Q4 2017 Earnings Key Metrics

LPL Financial Holdings Inc.

Q4 2017 Earnings

February 1, 2018

LPL Financial

Member FINRA/SIPC

Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the Company") future financial and operating results, outlook, growth, prospects, business strategies, future market position, future operating environment, and goals, including forecasts and statements relating to the Company's future expenses, gross profit, revenues, asset levels, capital plans, future effective tax rate, and success in recruiting and onboarding advisors from the broker/dealer network of National Planning Holdings, Inc. ("NPH"), 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 1, 2018. The words "estimates", "believes", "expects", "may", "plans", "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 assets and the related impact on revenue; fluctuations in the number of retail investors served by the Company; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and institutions; changes in the number of the Company's financial advisors and institutions, and their ability to market effectively financial products and services; whether retail investors served by newly-recruited advisors choose to open accounts and/or move their respective assets to a new account at the Company; changes in interest rates and fees payable by banks participating in the Company's cash sweep program; the Company's success and strategy in managing cash sweep program fees; changes in the growth and profitability of the Company's fee-based business; the effect of current, pending and future legislation, regulation and regulatory actions, including changes in the retail retirement savings area, and disciplinary actions imposed by federal and state securities regulators and self-regulatory organizations; the costs of settling and remediating issues related to pending or future regulatory matters or legal proceedings; execution of the Company's capital management plans, including its compliance with the terms of its existing credit agreement and the indenture governing its senior notes; the price, the availability of shares, and trading volumes of the Company's common stock, which will affect the timing and size of any future share repurchases by the Company; changes made to the Company's offerings and services, and the effect that such changes may have on the Company's gross profit streams and costs; execution of the Company's plans and its success in realizing the expense savings, service improvements and efficiencies expected to result from its initiatives and/or programs; the Company's success in negotiating and developing commercial arrangements with third-party services providers; the performance of third-party service providers to which business processes are transitioned; the Company's ability to control operating risks, information technology systems risks, cybersecurity risks, and sourcing risks; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2016 Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q or subsequent filings with the SEC. In particular, the Company can provide no assurance that the assets reported as serviced by NPH financial advisors will translate into assets serviced at the Company or that such financial advisors will join the Company or remain at the Company. Important factors that could cause or contribute to such differences include: difficulties and delays in recruiting or transferring the licenses of NPH's advisors and/or onboarding the clients or businesses of NPH's advisors; disruptions of the Company's business due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with its financial advisors and their clients, employees, other business partners or governmental entities; the choice by clients of NPH's advisors not to open accounts at the Company and/or move their respective assets from NPH to a new account at the Company; and effects of competition in the financial services industry, including competitors' success in recruiting NPH's advisors. 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 1, 2018, even if its estimates change, and statements contained herein are not to be relied upon as representing the Company's views as of any date subsequent to February 1, 2018.

*Notice to Investors: Non-GAAP Financial Measures

Management believes that presenting certain non-GAAP financial measures by excluding or including certain items can be helpful to investors and analysts who may wish to use some or all of this information to analyze the Company’s current performance, prospects, and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP measures and metrics discussed herein are appropriate for evaluating the performance of the Company. **Specific Non-GAAP financial measures have been marked with an * (asterisk) within this presentation. Management has also presented certain non-GAAP financial measures further adjusted to reflect the impact of the Company’s acquisition of NPH. Reconciliations of all such measures can be found on pages 24-28.**

EPS Prior to Amortization of Intangibles is defined as GAAP EPS plus Amortization of Intangible Assets expense, net of applicable tax benefit, divided by the number of shares outstanding for the applicable period. The Company presents EPS Prior to Amortization of Intangible Assets because management believes that it can be a useful financial metric to investors because it provides greater insight into the Company’s core operating performance by excluding non-cash items that management does not believe impact the Company’s ongoing operations. EPS Prior to Amortization of Intangible Assets is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to GAAP EPS or any other performance measure derived in accordance with GAAP. For a reconciliation of EPS Prior to Amortization of Intangible Assets to net income, please see page 26 of this presentation.

