LPL Financial

Financial Supplement

Second Quarter 2015

August 5, 2015

Safe harbor disclosure

Statements in this presentation regarding LPL Financial Holdings Inc.’s (together with its affiliates and subsidiaries, the “Company”) 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, including the statements on the pages titled “Insured Cash Account Fed Funds Sensitivity” and “Insured Cash Account Portfolio Grid of Maturities”, 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 5, 2015. 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 program, including the Company's success in negotiating agreements with current or additional counterparties; the Company's strategy in managing cash sweep program fees; changes in the growth of the Company's fee-based business; the Company's success in realizing the service improvements and efficiencies expected to result from its initiatives and programs, particularly its technology initiatives; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state securities regulators or self-regulatory organizations; and the other factors set forth in Part I, “Item 1A. Risk Factors” in the Company's 2014 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 August 5, 2015, even if its estimates change, and you should not rely on those statements as representing the Company's views as of any subsequent date.

Non-GAAP financial metrics

Adjusted earnings represent net income before: (a) employee share-based compensation expense, (b) amortization of intangible assets, (c) acquisition and integration related expenses, (d) restructuring and conversion costs, (e) debt amendment and extinguishment 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.

Non-GAAP financial metrics (continued)

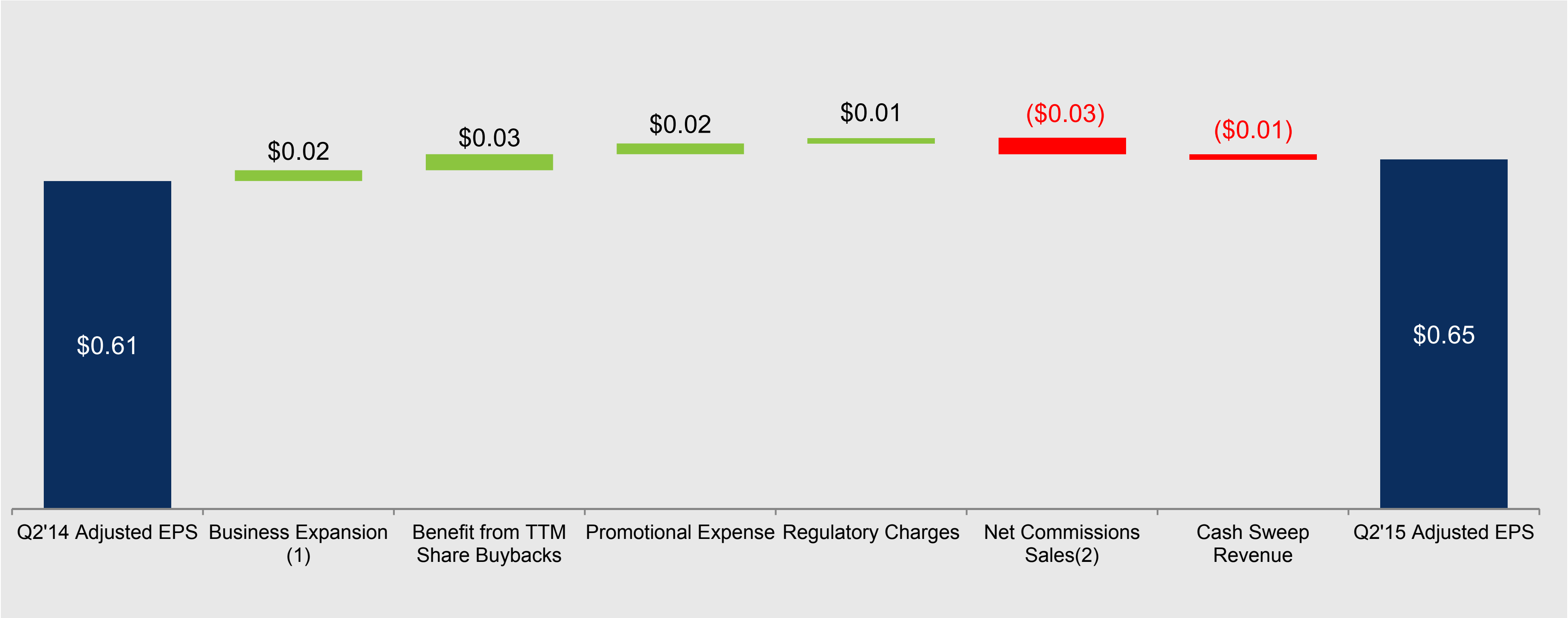
Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash charges and other adjustments. The Company presents adjusted EBITDA because the Company considers it a useful financial metric in assessing 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. Reconciliations of Adjusted Earnings and Adjusted EBITDA to GAAP measures are also set forth on pages 10-12 of 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.

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

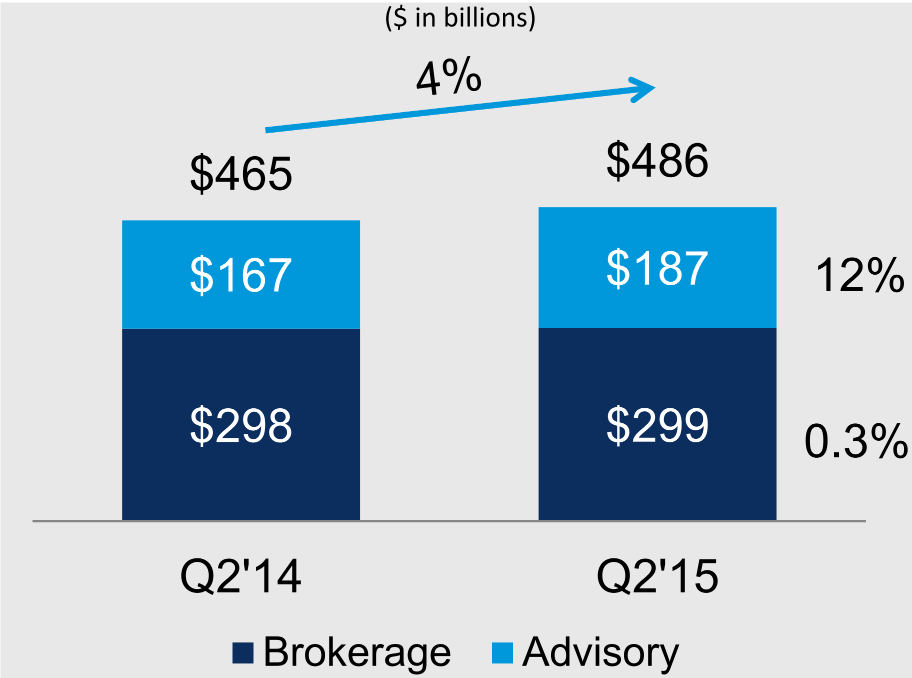
Adjusted Earnings Per Share: Q2’14 vs. Q2’15



