LPL Financial

Financial Supplement

Second Quarter 2013

July 31, 2013

Safe harbor disclosure

Statements in this presentation regarding the Company's future financial and operating results, plans, strategies, goals, Service Value Commitment ("SVC"), including statements regarding projected costs, projected savings, projected expenses, future efficiency gains and future service and technology improvements, future growth and insured cash account portfolio, including future contract 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 July 31, 2013. 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: finalization and execution of the Company's plans related to the SVC, including the Company's ability to successfully transform and transition business processes to third party service providers; the Company's success in negotiating and developing commercial arrangements with third party service providers that will enable the Company to realize the service improvements and efficiencies expected to result from the SVC; the performance of third party service providers to which business processes are transitioned from the Company; the Company's ability to control operating risks, information technology systems risks and sourcing risks; changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of assets under custody; 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 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 self-regulatory organizations; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2012 Annual Report on Form 10-K. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after July 31, 2013, 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
(Dollars in thousands, except per share data and where noted)
(Unaudited)

	Three Month Quarterly Results				
	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
REVENUES					
Commission	$ 508,399	$ 485,572	$ 467,492	$ 442,129	$ 447,243
Advisory	298,094	281,226	275,983	267,334	268,192
Asset-based	107,505	103,766	103,018	100,024	102,784
Transaction and other	88,631	89,378	83,362	84,730	78,894
Other	16,291	14,854	14,389	13,011	10,730
Net revenues	1,018,920	974,796	944,244	907,228	907,843
EXPENSES					
Production(1)	713,115	669,723	661,691	630,103	630,136
Compensation and benefits	98,227	98,780	89,350	91,309	93,034
General and administrative	84,470	77,771	99,071	99,118	84,457
Depreciation and amortization	20,245	19,774	18,786	18,423	17,412
Restructuring charges	7,332	6,037	635	1,211	2,057
Total operating expenses	923,389	872,085	869,533	840,164	827,096
Non-operating interest expense	12,667	12,160	12,529	12,826	13,439
Loss on extinguishment of debt	7,962	—	—	—	—
Total expenses	944,018	884,245	882,062	852,990	840,535
INCOME BEFORE PROVISION FOR INCOME TAXES	74,902	90,551	62,182	54,238	67,308
PROVISION FOR INCOME TAXES	29,811	35,834	25,244	19,939	27,806
NET INCOME	$ 45,091	$ 54,717	$ 36,938	$ 34,299	$ 39,502
EARNINGS PER SHARE					
Basic	$ 0.42	$ 0.51	$ 0.34	$ 0.31	$ 0.36
Diluted	$ 0.42	$ 0.51	$ 0.34	$ 0.31	$ 0.35

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

	Three Month Quarterly Results				
	Q2 2013	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**
FINANCIAL CONDITION					
Total Cash & Cash Equivalents (billions)	$ 0.6	$ 0.4	$ 0.5	$ 0.4	$ 0.5
Total Assets (billions)	$ 3.9	$ 3.8	$ 4.0	$ 3.7	$ 3.6
Total Debt (billions)(2)	$ 1.5	$ 1.3	$ 1.3	$ 1.3	$ 1.3
Stockholders' Equity (billions)	$ 1.2	$ 1.2	$ 1.1	$ 1.2	$ 1.2
KEY METRICS					
Advisors	13,409	13,377	13,352	13,170	13,185
Production Payout(1)	87.0%	86.0%	87.7%	87.4%	86.7%
Advisory and Brokerage Assets (billions)	$ 396.7	$ 394.0	$ 373.3	$ 371.4	$ 353.0
Advisory Assets Under Management (billions)	$ 132.4	$ 130.2	$ 122.1	$ 118.6	$ 111.4
Net New Advisory Assets (billions)(3)	$ 3.7	$ 3.0	$ 2.7	$ 2.9	$ 2.8
Insured Cash Account Balances (billions)(4)	$ 16.9	$ 15.6	$ 16.3	$ 14.2	$ 14.6
Money Market Account Balances (billions)(4)	$ 8.7	$ 7.5	$ 8.4	$ 7.4	$ 8.5
Adjusted EBITDA(5)	$ 131,045	$ 135,920	$ 109,948	$ 108,000	$ 111,579
Adjusted Earnings(5)	$ 65,883	$ 68,143	$ 53,858	$ 52,999	$ 54,973
Adjusted Earnings per share(5)	$ 0.61	$ 0.64	$ 0.50	$ 0.47	$ 0.49

