LPL Financial

Financial Supplement

Third Quarter 2013

October 30, 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 October 30, 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, as updated in the Form 10-Q for the quarterly period ended September 30, 2013. 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, 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				
	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
REVENUES					
Commission	$ 527,419	$ 508,399	$ 485,572	$ 467,492	$ 442,129
Advisory	299,101	298,094	281,226	275,983	267,334
Asset-based	107,447	107,505	103,766	103,018	100,024
Transaction and other	93,799	88,631	89,378	83,362	84,730
Other	25,446	16,291	14,854	14,389	13,011
Net revenues	1,053,212	1,018,920	974,796	944,244	907,228
EXPENSES					
Production(1)	736,195	713,115	669,723	661,691	630,103
Compensation and benefits	102,310	98,227	98,780	89,350	91,309
General and administrative	102,834	84,470	77,771	99,071	99,118
Depreciation and amortization	21,432	20,245	19,774	18,786	18,423
Restructuring charges	6,482	7,332	6,037	635	1,211
Other	9,294	—	—	—	—
Total operating expenses	978,547	923,389	872,085	869,533	840,164
Non-operating interest expense	13,363	12,667	12,160	12,529	12,826
Loss on extinguishment of debt	—	7,962	—	—	—
Total expenses	991,910	944,018	884,245	882,062	852,990
INCOME BEFORE PROVISION FOR INCOME TAXES	61,302	74,902	90,551	62,182	54,238
PROVISION FOR INCOME TAXES	23,671	29,811	35,834	25,244	19,939
NET INCOME	$ 37,631	$ 45,091	$ 54,717	$ 36,938	$ 34,299
EARNINGS PER SHARE					
Basic	$ 0.36	$ 0.42	$ 0.51	$ 0.34	$ 0.31
Diluted	$ 0.36	$ 0.42	$ 0.51	$ 0.34	$ 0.31

Continued on following page

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

	Three Month Quarterly Results				
	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
FINANCIAL CONDITION					
Total Cash & Cash Equivalents (billions)	$ 0.6	$ 0.6	$ 0.4	$ 0.5	$ 0.4
Total Assets (billions)	$ 3.9	$ 3.9	$ 3.8	$ 4.0	$ 3.7
Total Debt (billions)(1)	$ 1.5	$ 1.5	$ 1.3	$ 1.3	$ 1.3
Stockholders' Equity (billions)	$ 1.1	$ 1.2	$ 1.2	$ 1.1	$ 1.2
KEY METRICS					
Advisors	13,563	13,409	13,377	13,352	13,170
Production Payout(2)	87.7%	87.0%	86.0%	87.7%	87.4%
Advisory and Brokerage Assets (billions)	$ 414.7	$ 396.7	$ 394.0	$ 373.3	$ 371.4
Advisory Assets Under Management (billions)	$ 141.1	$ 132.4	$ 130.2	$ 122.1	$ 118.6
Net New Advisory Assets (billions)(3)	$ 4.0	$ 3.7	$ 3.0	$ 2.7	$ 2.9
Insured Cash Account Balances (billions)(4)	$ 17.3	$ 16.9	$ 15.6	$ 16.3	$ 14.2
Money Market Account Balances (billions)(4)	$ 8.2	$ 8.7	$ 7.5	$ 8.4	$ 7.4
Adjusted EBITDA(5)	$ 120,283	$ 131,045	$ 135,920	$ 109,948	$ 108,000
Adjusted Earnings(5)	$ 59,550	$ 65,883	$ 68,143	$ 53,858	$ 52,999
Adjusted Earnings per share(5)	$ 0.56	$ 0.61	$ 0.64	$ 0.50	$ 0.47

(1) Represents borrowings on the Company's senior secured credit facilities, revolving line of credit and bank loans payable.

(2) 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.

