Financial Supplement

Third Quarter 2014

October 30, 2014

Safe harbor disclosure

Statements in this presentation regarding the Company's future financial and operating results, plans, strategies, goals, future growth and insured cash account portfolio, including income projections based on changes in interest rates, the Company's ability to realize benefits from rising interest rates, future fees from banks and future contract maturities, future cash sweep balances, 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 30, 2014. The words "anticipates," "believes," "expects," "may," "plans," "predicts," "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 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, and their ability to market effectively financial products and services; 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; balances in the Company's cash sweep programs; the Company's strategy in managing program fees; the Company's strategy in managing contract maturities with banks that participate in the Company's cash sweep programs; changes in the growth of the Company's fee-based business; the Company's success in integrating the operations of acquired businesses; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by securities regulators or self-regulatory organizations; and the other factors set forth in Part I, “Item 1A. Risk Factors” in the Company's 2013 Annual Report on Form 10-K and any subsequent SEC filings. 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 30, 2014, even if its estimates change, and you should not rely on those statements as representing the Company's views as of any subsequent date.

LPL Financial Holdings Inc.
Financial Highlights
(Amounts in thousands, except per share data and where noted)
(Unaudited)

	Three Month Quarterly Results				
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
REVENUES					
Commission	$ 520,388	$ 535,177	$ 534,574	$ 556,176	$ 527,419
Advisory	340,369	330,394	327,253	308,931	299,101
Asset-based	121,283	118,537	114,674	112,272	107,447
Transaction and fee	94,674	91,625	89,985	89,444	93,799
Other	12,520	16,996	20,945	27,107	25,446
Net revenues	1,089,234	1,092,729	1,087,431	1,093,930	1,053,212
EXPENSES					
Production(1)	758,091	763,991	756,718	773,811	736,195
Compensation and benefits	106,290	104,821	106,348	101,650	102,310
General and administrative	122,056	106,799	94,377	108,293	102,834
Depreciation and amortization	24,519	23,818	22,281	22,052	21,432
Restructuring charges	9,928	9,225	7,320	10,335	6,482
Other	—	—	—	(15)	9,294
Total operating expenses	1,020,884	1,008,654	987,044	1,016,126	978,547
Non-operating interest expense	12,897	12,914	12,840	13,256	13,363
Total expenses	1,033,781	1,021,568	999,884	1,029,382	991,910
INCOME BEFORE PROVISION FOR INCOME TAXES	55,453	71,161	87,547	64,548	61,302
PROVISION FOR INCOME TAXES	22,181	28,070	34,412	20,130	23,671
NET INCOME	$ 33,272	$ 43,091	$ 53,135	$ 44,418	$ 37,631
EARNINGS PER SHARE					
Basic	$ 0.33	$ 0.43	$ 0.52	$ 0.44	$ 0.36
Diluted	$ 0.33	$ 0.42	$ 0.51	$ 0.43	$ 0.36
Weighted average shares outstanding — basic	100,052	100,244	101,279	101,812	104,271
Weighted average shares outstanding — diluted	101,834	102,029	103,339	103,411	105,705

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LPL Financial Holdings Inc.
Financial Highlights (Continued)
(Amounts in thousands, except per share data and where noted)
(Unaudited)

	Three Month Quarterly Results				
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
FINANCIAL CONDITION					
Total Cash & Cash Equivalents ($ billions)	$ 0.5	$ 0.4	$ 0.5	$ 0.5	$ 0.6
Total Assets ($ billions)	$ 3.9	$ 3.9	$ 3.9	$ 4.0	$ 3.9
Total Debt ($ billions)(2)	$ 1.5	$ 1.5	$ 1.5	$ 1.5	$ 1.5
Stockholders' Equity ($ billions)	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1
KEY METRICS					
Advisors	13,910	13,840	13,726	13,673	13,563
Production Payout(1)	86.67%	86.84%	86.39%	88.12%	87.70%
Advisory and Brokerage Assets ($ billions)	$ 464.8	$ 465.4	$ 447.1	$ 438.4	$ 414.7
Advisory Assets Under Custody ($ billions)	$ 169.5	$ 167.3	$ 158.0	$ 151.6	$ 141.1
Net New Advisory Assets ($ billions)(3)	$ 4.8	$ 4.2	$ 4.4	$ 3.9	$ 4.0
Insured Cash Account Balances ($ billions)(4)	$ 16.9	$ 16.1	$ 16.6	$ 17.4	$ 17.3
Money Market Account Balances ($ billions)(4)	$ 7.1	$ 6.7	$ 7.1	$ 7.5	$ 8.2
Adjusted EBITDA(5)	$ 108,878	$ 128,199	$ 141,477	$ 124,190	$ 120,283
Adjusted Earnings(5)	$ 48,773	$ 61,775	$ 71,029	$ 65,229	$ 59,550
Adjusted Earnings per share(5)	$ 0.48	$ 0.61	$ 0.69	$ 0.63	$ 0.56