Note: Adjusted Earnings per Share and Gross Profit are non-GAAP measures
(1) Business expansion consists of a) Gross Profit growth excluding net commissions sales and cash sweep revenue which contributed $0.07 per share, less b) Core G&A growth which reduced adjusted earnings by $0.05 per share. Core G&A is defined on Footnote 2 on page 14.
(2) Represents commission sales revenue less commission sales expense

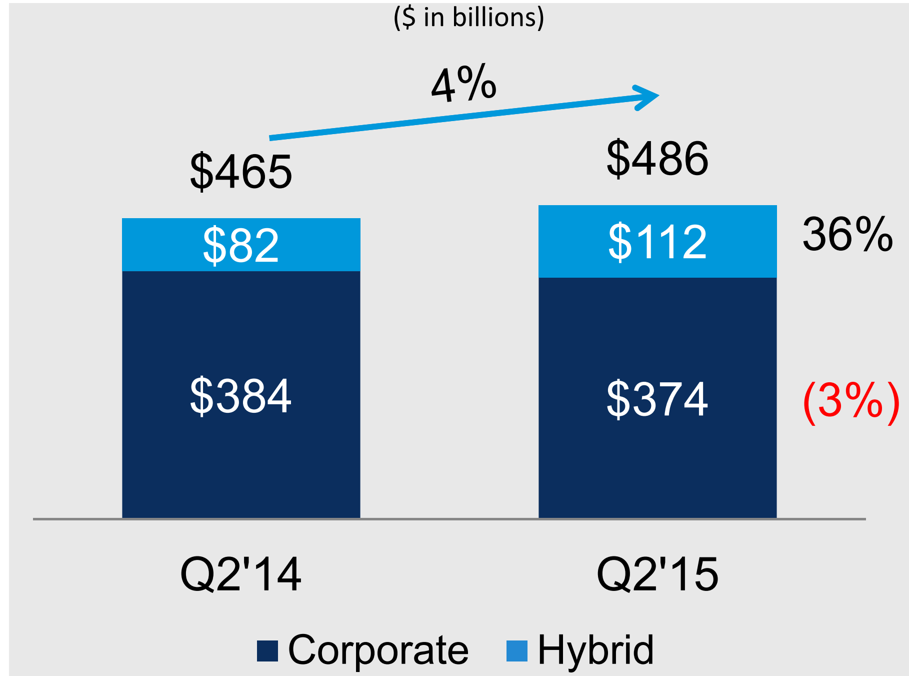
Total brokerage and advisory asset[1] growth was solid, led by advisory offering and hybrid RIA platform

Brokerage vs. Advisory Assets



- Net New Advisory Assets were $4.3 billion in Q2’15 and a record $18.4 billion over the last 12 months

Corporate[2] vs. Hybrid RIA Assets

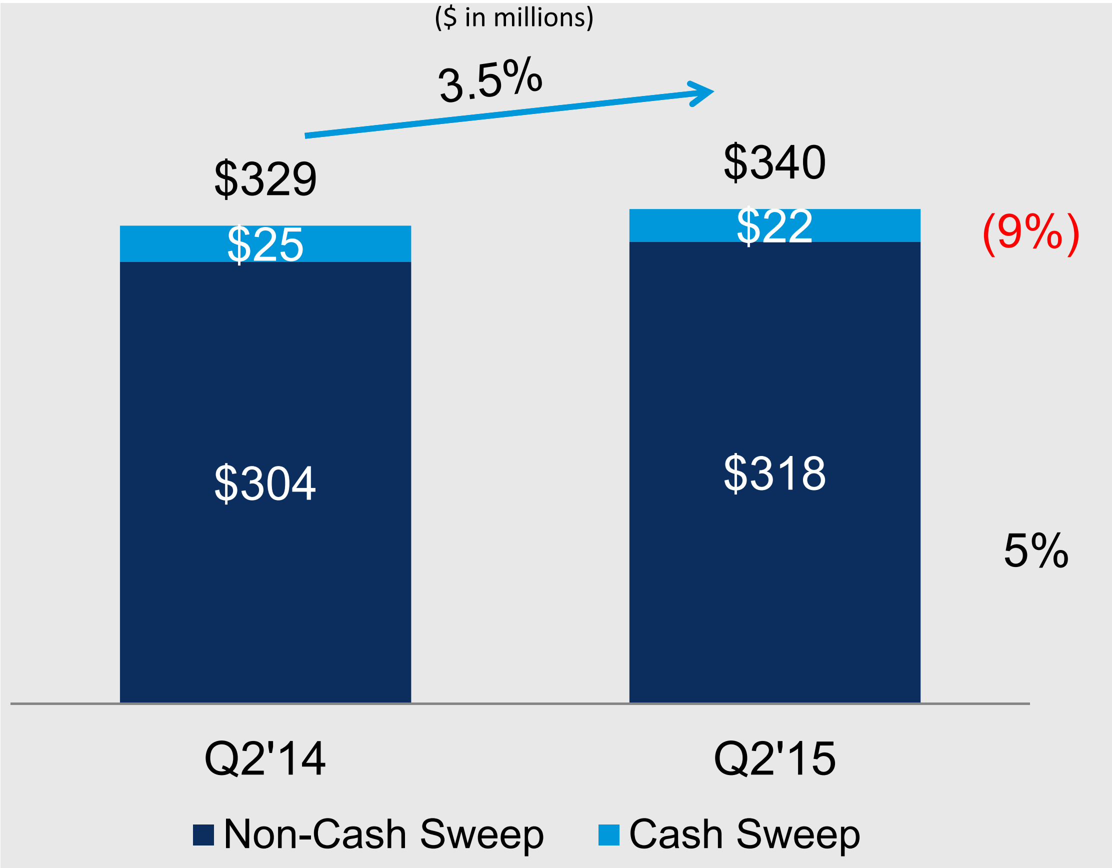


- Hybrid RIA assets grew 36% over the past 12 months driven by recruiting and conversions from the corporate RIA platform