(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, revolving line of credit and bank loans payable.

(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 the three month periods then ended.

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

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

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
			(unaudited)		
Net income	$ 45,091	$ 54,717	$ 36,938	$ 34,299	$ 39,502
Interest expense	12,667	12,160	12,529	12,826	13,439
Income tax expense	29,811	35,834	25,244	19,939	27,806
Amortization of intangible assets(a)	9,768	9,776	9,791	9,971	9,948
Depreciation and amortization of fixed assets	10,477	9,998	8,995	8,452	7,464
EBITDA	107,814	122,485	93,497	85,487	98,159
EBITDA Adjustments:					
Employee share-based compensation expense(b)	4,486	3,962	3,769	4,439	5,176
Acquisition and integration related expenses(c)	3,282	444	3,032	10,528	5,056
Restructuring and conversion costs(d)	7,322	6,263	755	1,217	2,164
Debt extinguishment costs(e)	7,968	—	—	—	109
Equity issuance and offering related costs(f)	—	—	—	4,040	446
Other(g)	173	2,766	8,895	2,289	469
Total EBITDA Adjustments	23,231	13,435	16,451	22,513	13,420
Adjusted EBITDA	$ 131,045	$ 135,920	$ 109,948	$ 108,000	$ 111,579

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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):

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
			(unaudited)		
Net income	$ 45,091	$ 54,717	$ 36,938	$ 34,299	$ 39,502
After-Tax:					
EBITDA Adjustments(h)					
Employee share-based compensation expense(i)	3,200	2,902	2,831	3,357	3,806
Acquisition and integration related expenses(j)	2,025	(1,079)	2,092	4,307	3,561
Restructuring and conversion costs	4,518	3,864	466	751	1,335
Debt extinguishment costs	4,916	—	—	—	67
Equity issuance and offering related costs(k)	—	—	—	3,986	275
Other	106	1,707	5,490	1,412	289
Total EBITDA Adjustments	14,765	7,394	10,879	13,813	9,333
Amortization of intangible assets(h)	6,027	6,032	6,041	6,152	6,138
Acquisition related benefit for a net operating loss carry-forward(l)	—	—	—	(1,265)	—
Adjusted Earnings	$ 65,883	$ 68,143	$ 53,858	$ 52,999	$ 54,973
Adjusted Earnings per share(m)	$ 0.61	$ 0.64	$ 0.50	$ 0.47	$ 0.49
Weighted average shares outstanding — diluted	107,695	107,297	108,644	111,877	112,834

(a) Represents amortization of intangible assets as a result of the Company's purchase accounting adjustments from its 2005 merger transaction, as well as various acquisitions.

(b) Represents share-based compensation for equity awards granted to employees, officers and directors. Such awards are measured based on the grant-date fair value 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. During the second quarter of 2013 and the fourth and third quarter of 2012, approximately $2.2 million, $1.5 million and $9.2 million, respectively, were recognized as charges against earnings due to net increases in the estimated fair value of contingent consideration. During the first quarter of 2013, approximately $1.0 million was recognized in earnings due to a net decrease in the estimated fair value of contingent consideration.