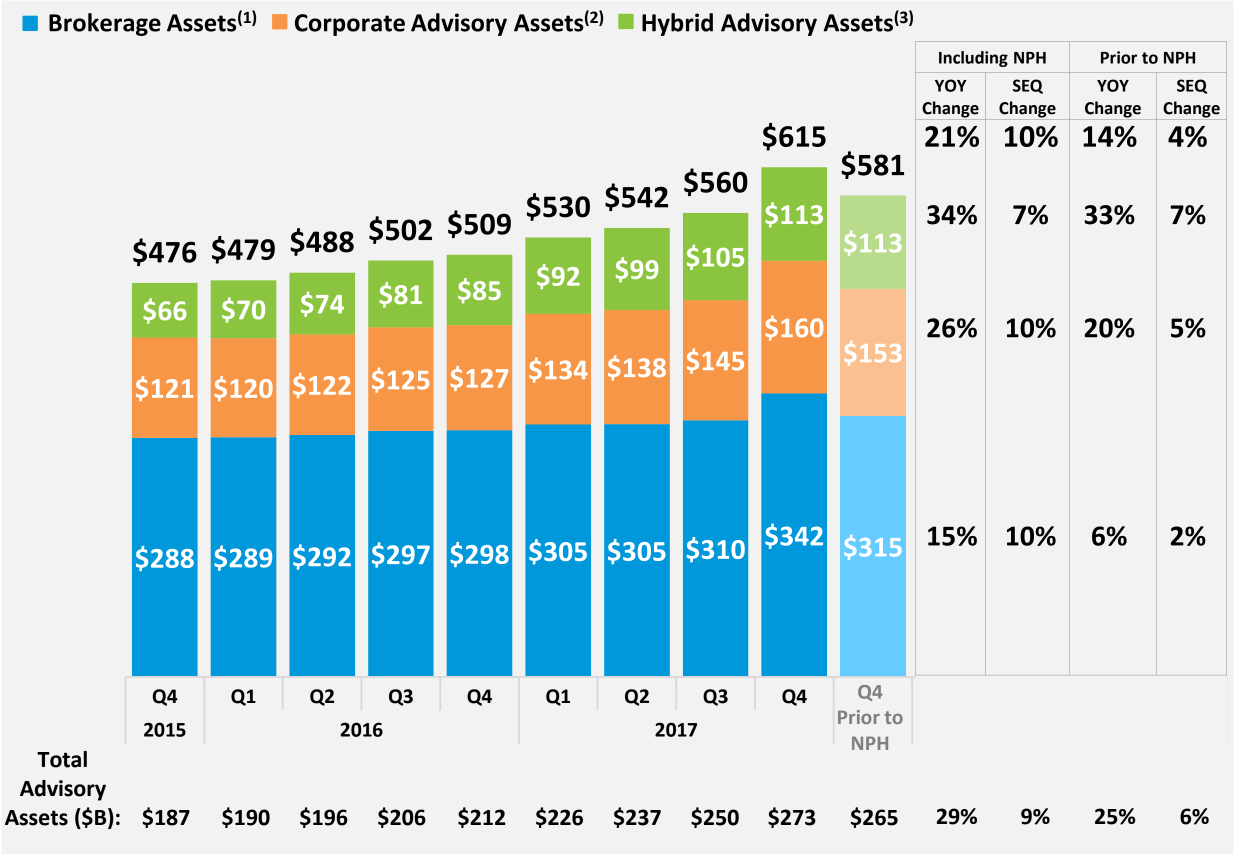
Gross profit is calculated as net revenues, which were $4,281 million for the twelve months ended December 31, 2017, less commission and advisory expenses and brokerage, clearing, and exchange fees, which were $2,670 million and $57 million, respectively, for the twelve months ended December 31, 2017. All other operating expense categories, including depreciation and amortization of fixed assets and amortization of intangible assets, 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. Management believes that gross profit amounts can be useful to investors because it shows the Company’s core operating performance before indirect costs that are general and administrative in nature.

Core G&A consists of total operating expenses, excluding the following expenses: commission and advisory, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, and brokerage, clearing, and exchange. Management presents Core G&A because it believes Core G&A reflects the corporate operating expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as commission and advisory expenses, or which management views as promotional expense necessary to support advisor growth and retention including conferences and transition assistance. Core G&A is not a measure of the Company’s total operating expenses as calculated in accordance with GAAP. For a reconciliation of Core G&A against the Company’s total operating expenses, please see page 25 of this presentation. The Company does not provide an outlook for its total operating expenses because it contains expense components, such as commission and advisory expenses, that are market-driven and over which the Company cannot exercise control. Accordingly a reconciliation of the Company’s outlook for Core G&A to an outlook for total operating expenses cannot be made available without unreasonable effort. Prior to 2016, the Company calculated Core G&A as consisting of total operating expenses, excluding the items described above, as well as excluding other items that primarily consisted of acquisition and integration costs resulting from various acquisitions and organizational restructuring and conversion costs. Beginning with results reported for Q1 2016, Core G&A was presented as including these items that were historically adjusted out.

