LPL Financial

Financial Supplement

First Quarter 2014

April 23, 2014

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 April 23, 2014. The words "anticipates," "believes," "expects," "may," "plans," "predicts," "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are not guarantees that the future results, plans, intentions or expectations expressed or implied by the Company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause actual financial or operating results, levels of activity, or the timing of events, to be materially different than those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: 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; fluctuations in levels of net new advisory assets and 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; changes in the growth of the Company's fee-based business; the Company's success in integrating the operations of acquired businesses; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by self-regulatory organizations; and the other factors set forth in Part I, “Item 1A. Risk Factors” in the Company's 2013 Annual Report on Form 10-K and any subsequent SEC filings. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after April 23, 2014, even if its estimates change, and you should not rely on those statements as representing the Company's views as of any subsequent date.

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

	Three Month Quarterly Results				
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
REVENUES					
Commission	$ 534,574	$ 556,176	$ 527,419	$ 508,399	$ 485,572
Advisory	327,253	308,931	299,101	298,094	281,226
Asset-based	114,674	112,272	107,447	107,505	103,766
Transaction and fee	89,985	89,444	93,799	88,631	89,378
Other	20,945	27,107	25,446	16,291	14,854
Net revenues	1,087,431	1,093,930	1,053,212	1,018,920	974,796
EXPENSES					
Production(1)	756,718	773,811	736,195	713,115	669,723
Compensation and benefits	106,348	101,650	102,310	98,227	98,780
General and administrative	94,377	108,293	102,834	84,470	77,771
Depreciation and amortization	22,281	22,052	21,432	20,245	19,774
Restructuring charges	7,320	10,335	6,482	7,332	6,037
Other	—	(15)	9,294	—	—
Total operating expenses	987,044	1,016,126	978,547	923,389	872,085
Non-operating interest expense	12,840	13,256	13,363	12,667	12,160
Loss on extinguishment of debt	—	—	—	7,962	—
Total expenses	999,884	1,029,382	991,910	944,018	884,245
INCOME BEFORE PROVISION FOR INCOME TAXES	87,547	64,548	61,302	74,902	90,551
PROVISION FOR INCOME TAXES	34,412	20,130	23,671	29,811	35,834
NET INCOME	$ 53,135	$ 44,418	$ 37,631	$ 45,091	$ 54,717
EARNINGS PER SHARE					
Basic	$ 0.52	$ 0.44	$ 0.36	$ 0.42	$ 0.51
Diluted	$ 0.51	$ 0.43	$ 0.36	$ 0.42	$ 0.51
Weighted average shares outstanding — basic	101,279	101,812	104,271	106,414	106,347
Weighted average shares outstanding — diluted	103,339	103,411	105,705	107,695	107,297

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				
	Q1 2014	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**
FINANCIAL CONDITION					
Total Cash & Cash Equivalents ($ billions)	$ 0.5	$ 0.5	$ 0.6	$ 0.6	$ 0.4
Total Assets ($ billions)	$ 3.9	$ 4.0	$ 3.9	$ 3.9	$ 3.8
Total Debt ($ billions)(2)	$ 1.5	$ 1.5	$ 1.5	$ 1.5	$ 1.3
Stockholders' Equity ($ billions)	$ 1.1	$ 1.1	$ 1.1	$ 1.2	$ 1.2
KEY METRICS					
Advisors	13,726	13,673	13,563	13,409	13,377
Production Payout(1)	86.39%	88.12%	87.70%	87.00%	86.01%
Advisory and Brokerage Assets ($ billions)	$ 447.1	$ 438.4	$ 414.7	$ 396.7	$ 394.0
Advisory Assets Under Custody ($ billions)	$ 158.0	$ 151.6	$ 141.1	$ 132.4	$ 130.2
Net New Advisory Assets ($ billions)(3)	$ 4.4	$ 3.9	$ 4.0	$ 3.7	$ 3.0
Insured Cash Account Balances ($ billions)(4)	$ 16.6	$ 17.4	$ 17.3	$ 16.9	$ 15.6
Money Market Account Balances ($ billions)(4)	$ 7.1	$ 7.5	$ 8.2	$ 8.7	$ 7.5
Adjusted EBITDA(5)	$ 141,477	$ 124,190	$ 120,283	$ 131,045	$ 135,920
Adjusted Earnings(5)	$ 71,029	$ 65,229	$ 59,550	$ 65,883	$ 68,143
Adjusted Earnings per share(5)	$ 0.69	$ 0.63	$ 0.56	$ 0.61	$ 0.64