(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 and the 2009 consolidation of the Affiliated Entities. As of June 30, 2013, the Company recognized approximately 19% of costs related to the expansion of the Service Value Commitment, which is expected to be completed in 2015. As of June 30, 2013, approximately 91% and 99% of costs related to the 2011 consolidation of UVEST and the 2009 consolidation of the Affiliated Entities, respectively, have been recognized. The remaining costs from the 2011 consolidation of UVEST and the 2009 consolidation of the Affiliated Entities largely consist of the amortization of transition payments that have been made in connection with these two consolidations for the retention of advisors and financial institutions that are expected to be recognized into earnings by December 2014.

(e) Represents expenses incurred resulting from the early extinguishment and repayment of amounts outstanding under prior senior secured credit facilities, including the write-off of $8.0 million of unamortized debt issuance costs that had no future economic benefit in the second quarter of 2013, as well as various other charges incurred in connection with the repayment of prior senior secured credit facilities and the establishment of the current senior secured credit facilities.

(f) Represents equity issuance and offering costs related to the closing of a secondary offering in the second quarter of 2012. In addition, results for the three months ended September 30, 2012 include a charge relating to the late deposit of withholding taxes related to the exercise of certain non-qualified stock options in connection with the Company's 2010 initial public offering.

(g) Generally, represents certain excise and other taxes. Results for the three months ended March 31, 2013 include $2.7 million of severance and termination benefits related to a change in management structure that have been excluded from the presentation of Adjusted EBITDA. Results for the three months ended December 31, 2012 and September 30, 2012, include $4.7 million and $2.3 million, respectively, for consulting services and technology development aimed at enhancing the Company's performance in support of its advisors while creating operating efficiencies. During the three months ended March 31, 2013 and December 31, 2012, the Company recorded asset impairment charges of $0.8 million and $4.0 million, respectively, for certain fixed assets related to internally developed software that were determined to have no estimated fair value.

(h) Generally, EBITDA Adjustments and amortization of intangible assets have been tax effected using a federal rate of 35% and the applicable effective state rate, which was 3.30%, net of the federal tax benefit, for the periods presented, except as noted in Notes (i), (j) and (k) in this table.

(i) Represents the after-tax expense of non-qualified stock options for which the Company receives a tax deduction upon exercise, restricted stock awards for which the Company receives a tax deduction upon vesting, shares awarded to employees under the ESPP for which the Company receives a tax deduction, and the full expense impact of incentive stock options granted to employees that have vested and 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 $1.1 million, $1.2 million, $1.3 million, $1.6 million and $1.6 million for the three months ended June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively.

(j) Represents the after-tax expense of acquisition and related costs for which the Company receives a tax deduction. The three months ended March 31, 2013 and September 30, 2012 include $3.8 million and $5.7 million reductions of expense, respectively, related to the estimated fair value of contingent consideration for the stock acquisition of Concord Capital Partners, Inc. ("Concord"), that is not deductible for tax purposes.

(k) Represents the after-tax expense of equity issuance and offering costs related to the closing of a secondary offering in the second quarter of 2012. Results for the three months ended September 30, 2012 include the full expense impact of a charge relating to the late deposit of withholding taxes related to the exercise of certain non-qualified stock options in connection with the Company's 2010 initial public offering, that is not deductible for tax purposes.

(l) Represents the expected tax benefit available to the Company from the accumulated net operating losses of Concord that arose prior to its acquisition by the Company; such benefits were recorded in the third quarter of 2012.

(m) 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 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
			(unaudited)		
Earnings per share — diluted	$ 0.42	$ 0.51	$ 0.34	$ 0.31	$ 0.35
After-Tax:					
EBITDA Adjustments per share	0.14	0.07	0.10	0.12	0.08
Amortization of intangible assets per share	0.05	0.06	0.06	0.05	0.06
Acquisition related benefit for a net operating loss carry-forward per share	—	—	—	(0.01)	—
Adjusted Earnings per share	$ 0.61	$ 0.64	$ 0.50	$ 0.47	$ 0.49

LPL Financial Holdings Inc.
EBITDA Adjustments - Q2 2013 Compared to Q2 2012
(Dollars in thousands)
(unaudited)