(1) Production expense is comprised of commission and advisory expense and brokerage, clearing, and exchange expense. Production payout, a statistical measure, excludes brokerage, clearing, and exchange expense and is calculated as commission and advisory expense divided by commission and advisory revenues.

(2) Represents borrowings on the Company's senior secured credit facilities and revolving line of credit.

(3) Represents net new advisory assets consisting of funds from new accounts and additional funds deposited into existing advisory accounts that are custodied in the Company's fee-based advisory platforms during each of the three month quarterly periods then ended.

(4) Represents clients' insured cash and money market account balances as of the end of each reporting period.

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

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
			(unaudited)		
Net income	$ 33,272	$ 43,091	$ 53,135	$ 44,418	$ 37,631
Non-operating interest expense	12,897	12,914	12,840	13,256	13,363
Provision for income taxes	22,181	28,070	34,412	20,130	23,671
Amortization of intangible assets	9,634	9,696	9,716	9,731	9,731
Depreciation and amortization of fixed assets	14,885	14,122	12,565	12,321	11,701
EBITDA	92,869	107,893	122,668	99,856	96,097
EBITDA Adjustments:					
Employee share-based compensation expense(a)	5,550	5,426	5,111	4,029	2,957
Acquisition and integration related expenses(b)	(328)	733	359	12,534	3,630
Restructuring and conversion costs(c)	9,958	9,377	7,271	9,887	7,340
Other(d)	829	4,770	6,068	(2,116)	10,259
Total EBITDA Adjustments	16,009	20,306	18,809	24,334	24,186
Adjusted EBITDA	$ 108,878	$ 128,199	$ 141,477	$ 124,190	$ 120,283

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

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
			(unaudited)		
Net income	$ 33,272	$ 43,091	$ 53,135	$ 44,418	$ 37,631
After-Tax:					
EBITDA Adjustments(e)					
Employee share-based compensation expense(f)	3,666	3,594	3,518	2,854	2,153
Acquisition and integration related expenses(g)	(703)	450	220	7,733	2,240
Restructuring and conversion costs	6,114	5,758	4,464	6,100	4,529
Other	509	2,929	3,726	(1,880)	6,993
Total EBITDA Adjustments	9,586	12,731	11,928	14,807	15,915
Amortization of intangible assets(e)	5,915	5,953	5,966	6,004	6,004
Adjusted Earnings	$ 48,773	$ 61,775	$ 71,029	$ 65,229	$ 59,550
Adjusted Earnings per share(h)	$ 0.48	$ 0.61	$ 0.69	$ 0.63	$ 0.56
Weighted average shares outstanding — diluted	101,834	102,029	103,339	103,411	105,705

(a) 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.

(b) 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. In 2013, the Company finalized the determination of the contingent consideration obligation to the former shareholders of National Retirement Partners, Inc. ("NRP"), which resulted in a $19.4 million increase in the estimated fair value of contingent consideration, $11.7 million of which was recognized in the fourth quarter of 2013.

(c) Represents organizational restructuring charges, conversion, and other related costs resulting from the expansion of the Company's Service Value Commitment.

(d) Results for the first, second, and third quarter of 2014 include approximately $5.3 million, $3.2 million, and $0.1 million, respectively, in parallel rent, property tax, and common area maintenance expenses incurred in connection with the Company's relocation to its San Diego office

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building. Results for the fourth quarter of 2013 include a $2.3 million gain related to the sale of an equity investment. During the third quarter of 2013, the Company incurred costs related to the closure of its subsidiary NestWise LLC, consisting of: i) the derecognition of $10.2 million of goodwill; ii) $6.9 million of fixed asset charges that were determined to have no future economic benefit; iii) a $7.8 million decrease in the estimated fair value of contingent consideration as related milestones were not reached; and iv) severance and termination benefits. Other amounts include certain excise and other taxes.