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

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

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

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

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):

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
			(unaudited)		
Net income	$ 53,135	$ 44,418	$ 37,631	$ 45,091	$ 54,717
Interest expense	12,840	13,256	13,363	12,667	12,160
Income tax expense	34,412	20,130	23,671	29,811	35,834
Amortization of intangible assets	9,716	9,731	9,731	9,768	9,776
Depreciation and amortization of fixed assets	12,565	12,321	11,701	10,477	9,998
EBITDA	122,668	99,856	96,097	107,814	122,485
EBITDA Adjustments:					
Employee share-based compensation expense(a)	5,111	4,029	2,957	4,486	3,962
Acquisition and integration related expenses(b)	359	12,534	3,630	3,282	444
Restructuring and conversion costs(c)	7,271	9,887	7,340	7,322	6,263
Debt extinguishment costs(d)	—	—	—	7,968	—
Other(e)	6,068	(2,116)	10,259	173	2,766
Total EBITDA Adjustments	18,809	24,334	24,186	23,231	13,435
Adjusted EBITDA	$ 141,477	$ 124,190	$ 120,283	$ 131,045	$ 135,920

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):

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
			(unaudited)		
Net income	$ 53,135	$ 44,418	$ 37,631	$ 45,091	$ 54,717
After-Tax:					
EBITDA Adjustments(f)					
Employee share-based compensation expense(g)	3,518	2,854	2,153	3,200	2,902
Acquisition and integration related expenses(h)	220	7,733	2,240	2,025	(1,079)
Restructuring and conversion costs	4,464	6,100	4,529	4,518	3,864
Debt extinguishment costs	—	—	—	4,916	—
Other	3,726	(1,880)	6,993	106	1,707
Total EBITDA Adjustments	11,928	14,807	15,915	14,765	7,394
Amortization of intangible assets(f)	5,966	6,004	6,004	6,027	6,032
Adjusted Earnings	$ 71,029	$ 65,229	$ 59,550	$ 65,883	$ 68,143
Adjusted Earnings per share(i)	$ 0.69	$ 0.63	$ 0.56	$ 0.61	$ 0.64
Weighted average shares outstanding — diluted	103,339	103,411	105,705	107,695	107,297

(a) Represents share-based compensation for equity awards granted to employees, officers and directors. Such awards are measured based on the grant-date fair value and recognized over the requisite service period of the individual awards, which generally equals the vesting period.

(b) Represents acquisition and integration costs resulting from various acquisitions, including changes in the estimated fair value of future payments, or contingent consideration, required to be made to former shareholders of certain acquired entities. In 2013, the Company finalized the determination of the contingent consideration obligation required to be paid to the former shareholders of National Retirement Partners, Inc. ("NRP"), which resulted in a $19.4 million increase in the estimated fair value of contingent consideration, $11.7 million of which was recognized in the fourth quarter of 2013. In the first quarter of 2013, the Company revised its estimate of the potential payment obligation to the former shareholders of Concord Capital Partners, Inc. ("CCP"), which resulted in a decrease of $3.8 million in contingent consideration obligation as related milestones were not achieved.

(c) 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, prior to the first quarter of 2014, the 2009 consolidation of the Affiliated Entities.

(d) 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.

Continued on following page

(e) Results for the first quarter of 2014 include approximately $5.3 million in parallel rent, property tax, and common area maintenance expenses incurred in connection with the Company's relocation to its new San Diego office building. Results for the fourth quarter of 2013 include a $2.3 million gain related to the sale of an equity investment. During the third quarter of 2013, the Company incurred costs related to the closure of NestWise, consisting of: i) the derecognition of $10.2 million of goodwill; ii) $6.9 million of fixed asset charges that were determined to have no future economic benefit; iii) severance and termination benefits; and iv) a $7.8 million decrease in the estimated fair value of contingent consideration as related milestones were not reached. 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. Other amounts include certain excise and other taxes.

(f) 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 3.60% and 3.30%, net of the federal tax benefit, for 2014 and 2013, respectively, except as noted in Notes (g) and (h) in this table.