	Q2 2013			Q2 2012			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 508,399	$ —	$ 508,399	$ 447,243	$ —	$ 447,243	$ 61,156	13.7 %
Advisory	298,094	—	298,094	268,192	—	268,192	29,902	11.1 %
Asset-based	107,505	—	107,505	102,784	—	102,784	4,721	4.6 %
Transaction and other	88,631	1	88,632	78,894	123	79,017	9,615	12.2 %
Interest income, net of operating interest	4,426	—	4,426	4,800	—	4,800	(374)	(7.8)%
Other	11,865	—	11,865	5,930	—	5,930	5,935	100.1 %
Net revenues	1,018,920	1	1,018,921	907,843	123	907,966	110,955	12.2 %
EXPENSES:								
Commission and advisory	701,687	—	701,687	620,582	—	620,582	81,105	13.1 %
Compensation and benefits	98,227	(4,946)	93,281	93,034	(8,406)	84,628	8,653	10.2 %
Promotional	24,804	(25)	24,779	26,122	(48)	26,074	(1,295)	(5.0)%
Depreciation and amortization	20,245	—	20,245	17,412	—	17,412	2,833	16.3 %
Occupancy and equipment	16,283	(10)	16,273	14,007	(45)	13,962	2,311	16.6 %
Professional services	14,123	(579)	13,544	18,199	(1,937)	16,262	(2,718)	(16.7)%
Brokerage, clearing and exchange	11,428	—	11,428	9,554	—	9,554	1,874	19.6 %
Communications and data processing	10,892	(10)	10,882	9,797	—	9,797	1,085	11.1 %
Regulatory fees and other	7,686	—	7,686	6,891	—	6,891	795	11.5 %
Restructuring charges	7,332	(7,327)	5	2,057	(2,056)	1	4	*
Other expense	10,682	(2,371)	8,311	9,441	(805)	8,636	(325)	(3.8)%
Total operating expenses	923,389	(15,268)	908,121	827,096	(13,297)	813,799	94,322	11.6 %
Non-operating interest expense	12,667	—	12,667	13,439	—	13,439	(772)	(5.7)%
Loss on extinguishment of debt	7,962	(7,962)	—	—	—	—	—	*
Total expenses	$ 944,018	$ (23,230)	$ 920,788	$ 840,535	$ (13,297)	$ 827,238	$ 93,550	11.3 %

* Not Meaningful

LPL Financial Holdings Inc.
EBITDA Adjustments - Q2 2013 Compared to Q1 2013
(Dollars in thousands)
(unaudited)

	Q2 2013			**Q1 2013**			**Increase (Decrease)**	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	**$**	**%**
REVENUES:								
Commission	$ 508,399	$ —	$ 508,399	$ 485,572	$ —	$ 485,572	$ 22,827	4.7 %
Advisory	298,094	—	298,094	281,226	—	281,226	16,868	6.0 %
Asset-based	107,505	—	107,505	103,766	—	103,766	3,739	3.6 %
Transaction and other	88,631	1	88,632	89,378	—	89,378	(746)	(0.8)%
Interest income, net of operating interest	4,426	—	4,426	4,408	—	4,408	18	0.4 %
Other	11,865	—	11,865	10,446	—	10,446	1,419	13.6 %
Net revenues	1,018,920	1	1,018,921	974,796	—	974,796	44,125	4.5 %
EXPENSES:								
Commission and advisory	701,687	—	701,687	659,553	—	659,553	42,134	6.4 %
Compensation and benefits	98,227	(4,946)	93,281	98,780	(7,995)	90,785	2,496	2.7 %
Promotional	24,804	(25)	24,779	23,665	(25)	23,640	1,139	4.8 %
Depreciation and amortization	20,245	—	20,245	19,774	—	19,774	471	2.4 %
Occupancy and equipment	16,283	(10)	16,273	16,798	(76)	16,722	(449)	(2.7)%
Professional services	14,123	(579)	13,544	14,510	(183)	14,327	(783)	(5.5)%
Brokerage, clearing and exchange	11,428	—	11,428	10,170	—	10,170	1,258	12.4 %
Communications and data processing	10,892	(10)	10,882	9,492	(4)	9,488	1,394	14.7 %
Regulatory fees and other	7,686	—	7,686	7,419	—	7,419	267	3.6 %
Restructuring charges	7,332	(7,327)	5	6,037	(6,021)	16	(11)	(68.8)%
Other expense	10,682	(2,371)	8,311	5,887	869	6,756	1,555	23.0 %
Total operating expenses	923,389	(15,268)	908,121	872,085	(13,435)	858,650	49,471	5.8 %
Non-operating interest expense	12,667	—	12,667	12,160	—	12,160	507	4.2 %
Loss on extinguishment of debt	7,962	(7,962)	—	—	—	—	—	*
Total expenses	$ 944,018	$ (23,230)	$ 920,788	$ 884,245	$ (13,435)	$ 870,810	$ 49,978	5.7 %

