory, Inc. and Waterstone Financial Group.
- (e) Represents expenses incurred resulting from the early extinguishment, amending, restating, and repayment of amounts outstanding under the Company's credit agreement.
- (f) Represents equity issuance and offering costs for the Company's IPO, which was completed in the fourth quarter of 2010.
- (g) Represents amortization of intangible assets as a result of the Company's purchase accounting adjustments from the Company's merger transaction in 2005 and various acquisitions.
- (h) Represents the expected tax benefit available to the Company from the accumulated net operating losses of the Concord Trust and Wealth division of LPL Financial LLC that arose prior to the Company's acquisition of Concord Capital Partners; such benefits were recorded in the third quarter of 2012.
- (i) Represents adjusted Earnings, a non-GAAP measure, divided by weighted-average number of shares outstanding on a fully diluted basis.