(1) Total brokerage and advisory assets are defined in Footnote 1 on page 19
(2) Corporate assets include both Corporate brokerage and Corporate RIA assets

Asset growth drove gross profit growth of 3.5% vs. a year ago, led by strong attachment revenue growth

Gross Profit

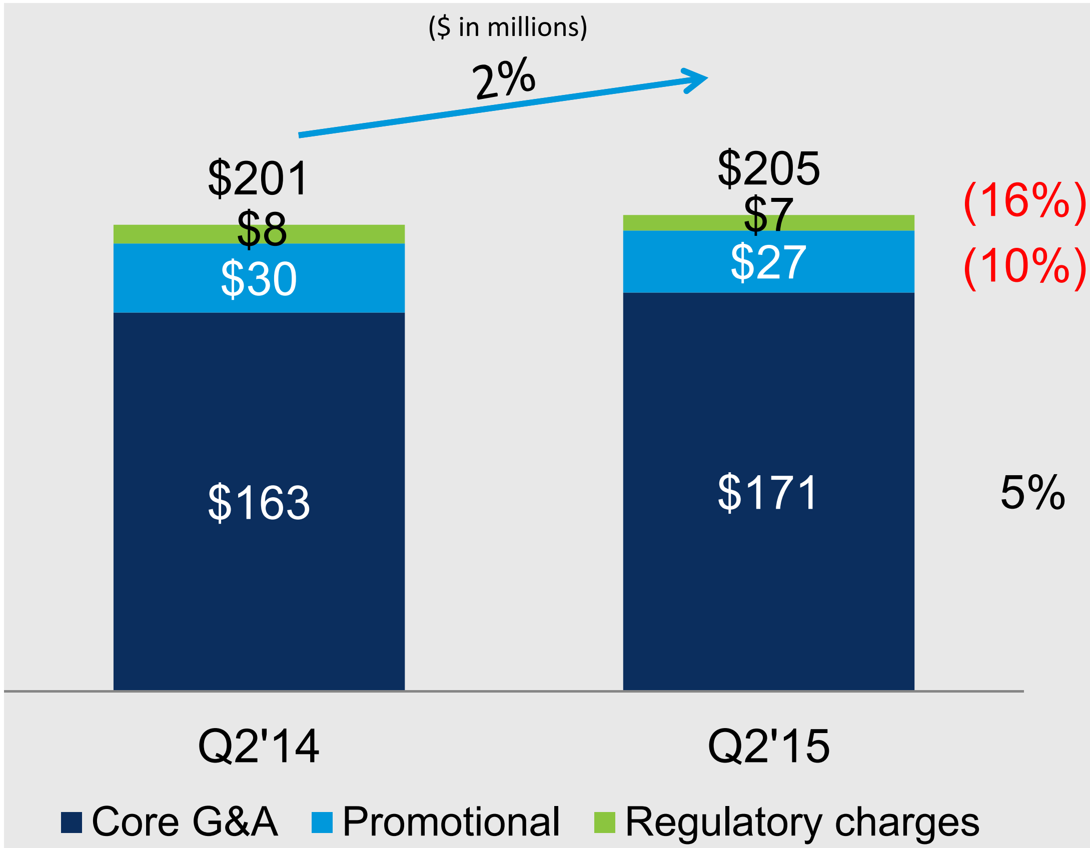


- Excluding cash sweep revenue declines, gross profit grew 4.5% year-over-year, slightly faster than asset growth
  - Asset-based revenue excluding cash sweep revenue is up 9% YOY due to sponsor and omnibus revenue
  - Strong advisory transaction growth helped increase transaction & fee revenue 7% YOY
  - Other revenues declined 34% YOY primarily due to lower marketing allowances from decreased alternative investment sales

Note: Gross Profit is a non-GAAP measure

Second quarter total G&A grew 2% year-over-year, primarily driven by Core G&A growth

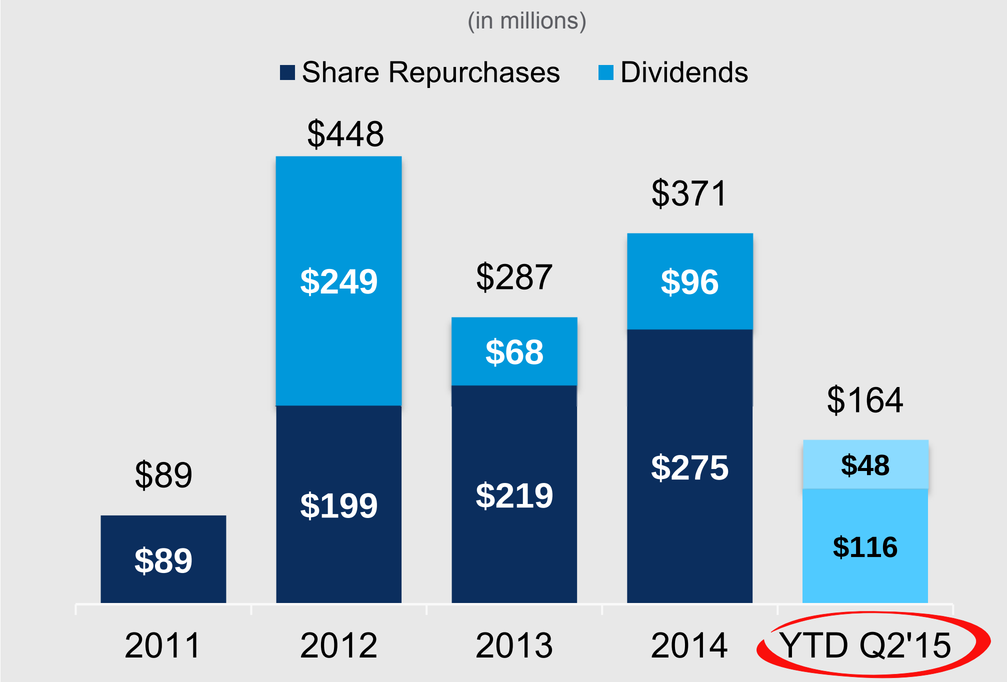
G&A Expense



- Core G&A, excluding regulatory expense, grew 5% YOY, largely driven by the Company's up-weighted investment in compliance. For the year, Core G&A growth remains on track with the Company's 7.5% to 8.5% guidance
- Promotional expense declined 10% due to the timing of conferences. An advisor conference historically held in the second quarter was instead held in Q1'15. All else equal, the Company's largest annual advisor conference held in July 2015 is estimated to contribute a $15 million sequential increase in Q3'15 conference expense
- Regulatory charges decreased by 16% as the Company had lower charges related to the resolution of significant items