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

Continued on following page

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

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
			(unaudited)		
Net income	$ 37,631	$ 45,091	$ 54,717	$ 36,938	$ 34,299
Interest expense	13,363	12,667	12,160	12,529	12,826
Income tax expense	23,671	29,811	35,834	25,244	19,939
Amortization of intangible assets(a)	9,731	9,768	9,776	9,791	9,971
Depreciation and amortization of fixed assets	11,701	10,477	9,998	8,995	8,452
EBITDA	96,097	107,814	122,485	93,497	85,487
EBITDA Adjustments:					
Employee share-based compensation expense(b)	2,957	4,486	3,962	3,769	4,439
Acquisition and integration related expenses(c)	3,630	3,282	444	3,032	10,528
Restructuring and conversion costs(d)	7,340	7,322	6,263	755	1,217
Debt extinguishment costs(e)	—	7,968	—	—	—
Equity issuance and offering related costs(f)	—	—	—	—	4,040
Other(g)	10,259	173	2,766	8,895	2,289
Total EBITDA Adjustments	24,186	23,231	13,435	16,451	22,513
Adjusted EBITDA	$ 120,283	$ 131,045	$ 135,920	$ 109,948	$ 108,000

Continued on following page

(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 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
			(unaudited)		
Net income	$ 37,631	$ 45,091	$ 54,717	$ 36,938	$ 34,299
After-Tax:					
EBITDA Adjustments(h)					
Employee share-based compensation expense(i)	2,153	3,200	2,902	2,831	3,357
Acquisition and integration related expenses(j)	2,240	2,025	(1,079)	2,092	4,307
Restructuring and conversion costs	4,529	4,518	3,864	466	751
Debt extinguishment costs	—	4,916	—	—	—
Equity issuance and offering related costs(k)	—	—	—	—	3,986
Other	6,993	106	1,707	5,490	1,412
Total EBITDA Adjustments	15,915	14,765	7,394	10,879	13,813
Amortization of intangible assets(h)	6,004	6,027	6,032	6,041	6,152
Acquisition related benefit for a net operating loss carry-forward(l)	—	—	—	—	(1,265)
Adjusted Earnings	$ 59,550	$ 65,883	$ 68,143	$ 53,858	$ 52,999
Adjusted Earnings per share(m)	$ 0.56	$ 0.61	$ 0.64	$ 0.50	$ 0.47
Weighted average shares outstanding — diluted	105,705	107,695	107,297	108,644	111,877

(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 and recognized over the requisite service period of the individual awards, which generally equals the vesting period.

(c) Represents acquisition and integration costs resulting from various acquisitions, including changes in the estimated fair value of future payments, or contingent consideration, required to be made to former shareholders of certain acquired entities. During the first quarter of 2013, the Company revised its estimate of the potential payment obligation that may be required to pay the former shareholders of Concord, which resulted in a $3.8 million decrease in the estimated fair value of contingent consideration.

(d) Represents organizational restructuring charges, conversion and other related costs 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 September 30, 2013, the Company recognized approximately 28% of costs related to the expansion of the Service Value Commitment, which is expected to be completed in 2015. As of September 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.

Continued on following page

(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 previous 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 $3.9 million 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. During the third quarter of 2013, the Company incurred costs related to the closure of NestWise, consisting primarily of severance and termination benefits, $6.9 million of fixed asset charges that were determined to have no future economic benefit and the derecognition of $10.2 million of goodwill. In addition, the Company revised its estimate of the potential payment obligation that may be required to pay the former shareholders of Veritat, which resulted in a $7.8 million decrease in the estimated fair value of contingent consideration during the third quarter of 2013. Results for the first quarter of 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. 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. 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.

(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, 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 $0.9 million, $1.1 million, $1.2 million, $1.3 million and $1.6 million for the three months ended September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012 and September 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 includes a $3.8 million and reduction of expense related to the estimated fair value of contingent consideration for the stock acquisition of 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 $3.9 million 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.

Continued on following page

(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:

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
			(unaudited)		
Earnings per share — diluted	$ 0.36	$ 0.42	$ 0.51	$ 0.34	$ 0.31
After-Tax:					
EBITDA Adjustments per share	0.14	0.14	0.07	0.10	0.12
Amortization of intangible assets per share	0.06	0.05	0.06	0.06	0.05
Acquisition related benefit for a net operating loss carry-forward per share	—	—	—	—	(0.01)
Adjusted Earnings per share	$ 0.56	$ 0.61	$ 0.64	$ 0.50	$ 0.47

LPL Financial Holdings Inc.
EBITDA Adjustments - Q3 2013 Compared to Q3 2012
(Dollars in thousands)
(unaudited)