* Not Meaningful

LPL Financial Holdings Inc.
EBITDA Adjustments - Year to Date 2013 Compared to Year to Date 2012
(Dollars in thousands)
(unaudited)

	YTD 2013			YTD 2012			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 993,971	$ —	$ 993,971	$ 910,896	$ —	$ 910,896	$ 83,075	9.1 %
Advisory	579,320	—	579,320	519,173	—	519,173	60,147	11.6 %
Asset-based	211,271	—	211,271	200,025	—	200,025	11,246	5.6 %
Transaction and other	178,009	1	178,010	153,466	383	153,849	24,161	15.7 %
Interest income, net of operating interest	8,834	—	8,834	9,510	—	9,510	(676)	(7.1)%
Other	22,311	—	22,311	16,546	—	16,546	5,765	34.8 %
Net revenues	1,993,716	1	1,993,717	1,809,616	383	1,809,999	183,718	10.2 %
EXPENSES:								
Commission and advisory	1,361,240	—	1,361,240	1,237,974	—	1,237,974	123,266	10.0 %
Compensation and benefits	197,007	(12,941)	184,066	182,046	(12,918)	169,128	14,938	8.8 %
Promotional	48,469	(50)	48,419	42,953	(94)	42,859	5,560	13.0 %
Depreciation and amortization	40,019	—	40,019	34,587	—	34,587	5,432	15.7 %
Occupancy and equipment	33,081	(86)	32,995	28,504	(47)	28,457	4,538	15.9 %
Professional services	28,633	(762)	27,871	31,320	(3,086)	28,234	(363)	(1.3)%
Brokerage, clearing and exchange	21,598	—	21,598	19,069	—	19,069	2,529	13.3 %
Communications and data processing	20,384	(14)	20,370	18,696	—	18,696	1,674	9.0 %
Regulatory fees and other	15,105	—	15,105	14,437	—	14,437	668	4.6 %
Restructuring charges	13,369	(13,348)	21	3,751	(3,765)	(14)	35	(250.0)%
Other expense	16,569	(1,502)	15,067	16,113	(1,488)	14,625	442	*
Total operating expenses	1,795,474	(28,703)	1,766,771	1,629,450	(21,398)	1,608,052	158,719	9.9 %
Non-operating interest expense	24,827	—	24,827	29,471	—	29,471	(4,644)	(15.8)%
Loss on extinguishment of debt	7,962	(7,962)	—	16,524	(16,524)	—	—	*
Total expenses	$ 1,828,263	$ (36,665)	$ 1,791,598	$ 1,675,445	$ (37,922)	$ 1,637,523	$ 154,075	9.4 %

