LPL Financial

Financial Supplement

Fourth Quarter 2015

February 11, 2016

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, and future growth, 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 February 11, 2016. 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 and profitability of the Company's fee-based business; execution of the Company's expense management plans and its success in realizing the savings andservice improvements 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 the fiduciary rule proposed by the U.S. Department of Labor and 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, including the Company's 2015 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 February 11, 2016, 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.

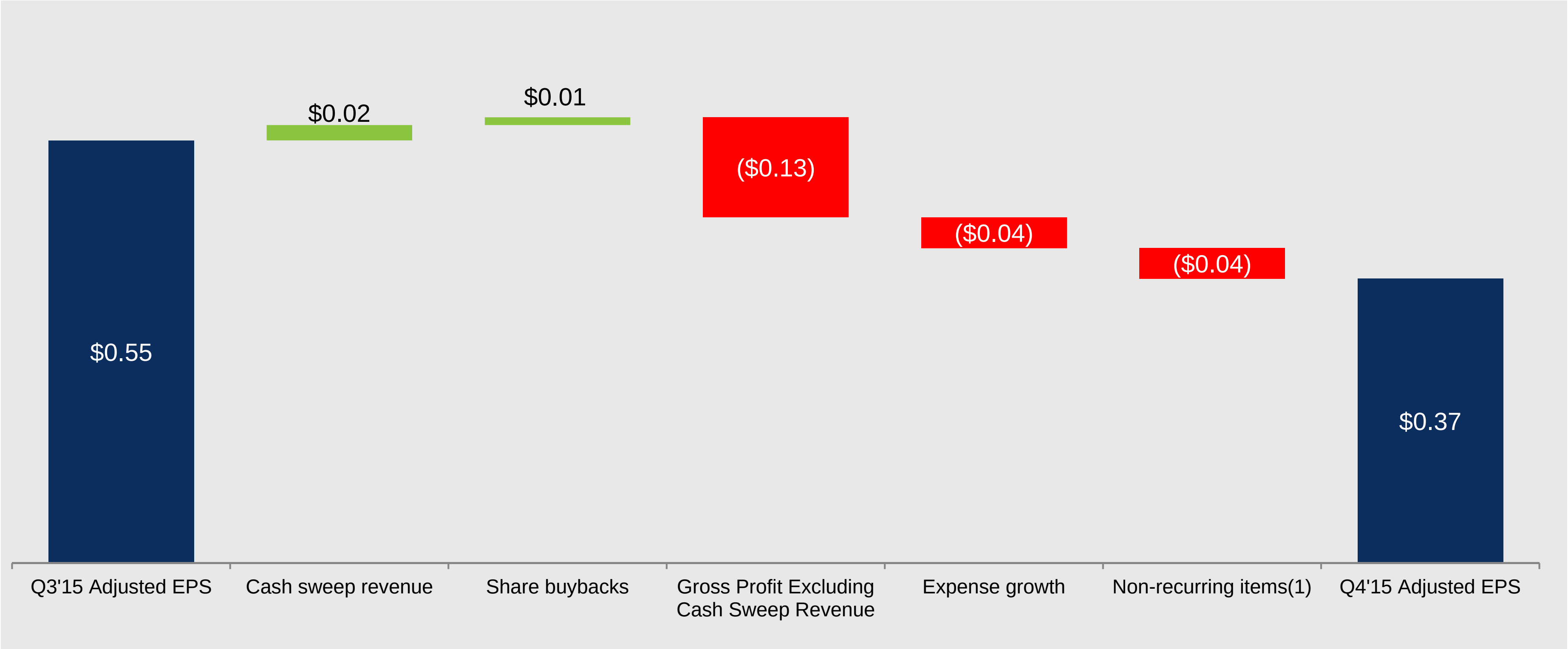
Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash charges and other adjustments. The Company presents adjusted EBITDA because the Company considers it a useful financial metric in assessing 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 8-13 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.

Our Q4 Adjusted Earnings per Share declined sequentially due to lower gross profit, expense growth, and non-recurring items

Adjusted Earnings Per Share: Q3 2015 vs. Q4 2015

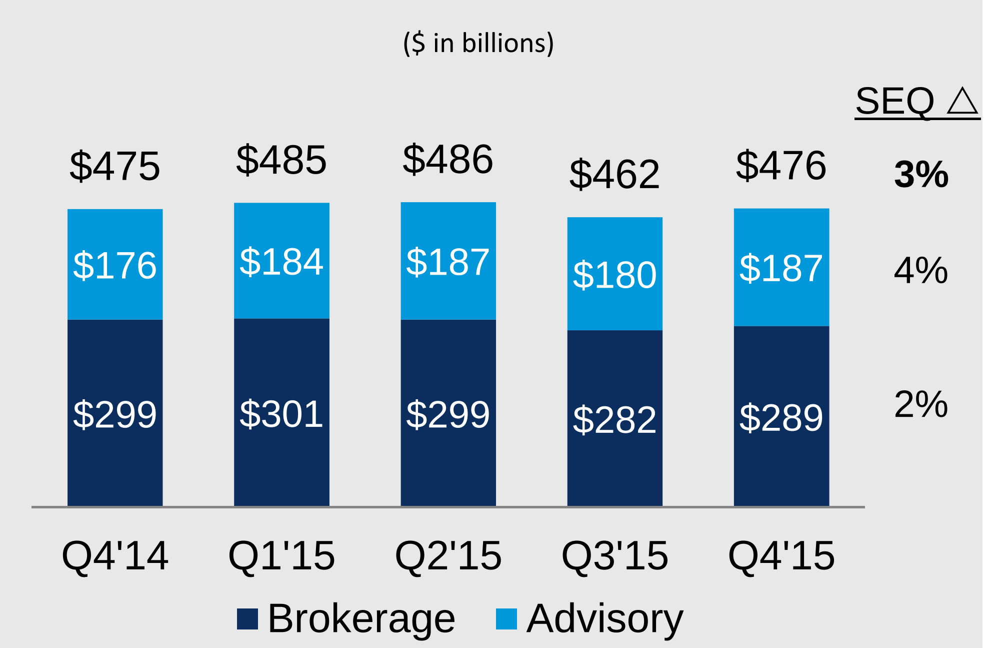


(1) Non-recurring costs would have historically been adjusted out of earnings Per Share but were not adjusted out for Q4 2015

Note: Adjusted Earnings per Share and Gross Profit are non-GAAP metrics.
Gross Profit is defined on page 1 and Core G&A expense is defined on page 12.