	Q3 2013			Q3 2012			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 527,419	$ —	$ 527,419	$ 442,129	$ —	$ 442,129	$ 85,290	19.3 %
Advisory	299,101	—	299,101	267,334	—	267,334	31,767	11.9 %
Asset-based	107,447	—	107,447	100,024	—	100,024	7,423	7.4 %
Transaction and other	93,799	1	93,800	84,730	(68)	84,662	9,138	10.8 %
Interest income, net of operating interest	4,509	—	4,509	4,629	(3)	4,626	(117)	(2.5)%
Other	20,937	—	20,937	8,382	—	8,382	12,555	149.8 %
Net revenues	1,053,212	1	1,053,213	907,228	(71)	907,157	146,056	16.1 %
EXPENSES:								
Commission and advisory	724,835	—	724,835	620,165	—	620,165	104,670	16.9 %
Compensation and benefits	102,310	(4,727)	97,583	91,309	(5,007)	86,302	11,281	13.1 %
Promotional	36,807	(913)	35,894	31,844	(63)	31,781	4,113	12.9 %
Depreciation and amortization	21,432	—	21,432	18,423	—	18,423	3,009	16.3 %
Occupancy and equipment	16,568	(7)	16,561	13,914	27	13,941	2,620	18.8 %
Professional services	18,955	(314)	18,641	15,672	(2,952)	12,720	5,921	46.5 %
Brokerage, clearing and exchange	11,360	—	11,360	9,938	—	9,938	1,422	14.3 %
Communications and data processing	11,017	(10)	11,007	10,249	(1)	10,248	759	7.4 %
Regulatory fees and other	8,234	—	8,234	6,979	—	6,979	1,255	18.0 %
Restructuring charges	6,482	(6,483)	(1)	1,211	(1,194)	17	(18)	(105.9)%
Other expense	20,547	(11,731)	8,816	20,460	(13,394)	7,066	1,750	24.8 %
Total operating expenses	978,547	(24,185)	954,362	840,164	(22,584)	817,580	136,782	16.7 %
Non-operating interest expense	13,363	—	13,363	12,826	—	12,826	537	4.2 %
Loss on extinguishment of debt	—	—	—	—	—	—	—	*
Total expenses	$ 991,910	$ (24,185)	$ 967,725	$ 852,990	$ (22,584)	$ 830,406	$ 137,319	16.5 %

* Not Meaningful

LPL Financial Holdings Inc.
EBITDA Adjustments - Q3 2013 Compared to Q2 2013
(Dollars in thousands)
(unaudited)

	Q3 2013			Q2 2013			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 527,419	$ —	$ 527,419	$ 508,399	$ —	$ 508,399	$ 19,020	3.7 %
Advisory	299,101	—	299,101	298,094	—	298,094	1,007	0.3 %
Asset-based	107,447	—	107,447	107,505	—	107,505	(58)	(0.1)%
Transaction and other	93,799	1	93,800	88,631	1	88,632	5,168	5.8 %
Interest income, net of operating interest	4,509	—	4,509	4,426	—	4,426	83	1.9 %
Other	20,937	—	20,937	11,865	—	11,865	9,072	76.5 %
Net revenues	1,053,212	1	1,053,213	1,018,920	1	1,018,921	34,292	3.4 %
EXPENSES:								
Commission and advisory	724,835	—	724,835	701,687	—	701,687	23,148	3.3 %
Compensation and benefits	102,310	(4,727)	97,583	98,227	(4,946)	93,281	4,302	4.6 %
Promotional	36,807	(913)	35,894	24,804	(25)	24,779	11,115	44.9 %
Depreciation and amortization	21,432	—	21,432	20,245	—	20,245	1,187	5.9 %
Occupancy and equipment	16,568	(7)	16,561	16,283	(10)	16,273	288	1.8 %
Professional services	18,955	(314)	18,641	14,123	(579)	13,544	5,097	37.6 %
Brokerage, clearing and exchange	11,360	—	11,360	11,428	—	11,428	(68)	(0.6)%
Communications and data processing	11,017	(10)	11,007	10,892	(10)	10,882	125	1.1 %
Regulatory fees and other	8,234	—	8,234	7,686	—	7,686	548	7.1 %
Restructuring charges	6,482	(6,483)	(1)	7,332	(7,327)	5	(6)	(120.0)%
Other expense	20,547	(11,731)	8,816	10,682	(2,371)	8,311	505	6.1 %
Total operating expenses	978,547	(24,185)	954,362	923,389	(15,268)	908,121	46,241	5.1 %
Non-operating interest expense	13,363	—	13,363	12,667	—	12,667	696	5.5 %
Loss on extinguishment of debt	—	—	—	7,962	(7,962)	—	—	*
Total expenses	$ 991,910	$ (24,185)	$ 967,725	$ 944,018	$ (23,230)	$ 920,788	$ 46,937	5.1 %