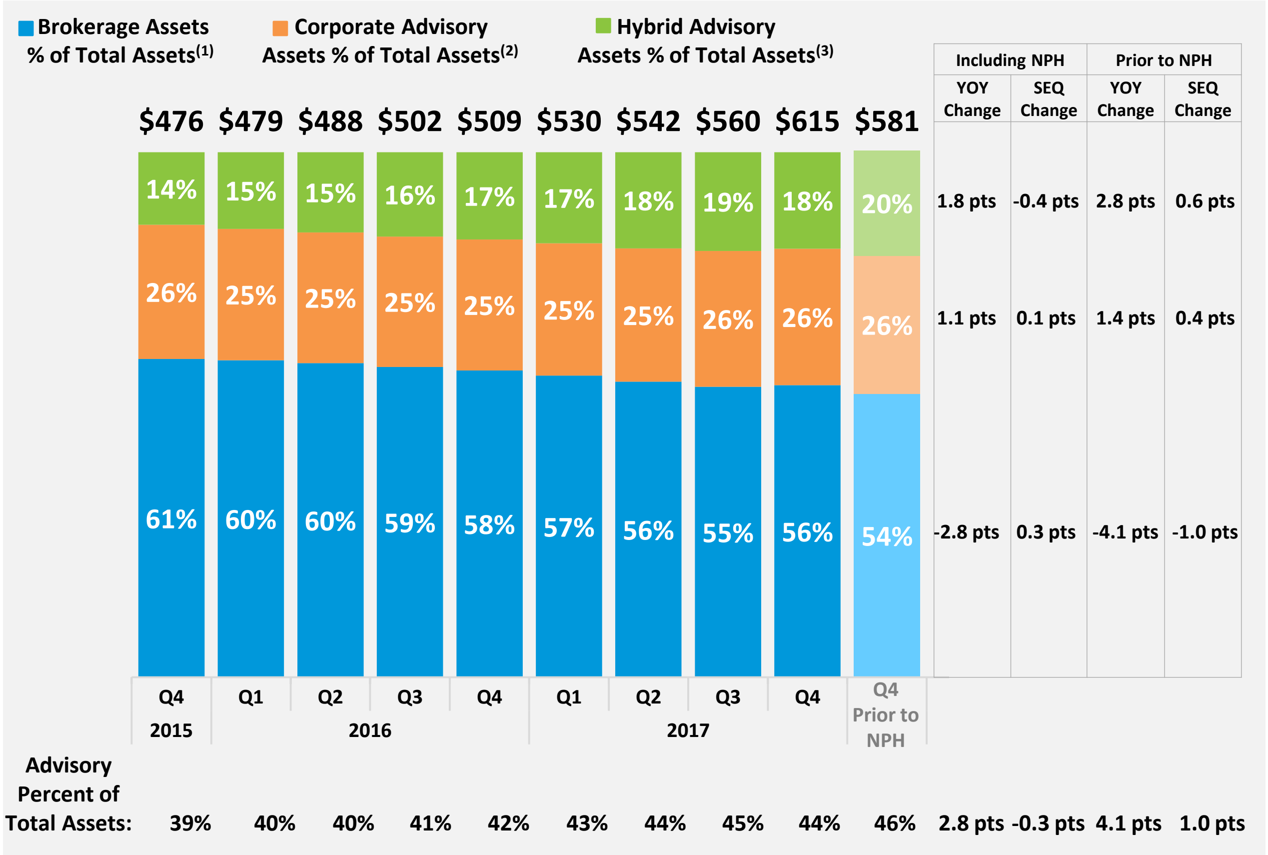
EBITDA is defined as net income plus interest expense, income tax expense, depreciation, and amortization. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company’s earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income 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. For a reconciliation of EBITDA to net income, please see page 24 of this presentation. In addition, the Company’s EBITDA can differ significantly from EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

Q4 Total Brokerage and Advisory Assets increased 21% year-over-year to $615 billion, and increased 10% sequentially, including $34 billion from NPH

Total Brokerage and Advisory Assets ($ billions)