(e) 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 3.6% and 3.3%, net of the federal tax benefit, for 2014 and 2013, respectively, except as noted in Notes (f) and (g) in this table.

(f) Represents the after-tax expense of non-qualified stock options for which the Company receives a tax deduction upon exercise, restricted stock awards and restricted stock units for which the Company receives a tax deduction upon vesting, and the full expense impact of incentive stock options granted to employees that qualify for preferential tax treatment and conversely for which the Company does not receive a tax deduction. Share-based compensation for vesting of incentive stock options was $0.7 million, $0.7 million, $1.0 million, $1.0 million, and $0.9 million for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, and September 30, 2013, respectively.

(g) Represents the after-tax expense of acquisition and related costs for which the Company receives a tax deduction.

(h) Represents Adjusted Earnings, a non-GAAP measure, divided by weighted-average number of shares outstanding on a fully diluted basis. Set forth is a reconciliation of earnings per share on a fully diluted basis, as calculated in accordance with GAAP, to Adjusted Earnings per share:

	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
			(unaudited)		
Earnings per share — diluted	$ 0.33	$ 0.42	$ 0.51	$ 0.43	$ 0.36
After-Tax:					
EBITDA Adjustments per share	0.09	0.13	0.12	0.14	0.14
Amortization of intangible assets per share	0.06	0.06	0.06	0.06	0.06
Adjusted Earnings per share	$ 0.48	$ 0.61	$ 0.69	$ 0.63	$ 0.56

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q3 2014 Compared to Q3 2013
(Dollars in thousands)
(Unaudited)

	Q3 2014			Q3 2013			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 520,388	$ —	$ 520,388	$ 527,419	$ —	$ 527,419	$ (7,031)	(1.3)%
Advisory	340,369	—	340,369	299,101	—	299,101	41,268	13.8 %
Asset-based	121,283	—	121,283	107,447	—	107,447	13,836	12.9 %
Transaction and fee	94,674	—	94,674	93,799	1	93,800	874	0.9 %
Interest income, net of operating interest	4,727	—	4,727	4,509	—	4,509	218	4.8 %
Other	7,793	—	7,793	20,937	—	20,937	(13,144)	(62.8)%
Net revenues	1,089,234	—	1,089,234	1,053,212	1	1,053,213	36,021	3.4 %
EXPENSES:								
Commission and advisory	746,001	—	746,001	724,835	—	724,835	21,166	2.9 %
Compensation and benefits	106,290	(6,285)	100,005	102,310	(4,727)	97,583	2,422	2.5 %
Promotional	36,669	—	36,669	36,807	(913)	35,894	775	2.2 %
Depreciation and amortization	24,519	(9,634)	14,885	21,432	(9,731)	11,701	3,184	27.2 %
Occupancy and equipment	19,043	73	19,116	16,568	(7)	16,561	2,555	15.4 %
Professional services	38,174	1,116	39,290	18,955	(314)	18,641	20,649	110.8 %
Brokerage, clearing and exchange	12,090	—	12,090	11,360	—	11,360	730	6.4 %
Communications and data processing	11,476	(140)	11,336	11,017	(10)	11,007	329	3.0 %
Regulatory fees and other	8,476	—	8,476	8,234	—	8,234	242	2.9 %
Restructuring charges	9,928	(9,928)	—	6,482	(6,483)	(1)	1	*
Other expense	8,218	(845)	7,373	20,547	(11,731)	8,816	(1,443)	(16.4)%
Total operating expenses	1,020,884	(25,643)	995,241	978,547	(33,916)	944,631	50,610	5.4 %
Non-operating interest expense	12,897	—	12,897	13,363	—	13,363	(466)	(3.5)%
Total expenses	$ 1,033,781	$ (25,643)	$ 1,008,138	$ 991,910	$ (33,916)	$ 957,994	$ 50,144	5.2 %
Core G&A Expenses(1)			$ 185,596			$ 160,841	$ 24,755	15.4 %

* Not Meaningful

(1) Core G&A Expenses are total operating expenses, excluding the following expenses: commission and advisory, promotional, depreciation and amortization, and brokerage, clearing and exchange.