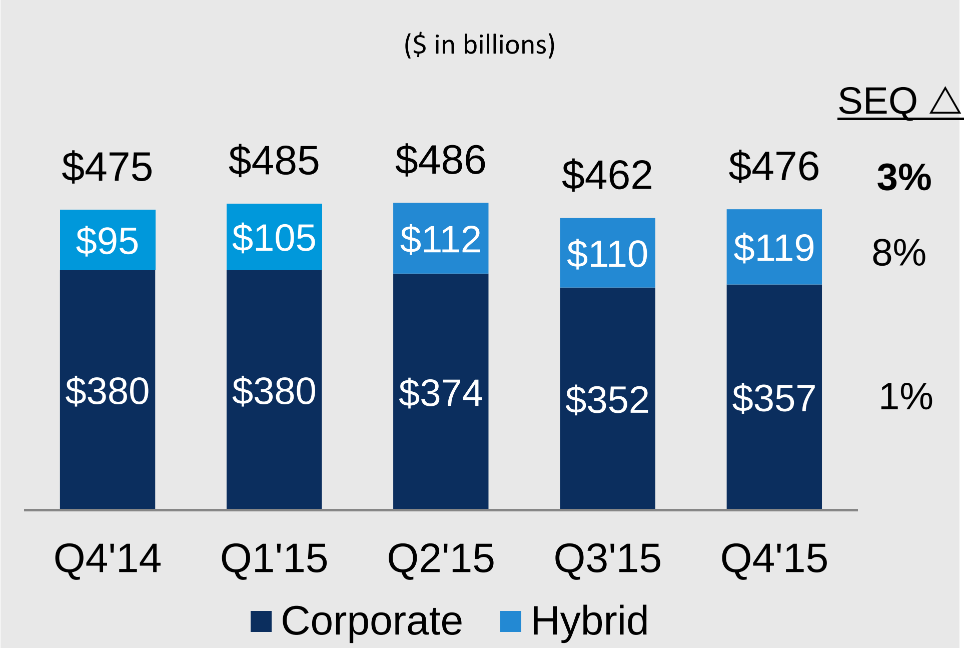
Our total assets increased 3% sequentially with the fastest growth occurring in advisory accounts and on our Hybrid platform

Brokerage vs. Advisory Account Assets



During the fourth quarter, we added an additional $3.1 billion in net new advisory assets at an annualized growth rate of 7 percent

Corporate[1] vs. Hybrid[2] Platform Assets

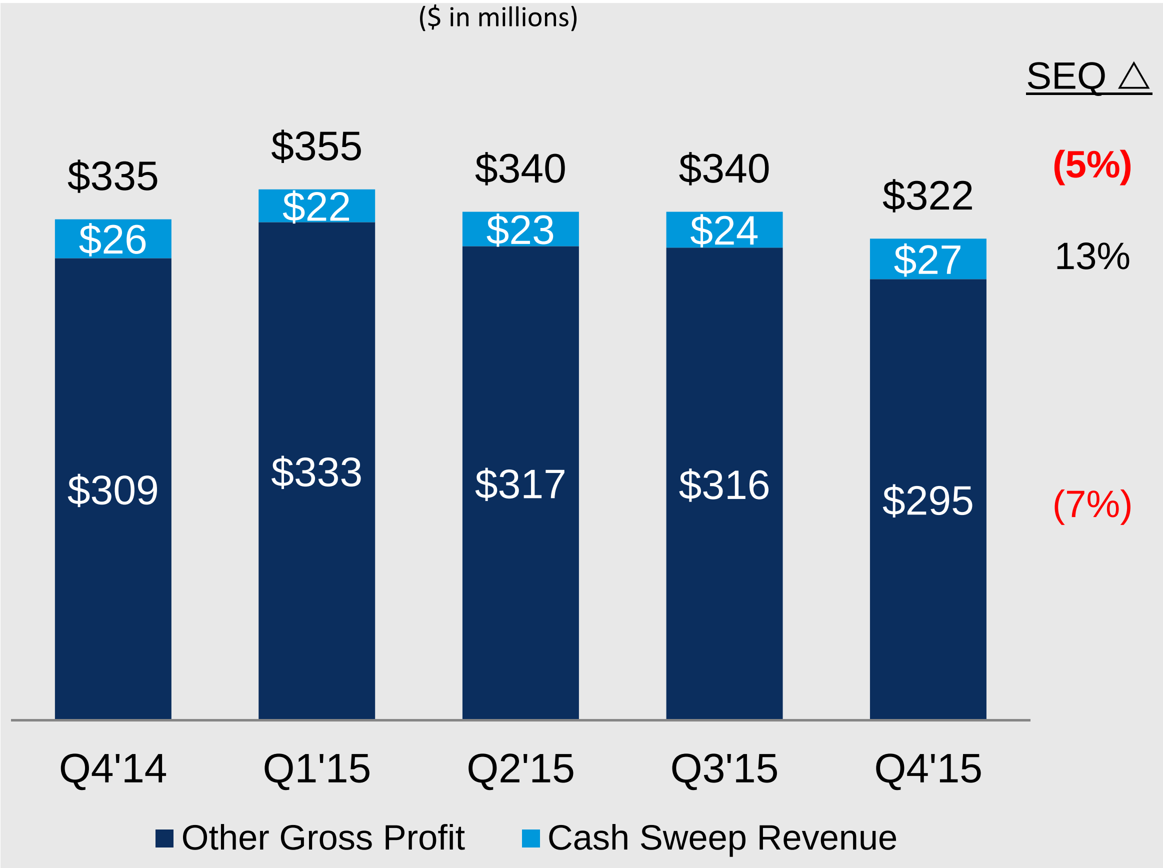


Our hybrid platform assets continued to gain share of total brokerage and advisory assets