LPL's capital-light model continued to support shareholder capital returns

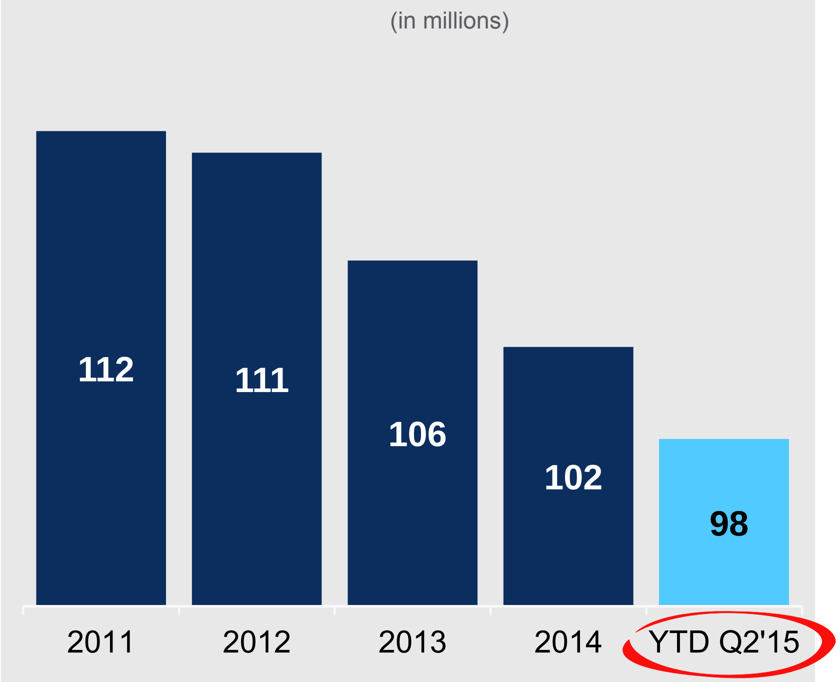
Return of Capital



Return of capital per share				
$0.79	$4.04	$2.71	$3.65	$1.68

2012 includes a special dividend of $223 million

Fully Diluted Shares



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

	Three Month Quarterly Results				
	Q2 2015	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**
REVENUES					
Commission	$ 509,689	$ 523,399	$ 528,355	$ 520,388	$ 535,177
Advisory	344,884	342,112	339,943	340,369	330,394
Asset-based	125,072	120,632	122,101	121,283	118,537
Transaction and fee	97,811	101,695	93,537	94,674	91,625
Other	13,205	21,464	20,332	12,520	16,996
Net revenues	1,090,661	1,109,302	1,104,268	1,089,234	1,092,729
EXPENSES					
Production(1)	750,390	753,988	768,917	758,091	763,991
Compensation and benefits	112,337	112,280	104,370	106,290	104,821
General and administrative	99,457	114,354	99,209	122,056	106,799
Depreciation and amortization	26,732	26,066	26,227	24,519	23,818
Restructuring charges	4,492	3,924	8,179	9,928	9,225
Total operating expenses	993,408	1,010,612	1,006,902	1,020,884	1,008,654
Non-operating interest expense	13,163	14,015	12,887	12,897	12,914
Loss on extinguishment of debt	—	—	3,943	—	—
Total expenses	1,006,571	1,024,627	1,023,732	1,033,781	1,021,568
INCOME BEFORE PROVISION FOR INCOME TAXES	84,090	84,675	80,536	55,453	71,161
PROVISION FOR INCOME TAXES	33,848	33,997	31,991	22,181	28,070
NET INCOME	$ 50,242	$ 50,678	$ 48,545	$ 33,272	$ 43,091
EARNINGS PER SHARE					
Basic	$ 0.52	$ 0.52	$ 0.50	$ 0.33	$ 0.43
Diluted	$ 0.52	$ 0.52	$ 0.49	$ 0.33	$ 0.42
Weighted-average shares outstanding — basic	95,724	96,551	97,853	100,052	100,244
Weighted-average shares outstanding — diluted	97,239	98,227	99,469	101,834	102,029

Continued on following page

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

	Three Month Quarterly Results				
	Q2 2015	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**
FINANCIAL CONDITION					
Total Cash & Cash Equivalents ($ billions)	$ 0.5	$ 0.5	$ 0.4	$ 0.5	$ 0.4
Total Assets ($ billions)	$ 4.0	$ 4.1	$ 4.1	$ 3.9	$ 3.9
Total Debt ($ billions)(2)	$ 1.7	$ 1.6	$ 1.6	$ 1.5	$ 1.5
Stockholders' Equity ($ billions)	$ 0.9	$ 1.0	$ 1.0	$ 1.1	$ 1.1
KEY METRICS					
Advisors	14,130	14,098	14,036	13,910	13,840
Production Payout(1)	86.22%	85.64%	87.12%	86.67%	86.84%
Advisory and Brokerage Assets ($ billions)(3)	$ 485.7	$ 485.4	$ 475.1	$ 464.8	$ 465.4
Advisory Assets Under Custody ($ billions)(3)(4)	$ 186.8	$ 183.7	$ 175.8	$ 169.5	$ 167.3
Net New Advisory Assets ($ billions)(5)	$ 4.3	$ 5.2	$ 4.1	$ 4.8	$ 4.2
Insured Cash Account Balances ($ billions)(6)	$ 17.5	$ 17.7	$ 18.6	$ 16.9	$ 16.1
Money Market Account Balances ($ billions)(6)	$ 6.8	$ 6.9	$ 7.4	$ 7.1	$ 6.7
Adjusted EBITDA(7)	$ 135,401	$ 135,093	$ 137,953	$ 108,878	$ 128,199
Adjusted Earnings(8)	$ 63,238	$ 63,180	$ 66,044	$ 48,773	$ 61,775
Adjusted Earnings per share(8)	$ 0.65	$ 0.64	$ 0.66	$ 0.48	$ 0.61

(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.

(3) Advisory and brokerage assets are comprised of assets that are custodied, networked, and non-networked and reflect market movement in addition to new assets, inclusive of new business development and net of attrition. Insured cash account and money market account balances are also included in advisory and brokerage assets.

(4) Advisory assets under custody are comprised of advisory assets under management in the Company's corporate RIA platform, and Hybrid RIA assets in advisory accounts custodied by the Company.

