

LPL Advisor M&A

Guiding principles for Prudential Advisors M&A external acquisition strategy

Offering Overview

LPL's Advisor M&A team can work with Prudential on two offerings 1) Comprehensive Valuations in support of Prudential advisor external acquisition strategy. The valuation will include advisory and brokerage business. 2) Deal Support in support of Prudential advisor external acquisition strategy (e.g., non-Prudential advisor books of business). The seller must join Prudential to successfully complete the sale.

Valuations Offering

LPL's Advisor M&A team can work with Prudential for a flat fee to provide a stand-alone comprehensive Valuation for an in-depth look into the key metrics and value drivers related to an external book of business acquisition (e.g., non-prudential advisor books). Current cost: \$995 per valuation; charged to advisor.

Guiding principles to engage:

- **Step 1: Pre-screen**
 - Prudential vets the prospective Pru external acquisition to identify viability and aligns with LPL's business development specialist
- **Step 2: Inquire**
 - Prudential delegate emails vetted external acquisition valuation candidate to MA.Solutions@lplfinancial.com and includes Prudential advisor contact information or Prudential advisor sends an emails to MA.Solutions@lplfinancial.com.
- **Step3: Discovery and Valuation**
 - LPL's Advisor M&A team begins the valuation process: 1) Prudential advisor signs letter of engagement with LPL's Advisor M&A and; 2) valuation information is collected via questionnaire and P&L collected based on external advisor/seller's practice. A seller advisor needs to participate with data sharing for external book analysis (e.g., external non-LPL, non-prudential advisors).
- **Step 4: Analyze**
 - LPL's Advisor M&A team will perform an initial analysis, address any concerns, and provide an estimated delivery time after receiving the completed valuation questionnaire.
- **Step 5: Deliver**
 - Upon completion, a valuation report is delivered via email. A 30-minute consultation is offered to discuss the valuation report and address questions.

Deal Support Offering

LPL's Advisor M&A team can work with Prudential leadership and advisors for a flat fee to provide Deal Support for an acquisition of an external book of business (e.g., non-prudential advisor books). Current cost: \$8,500 per engagement charged to advisor. Outside advisors must join Prudential for 6-12 months for external book offerings.

Guiding principles to engage:

- **Step 1: Pre-screen**
 - Buyer prepares ahead of time by leveraging LPL's M&A toolkit (Buyer Preparedness eBook, External Acquisition Strategy Guide, Buyer Due Diligence Checklist).
 - Prudential pre-screens indications of interest to identify viable opportunities (suggest designated person to be someone at Prudential who participates in business development) and consults with LPL's business development partner regarding the applicability of prospective advisor candidate and remains aligned throughout the process.
 - Buyer coordinates with LPL's business development team for introduction and screening of the seller as a candidate to join Prudential. Buyer, Seller and Deal Support work closely with Business Development throughout the process.
- **Step 2: Inquire**
 - Prudential delegate email pre-screened list to MA.Solutions@lplfinancial.com and includes Prudential advisor contact information or Prudential advisor sends an email to MA.Solutions@lplfinancial.com.
- **Step 3 Discovery and Valuation**
 - Prudential advisor signs letter of engagement with LPL's Advisor M&A Deal Support and is charged \$8,500.
 - Once engaged with the Deal Support Team, initial goals are to understand the seller's business and background and facilitate buyer and seller discussions in conjunction with LPL's business development partner. The Deal Support Team will consult on valuation, deal structures, and strategize the best practices for seller transitions. During this time, the desired outcome is alignment between the buyer and seller on purchase price and key terms and structure, memorialized in a fully executed Asset Purchase Agreement.
- **Step 4: Due Diligence**
 - During this stage, the Deal Support Team helps to validate transaction information, prepare for closing, and confirm the buyer and seller transition plan. The buyer works on deal financing at the buyer's discretion. The purchase agreement has started, and a client communication plan is developed. Deal Support provides leadership and timelines to keep the deal moving to close.
- **Step 5: Closing**

At this stage, the final purchase agreement is reviewed, confirmed, and signatures are being gathered on the closing packet. Alignment with LPL business development and onboarding team take place.

LPL's Comprehensive Valuation is not an appraisal nor an accredited valuation. The valuation is limited to the calculation of values using selected methods, and the presentation of the results are for your consideration. The scope of the analysis is limited in that it does not include an in-depth analysis of all factors generally included in the appraisal process and should not in any way be construed as our opinion of Fair Market Value. We cannot offer valuations for divorce settlements, legal proceedings, or tax purposes. We are unable to include OSJ/RIA override revenue in our valuation. All revenue must be derived from directly owned AUM. The cost of valuation and deal support offering may be subject to change. Valuation has a minimum 21-day turnaround once LPL receives all completed information. It is recommended buyers seek counsel to help review documents and promote buyer interests. LPL does not provide legal or tax advice on the transaction.