Note: Total brokerage and advisory assets are defined in Footnote 1 on page 18
(1) Corporate assets include both Corporate brokerage and Corporate advisory assets
(2) LPL serves independent RIAs that conduct their advisory business through separate entities ("Hybrid RIAs") operating pursuant to the Investment Advisers Act of 1940 or through their respective states' investment advisory licensing rules, rather than through LPL Financial. LPL's Hybrid RIA platform provides an integrated offering of technology, clearing, compliance, and custody services to Hybrid RIAs. Total Hybrid RIA Assets are defined in Footnote 2 on page 18

Our gross profit declined 5% sequentially from reduced sales commissions and lower asset levels

Gross Profit

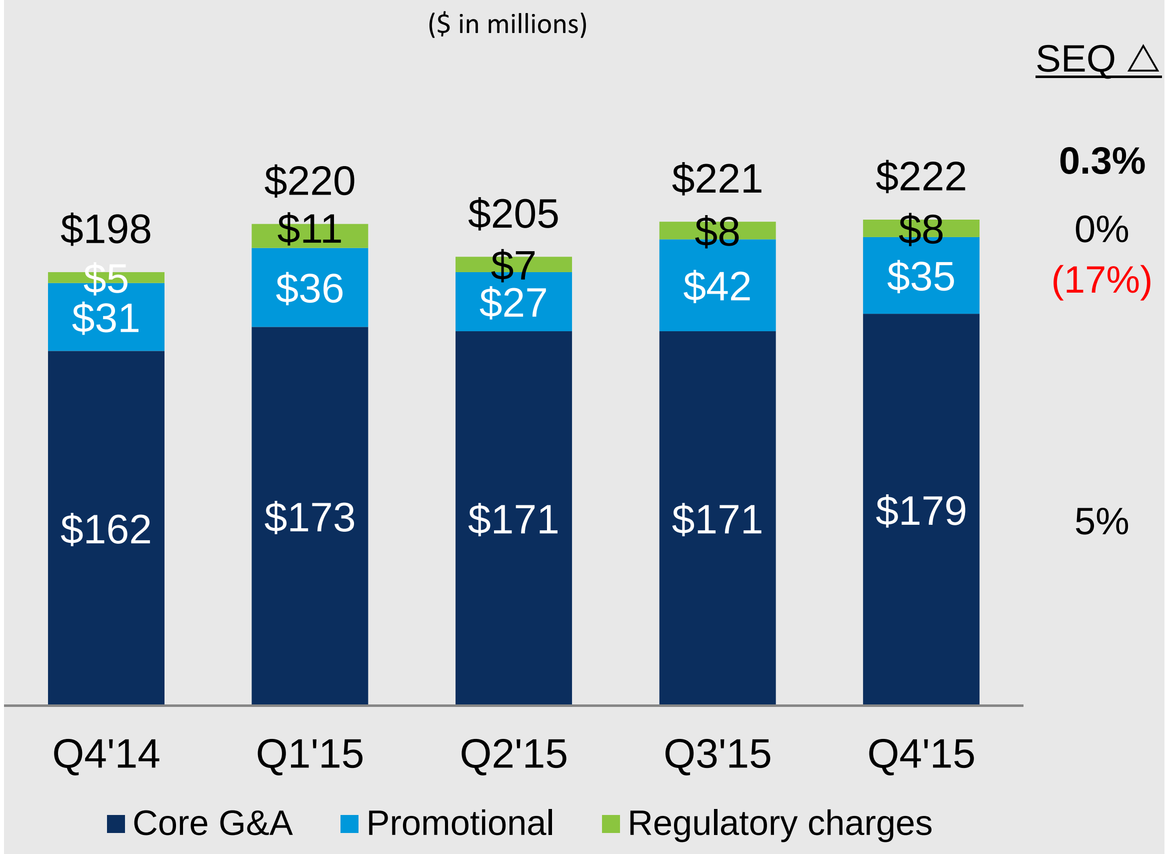


- Commissions, advisory fees, and marketing allowances declined mostly from slower alternative investment sales and lower Q3 corporate advisory asset balances (-$9M gross profit)
- Sponsor revenues were down due to lower billable assets (-$3M gross profit)
- Cash sweep revenue increased on greater cash balances and the December Fed funds rate increase (+$3M gross profit)
- Transaction and fee revenue decreased primarily due to conference timing and slightly lower transaction volumes (-$9M gross profit)