(g) 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 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 $1.0 million, $1.0 million, $0.9 million, $1.1 million and $1.2 million for the three months ended March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, respectively.

(h) Represents the after-tax expense of acquisition and related costs for which the Company receives a tax deduction. The first quarter of 2013 includes a $3.8 million and reduction of expense related to the estimated fair value of contingent consideration for the stock acquisition of CCP, that is not deductible for tax purposes.

(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:

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
			(unaudited)		
Earnings per share — diluted	$ 0.51	$ 0.43	$ 0.36	$ 0.42	$ 0.51
After-Tax:					
EBITDA Adjustments per share	0.12	0.14	0.14	0.14	0.07
Amortization of intangible assets per share	0.06	0.06	0.06	0.05	0.06
Adjusted Earnings per share	$ 0.69	$ 0.63	$ 0.56	$ 0.61	$ 0.64

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q1 2014 Compared to Q1 2013
(Dollars in thousands)
(Unaudited)

	Q1 2014			Q1 2013			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 534,574	$ —	$ 534,574	$ 485,572	$ —	$ 485,572	$ 49,002	10.1 %
Advisory	327,253	—	327,253	281,226	—	281,226	46,027	16.4 %
Asset-based	114,674	—	114,674	103,766	—	103,766	10,908	10.5 %
Transaction and fee	89,985	1	89,986	89,378	—	89,378	608	0.7 %
Interest income, net of operating interest	4,761	(143)	4,618	4,408	—	4,408	210	4.8 %
Other	16,184	(30)	16,154	10,446	—	10,446	5,708	54.6 %
Net revenues	1,087,431	(172)	1,087,259	974,796	—	974,796	112,463	11.5 %
EXPENSES:								
Commission and advisory	744,543	—	744,543	659,553	—	659,553	84,990	12.9 %
Compensation and benefits	106,348	(6,019)	100,329	98,780	(7,995)	90,785	9,544	10.5 %
Promotional	27,183	—	27,183	23,665	(25)	23,640	3,543	15.0 %
Depreciation and amortization	22,281	(9,716)	12,565	19,774	(9,776)	9,998	2,567	25.7 %
Occupancy and equipment	22,081	(5,163)	16,918	16,798	(76)	16,722	196	1.2 %
Professional services	18,874	(328)	18,546	14,510	(183)	14,327	4,219	29.4 %
Brokerage, clearing and exchange	12,175	—	12,175	10,170	—	10,170	2,005	19.7 %
Communications and data processing	10,659	(55)	10,604	9,492	(4)	9,488	1,116	11.8 %
Regulatory fees and other	8,411	—	8,411	7,419	—	7,419	992	13.4 %
Restructuring charges	7,320	(7,320)	—	6,037	(6,021)	16	(16)	*
Other expense	7,169	(96)	7,073	5,887	869	6,756	317	4.7 %
Total operating expenses	987,044	(28,697)	958,347	872,085	(23,211)	848,874	109,473	12.9 %
Non-operating interest expense	12,840	—	12,840	12,160	—	12,160	680	5.6 %
Total expenses	$ 999,884	$ (28,697)	$ 971,187	$ 884,245	$ (23,211)	$ 861,034	$ 110,153	12.8 %
Core G&A Expenses			$ 161,881			$ 145,513	$ 16,368	11.2 %

* Not Meaningful

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

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q1 2014 Compared to Q4 2013
(Dollars in thousands)
(Unaudited)