* Not Meaningful

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

	Q2'13	Q1'13	Q4'12	Q3'12	Q2'12	Seq Growth	YoY Growth
Brokerage and Advisory Assets Under Custody							
Brokerage	$ 264.3	$ 263.8	$ 251.2	$ 252.8	$ 241.6	0.2%	9.4%
Advisory	132.4	130.2	122.1	118.6	111.4	1.7%	18.9%
Total Assets Under Custody	**$ 396.7**	**$ 394.0**	**$ 373.3**	**$ 371.4**	**$ 353.0**	**0.7%**	**12.4%**
Advisory % of Total	*33.4%*	*33.0%*	*32.7%*	*31.9%*	*31.6%*	*n/a*	*n/a*
Brokerage Assets Associated with Independent RIAs	$ 23.8	$ 22.6	$ 19.5	$ 16.8	$ 14.2	5.3%	67.6%
Independent RIA Firm Advisory Assets	26.0	24.1	21.4	18.6	15.7	7.9%	65.6%
Total Independent RIA Firm Assets Under Custody	**$ 49.8**	**$ 46.7**	**$ 40.9**	**$ 35.4**	**$ 29.9**	**6.6%**	**66.6%**
Net New Advisory Assets(1)	$ 3.7	$ 3.0	$ 2.7	$ 2.9	$ 2.8	n/a	n/a
Annualized Growth(2)	**11%**	**9%**	**9%**	**10%**	**10%**	**n/a**	**n/a**
Insured Cash Account	$ 16.9	$ 15.6	$ 16.3	$ 14.2	$ 14.6	8.3%	15.8%
Money Market Funds	8.7	7.5	8.4	7.4	8.5	16.0%	2.4%
Total Cash Sweep Assets (EOP)	**$ 25.6**	**$ 23.1**	**$ 24.7**	**$ 21.6**	**$ 23.1**	**10.8%**	**10.8%**
% of total Assets Under Custody	*6.5%*	*5.9%*	*6.6%*	*5.8%*	*6.5%*	*60 bps*	—
Insured Cash Account Fee - bps	76	78	87	88	89	(2 bps)	(13 bps)
Money Market Fee - bps	7	7	13	12	12	—	(5 bps)
Cash Sweep Fee - bps	**54**	**54**	**61**	**61**	**61**	**—**	**(7 bps)**
Weighted FFE Daily Average Fee - bps	12	14	16	14	15	(2 bps)	(3 bps)
Advisors							
Advisors	13,409	13,377	13,352	13,170	13,185	0.2%	1.7%
Annualized commissions per Advisor ($ thousands)(3)	$ 152	$ 145	$ 140	$ 134	$ 137	4.8%	10.9%
Net New Advisors	32	25	182	(15)	223	n/a	n/a
Custom Clearing Services Subscribers	4,567	4,563	4,555	4,593	4,511	0.1%	1.2%