Note: Gross Profit (as defined on page 1) is a non-GAAP measure

Our G&A was relatively flat sequentially

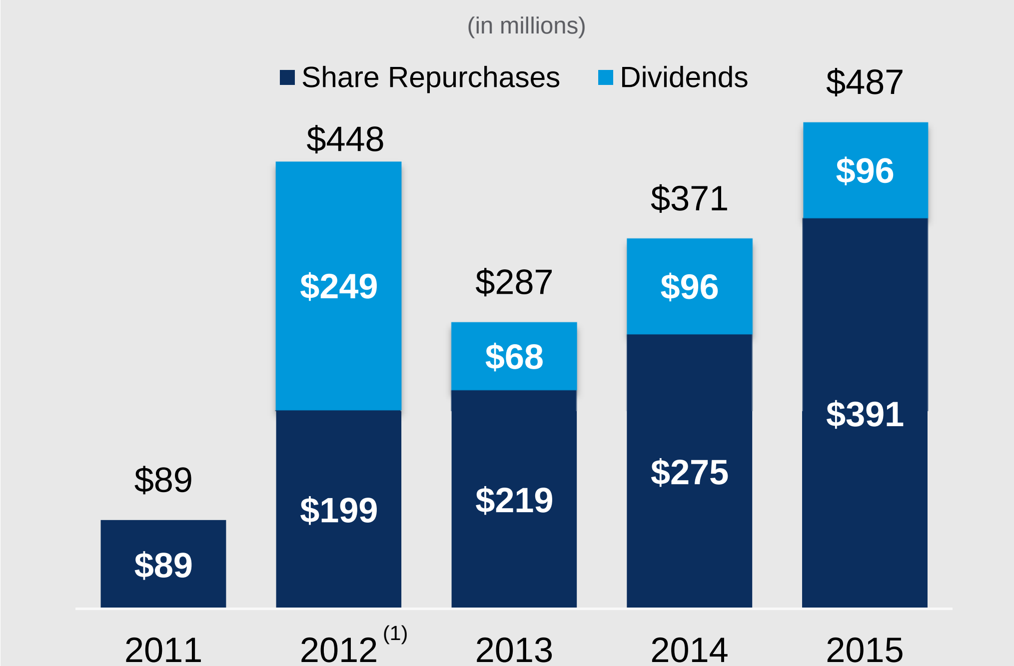
G&A Expense



- Core G&A increased $8M sequentially due to two factors: 1) ~$4M of non-recurring costs which were mostly severance from role eliminations, and 2) ~$4M primarily from annual disclosures, professional fees, and technology-related expenses, offset by lower performance-based compensation
- Promotional expense decreased $7M sequentially due to a $13M decrease from conference timing offset by a $6M increase in transition assistance and other seasonal marketing expenses
- Regulatory-related charges were flat sequentially

LPL's capital-light model continued to support shareholder capital returns, which totaled $274M in Q4 and $487M for the year

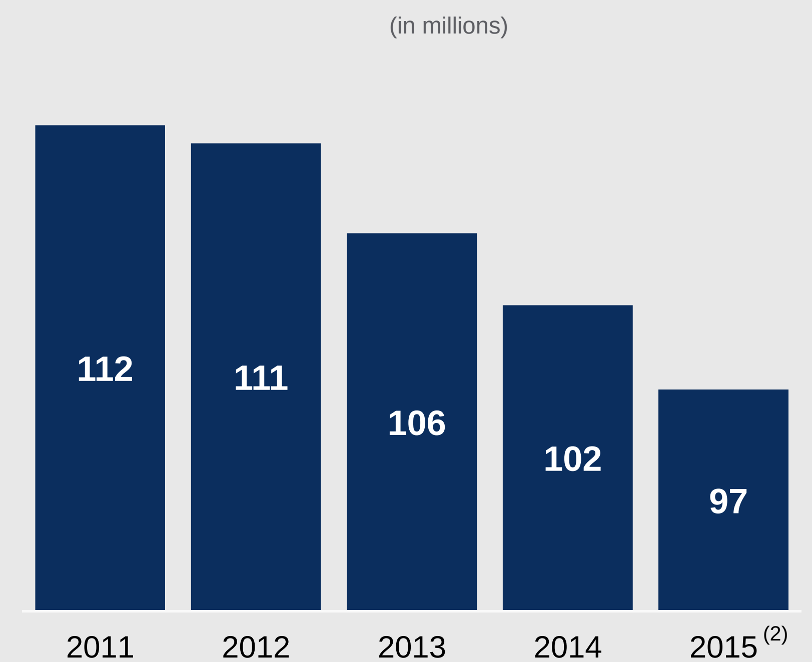
Return of Capital



Return of capital per share

$0.79	$4.04	$2.71	$3.65	$5.03

Fully Diluted Shares



(1) 2012 dividends include a special dividend of $223 million
(2) Diluted share count was ~91 million on December 31, 2015 after the completion of the $250 million accelerated share repurchase plan of ~5.6 million shares on December 15, 2015

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

	Three Month Quarterly Results				
	Q4 2015	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**
FINANCIAL CONDITION					
Total Cash & Cash Equivalents ($ billions)	$ 0.7	$ 0.4	$ 0.5	$ 0.5	$ 0.4
Total Assets ($ billions)	$ 4.5	$ 4.0	$ 4.0	$ 4.1	$ 4.1
Total Debt ($ billions)(2)	$ 2.2	$ 1.7	$ 1.7	$ 1.6	$ 1.6
Stockholders' Equity ($ billions)	$ 0.7	$ 0.9	$ 0.9	$ 1.0	$ 1.0
KEY METRICS					
Advisors	14,054	14,073	14,130	14,098	14,036
Production Payout(1)	86.98%	85.40%	86.22%	85.64%	87.12%
Advisory and Brokerage Assets ($ billions)(3)	$ 475.6	$ 461.8	$ 485.7	$ 485.4	$ 475.1
Advisory Assets Under Custody ($ billions)(3)(4)	$ 187.2	$ 179.7	$ 186.8	$ 183.7	$ 175.8
Net New Advisory Assets ($ billions)(5)	$ 3.1	$ 4.2	$ 4.3	$ 5.2	$ 4.1
Insured Cash Account Balances ($ billions)(6)	$ 20.9	$ 19.5	$ 17.5	$ 17.7	$ 18.6
Money Market Account Balances ($ billions)(6)	$ 8.1	$ 8.2	$ 6.8	$ 6.9	$ 7.4
Adjusted EBITDA(7)	$ 100,269	$ 118,352	$ 135,401	$ 135,093	$ 137,953
Adjusted Earnings(8)	$ 35,664	$ 52,772	$ 63,238	$ 63,180	$ 66,044
Adjusted Earnings per share(8)	$ 0.37	$ 0.55	$ 0.65	$ 0.64	$ 0.66

(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.