* 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	$ 1,521,390	$ —	$ 1,521,390	$ 1,353,025	$ —	$ 1,353,025	$ 168,365	12.4 %
Advisory	878,421	—	878,421	786,507	—	786,507	91,914	11.7 %
Asset-based	318,718	—	318,718	300,049	—	300,049	18,669	6.2 %
Transaction and other	271,808	2	271,810	238,196	315	238,511	33,299	14.0 %
Interest income, net of operating interest	13,343	—	13,343	14,139	(3)	14,136	(793)	(5.6)%
Other	43,248	—	43,248	24,928	—	24,928	18,320	73.5 %
Net revenues	3,046,928	2	3,046,930	2,716,844	312	2,717,156	329,774	12.1 %
EXPENSES:								
Commission and advisory	2,086,075	—	2,086,075	1,858,139	—	1,858,139	227,936	12.3 %
Compensation and benefits	299,317	(17,668)	281,649	273,355	(17,925)	255,430	26,219	10.3 %
Promotional	85,276	(963)	84,313	74,797	(157)	74,640	9,673	13.0 %
Depreciation and amortization	61,451	—	61,451	53,010	—	53,010	8,441	15.9 %
Occupancy and equipment	49,649	(93)	49,556	42,418	(20)	42,398	7,158	16.9 %
Professional services	47,588	(1,076)	46,512	46,992	(6,038)	40,954	5,558	13.6 %
Brokerage, clearing and exchange	32,958	—	32,958	29,007	—	29,007	3,951	13.6 %
Communications and data processing	31,401	(24)	31,377	28,945	(1)	28,944	2,433	8.4 %
Regulatory fees and other	23,339	—	23,339	21,416	—	21,416	1,923	9.0 %
Restructuring charges	19,851	(19,831)	20	4,962	(4,959)	3	17	566.7 %
Impairment charges								
Other expense	37,116	(13,233)	23,883	36,573	(14,882)	21,691	2,192	10.1 %
Total operating expenses	2,774,021	(52,888)	2,721,133	2,469,614	(43,982)	2,425,632	295,501	12.2 %
Non-operating interest expense	38,190	—	38,190	42,297	—	42,297	(4,107)	(9.7)%
Loss on extinguishment of debt	7,962	(7,962)	—	16,524	(16,524)	—	—	*
Total expenses	$ 2,820,173	$ (60,850)	$ 2,759,323	$ 2,528,435	$ (60,506)	$ 2,467,929	$ 291,394	11.8 %

* Not Meaningful

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

	Q3'13	Q2'13	Q1'13	Q4'12	Q3'12	Seq Growth	YoY Growth
Brokerage and Advisory Assets Under Custody							
Brokerage	$ 273.6	$ 264.3	$ 263.8	$ 251.2	$ 252.8	3.5%	8.2%
Advisory	141.1	132.4	130.2	122.1	118.6	6.6%	19.0%
Total Assets Under Custody	**$ 414.7**	**$ 396.7**	**$ 394.0**	**$ 373.3**	**$ 371.4**	**4.5%**	**11.7%**
Advisory % of Total	*34.0%*	*33.4%*	*33.0%*	*32.7%*	*31.9%*	*n/a*	*n/a*
Brokerage Assets Associated with Independent RIAs	$ 25.6	$ 23.8	$ 22.6	$ 19.5	$ 16.8	7.6%	52.4%
Independent RIA Firm Advisory Assets	29.3	26.0	24.1	21.4	18.6	12.7%	57.5%
Total Independent RIA Firm Assets Under Custody	**$ 54.9**	**$ 49.8**	**$ 46.7**	**$ 40.9**	**$ 35.4**	**10.2%**	**55.1%**
Net New Advisory Assets(1)	$ 4.0	$ 3.7	$ 3.0	$ 2.7	$ 2.9	n/a	n/a
Annualized Growth(2)	**11%**	**11%**	**9%**	**9%**	**10%**	**n/a**	**n/a**
Insured Cash Account	$ 17.3	$ 16.9	$ 15.6	$ 16.3	$ 14.2	2.4%	21.8%
Money Market Funds	8.2	8.7	7.5	8.4	7.4	(5.7%)	10.8%
Total Cash Sweep Assets (EOP)	**$ 25.5**	**$ 25.6**	**$ 23.1**	**$ 24.7**	**$ 21.6**	**(0.4%)**	**18.1%**
% of total Assets Under Custody	*6.1%*	*6.5%*	*5.9%*	*6.6%*	*5.8%*	*(40 bps)*	*30 bps*
Insured Cash Account Fee - bps	65	76	78	87	88	(11 bps)	(23 bps)
Money Market Fee - bps	6	7	7	13	12	(1 bps)	(6 bps)
Cash Sweep Fee - bps	**46**	**54**	**54**	**61**	**61**	**(8 bps)**	**(15 bps)**
Weighted FFE Daily Average Fee - bps	9	12	14	16	14	(3 bps)	(5 bps)
Advisors							
Advisors	13,563	13,409	13,377	13,352	13,170	1.1%	3.0%
Annualized commissions per Advisor ($ thousands)(3)	$ 156	$ 152	$ 145	$ 140	$ 134	2.6%	16.4%
Net New Advisors	154	32	25	182	(15)	n/a	n/a
Custom Clearing Services Subscribers	4,492	4,567	4,563	4,555	4,593	(1.6%)	(2.2%)