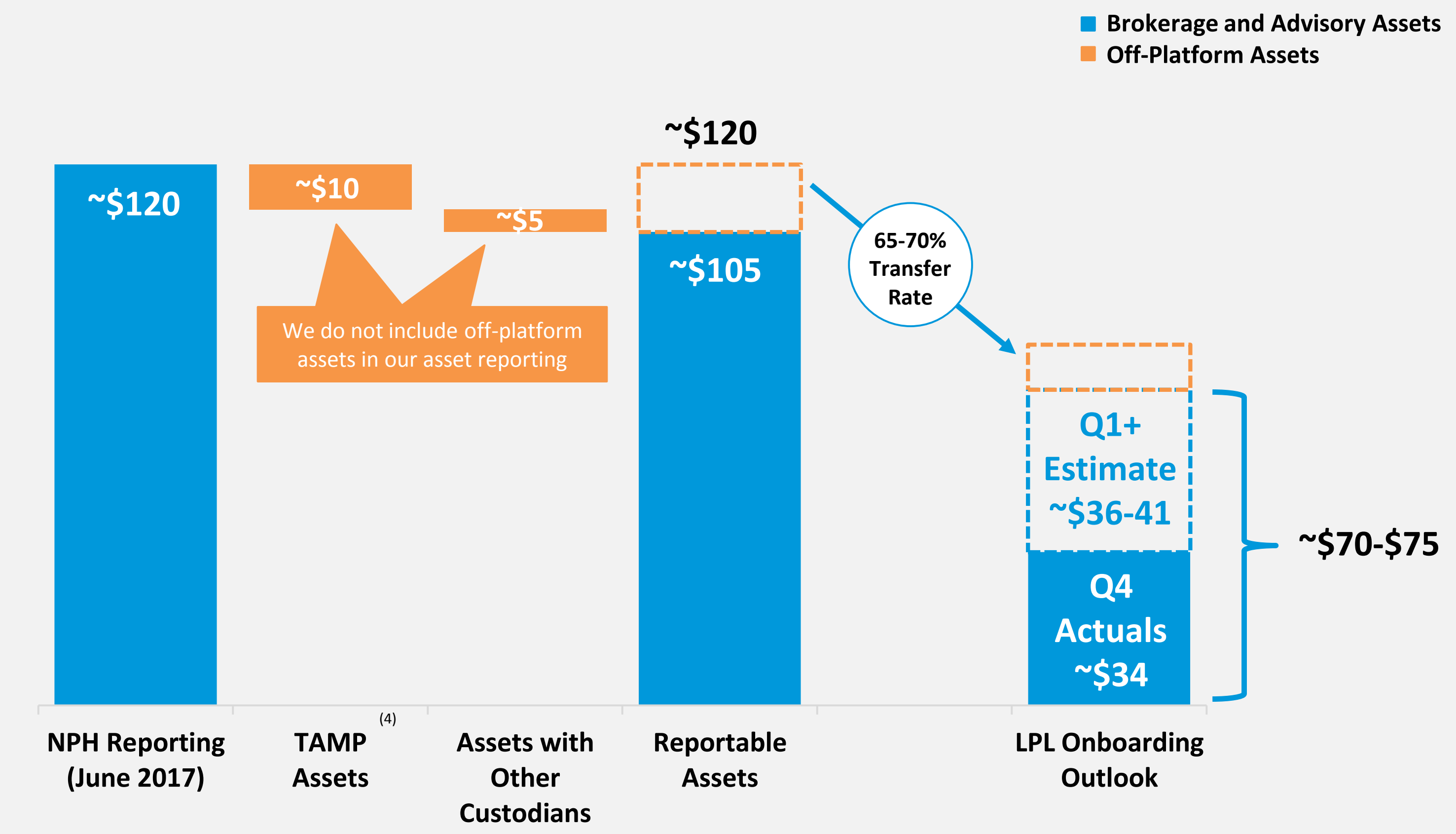


Total Brokerage and Advisory Asset Mix



NPH reportable assets are ~$105 billion, and we are on track to transfer 65-70%, or $70-$75 billion

NPH Assets ($ billions)

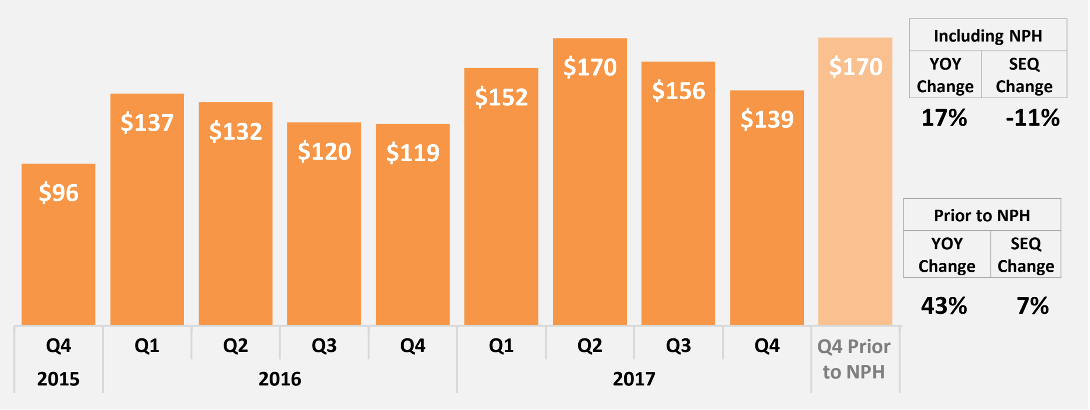


- NPH reported its advisors served ~$120B in assets as of June 2017, which included ~$15B of advisory assets held off-platform
- We do not include off-platform assets in our metrics, so NPH reportable assets are ~$105B, though off-platform assets could join over time
- Of the remaining ~$105B assets, we estimate that ~65-70%, or ~$70-$75B, will transfer from NPH
- As of end of the Q4 2017, most of Wave 1 assets had transferred, totaling ~$34B

Financial performance has steadily improved on four key metrics

Gross Profit* ($ millions)

EBITDA* ($ millions)