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q3 2014 Compared to Q2 2014
(Dollars in thousands)
(Unaudited)

	Q3 2014			Q2 2014			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 520,388	$ —	$ 520,388	$ 535,177	$ —	$ 535,177	$ (14,789)	(2.8)%
Advisory	340,369	—	340,369	330,394	—	330,394	9,975	3.0 %
Asset-based	121,283	—	121,283	118,537	—	118,537	2,746	2.3 %
Transaction and fee	94,674	—	94,674	91,625	1	91,626	3,048	3.3 %
Interest income, net of operating interest	4,727	—	4,727	4,791	—	4,791	(64)	(1.3)%
Other	7,793	—	7,793	12,205	—	12,205	(4,412)	(36.1)%
Net revenues	1,089,234	—	1,089,234	1,092,729	1	1,092,730	(3,496)	(0.3)%
EXPENSES:								
Commission and advisory	746,001	—	746,001	751,662	—	751,662	(5,661)	(0.8)%
Compensation and benefits	106,290	(6,285)	100,005	104,821	(6,065)	98,756	1,249	1.3 %
Promotional	36,669	—	36,669	29,729	(1)	29,728	6,941	23.3 %
Depreciation and amortization	24,519	(9,634)	14,885	23,818	(9,696)	14,122	763	5.4 %
Occupancy and equipment	19,043	73	19,116	21,798	(2,691)	19,107	9	— %
Professional services	38,174	1,116	39,290	25,688	(281)	25,407	13,883	54.6 %
Brokerage, clearing and exchange	12,090	—	12,090	12,329	—	12,329	(239)	(1.9)%
Communications and data processing	11,476	(140)	11,336	10,463	(374)	10,089	1,247	12.4 %
Regulatory fees and other	8,476	—	8,476	8,550	—	8,550	(74)	(0.9)%
Restructuring charges	9,928	(9,928)	—	9,225	(9,225)	—	—	*
Other expense	8,218	(845)	7,373	10,571	(1,668)	8,903	(1,530)	(17.2)%
Total operating expenses	1,020,884	(25,643)	995,241	1,008,654	(30,001)	978,653	16,588	1.7 %
Non-operating interest expense	12,897	—	12,897	12,914	—	12,914	(17)	(0.1)%
Loss on extinguishment of debt	—	—	—	—	—	—	—	*
Total expenses	$ 1,033,781	$ (25,643)	$ 1,008,138	$ 1,021,568	$ (30,001)	$ 991,567	$ 16,571	1.7 %
Core G&A Expenses(1)			$ 185,596			$ 170,812	$ 14,784	8.7 %

* Not Meaningful

(1) Core G&A Expenses are total operating expenses, excluding the following expenses: commission and advisory, promotional, depreciation and amortization, and brokerage, clearing and exchange.

LPL Financial Holdings Inc.
EBITDA Adjustments - Year to Date 2014 Compared to Year to Date 2013
(Dollars in thousands)
(unaudited)