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
			(unaudited)		
Net income	$ 26,812	$ 41,052	$ 50,242	$ 50,678	$ 48,545
Non-operating interest expense	18,465	13,493	13,163	14,015	12,887
Provision for income taxes	18,291	27,635	33,848	33,997	31,991
Amortization of intangible assets	9,532	9,534	9,536	9,637	9,822
Depreciation and amortization	22,526	17,232	17,196	16,429	16,405
EBITDA	95,626	108,946	123,985	124,756	119,650
EBITDA Adjustments:					
Employee share-based compensation expense(a)	4,083	6,250	6,805	6,158	5,159
Acquisition and integration related expenses(b)	(8)	(8)	(19)	85	650
Restructuring and conversion costs(c)	489	3,080	4,519	3,888	8,177
Debt amendment and extinguishment costs(d)	—	—	—	—	4,361
Other(e)	79	85	111	206	(44)
Total EBITDA Adjustments	4,643	9,407	11,416	10,337	18,303
Adjusted EBITDA	$ 100,269	$ 118,353	$ 135,401	$ 135,093	$ 137,953

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):

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
			(unaudited)		
Net income	$ 26,812	$ 41,052	$ 50,242	$ 50,678	$ 48,545
After-Tax:					
EBITDA Adjustments(f)					
Employee share-based compensation expense(g)	2,656	3,928	4,309	4,019	3,397
Acquisition and integration related expenses(h)	(5)	(5)	(11)	52	399
Restructuring and conversion costs	300	1,891	2,775	2,387	5,021
Debt amendment and extinguishment costs	—	—	—	—	2,678
Other	48	52	68	127	(27)
Total EBITDA Adjustments	2,999	5,866	7,141	6,585	11,468
Amortization of intangible assets(f)	5,853	5,854	5,855	5,917	6,031
Adjusted Earnings	$ 35,664	$ 52,772	$ 63,238	$ 63,180	$ 66,044
Adjusted Earnings per share(i)	$ 0.37	$ 0.55	$ 0.65	$ 0.64	$ 0.66
Weighted-average shares outstanding — diluted	95,340	96,472	97,239	98,227	99,469

(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 fourth, third, second, and first quarter of 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 fourth quarter of 2014 include approximately $0.4 million 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.

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(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:

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
			(unaudited)		
Earnings per share — diluted	$ 0.28	$ 0.43	$ 0.52	$ 0.52	$ 0.49
After-Tax:					
EBITDA Adjustments per share	0.03	0.06	0.07	0.06	0.11
Amortization of intangible assets per share	0.06	0.06	0.06	0.06	0.06
Adjusted Earnings per share	$ 0.37	$ 0.55	$ 0.65	$ 0.64	$ 0.66

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q4 2015 Compared to Q4 2014
(Dollars in thousands)
(Unaudited)

	Q4 2015			Q4 2014			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 463,486	$ —	$ 463,486	$ 528,355	$ —	$ 528,355	$ (64,869)	(12.3)%
Advisory	324,241	—	324,241	339,943	—	339,943	(15,702)	(4.6)%
Asset-based	124,062	—	124,062	122,101	—	122,101	1,961	1.6 %
Transaction and fee	96,849	—	96,849	93,537	—	93,537	3,312	3.5 %
Interest income, net of operating interest	4,216	(7)	4,209	4,703	(8)	4,695	(486)	(10.4)%
Other	7,492	—	7,492	15,629	—	15,629	(8,137)	(52.1)%
Net revenues	1,020,346	(7)	1,020,339	1,104,268	(8)	1,104,260	(83,921)	(7.6)%
EXPENSES:								
Commission and advisory	685,127	—	685,127	756,496	—	756,496	(71,369)	(9.4)%
Compensation and benefits	104,938	(4,149)	100,789	104,370	(5,740)	98,630	2,159	2.2 %
Promotional	34,782	—	34,782	31,096	—	31,096	3,686	11.9 %
Depreciation and amortization	22,526	—	22,526	16,405	—	16,405	6,121	37.3 %
Amortization of intangibles	9,532	(9,532)	—	9,822	(9,822)	—	—	*
Occupancy and equipment	22,155	(1)	22,154	19,508	114	19,622	2,532	12.9 %
Professional services	20,608	1	20,609	17,233	(443)	16,790	3,819	22.7 %
Brokerage, clearing, and exchange	12,836	—	12,836	12,421	—	12,421	415	3.3 %
Communications and data processing	12,897	—	12,897	11,225	(10)	11,215	1,682	15.0 %
Restructuring charges	480	(480)	—	8,179	(8,179)	—	—	*
Other	30,897	(21)	30,876	20,147	(110)	20,037	10,839	54.1 %
Total operating expenses	956,778	(14,182)	942,596	1,006,902	(24,190)	982,712	(40,116)	(4.1)%
Non-operating interest expense	18,465	—	18,465	12,887	—	12,887	5,578	43.3 %
Loss on extinguishment of debt	—	—	—	3,943	(3,943)	—	—	*
Total expenses	$ 975,243	$ (14,182)	$ 961,061	$ 1,023,732	$ (28,133)	$ 995,599	$ (34,538)	(3.5)%
Regulatory charges(1)			$ 7,835			$ 4,900	$ 2,935	59.9 %
Core G&A Expenses, excluding regulatory charges(2)			$ 179,490			$ 161,394	$ 18,096	11.2 %

* 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: regulatory charges, commission and advisory, promotional, depreciation and amortization, and brokerage, clearing, and exchange.