	Q1 2014			Q4 2013			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 534,574	$ —	$ 534,574	$ 556,176	$ —	$ 556,176	$ (21,602)	(3.9)%
Advisory	327,253	—	327,253	308,931	—	308,931	18,322	5.9 %
Asset-based	114,674	—	114,674	112,272	—	112,272	2,402	2.1 %
Transaction and fee	89,985	1	89,986	89,444	1	89,445	541	0.6 %
Interest income, net of operating interest	4,761	(143)	4,618	4,544	—	4,544	74	1.6 %
Other	16,184	(30)	16,154	22,563	(2,333)	20,230	(4,076)	(20.1)%
Net revenues	1,087,431	(172)	1,087,259	1,093,930	(2,332)	1,091,598	(4,339)	(0.4)%
EXPENSES:								
Commission and advisory	744,543	—	744,543	761,710	—	761,710	(17,167)	(2.3)%
Compensation and benefits	106,348	(6,019)	100,329	101,650	(4,282)	97,368	2,961	3.0 %
Promotional	27,183	—	27,183	26,263	458	26,721	462	1.7 %
Depreciation and amortization	22,281	(9,716)	12,565	22,052	(9,731)	12,321	244	2.0 %
Occupancy and equipment	22,081	(5,163)	16,918	17,902	(19)	17,883	(965)	(5.4)%
Professional services	18,874	(328)	18,546	27,102	(3,563)	23,539	(4,993)	(21.2)%
Brokerage, clearing and exchange	12,175	—	12,175	12,101	—	12,101	74	0.6 %
Communications and data processing	10,659	(55)	10,604	11,674	(16)	11,658	(1,054)	(9.0)%
Regulatory fees and other	8,411	—	8,411	7,932	—	7,932	479	6.0 %
Restructuring charges	7,320	(7,320)	—	10,335	(10,334)	1	(1)	*
Other expense	7,169	(96)	7,073	17,405	(8,910)	8,495	(1,422)	(16.7)%
Total operating expenses	987,044	(28,697)	958,347	1,016,126	(36,397)	979,729	(21,382)	(2.2)%
Non-operating interest expense	12,840	—	12,840	13,256	—	13,256	(416)	(3.1)%
Total expenses	$ 999,884	$ (28,697)	$ 971,187	$ 1,029,382	$ (36,397)	$ 992,985	$ (21,798)	(2.2)%
Core G&A Expenses			$ 161,881			$ 166,876	$ (4,995)	(3.0)%

* Not Meaningful

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

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

	Q1'14	Q4'13	Q3'13	Q2'13	Q1'13	Seq Growth	YoY Growth
Advisory and Brokerage Assets							
Advisory	$ 158.0	$ 151.6	$ 141.1	$ 132.4	$ 130.2	4.2%	21.4%
Brokerage	289.1	286.8	273.6	264.3	263.8	0.8%	9.6%
Total Advisory and Brokerage Assets	**$ 447.1**	**$ 438.4**	**$ 414.7**	**$ 396.7**	**$ 394.0**	**2.0%**	**13.5%**
Advisory % of Total	*35.3%*	*34.6%*	*34.0%*	*33.4%*	*33.0%*	*n/a*	*n/a*
Brokerage Assets Associated with Independent RIAs	$ 31.4	$ 28.9	$ 25.6	$ 23.8	$ 22.6	8.7%	38.9%
Independent RIA Firm Advisory Assets	38.2	34.0	29.3	26.0	24.1	12.4%	58.5%
Total Independent RIA Firm Assets Under Custody	**$ 69.6**	**$ 62.9**	**$ 54.9**	**$ 49.8**	**$ 46.7**	**10.7%**	**49.0%**
Net New Advisory Assets(1)	$ 4.4	$ 3.9	$ 4.0	$ 3.7	$ 3.0	n/a	n/a
Annualized Growth(2)	**11%**	**10%**	**11%**	**11%**	**9%**	**n/a**	**n/a**
Insured Cash Account	$ 16.6	$ 17.4	$ 17.3	$ 16.9	$ 15.6	(4.6%)	6.4%
Money Market Funds	7.1	7.5	8.2	8.7	7.5	(5.3%)	(5.3%)
Total Cash Sweep Assets (EOP)	**$ 23.7**	**$ 24.9**	**$ 25.5**	**$ 25.6**	**$ 23.1**	**(4.8%)**	**2.6%**
% of total Advisory and Brokerage Assets	*5.3%*	*5.7%*	*6.1%*	*6.5%*	*5.9%*	*(40 bps)*	*(60 bps)*
Insured Cash Account Fee - bps	54	62	65	76	78	(8 bps)	(24 bps)
Money Market Fee - bps	7	6	6	7	7	1 bps	— bps
Cash Sweep Fee - bps	**40**	**45**	**46**	**54**	**54**	**(5 bps)**	**(14 bps)**
Weighted FFE Daily Average Fee - bps	7	9	9	12	14	(2 bps)	(7 bps)
Advisors							
Advisors	13,726	13,673	13,563	13,409	13,377	0.4%	2.6%
Annualized commissions per Advisor ($ thousands)(3)	$ 156	$ 163	$ 156	$ 152	$ 145	(4.3%)	7.6%
Annualized Gross Dealer Concessions (GDC) per Advisor ($ thousands)(3)(4)	$ 252	$ 254	$ 245	$ 241	$ 230	(0.8%)	9.6%
Net New Advisors	53	110	154	32	25	n/a	n/a
Custom Clearing Services Subscribers	4,432	4,457	4,492	4,567	4,563	(0.6%)	(2.9%)