	Year to Date 2014			Year to Date 2013			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 1,590,139	$ —	$ 1,590,139	$ 1,521,390	$ —	$ 1,521,390	$ 68,749	4.5 %
Advisory	998,016	—	998,016	878,421	—	878,421	119,595	13.6 %
Asset-based	354,494	—	354,494	318,718	—	318,718	35,776	11.2 %
Transaction and fee	276,284	2	276,286	271,808	2	271,810	4,476	1.6 %
Interest income, net of operating interest	14,279	(143)	14,136	13,343	—	13,343	793	5.9 %
Other	36,182	(30)	36,152	43,248	—	43,248	(7,096)	(16.4)%
Net revenues	3,269,394	(171)	3,269,223	3,046,928	2	3,046,930	222,293	7.3 %
EXPENSES:								
Commission and advisory	2,242,206	—	2,242,206	2,086,075	—	2,086,075	156,131	7.5 %
Compensation and benefits	317,459	(18,369)	299,090	299,317	(17,668)	281,649	17,441	6.2 %
Promotional	93,581	(1)	93,580	85,276	(963)	84,313	9,267	11.0 %
Depreciation and amortization(1)	70,618	(29,046)	41,572	61,451	(29,275)	32,176	9,396	29.2 %
Occupancy and equipment	62,922	(7,781)	55,141	49,649	(93)	49,556	5,585	11.3 %
Professional services	82,736	507	83,243	47,588	(1,076)	46,512	36,731	79.0 %
Brokerage, clearing and exchange	36,594	—	36,594	32,958	—	32,958	3,636	11.0 %
Communications and data processing	32,598	(569)	32,029	31,401	(24)	31,377	652	2.1 %
Regulatory fees and other	25,437	—	25,437	23,339	—	23,339	2,098	9.0 %
Restructuring charges	26,473	(26,473)	—	19,851	(19,831)	20	(20)	(100.0)%
Other expense	25,958	(2,609)	23,349	37,116	(13,233)	23,883	(534)	(2.2)%
Total operating expenses	3,016,582	(84,341)	2,932,241	2,774,021	(82,163)	2,691,858	240,383	8.9 %
Non-operating interest expense	38,651	—	38,651	38,190	—	38,190	461	1.2 %
Loss on extinguishment of debt	—	—	—	7,962	(7,962)	—	—	*
Total expenses	$ 3,055,233	$ (84,341)	$ 2,970,892	$ 2,820,173	$ (90,125)	$ 2,730,048	$ 240,844	8.8 %
Core G&A Expenses(2)			$ 518,289			$ 456,336	$ 61,953	13.6 %

* Not Meaningful

(1) The adjustment and as adjusted amounts for depreciation and amortization, total operating expenses, and total expenses in 2014 and 2013 have been corrected subsequent to the original posting of our Supplement on October 30, 2014.

(2) Core G&A Expenses are total operating expenses, excluding the following expenses: commission and advisory, promotional, depreciation and amortization, and brokerage, clearing and exchange.

LPL Financial Holdings Inc.
Business and Financial Metrics
(Dollars in billions, except where noted)
(Unaudited)

	Q3'14	Q2'14	Q1'14	Q4'13	Q3'13	Seq Growth	YoY Growth
Advisory and Brokerage Assets							
Advisory	$ 169.5	$ 167.3	$ 158.0	$ 151.6	$ 141.1	1.3%	20.1%
Brokerage	295.3	298.1	289.1	286.8	273.6	(0.9%)	7.9%
Total Advisory and Brokerage Assets	**$ 464.8**	**$ 465.4**	**$ 447.1**	**$ 438.4**	**$ 414.7**	**(0.1%)**	**12.1%**
Advisory % of Total	*36.5%*	*35.9%*	*35.3%*	*34.6%*	*34.0%*	*n/a*	*n/a*
Brokerage Assets Associated with Independent RIAs	$ 37.4	$ 34.9	$ 31.4	$ 28.9	$ 25.6	7.2%	46.1%
Independent RIA Firm Advisory Assets	46.4	43.1	38.2	34.0	29.3	7.7%	58.4%
Total Independent RIA Firm Assets Under Custody	**$ 83.8**	**$ 78.0**	**$ 69.6**	**$ 62.9**	**$ 54.9**	**7.4%**	**52.6%**
Net New Advisory Assets(1)	$ 4.8	$ 4.2	$ 4.4	$ 3.9	$ 4.0	n/a	n/a
Annualized Growth(2)	**11%**	**10%**	**11%**	**10%**	**11%**	**n/a**	**n/a**
Insured Cash Account	$ 16.9	$ 16.1	$ 16.6	$ 17.4	$ 17.3	5.0%	(2.3%)
Money Market Funds	7.1	6.7	7.1	7.5	8.2	6.0%	(13.4%)
Total Cash Sweep Assets (EOP)	**$ 24.0**	**$ 22.8**	**$ 23.7**	**$ 24.9**	**$ 25.5**	**5.3%**	**(5.9%)**
% of total Advisory and Brokerage Assets	*5.2%*	*4.9%*	*5.3%*	*5.7%*	*6.1%*	*30 bps*	*(90 bps)*
Insured Cash Account Fee - bps	58	58	54	62	65	— bps	(7 bps)
Money Market Fee - bps	7	7	7	6	6	— bps	1 bps
Cash Sweep Fee - bps	**43**	**43**	**40**	**45**	**46**	**— bps**	**(3 bps)**
Weighted FFE Daily Average Fee - bps	9	9	7	9	9	— bps	— bps
Advisors							
Advisors	13,910	13,840	13,726	13,673	13,563	0.5%	2.6%
Annualized commissions per Advisor ($ thousands)(3)	$ 150	$ 155	$ 156	$ 163	$ 156	(3.2%)	(3.8%)
Annualized Gross Dealer Concessions (GDC) per Advisor ($ thousands)(3)(4)	$ 248	$ 251	$ 252	$ 254	$ 245	(1.2%)	1.2%
Net New Advisors	70	114	53	110	154	n/a	n/a
Custom Clearing Services Subscribers	4,407	4,444	4,432	4,457	4,492	(0.8%)	(1.9%)