LPL Financial Holdings Inc.
Pre-Tax Earnings Adjustments - Q4 2015 Compared to Q3 2015
(Dollars in thousands)
(Unaudited)

	Q4 2015			Q3 2015			Increase (Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	$	%
REVENUES:								
Commission	$ 463,486	$ —	$ 463,486	$ 480,271	$ —	$ 480,271	$ (16,785)	(3.5)%
Advisory	324,241	—	324,241	341,217	—	341,217	(16,976)	(5.0)%
Asset-based	124,062	—	124,062	123,921	—	123,921	141	0.1 %
Transaction and fee	96,849	—	96,849	105,593	1	105,594	(8,745)	(8.3)%
Interest income, net of operating interest	4,216	(7)	4,209	5,221	(8)	5,213	(1,004)	(19.3)%
Other	7,492	—	7,492	(1,478)	—	(1,478)	8,970	(606.9)%
Net revenues	1,020,346	(7)	1,020,339	1,054,745	(7)	1,054,738	(34,399)	(3.3)%
EXPENSES:								
Commission and advisory	685,127	—	685,127	701,585	—	701,585	(16,458)	(2.3)%
Compensation and benefits	104,938	(4,149)	100,789	110,494	(6,301)	104,193	(3,404)	(3.3)%
Promotional	34,782	—	34,782	42,040	—	42,040	(7,258)	(17.3)%
Depreciation and amortization	22,526	—	22,526	17,232	—	17,232	5,294	30.7 %
Amortization of intangibles	9,532	(9,532)	—	9,534	(9,534)	—	—	*
Occupancy and equipment	22,155	(1)	22,154	19,760	—	19,760	2,394	12.1 %
Professional services	20,608	1	20,609	15,341	—	15,341	5,268	34.3 %
Brokerage, clearing, and exchange	12,836	—	12,836	13,403	—	13,403	(567)	(4.2)%
Communications and data processing	12,897	—	12,897	11,253	—	11,253	1,644	14.6 %
Restructuring charges	480	(480)	—	3,071	(3,071)	—	—	*
Other	30,897	(21)	30,876	28,852	(42)	28,810	2,066	7.2 %
Total operating expenses	956,778	(14,182)	942,596	972,565	(18,948)	953,617	(11,021)	(1.2)%
Non-operating interest expense	18,465	—	18,465	13,493	—	13,493	4,972	36.8 %
Total expenses	$ 975,243	$ (14,182)	$ 961,061	$ 986,058	$ (18,948)	$ 967,110	$ (6,049)	(0.6)%
Regulatory charges(1)			$ 7,835			$ 8,290	$ (455)	(5.5)%
Core G&A Expenses, excluding regulatory charges(2)			$ 179,490			$ 171,067	$ 8,423	4.9 %

* 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: regulatory charges, 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	$ 1,976,845	$ —	$ 1,976,845	$ 2,118,494	$ —	$ 2,118,494	$ (141,649)	(6.7)%
Advisory	1,352,454	—	1,352,454	1,337,959	—	1,337,959	14,495	1.1 %
Asset-based	493,687	—	493,687	476,595	—	476,595	17,092	3.6 %
Transaction and fee	401,948	2	401,950	369,821	2	369,823	32,127	8.7 %
Interest income, net of operating interest	19,192	(30)	19,162	18,982	(151)	18,831	331	1.8 %
Other	30,928	(481)	30,447	51,811	(31)	51,780	(21,333)	(41.2)%
Net revenues	4,275,054	(509)	4,274,545	4,373,662	(180)	4,373,482	(98,937)	(2.3)%
EXPENSES:								
Commission and advisory	2,864,813	—	2,864,813	2,998,702	—	2,998,702	(133,889)	(4.5)%
Compensation and benefits	440,049	(23,822)	416,227	421,829	(24,109)	397,720	18,507	4.7 %
Promotional	139,198	(1)	139,197	124,677	(1)	124,676	14,521	11.6 %
Depreciation and amortization	73,383	—	73,383	57,977	—	57,977	15,406	26.6 %
Amortization of intangibles	38,239	(38,239)	—	38,868	(38,868)	—	—	*
Occupancy and equipment	84,112	(14)	84,098	82,430	(7,666)	74,764	9,334	12.5 %
Professional services	64,522	(4)	64,518	62,184	(1,237)	60,947	3,571	5.9 %
Brokerage, clearing, and exchange	52,516	—	52,516	49,015	—	49,015	3,501	7.1 %
Communications and data processing	46,871	—	46,871	43,823	(580)	43,243	3,628	8.4 %
Restructuring charges	11,967	(11,967)	—	34,652	(34,652)	—	—	*
Other	117,693	(504)	117,189	109,327	(1,419)	107,908	9,281	8.6 %
Total operating expenses	3,933,363	(74,551)	3,858,812	4,023,484	(108,532)	3,914,952	(56,140)	(1.4)%
Non-operating interest expense	59,136	—	59,136	51,538	—	51,538	7,598	14.7 %
Loss on extinguishment of debt	—	—	—	3,943	(3,943)	—	—	*
Total expenses	$ 3,992,499	$ (74,551)	$ 3,917,948	$ 4,078,965	$ (112,475)	$ 3,966,490	$ (48,542)	(1.2)%
Regulatory charges(1)			$ 33,832			$ 36,300	$ (2,468)	(6.8)%
Core G&A Expenses, excluding regulatory charges(2)			$ 695,071			$ 648,282	$ 46,789	7.2 %

* 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: regulatory charges, commission and advisory, promotional, depreciation and amortization, and brokerage, clearing, and exchange.