(5) 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.

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

Continued on following page

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

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
			(unaudited)		
Net income	$ 50,242	$ 50,678	$ 48,545	$ 33,272	$ 43,091
Non-operating interest expense	13,163	14,015	12,887	12,897	12,914
Provision for income taxes	33,848	33,997	31,991	22,181	28,070
Amortization of intangible assets	9,536	9,637	9,822	9,634	9,696
Depreciation and amortization of fixed assets	17,196	16,429	16,405	14,885	14,122
EBITDA	123,985	124,756	119,650	92,869	107,893
EBITDA Adjustments:					
Employee share-based compensation expense(a)	6,805	6,158	5,159	5,550	5,426
Acquisition and integration related expenses(b)	(19)	85	650	(328)	733
Restructuring and conversion costs(c)	4,519	3,888	8,177	9,958	9,377
Debt amendment and extinguishment costs(d)	—	—	4,361	—	—
Other(e)	111	206	(44)	829	4,770
Total EBITDA Adjustments	11,416	10,337	18,303	16,009	20,306
Adjusted EBITDA	$ 135,401	$ 135,093	$ 137,953	$ 108,878	$ 128,199

Continued on following page

(8) 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):

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
			(unaudited)		
Net income	$ 50,242	$ 50,678	$ 48,545	$ 33,272	$ 43,091
After-Tax:					
EBITDA Adjustments(f)					
Employee share-based compensation expense(g)	4,309	4,019	3,397	3,666	3,594
Acquisition and integration related expenses(h)	(11)	52	399	(703)	450
Restructuring and conversion costs	2,775	2,387	5,021	6,114	5,758
Debt amendment and extinguishment costs	—	—	2,678	—	—
Other	68	127	(27)	509	2,929
Total EBITDA Adjustments	7,141	6,585	11,468	9,586	12,731
Amortization of intangible assets(f)	5,855	5,917	6,031	5,915	5,953
Adjusted Earnings	$ 63,238	$ 63,180	$ 66,044	$ 48,773	$ 61,775
Adjusted Earnings per share(i)	$ 0.65	$ 0.64	$ 0.66	$ 0.48	$ 0.61
Weighted-average shares outstanding — diluted	97,239	98,227	99,469	101,834	102,029

(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, that may be required to be made to former shareholders of certain acquired entities.

(c) Represents organizational restructuring charges, conversion, and other related costs resulting from the expansion of the Company's Service Value Commitment initiative. Results for the three months ended March 31, 2015 also include charges related to the restructuring of the business of the Company's subsidiary, Fortigent Holdings Company, Inc. and its subsidiaries.

(d) Represents expenses incurred resulting from the early extinguishment of amounts outstanding under prior senior secured credit facilities, including the accelerated recognition of unamortized debt issuance costs that had no economic benefit, as well as various other charges incurred in connection with the amended senior secured credit facilities.

(e) Results for the second, third, and fourth quarter of 2014 include approximately $3.2 million, $0.6 million, and $0.4 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 building.

(f) 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%, net of the federal tax benefit, for 2015 and 2014, respectively, except as noted in footnotes (g) and (i) in this table.

(g) Includes 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.

Continued on following page

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

(i) 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:

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
			(unaudited)		
Earnings per share — diluted	$ 0.52	$ 0.52	$ 0.49	$ 0.33	$ 0.42
After-Tax:					
EBITDA Adjustments per share	0.07	0.06	0.11	0.09	0.13
Amortization of intangible assets per share	0.06	0.06	0.06	0.06	0.06
Adjusted Earnings per share	$ 0.65	$ 0.64	$ 0.66	$ 0.48	$ 0.61

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q2 2015 Compared to Q2 2014
(Dollars in thousands)
(Unaudited)

	Q2 2015			Q2 2014			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 509,689	$ —	$ 509,689	$ 535,177	$ —	$ 535,177	$ (25,488)	(4.8)%
Advisory	344,884	—	344,884	330,394	—	330,394	14,490	4.4 %
Asset-based	125,072	—	125,072	118,537	—	118,537	6,535	5.5 %
Transaction and fee	97,811	1	97,812	91,625	1	91,626	6,186	6.8 %
Interest income, net of operating interest	5,177	(8)	5,169	4,791	—	4,791	378	7.9 %
Other	8,028	—	8,028	12,205	—	12,205	(4,177)	(34.2)%
Net revenues	1,090,661	(7)	1,090,654	1,092,729	1	1,092,730	(2,076)	(0.2)%
EXPENSES:								
Commission and advisory	736,854	—	736,854	751,662	—	751,662	(14,808)	(2.0)%
Compensation and benefits	112,337	(6,869)	105,468	104,821	(6,065)	98,756	6,712	6.8 %
Promotional	26,684	(1)	26,683	29,729	(1)	29,728	(3,045)	(10.2)%
Depreciation and amortization	26,732	(9,536)	17,196	23,818	(9,696)	14,122	3,074	21.8 %
Occupancy and equipment	21,315	(13)	21,302	21,798	(2,691)	19,107	2,195	11.5 %
Professional services	14,529	(3)	14,526	25,688	(281)	25,407	(10,881)	(42.8)%
Brokerage, clearing, and exchange	13,536	—	13,536	12,329	—	12,329	1,207	9.8 %
Communications and data processing	11,107	—	11,107	10,463	(374)	10,089	1,018	10.1 %
Restructuring charges	4,492	(4,492)	—	9,225	(9,225)	—	—	*
Other	25,822	(45)	25,777	19,121	(1,668)	17,453	8,324	47.7 %
Total operating expenses	993,408	(20,959)	972,449	1,008,654	(30,001)	978,653	(6,204)	(0.6)%
Non-operating interest expense	13,163	—	13,163	12,914	—	12,914	249	1.9 %
Loss on extinguishment of debt	—	—	—	—	—	—	—	*
Total expenses	$ 1,006,571	$ (20,959)	$ 985,612	$ 1,021,568	$ (30,001)	$ 991,567	$ (5,955)	(0.6)%
Regulatory charges(1)			$ 6,743			$ 8,000	$ (1,257)	(15.7)%
Core G&A Expenses, excluding regulatory charges(2)			$ 171,437			$ 162,812	$ 8,625	5.3 %

* Not Meaningful

(1) Regulatory charges is a subset of "Other" expenses that relates to the resolution of regulatory issues (including remediation, restitution, and fines).