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LPL Financial Holdings Inc.
Business and Financial Metrics (Continued)
(Dollars in billions, except where noted)
(Unaudited)

	Q3'14	Q2'14	Q1'14	Q4'13	Q3'13	Seq Growth	YoY Growth
Payout Rate							
Base Payout Rate	83.50 %	84.01%	83.98%	84.09%	84.14%	(51 bps)	(64 bps)
Production Based Bonuses	3.18 %	2.64%	1.69%	3.33%	3.14%	54 bps	4 bps
GDC Sensitive Payout	**86.68 %**	**86.65%**	**85.67%**	**87.42%**	**87.28%**	**3 bps**	**(60 bps)**
Non-GDC Sensitive Payout(5)	(0.01)%	0.19%	0.72%	0.70%	0.42%	(20 bps)	(43 bps)
Total Payout Ratio	**86.67 %**	**86.84%**	**86.39%**	**88.12%**	**87.70%**	**(17 bps)**	**(103 bps)**
Production Based Bonuses Ratio (Trailing Twelve Months)	**2.7 %**	**2.7%**	**2.7%**	**2.7%**	**2.7%**	— bps	— bps
G&A Expenses ($ millions)							
Core G&A(6)	$ 185.6	$ 170.8	$ 161.9	$ 166.9	$ 160.8	8.7%	15.4%
Noncash Transition Assistance(7)	$ 8.0	$ 7.2	$ 7.3	$ 5.7	$ 5.5	11.1%	45.5%
Metrics							
Advisory Revenue as a percentage of Assets, excluding Independent RIA assets(8)	1.1 %	1.1%	1.1%	1.1%	1.1%	—%	—%
Production Retention Rate (YTD Annualized)(9)	97.0 %	96.8%	96.0%	97.2%	97.3%	0.2%	(0.3%)
Attachment Rate, excluding cash revenue(10)	23.6 %	23.4%	23.4%	23.2%	23.9%	0.2%	(0.3%)
Recurring Revenue Rate(11)	70.2 %	67.6%	66.6%	64.1%	64.0%	2.6%	6.2%
Adjusted EBITDA / Gross Margin	32.9 %	39.0%	42.8%	38.8%	37.9%	(6.1%)	(5.0%)
Annualized Gross Margin / Total Advisory and Brokerage Assets	0.28 %	0.28%	0.30%	0.29%	0.31%	— bps	(3 bps)
Employees - period end	3,397	3,374	3,267	3,185	3,072	0.7%	10.6%
Cash Available for Corporate Use ($ millions)(12)	$ 200	$ 205	$ 234	$ 338	$ 372	(2.4%)	(46.2%)

(1) Reflects net new advisory assets consisting of funds from new accounts and additional funds deposited into advisory accounts that are custodied in the Company's fee-based advisory platforms and exclude market impact.

(2) Calculated by dividing net new advisory assets by end of period advisory assets and multiplying by four.

(3) Calculation excludes Custom Clearing Services subscribers and uses average of beginning and end of period advisor count.

(4) GDC is made up of commission and advisory revenues.

(5) Non-GDC Sensitive Payout includes share-based compensation expense from equity awards granted to advisors and financial institutions based on the fair value of the awards at each reporting period, and mark-to-market gains or losses on amounts designated by advisors as deferred commissions in a non-qualified deferred compensation plan.