Continued on following page

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

	Q3'13	Q2'13	Q1'13	Q4'12	Q3'12	Seq Growth	YoY Growth
Payout Rate							
Base Payout Rate	84.1%	84.1%	83.9%	84.1%	84.1%	— bps	— bps
Production-Based Bonuses	3.1%	2.5%	1.7%	3.4%	3.2%	60 bps	(10 bps)
Gross Dealer Concessions (GDC) Related Payout	**87.3%**	**86.5%**	**85.6%**	**87.5%**	**87.2%**	**80 bps**	**10 bps**
Other(4)	0.4%	0.5%	0.4%	0.2%	0.2%	(10 bps)	20 bps
Total Payout Ratio	**87.7%**	**87.0%**	**86.0%**	**87.7%**	**87.4%**	**70 bps**	**30 bps**
Production-Based Bonuses Ratio (Trailing Twelve Months)	**2.7%**	**2.7%**	**2.7%**	**2.7%**	**2.7%**	— bps	— bps
G&A Expenses ($ millions)							
Adjusted Compensation and Benefits	$ 97.6	$ 93.3	$ 90.8	$ 81.7	$ 86.3	4.6%	13.1%
Adjusted Other G&A(5)	$ 63.3	$ 56.7	$ 54.7	$ 58.8	$ 51.0	11.6%	24.1%
Total Core Expenses(6)	**$ 160.8**	**$ 150.0**	**$ 145.5**	**$ 140.6**	**$ 137.3**	**7.2%**	**17.1%**
Adjusted Promotional Expense	$ 35.9	$ 24.8	$ 23.6	$ 32.0	$ 31.8	44.8%	12.9%
Noncash Transition Assistance(7)	$ 5.5	$ 5.0	$ 4.5	$ 4.1	$ 4.1	10.0%	34.1%
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)	97.3%	97.1%	96.6%	94.8%	95.0%	0.2%	2.3%
Attachment Rate, excluding cash revenue(10)	23.9%	22.5%	23.0%	22.3%	23.0%	1.4%	0.9%
Recurring Revenue Rate(11)	64.0%	65.6%	65.4%	66.1%	66.5%	(1.6%)	(2.5%)
Adj. EBITDA / Gross Margin	37.9%	43.0%	44.6%	38.9%	39.0%	(5.1%)	(1.1%)
Employees - period end	3,072	3,056	2,943	2,917	2,936	0.5%	4.6%
Cash Available for Corporate Use ($ millions)(12)	$ 372	$ 438	$ 224	$ 215	$ 317	(15.1%)	17.4%

(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 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.

Continued on following page

(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: commission and advisory, promotional, depreciation and amortization, brokerage, clearing and exchange, and restructuring charges.

(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 revenue 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 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.

(11) 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.

(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, 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 $240 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 October 30, 2013:

Maturity Year	Number of Banks	Cash Assets Represented	Percentage of Total ICA Cash Balances
2013	4	$ 1.1	6.4%
2014	10	$ 2.0	11.6%
2015	3	$ 3.6	20.9%
2016-2019	7	$ 10.5	61.0%
Total	24	$ 17.2	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 October 30, 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.