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

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

	Q4 2015 (Includes Pre-Tax Earnings Adjustments)	**Q3 2015**	**SEQ %**	**Comments on Quarterly Financial Results**
REVENUES				
Commission	$ 463,486	$ 480,271	(3.5)%	Sales commissions decreased 6% and trails were relatively flat. Sales commission declined mostly due to an industry-wide slowdown in alternative investments.
Advisory	324,241	341,217	(5.0)%	Advisory fee revenues declined 5% sequentially. Advisory fees are billed primarily on prior quarter ending balances, and third quarter asset levels declined sequentially along with the S&P index.
GDC (1)	**$ 787,727**	**$ 821,488**	**(4.1)%**	
Cash sweep revenue	27,217	24,024	13.3 %	Cash sweep revenue increased as volatile equity markets drove cash balances to record levels, and the Fed funds effective rate increased in mid-December.
Non-cash Asset-based	96,845	99,897	(3.1)%	The sequential decrease in asset-based fees was primarily due to a decline in sponsor revenue from lower average billable assets.
Transaction and fee	96,849	105,594	(8.3)%	Transaction and fee revenue decreased primarily due to conference timing and lower transaction volumes than the record levels experienced in Q3 2015.
Other	11,701	3,735	213.3 %	Other revenue increased sequentially primarily due to the mark-to-market increase in the advisor deferred compensation plan assets.
Net revenues	**$ 1,020,339**	**$ 1,054,738**	**(3.3)%**	
Production expense	697,963	714,988	(2.4)%	Production expense is the product of total GDC (discussed above) and payout rate (discussed below).
Gross profit (2)	**$ 322,376**	**$ 339,750**	**(5.1)%**	
Payout rate	*86.98%*	*85.40%*	1.58 %	Base payout rate decreased by 37 basis points due to a shift in product mix to products with a lower average payout. Production based bonuses, which grow throughout the year as advisors reach greater production tiers, were up 34 basis points sequentially. Non-GDC Payout increased by 161 basis points primarily due to advisor deferred compensation plan, which is marked-to-market quarterly.

Continued on following page

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

	Q4 2015	Q3 2015	SEQ %	Comments on Quarterly Financial Results
	(Includes Pre-Tax Earnings Adjustments)			
EXPENSES				
Core G&A (excluding regulatory charges)	$ 179,490	$ 171,067	4.9 %	Core G&A increased due largely to two factors; $4 million of the increase was from non-recurring items which were mostly severance payments for role eliminations. The remaining $4 million increase was primarily due to annual disclosures and investments in service and technology, partially offset by lower performance-based compensation. For full year 2015, Core G&A was $695 million, slightly lower than the expected $697 to $703 million range.
Regulatory charges	7,835	8,290	(5.5)%	Regulatory charges - which were primarily ongoing costs of remediation and restitution for legacy regulatory matters - were flat sequentially. Full year 2015 charges were $34 million, down $2 million from the prior year.
Promotional G&A	34,782	42,040	(17.3)%	Promotional expense decreased sequentially primarily due to a $13 million decrease related to conference timing, but were partially offset by a $6 million increase from transition assistance and seasonal marketing expenses.
Total G&A	**$ 222,107**	**$ 221,397**	**0.3 %**	
Adjusted EBITDA (3)	**$ 100,269**	**$ 118,353**	**(15.3)%**	

(1) GDC, or Gross Dealer Concessions, is equal to the total Commissions and Advisory Fees.

(2) Gross Profit is a non-GAAP measure (as defined on page 1).

(3) Adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per Share are non-GAAP measures. See the GAAP to non-GAAP reconciliation on pages 8-13.

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Seq Growth	YoY Growth
Advisory and Brokerage Assets							
Advisory Accounts	$ 187.2	$ 179.7	$ 186.8	$ 183.7	$ 175.8	4.2%	6.5%
Brokerage Accounts	288.4	282.1	298.9	301.7	299.3	2.2%	(3.6%)
Total Advisory and Brokerage Assets(1)	**$ 475.6**	**$ 461.8**	**$ 485.7**	**$ 485.4**	**$ 475.1**	**3.0%**	**0.1%**
Advisory Account % of Total Assets	*39.4%*	*38.9%*	*38.5%*	*37.8%*	*37.0%*	*n/a*	*n/a*
Hybrid Platform Advisory Assets	$ 65.8	$ 60.6	$ 60.5	$ 56.7	$ 50.7	8.6%	29.8%
Brokerage Assets Associated with Hybrid RIAs	52.9	49.4	51.1	48.1	43.8	7.1%	20.8%
Total Hybrid Platform Assets(2)	**$ 118.7**	**$ 110.0**	**$ 111.6**	**$ 104.8**	**$ 94.5**	**7.9%**	**25.6%**
Net New Advisory Assets(3)	$ 3.1	$ 4.2	$ 4.3	$ 5.2	$ 4.1	n/m	n/m
Annualized Growth(4)	**7%**	**9%**	**9%**	**11%**	**9%**	**n/a**	**n/a**
Insured Cash Account	$ 20.9	$ 19.5	$ 17.5	$ 17.7	$ 18.6	7.2%	12.4%
Money Market Funds	8.1	8.2	6.8	6.9	7.4	(1.2%)	9.5%
Total Cash Sweep Assets (EOP)	**$ 29.0**	**$ 27.7**	**$ 24.3**	**$ 24.6**	**$ 26.0**	**4.7%**	**11.5%**
% of total Advisory and Brokerage Assets	*6.1%*	*6.0%*	*5.0%*	*5.1%*	*5.5%*	*10 bps*	*60 bps*
Insured Cash Account Fee - bps	50	48	48	45	55	2 bps	(5 bps)
Money Market Fee - bps	13	9	9	8	7	4 bps	6 bps
Cash Sweep Fee - bps	**39**	**37**	**37**	**35**	**41**	**2 bps**	**(2 bps)**
Weighted FFE Daily Average Fee - bps	16	14	13	11	10	2 bps	6 bps
Advisors							
Advisors	14,054	14,073	14,130	14,098	14,036	(0.1%)	0.1%
Net New Advisors	(19)	(57)	32	62	126	(66.7%)	(115.1%)
Annualized commissions revenue per Advisor ($ thousands)(5)(6)	$ 132	$ 136	$ 144	$ 149	$ 151	(2.9%)	(12.6%)
Annualized GDC per Advisor ($ thousands)(5)(6)	$ 224	$ 233	$ 242	$ 246	$ 249	(3.9%)	(10.0%)
Custom Clearing Services Subscribers(7)	4,200	4,277	4,281	4,304	4,358	(1.8%)	(3.6%)