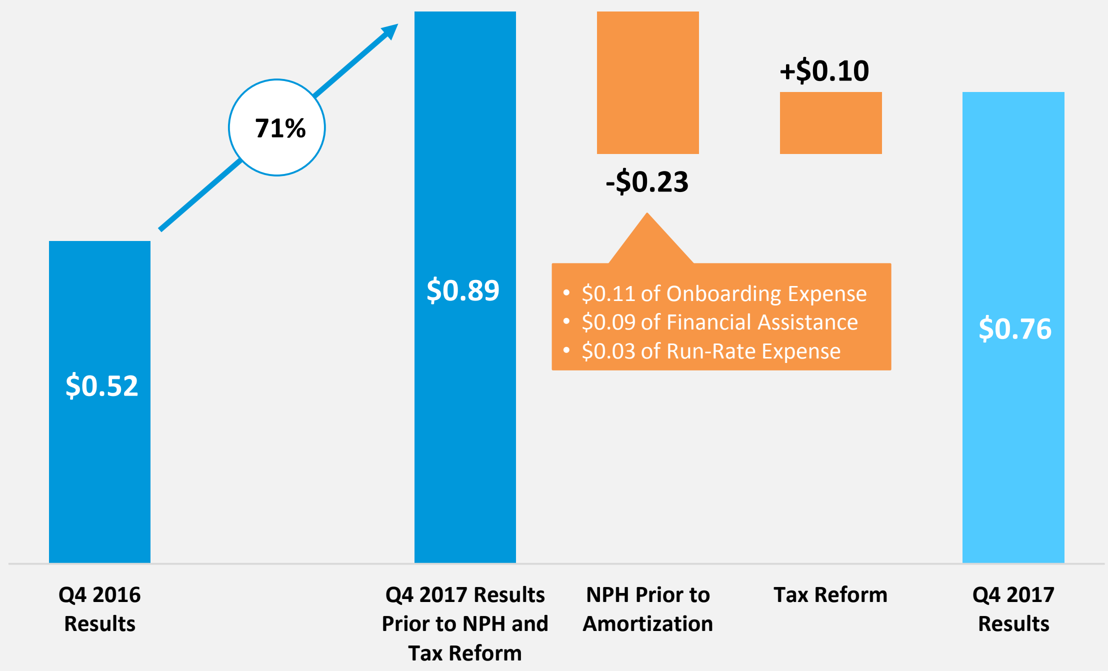
EPS, Diluted ($)

EPS Prior to Amortization of Intangible Assets* ($)

Q4 2017 EPS Prior to Amortization of Intangible Assets* was up 71% year-over-year prior to certain items

Q4 2017 – Year-over-Year

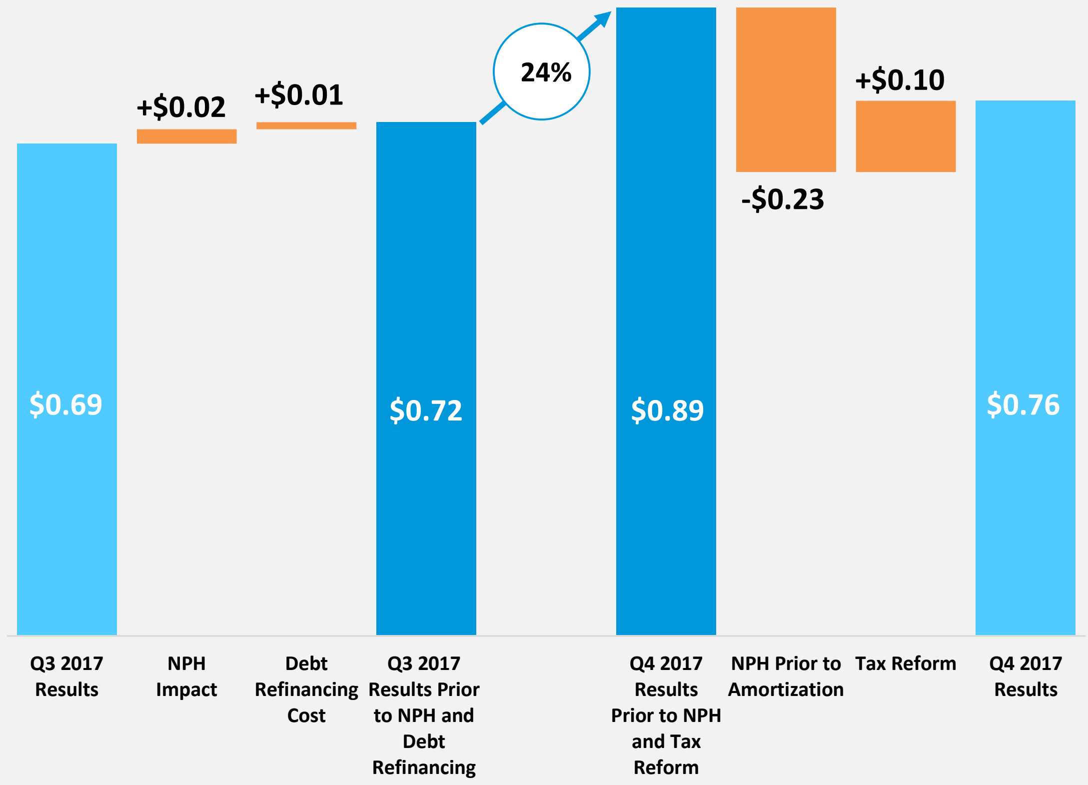
EPS Prior to Amortization of Intangible Assets* ($)



GAAP EPS	$0.46	81%	$0.83	-$0.24	$0.10	$0.69
Net Income	$42M	85%	$77M	-$22M	$9M	$64M

Q4 2017 – Sequential

EPS Prior to Amortization of Intangible Assets* ($)