Continued on following page

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

	Q1'14	Q4'13	Q3'13	Q2'13	Q1'13	Seq Growth	YoY Growth
Payout Rate							
Base Payout Rate	83.98%	84.09%	84.14%	84.06%	83.88%	(11 bps)	10 bps
Production-Based Bonuses	1.69%	3.33%	3.14%	2.47%	1.70%	(164 bps)	(1 bps)
GDC Related Payout	**85.67%**	**87.42%**	**87.28%**	**86.53%**	**85.58%**	**(175 bps)**	**9 bps**
Other(5)	0.72%	0.70%	0.42%	0.47%	0.43%	2 bps	29 bps
Total Payout Ratio	**86.39%**	**88.12%**	**87.70%**	**87.00%**	**86.01%**	**(173 bps)**	**38 bps**
Production-Based Bonuses Ratio (Trailing Twelve Months)	**2.7%**	**2.7%**	**2.7%**	**2.7%**	**2.7%**	— bps	— bps
G&A Expenses ($ millions)							
Core G&A(6)	$ 161.9	$ 166.9	$ 160.8	$ 150.0	$ 145.5	(3.0%)	11.3%
Noncash Transition Assistance(7)	$ 7.3	$ 5.7	$ 5.5	$ 5.0	$ 4.5	28.1%	62.2%
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)	96.0%	97.2%	97.3%	97.1%	96.6%	(1.2%)	(0.6%)
Attachment Rate, excluding cash revenue(10)	23.4%	23.2%	23.9%	22.5%	23.0%	0.2%	0.4%
Recurring Revenue Rate(11)	66.6%	64.1%	64.0%	65.6%	65.4%	2.5%	1.2%
Adjusted EBITDA / Gross Margin	42.8%	38.8%	37.9%	43.0%	44.6%	4.0%	(1.8%)
Annualized Gross Margin / Total Advisory and Brokerage Assets	0.30%	0.29%	0.31%	0.31%	0.31%	0.01%	(0.01%)
Employees - period end	3,267	3,185	3,072	3,056	2,943	2.6%	11.0%
Cash Available for Corporate Use ($ millions)(12)	$ 234	$ 338	$ 372	$ 438	$ 224	(30.8%)	4.5%

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

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

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

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

(5) Reflects the Non-GDC sensitive portion of payout rate, which includes share-based compensation expense from equity awards 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

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

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

(8) Based on annualized advisory 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 fee revenue (including revenue from cash sweep programs), transaction and fee revenue and other revenue. Attachment rate, excluding cash revenue is calculated as attachment revenue (less revenue from cash sweep programs) over total commission and advisory revenues for the quarter.

(11) Recurring revenue is a characterization of net revenue and a statistical measure, which we define to include our asset-based revenues, 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 March 31, 2014 remain unchanged.

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

Example: Assuming the FFER is 0.10% and increases by 0.25% to 0.35%, the Company would benefit from an annualized increase of $34 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 53 basis points on money market fund cash balances based upon current cash asset level allocations.

The Company believes it can achieve approximately 185 basis points on its Insured Cash Account ("ICA") program when the FFER is normalized. Currently, based on the Company's existing balances and contract arrangements with third parties, normalized FFER would need to be approximately 2.60% for the Company to realize its 185 basis point fee. Assuming maximum compression in the fees from banks in the Company's ICA program, normalized FFER would increase to a maximum of approximately 3.50% in order for LPL Financial 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 $255 million in incremental revenue and income before taxes based on current cash sweep balances. As interest rates rise above the level where the Company maximized its fees, the incremental rate would benefit the retail investor.

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

The following table outlines the number of bank relationships and maturities in our ICA program as of April 23, 2014:

Maturity Year	Number of Banks	Cash Assets Represented	Percentage of Total ICA Cash Balances
2014	7	$ 1.4	8.5%
2015	7	$ 3.9	23.6%
2016	4	$ 4.5	27.3%
2017-2019	5	$ 6.7	40.6%
Total	23	$ 16.5	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 April 23, 2014. 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.