(2) Core G&A Expenses, excluding regulatory charges 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 - Q2 2015 Compared to Q1 2015
(Dollars in thousands)
(Unaudited)

	Q2 2015			Q1 2015			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 509,689	$ —	$ 509,689	$ 523,399	$ —	$ 523,399	$ (13,710)	(2.6)%
Advisory	344,884	—	344,884	342,112	—	342,112	2,772	0.8 %
Asset-based	125,072	—	125,072	120,632	—	120,632	4,440	3.7 %
Transaction and fee	97,811	1	97,812	101,695	—	101,695	(3,883)	(3.8)%
Interest income, net of operating interest	5,177	(8)	5,169	4,578	(7)	4,571	598	13.1 %
Other	8,028	—	8,028	16,886	(481)	16,405	(8,377)	(51.1)%
Net revenues	1,090,661	(7)	1,090,654	1,109,302	(488)	1,108,814	(18,160)	(1.6)%
EXPENSES:								
Commission and advisory	736,854	—	736,854	741,247	—	741,247	(4,393)	(0.6)%
Compensation and benefits	112,337	(6,869)	105,468	112,280	(6,503)	105,777	(309)	(0.3)%
Promotional	26,684	(1)	26,683	35,692	—	35,692	(9,009)	(25.2)%
Depreciation and amortization	26,732	(9,536)	17,196	26,066	(9,637)	16,429	767	4.7 %
Occupancy and equipment	21,315	(13)	21,302	20,882	—	20,882	420	2.0 %
Professional services	14,529	(3)	14,526	14,044	(2)	14,042	484	3.4 %
Brokerage, clearing, and exchange	13,536	—	13,536	12,741	—	12,741	795	6.2 %
Communications and data processing	11,107	—	11,107	11,614	—	11,614	(507)	(4.4)%
Restructuring charges	4,492	(4,492)	—	3,924	(3,924)	—	—	*
Other	25,822	(45)	25,777	32,122	(396)	31,726	(5,949)	(18.8)%
Total operating expenses	993,408	(20,959)	972,449	1,010,612	(20,462)	990,150	(17,701)	(1.8)%
Non-operating interest expense	13,163	—	13,163	14,015	—	14,015	(852)	(6.1)%
Loss on extinguishment of debt	—	—	—	—	—	—	—	*
Total expenses	$ 1,006,571	$ (20,959)	$ 985,612	$ 1,024,627	$ (20,462)	$ 1,004,165	$ (18,553)	(1.8)%
Regulatory charges(1)			$ 6,743			$ 10,964	$ (4,221)	(38.5)%
Core G&A Expenses, excluding regulatory charges(2)			$ 171,437			$ 173,077	$ (1,640)	(0.9)%

* Not Meaningful

(1) Regulatory charges is a subset of "Other" expenses that relates to the resolution of regulatory issues (including remediation, restitution, and fines).

(2) Core G&A Expenses, excluding regulatory charges 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 - Year to Date 2015 Compared to Same Period in 2014
(Dollars in thousands)
(unaudited)

	Year to Date 2015			Year to Date 2014			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 1,033,088	$ —	$ 1,033,088	$ 1,069,751	$ —	$ 1,069,751	$ (36,663)	(3.4)%
Advisory	686,996	—	686,996	657,647	—	657,647	29,349	4.5 %
Asset-based	245,704	—	245,704	233,211	—	233,211	12,493	5.4 %
Transaction and fee	199,506	1	199,507	181,610	2	181,612	17,895	9.9 %
Interest income, net of operating interest	9,755	(15)	9,740	9,552	(143)	9,409	331	3.5 %
Other	24,914	(481)	24,433	28,389	(30)	28,359	(3,926)	(13.8)%
Net revenues	2,199,963	(495)	2,199,468	2,180,160	(171)	2,179,989	19,479	0.9 %
EXPENSES:								
Commission and advisory	1,478,101	—	1,478,101	1,496,205	—	1,496,205	(18,104)	(1.2)%
Compensation and benefits	224,617	(13,372)	211,245	211,169	(12,084)	199,085	12,160	6.1 %
Promotional	62,376	(1)	62,375	56,912	(1)	56,911	5,464	9.6 %
Depreciation and amortization	52,798	(19,173)	33,625	46,099	(19,412)	26,687	6,938	26.0 %
Occupancy and equipment	42,197	(13)	42,184	43,879	(7,854)	36,025	6,159	17.1 %
Professional services	28,573	(5)	28,568	44,562	(609)	43,953	(15,385)	(35.0)%
Brokerage, clearing, and exchange	26,277	—	26,277	24,504	—	24,504	1,773	7.2 %
Communications and data processing	22,721	—	22,721	21,122	(429)	20,693	2,028	9.8 %
Restructuring charges	8,416	(8,416)	—	16,545	(16,545)	—	—	*
Other	57,944	(441)	57,503	34,701	(1,764)	32,937	24,566	74.6 %
Total operating expenses	2,004,020	(41,421)	1,962,599	1,995,698	(58,698)	1,937,000	25,599	1.3 %
Non-operating interest expense	27,178	—	27,178	25,754	—	25,754	1,424	5.5 %
Loss on extinguishment of debt	—	—	—	—	—	—	—	*
Total expenses	$ 2,031,198	$ (41,421)	$ 1,989,777	$ 2,021,452	$ (58,698)	$ 1,962,754	$ 27,023	1.4 %
Regulatory charges(1)			$ 17,707			$ 8,700	$ 9,007	103.5 %
Core G&A Expenses, excluding regulatory charges(2)			$ 344,514			$ 323,993	$ 20,521	6.3 %

* Not Meaningful

(1) Regulatory charges is a subset of "Other" expenses that relates to the resolution of regulatory issues (including remediation, restitution, and fines).

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

LPL Financial Holdings Inc.
Management's Discussion of non-GAAP Quarterly Results
(In thousands, except share data)
(Unaudited)

Information on the following two pages contain forward-looking statements and includes the Management's discussion on the Company's non-GAAP quarterly results, and should be read in conjunction with its consolidated financial statements and the Management's Discussion & Analysis included in the Company's Quarterly Report on Form 10-Q. Please also refer to the disclosure under heading "Safe harbor disclosure" on page 1 of this Financial Supplement.