GAAP EPS	$0.63	$0.02	$0.01	$0.66	26%	$0.83	-$0.24	$0.10	$0.69
Net Income	$58M	$2M	$1M	$61M	26%	$77M	-$22M	$9M	$64M

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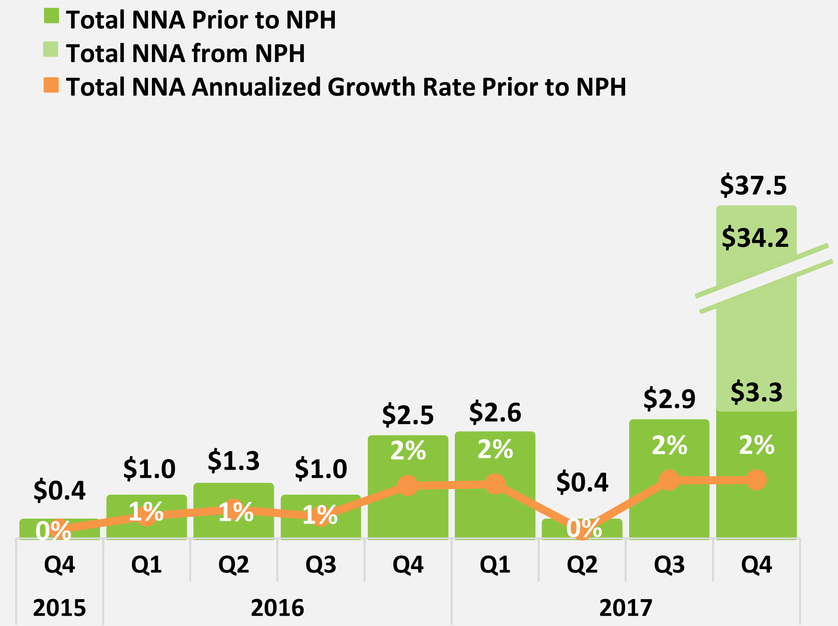
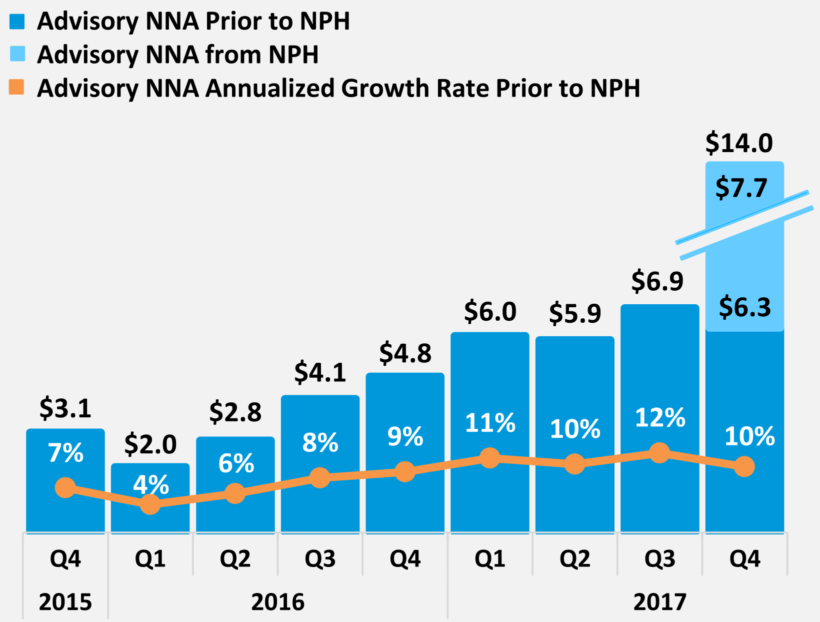
Q4 Total Net New Assets were an inflow of $3.3 billion prior to NPH

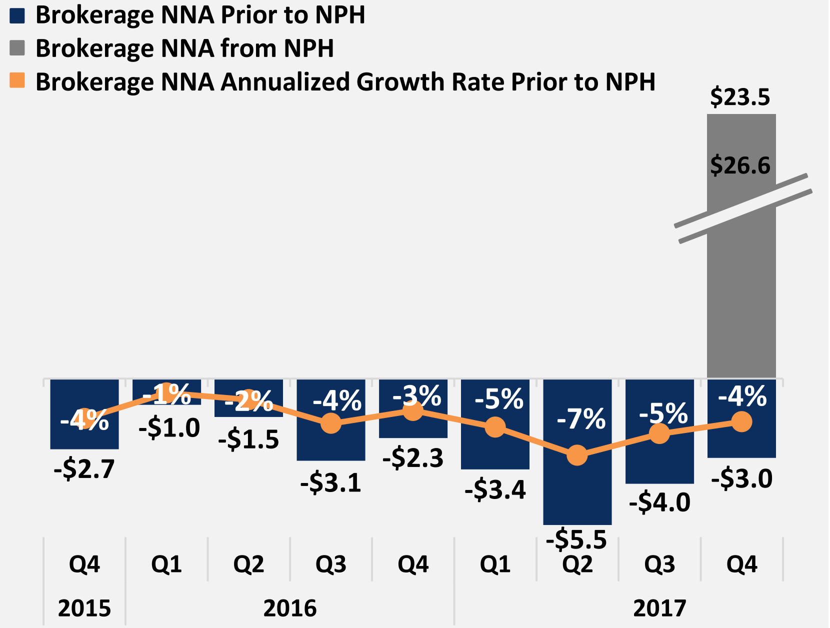
Total Net New Assets ($ billions)