Continued on following page

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Seq Growth	YoY Growth
Commission Revenue by Product							
Variable annuities	$ 189,255	$ 189,623	$ 203,380	$ 192,351	$ 196,348	(0.2%)	(3.6%)
Mutual funds	137,392	144,441	158,063	151,153	153,472	(4.9%)	(10.5%)
Alternative investments	16,299	26,113	31,987	58,692	63,354	(37.6%)	(74.3%)
Fixed annuities	44,359	42,417	36,092	35,107	29,846	4.6%	48.6%
Equities	21,822	24,875	23,475	27,334	34,100	(12.3%)	(36.0%)
Fixed income	21,104	21,778	24,071	23,988	20,291	(3.1%)	4.0%
Insurance	20,290	19,105	20,024	21,689	21,044	6.2%	(3.6%)
Group annuities	12,730	11,777	12,391	12,992	9,678	8.1%	31.5%
Other	235	142	206	93	222	NM	5.9%
Total commission revenue	**$ 463,486**	**$ 480,271**	**$ 509,689**	**$ 523,399**	**$ 528,355**	**(3.5%)**	**(12.3%)**
Commission Revenue by sales-based and trailing commission							
Sales-based	$ 229,303	$ 244,041	$ 262,792	$ 283,467	$ 287,561	(6.0%)	(20.3%)
Trailing	234,183	236,230	246,897	239,932	240,794	(0.9%)	(2.7%)
Total commission revenue	**$ 463,486**	**$ 480,271**	**$ 509,689**	**$ 523,399**	**$ 528,355**	**(3.5%)**	**(12.3%)**
Payout Rate (8)							
Base Payout Rate	82.80%	83.17 %	83.43%	83.45%	83.36%	(37 bps)	(56 bps)
Production Based Bonuses	3.46%	3.12 %	2.56%	1.80%	3.64%	34 bps	(18 bps)
GDC Sensitive Payout	**86.26%**	**86.29 %**	**85.99%**	**85.25%**	**87.00%**	**(3 bps)**	**(74 bps)**
Non-GDC Sensitive Payout(9)	0.72%	(0.89)%	0.23%	0.39%	0.12%	161 bps	60 bps
Total Payout Ratio	**86.98%**	**85.40 %**	**86.22%**	**85.64%**	**87.12%**	**158 bps**	**(14 bps)**
Production Based Bonuses Ratio (Trailing Twelve Months)	2.7%	2.8 %	2.8%	2.8%	2.8%	(10 bps)	(10 bps)

Continued on following page

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Seq Growth	YoY Growth
G&A Expenses ($ millions)							
Core G&A(10)	$ 187.3	$ 179.4	$ 178.2	$ 184.0	$ 166.3	4.4%	12.6%
Core G&A, excluding regulatory charges(11)	$ 179.5	$ 171.1	$ 171.4	$ 173.1	$ 161.4	4.9%	11.2%
Transition assistance loan amortization(12)	$ 10.7	$ 10.0	$ 9.7	$ 9.1	$ 8.4	7.0%	27.4%
Metrics							
Advisory Revenue as a percentage of Advisory Assets, excluding Hybrid RIA assets(13)	1.10%	1.10%	1.10%	1.09%	1.11%	—%	(0.9%)
Production Retention Rate (YTD Annualized)(14)	96.3%	96.6%	96.7%	97.0%	96.9%	(0.3%)	(0.6%)
Attachment Rate, excluding Cash Sweep Revenue (15)	26.1%	25.5%	25.0%	25.7%	24.2%	2.4%	7.9%
Recurring Revenue Rate	73.0%	72.4%	71.7%	69.2%	68.9%	0.8%	6.0%
Adjusted EBITDA / Gross Profit	31.1%	34.8%	39.8%	38.0%	41.1%	(10.6%)	(24.3%)
Annualized Gross Profit / Total Advisory and Brokerage Assets	0.27%	0.29%	0.28%	0.29%	0.28%	(2 bps)	(1 bps)
Employees - period end	3,410	3,413	3,385	3,352	3,384	(0.1%)	0.8%
Cash available for corporate use (millions)(16)	$ 512	$ 225	$ 219	$ 238	$ 205	127.6%	149.8%
Capital Allocation per Share(17)	$ 2.87	$ 0.51	$ 1.13	$ 0.55	$ 1.49	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 platform 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 uses average at the beginning and the end of period advisor count, excluding Custom Clearing Services subscribers.

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

(8) The Company's 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. Transition assistance loan amortization 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 corporate advisory assets at the prior quarter's end (corporate advisory assets is defined as total Advisory Assets less Hybrid RIA Firm 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.