	Q2 2015	Q2 2014	YoY %	Comments on Quarterly Financial Results
	(Includes Pre-Tax Earnings Adjustments)			
REVENUES				
Commission	$ 509,689	$ 535,177	(4.8)%	Overall commissions decreased 4.8% year-over-year as sales-based commissions across products declined 13% and trail-based commissions increased 6%. Fixed and variable annuities sales declined as 10-year treasury yields remain below 3%. Alternative investment sales declined primarily due to the real estate cycle maturing and a lack of liquidity events. Trail commissions, which are recurring, increased primarily from asset price appreciation as well as asset base expansion.
Advisory	344,884	330,394	4.4 %	Advisory fee revenue year-over-year growth of 4.4%, while corporate advisory assets grew 2% year-over-year. This was primarily due to mix shift across advisory platforms.
Production revenues	**$ 854,573**	**$ 865,571**	**(1.3)%**	
Cash sweep revenue	22,553	24,795	(9.0)%	Cash sweep revenue declined as yields on the Company's Insured Cash Account ("ICA") fell 10 basis points over the last twelve months (most significantly due to a 13 bps decline from contract repricing, offset by a gain of 4 bps in the average Federal Funds Effective Rate). At the end of the second quarter of 2015, cash balances were $24.3 billion ($17.5 billion in ICA and $6.8 million in Money Market), up 7% year-over-year but down 2% sequentially just as balances were down sequentially in the second quarter of 2014.
Non-cash Asset-based	102,519	93,742	9.4 %	The growth in asset-based fees of 9.4% was primarily driven by asset growth and pricing improvements. Continued conversions to the Company's omnibus processing services provided modest upside.
Transaction and fee	97,812	91,626	6.8 %	Transaction revenue growth was driven by increased volumes in advisory accounts given the growth of the Company's advisory business. Fee revenue grew as the Company continued to see the benefit from its home office supervision fee offset by the decrease in conference revenue due to the timing of advisor conferences. The Company expects third quarter conference revenue to increase approximately $5 million sequentially related to Focus, its national advisor conference that occurred in the third quarter.
Other	13,197	16,996	(22.4)%	Other revenue declined 22.4% primarily due to a decrease in alternative investment marketing allowances consistent with lower sales of alternative investments.
Net revenues	**$ 1,090,654**	**$ 1,092,730**	**(0.2)%**	
Production expense	750,390	763,991	(1.8)%	Production expense is the product of total GDC (discussed above) and payout rate (discussed below).
Gross profit (1)	**$ 340,264**	**$ 328,739**	**3.5 %**	
Payout rate	*86.22%*	*86.84%*	(0.62)%	Payout rate decreased by 62 basis points year-over-year. The greatest factor contributing to a decrease in year-over-year payout was the base payout declining by 58 bps due to increased mix of advisory and hybrid RIA assets. Non-GDC payout also declined with the mark-to-market of advisor deferred compensation.

Continued on following page

LPL Financial Holdings Inc.
Management's Discussion of non-GAAP Quarterly Results
(In thousands, except per share data)
(Unaudited)

	Q2 2015	Q2 2014	YoY %	Comments on Quarterly Financial Results
	(Includes Pre-Tax Earnings Adjustments)			
EXPENSES				
Core G&A (excluding regulatory charges)	$ 171,437	$ 162,812	5.3 %	For 2015, the Company expects an increase in Core G&A of 7.5%-8.5%. In the second quarter Core G&A grew 5.3% and by 6.3% for the first half of the year. The Company expects the Core G&A growth rate in the second half of 2015 to be higher compared to the prior year as it completes legal and compliance hiring and has full funding for its bonus pool rather than the reduced level in 2014.
Regulatory charges	6,743	8,000	(15.7)%	As of June 30, 2015, the Company had lower charges related to the resolution of significant items.
Promotional G&A	26,683	29,728	(10.2)%	Promotional expenses decreased 10.2%, primarily due to the timing of major advisor conferences. There were no major conferences in the second quarter of 2015, though there was a major conference in the second quarter of 2014. The Company expects promotional expense to increase approximately $15 million sequentially related to its Focus national advisor conference held in the third quarter.
Total G&A	**$ 204,863**	**$ 200,540**	**2.2 %**	
Adjusted EBITDA (2)	**$ 135,401**	**$ 128,199**	**5.6 %**	

(1) Gross Profit is a non-GAAP measure.

(2) Adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per Share are non-GAAP measures. See the GAAP to non-GAAP reconciliation on pages 10-12.

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

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Seq Growth	YoY Growth
Advisory and Brokerage Assets							
Advisory	$ 186.8	$ 183.7	$ 175.8	$ 169.5	$ 167.3	1.7%	11.7%
Brokerage	298.9	301.7	299.3	295.3	298.1	(0.9%)	0.3%
Total Advisory and Brokerage Assets(1)	**$ 485.7**	**$ 485.4**	**$ 475.1**	**$ 464.8**	**$ 465.4**	**0.1%**	**4.4%**
Advisory % of Total Assets	*38.5%*	*37.8%*	*37.0%*	*36.5%*	*35.9%*	*n/a*	*n/a*
Brokerage Assets Associated with Hybrid RIAs	$ 51.1	$ 48.1	$ 43.8	$ 41.0	$ 38.7	6.2%	32.0%
Hybrid RIA Firm Advisory Assets	60.5	56.7	50.7	46.4	43.1	6.7%	40.4%
Total Hybrid RIA Assets(2)	**$ 111.6**	**$ 104.8**	**$ 94.5**	**$ 87.4**	**$ 81.8**	**6.5%**	**36.4%**
Net New Advisory Assets(3)	$ 4.3	$ 5.2	$ 4.1	$ 4.8	$ 4.2	(17.3%)	2.4%
Annualized Growth(4)	**9%**	**11%**	**9%**	**11%**	**10%**	**n/a**	**n/a**
Insured Cash Account	$ 17.5	$ 17.7	$ 18.6	$ 16.9	$ 16.1	(1.1%)	8.7%
Money Market Funds	6.8	6.9	7.4	7.1	6.7	(1.4%)	1.5%
Total Cash Sweep Assets (EOP)	**$ 24.3**	**$ 24.6**	**$ 26.0**	**$ 24.0**	**$ 22.8**	**(1.2%)**	**6.6%**
% of total Advisory and Brokerage Assets	*5.0%*	*5.1%*	*5.5%*	*5.2%*	*4.9%*	*(10 bps)*	*10 bps*
Insured Cash Account Fee - bps	48	45	55	58	58	3 bps	(10 bps)
Money Market Fee - bps	9	8	7	7	7	1 bps	2 bps
Cash Sweep Fee - bps	**37**	**35**	**41**	**43**	**43**	**2 bps**	**(6 bps)**
Weighted FFE Daily Average Fee - bps	13	11	10	9	9	2 bps	4 bps
Advisors							
Advisors	14,130	14,098	14,036	13,910	13,840	0.2%	2.1%
Annualized commissions revenue per Advisor ($ thousands)(5)(6)	$ 144	$ 149	$ 151	$ 150	$ 155	(3.4%)	(7.1%)
Annualized GDC per Advisor ($ thousands)(5)(6)	$ 242	$ 246	$ 249	$ 248	$ 251	(1.6%)	(3.6%)
Net New Advisors	32	62	126	70	114	(48.4%)	(71.9%)
Custom Clearing Services Subscribers(7)	4,281	4,304	4,358	4,407	4,444	(0.5%)	(3.7%)