Net New Advisory Assets[7] ($ billions)



Net New Brokerage Assets[8] ($ billions)



Net Brokerage to Advisory Conversions[9] (billions): $0.8 $1.0 $1.4 $1.3 $1.7 $2.3 $2.0 $1.9 $2.1[10]

Results prior to previously announced departures[11]:

	Total Q4 2016	Total Q1 2017	Total Q2 2017	Total Q3 2017	Advisory Q4 2016	Advisory Q1 2017	Advisory Q2 2017	Advisory Q3 2017	Brokerage Q4 2016	Brokerage Q1 2017	Brokerage Q2 2017	Brokerage Q3 2017
NNA:	$3.2B	$4.9B	$6.5B	$2.1B	$4.7B	$4.8B	$7.1B	$6.1B	-$1.5B	$0.1B	-$0.6B	-$4.0B
Annualized Growth:	3%	4%	5%	2%	10%	9%	13%	11%	-2%	0%	-1%	-5%

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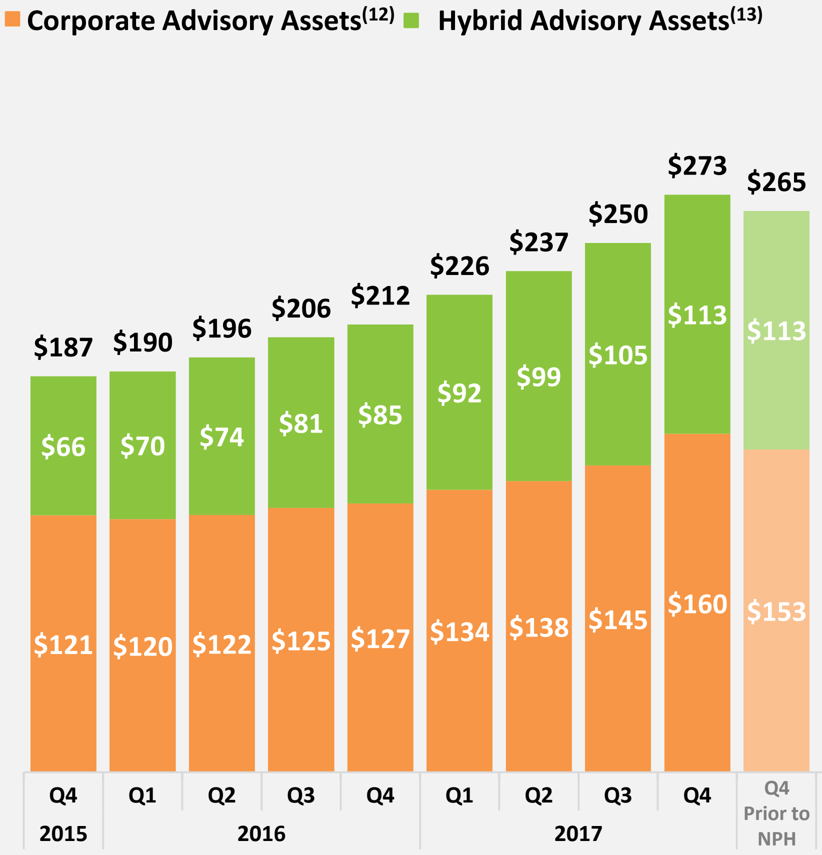
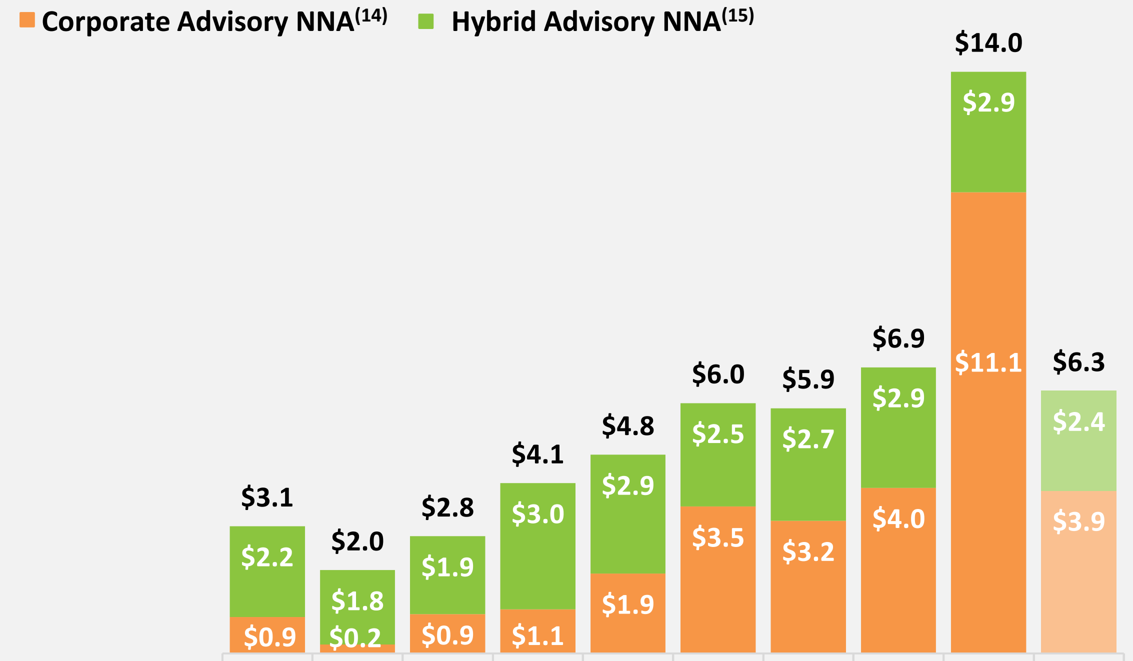
Q4 Corporate Advisory Assets increased 26% year-over-year to $160 billion, including $7 billion from NPH