Continued on following page

(6) Core G&A Expenses are total operating expenses, excluding the following expenses: commission and advisory, promotional, depreciation and amortization, and brokerage, clearing and exchange.

(7) Transition assistance represents payments to newly recruited advisors and financial institutions to assist in the transition process. Smaller advisor practices receive payments that are charged to earnings in the current period, whereas larger advisor practices and financial institutions typically receive transition assistance in the form of forgivable loans or recoverable advances that are generally amortized into earnings over a period of three to five years. Noncash transition assistance represents the amortizable amount of forgivable loans or recoverable advances that are charged to earnings in the period presented.

(8) Based on annualized advisory revenues over prior quarter ending corporate advisory assets (corporate assets defined as total advisory assets less Independent RIA Firm Advisory Assets).

(9) 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.

(10) Attachment revenue is comprised of asset-based revenues (including revenue from cash sweep programs), transaction and fee revenue, and other revenue. Attachment rate, excluding cash revenue is calculated as attachment revenue (less revenue from cash sweep programs) over total commission and advisory revenues for the quarter.

(11) Recurring revenue is a characterization of net revenue and a statistical measure, which we define to include our asset-based revenues (including revenue from cash sweep programs), advisory revenues, trailing commission revenues, and certain other revenues that are based upon accounts and advisors. In addition, certain recurring revenues are associated with asset balances.

(12) Cash unrestricted by the credit agreement and other regulations available for operating, investing, and financing uses.

LPL Financial Holdings Inc.
Insured Cash Account Fed Funds Sensitivity
(Dollars in thousands)
(unaudited)

The following table reflects the impact to income before taxes on an annual basis based on an upward or downward change in short-term interest rates of one basis point.

The impact assumes that the client balances at September 30, 2014 remain unchanged.

Federal Reserve Effective Federal Funds Rate ("FFER")	Annualized Increase or Decrease of Income Before Taxes per One Basis Point Change
0.00% - 0.25%	$ 1,700
0.26% - 1.25%	$ 800
1.26% - 2.60%	$ 700

Example: Assuming the FFER is 0.10% and increases by 0.25% to 0.35%, the Company would benefit from an annualized increase of $33 million in income, before taxes. The pace at which the Company realizes the benefit from a rising FFER may vary depending on our strategy in response to a change in interest rate levels, the significance of a change, and actual cash sweep balances at the time of such change.

This example excludes the benefit from incremental money market revenue. In a normalized interest rate environment when there are no longer money market fund fee waivers, the Company would earn approximately 55 basis points on money market fund cash balances based upon current cash asset level allocations.

The Company believes it can achieve approximately 185 basis points on its Insured Cash Account ("ICA") program when the FFER is normalized. Currently, based on the Company's existing balances and contract arrangements with third parties, normalized FFER would need to be approximately 2.60% for the Company to realize its 185 basis point fee. Assuming maximum compression in the fees from banks in the Company's ICA program, normalized FFER would increase to a maximum of approximately 3.50% in order for the Company to realize its 185 basis point fee.

In a scenario where the Company maximizes its fees on both of its cash sweep programs, the Company would generate approximately $245 million in incremental revenue and income before taxes based on current cash sweep balances. As interest rates rise above the level where the Company maximized its fees, the incremental rate would benefit the retail investor.

LPL Financial Holdings Inc.
Insured Cash Account Portfolio Grid of Maturities
(Dollars in billions)
(unaudited)

The following table outlines the number of bank relationships and maturities in our ICA program as of September 30, 2014:

Maturity Year	Number of Banks	Cash Assets Represented	Percentage of Total ICA Cash Balances
2014	3	$ 1.0	6.0%
2015	10	$ 4.3	25.6%
2016	4	$ 4.4	26.2%
2017-2019	7	$ 7.1	42.3%
Total	24	$ 16.8	100.0%

Note: Our contracts with banks that participate in the ICA program mature regularly and are often renegotiated. We also add new bank relationships to the ICA program from time to time. The table above reflects the bank contracts and their expected maturities in the ICA program as of September 30, 2014. These numbers are subject to change based on new bank contract terms and changes in ICA balances. While certain bank contracts are made directly with us, other relationships with banks are administered through third parties. Accordingly, the information presented above includes data provided to us from third parties that we have not independently verified.