Continued on following page

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

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Seq Growth	YoY Growth
Payout Rate (8)							
Base Payout Rate	83.43%	83.45%	83.36%	83.50 %	84.01%	(2 bps)	(58 bps)
Production Based Bonuses	2.56%	1.80%	3.64%	3.18 %	2.64%	76 bps	(8 bps)
GDC Sensitive Payout	**85.99%**	**85.25%**	**87.00%**	**86.68 %**	**86.65%**	**74 bps**	**(66 bps)**
Non-GDC Sensitive Payout(9)	0.23%	0.39%	0.12%	(0.01)%	0.19%	(16 bps)	4 bps
Total Payout Ratio	**86.22%**	**85.64%**	**87.12%**	**86.67 %**	**86.84%**	**58 bps**	**(62 bps)**
Production Based Bonuses Ratio (Trailing Twelve Months)	2.8%	2.8%	2.8%	2.7 %	2.7%	— bps	10 bps
G&A Expenses ($ millions)							
Core G&A(10)	$ 178.2	$ 184.0	$ 166.3	$ 185.6	$ 170.8	(3.2%)	4.3%
Core G&A, excluding regulatory charges(11)	$ 171.4	$ 173.1	$ 161.4	$ 162.9	$ 162.8	(1.0%)	5.3%
Noncash Transition Assistance(12)	$ 9.3	$ 8.6	$ 8.0	$ 8.0	$ 7.2	8.1%	29.2%
Metrics							
Advisory Revenue as a percentage of Advisory Assets, excluding Hybrid RIA assets(13)	1.1%	1.1%	1.1%	1.1 %	1.1%	—%	—%
Production Retention Rate (YTD Annualized)(14)	96.7%	97.0%	96.9%	97.0 %	96.8%	(0.3%)	(0.1%)
Attachment Rate, excluding Cash Sweep Revenue (15)	25.0%	25.7%	24.2%	23.6 %	23.4%	(2.7%)	6.8%
Recurring Revenue Rate	71.7%	69.2%	68.9%	70.2 %	67.6%	3.6%	6.1%
Adjusted EBITDA / Gross Profit	39.8%	38.0%	41.1%	32.9 %	39.0%	4.7%	2.1%
Annualized Gross Profit / Total Advisory and Brokerage Assets	0.28%	0.29%	0.28%	0.28 %	0.28%	(1 bps)	— bps
Employees - period end	3,385	3,352	3,384	3,397	3,374	1.0%	0.3%
Cash available for corporate use (millions)(16)	$ 219	$ 238	$ 205	$ 200	$ 205	(8.0%)	6.8%
Capital Allocation per Share(17)	$ 1.13	$ 0.55	$ 1.49	$ 0.48	$ 0.48	n/a	n/a

(1) Advisory and brokerage assets are comprised of assets that are custodied, networked, and non-networked and reflect market movement in addition to new assets, inclusive of new business development and net of attrition. Insured cash account and money market account balances are also included in advisory and brokerage assets.

(2) Total Hybrid RIA assets are composed of assets managed or serviced by advisors associated with a Hybrid RIA firm that are custodied, networked, and non-networked, and reflect market movement in addition to new assets, inclusive of new business development and net of attrition.

(3) 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.

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

(5) A simple average advisor count is used to calculate "per advisor" metrics by taking the average advisor count from the current period and sequential period.

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

(7) Custom Clearing Services subscribers are financial advisors who are affiliated and licensed with insurance companies through customized clearing services, advisory platforms, and technology solutions.

(8) Our production payout ratio is calculated as production expenses, excluding brokerage, clearing, and exchange fees, divided by GDC.

(9) 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.

(10) Core G&A Expenses are 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.

(11) Regulatory charges relate to the resolution of regulatory issues (including remediation, restitution, and fines).

(12) 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.

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

(14) 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.

(15) 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.

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

(17) Capital allocation per share equals the amount of capital allocated for share repurchases and cash dividends over the diluted weighted average shares outstanding.

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

The following table reflects the approximate annual impact to asset-based revenues on the Company's insured cash programs of an upward or downward change in short-term interest rates of one basis point. The impact assumes that advisors' clients' balances at June 30, 2015 remain unchanged:

Federal Reserve Effective Federal Funds Rate ("FFER")	Annualized Increase or Decrease in Asset-Based Revenues per One Basis Point Change
0.00% - 0.25%	$ 1,800
0.26% - 1.25%	$ 900
1.26% - 2.70%	$ 800

Example: Assuming the FFER is 0.10% and increases by 0.25% to 0.35%, the Company would benefit from an annualized increase of $36 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 cash asset level allocations as of June 30, 2015.

The Company believes it can achieve fees of approximately 185 basis points on the balances in its Insured Cash Account ("ICA") program when the FFER is normalized. Currently, based on the Company's balances and contract arrangements with third parties as of June 30, 2015, normalized FFER would need to be approximately 2.70% 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 $270 million in incremental revenue and income before taxes based on cash sweep balances as of June 30, 2015. 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 the ICA program as of June 30, 2015:

Maturity Year	Number of Banks	Cash Assets Represented	Percentage of Total ICA Cash Balances
2015	3	$ 2.3	13.2%
2016	15	$ 7.8	44.8%
2017	5	$ 0.5	2.9%
2018-2019	5	$ 6.8	39.1%
Total	28	$ 17.4	100.0%

Note: The Company's contracts with banks that participate in the ICA program mature regularly and are often renegotiated. The Company 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 June 30, 2015. 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 the Company, other relationships with banks are administered through third parties. Accordingly, the information presented above includes data provided to the Company from third parties that we have not independently verified.