Continued on following page

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

	Q2'13	Q1'13	Q4'12	Q3'12	Q2'12	Seq Growth	YoY Growth
Payout Rate							
Base Payout Rate	84.1%	83.9%	84.1%	84.1%	84.3 %	20 bps	(20 bps)
Production-Based Bonuses	2.5%	1.7%	3.4%	3.2%	2.6 %	80 bps	(10 bps)
Gross Dealer Concessions (GDC) Related Payout	**86.5%**	**85.6%**	**87.5%**	**87.2%**	**86.8 %**	**90 bps**	**(30 bps)**
Other(4)	0.5%	0.4%	0.2%	0.2%	(0.1)%	10 bps	60 bps
Total Payout Ratio	**87.0%**	**86.0%**	**87.7%**	**87.4%**	**86.7 %**	**100 bps**	**30 bps**
Production-Based Bonuses Ratio (Trailing Twelve Months)	**2.7%**	**2.7%**	**2.7%**	**2.7%**	**2.6 %**	—	10 bps
G&A Expenses ($ millions)							
Adjusted Compensation and Benefit Expense	$ 93.3	$ 90.8	$ 81.7	$ 86.3	$ 84.6	2.8%	10.3%
Adjusted Other G&A(5)	$ 56.7	$ 54.7	$ 58.8	$ 51.0	$ 55.5	3.7%	2.2%
Total Core Expenses(6)	**$ 150.0**	**$ 145.5**	**$ 140.6**	**$ 137.3**	**$ 140.2**	**3.1%**	**7.0%**
Adjusted Promotional Expense	$ 24.8	$ 23.6	$ 32.0	$ 31.8	$ 26.1	5.1%	(5.0%)
Metrics							
Advisory Revenue as a percentage of Assets, excluding Independent RIA assets(7)	1.1%	1.1%	1.1%	1.1%	1.1 %	—%	—%
Production Retention Rate (YTD Annualized)(8)	97.1%	96.6%	94.8%	95.0%	97.6 %	0.5%	(0.5%)
Attachment Rate, excluding cash revenue(9)	22.5%	23.0%	22.3%	23.0%	22.1 %	(0.5%)	0.4%
Recurring Revenue Rate(10)	65.6%	65.4%	66.1%	66.5%	65.3 %	0.2%	0.3%
Adj. EBITDA / Gross Margin	43.0%	44.6%	38.9%	39.0%	40.2 %	(1.6%)	2.8%
Employees - period end	3,056	2,943	2,917	2,936	2,911	3.8%	5.0%
Cash Available for Corporate Use ($ millions)(11)	$ 438	$ 224	$ 215	$ 317	$ 341	95.5%	28.4%

(1) Reflects net new advisory assets consisting of funds from new accounts and additional funds deposited into advisory accounts that are custodied in our fee-based advisory platforms and exclude market impact.
(2) Calculated by dividing net new advisory assets by advisory assets under custody and multiplying by four.
(3) Calculation excludes Custom Clearing Services subscribers and uses average of beginning and end of period advisor count.
(4) Reflects the Non-GDC sensitive portion of payout rate, which includes share-based compensation expense from stock options and warrants granted to advisors and financial institutions based on the fair value of the awards at each interim reporting period, and mark-to market gains or losses on amounts designated by advisors as deferred commissions in a non-qualified deferred compensation plan.
(5) Adjusted Other G&A expense reflects the total of the following adjusted operating expenses: occupancy and equipment, professional services, communications and data processing, regulatory fees, and other expenses.
(6) Core expenses include Adjusted Compensation and benefits and Adjusted Other G&A as defined in footnote 5. Core expenses exclude the following expenses: commission and advisory, promotional, depreciation and amortization, brokerage, clearing and exchange, and restructuring charges.

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

(8) 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.

(9) Attachment revenue is comprised of asset-based fees (including revenue from cash sweep programs), transaction and other fees 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.

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

(11) 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 June 30, 2013 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% - 2.25%	$ 700

Example: assuming the FFER is 0.15% and increases by 0.25% to 0.40%, the Company would benefit from an annualized increase of $29 million* in income, before taxes.

*Excludes impact from money market revenue. In a normalized interest rate environment, where the FFER is greater than 2.25%, the Company would earn approximately 55 basis points on money market fund cash balances, based upon current cash asset level allocations.

The actual impact to cash sweep revenue, including a change in the FFER of greater than 2.25%, may vary depending on our strategy in response to a change in interest rate levels, the significance of a change, and actual balances at the time of such change.

In a scenario where the Company maximizes its fees on both of its cash sweep programs, when the FFER is at least 2.25%, the Company would generate approximately $200 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 Insured Cash Account ("ICA") program as of July 31, 2013:

Maturity Year	Number of Banks	Cash Assets Represented		Percentage of Total ICA Cash Balances
2013	6	$	2.5	14.8%
2014	8	$	1.3	7.7%
2015	4	$	3.5	20.7%
2016-2019	6	$	9.6	56.8%
Total	24	$	16.9	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 July 31, 2013. These numbers are subject to change based on new bank contract terms and changes in ICA cash 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 and which we have not independently verified.