Corporate and Hybrid Advisory Platform Mix ($ billions)



	Including NPH		Prior to NPH	
	YOY Change	SEQ Change	YOY Change	SEQ Change
	29%	9%	25%	6%
	34%	7%	33%	7%
	26%	10%	20%	5%

Corporate and Hybrid Advisory NNA Mix ($ billions)



Annualized NNA Growth	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q4 Prior to NPH
Corporate Advisory	3%	1%	3%	3%	6%	11%	10%	12%	n/m	9%
Hybrid Advisory	14%	11%	11%	16%	14%	12%	12%	12%	n/m	11%

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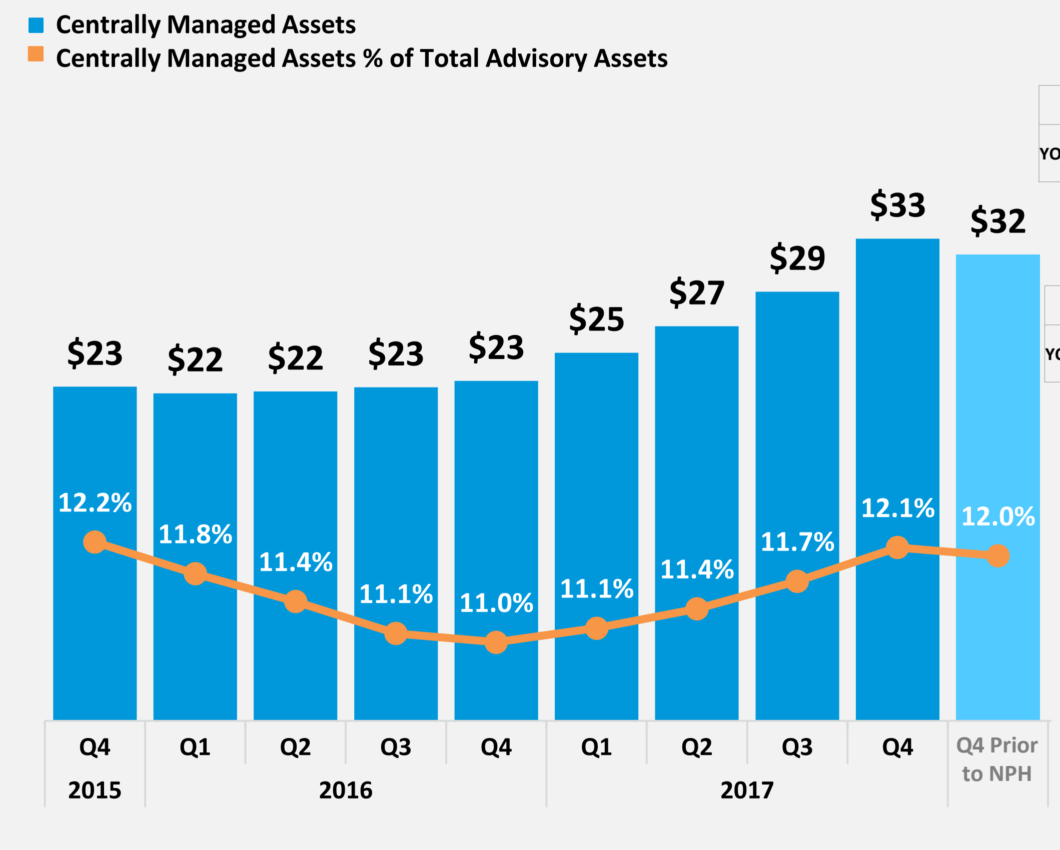
Q4 Centrally Managed Assets increased 42% year over year to $33 billion, including $1 billion from NPH

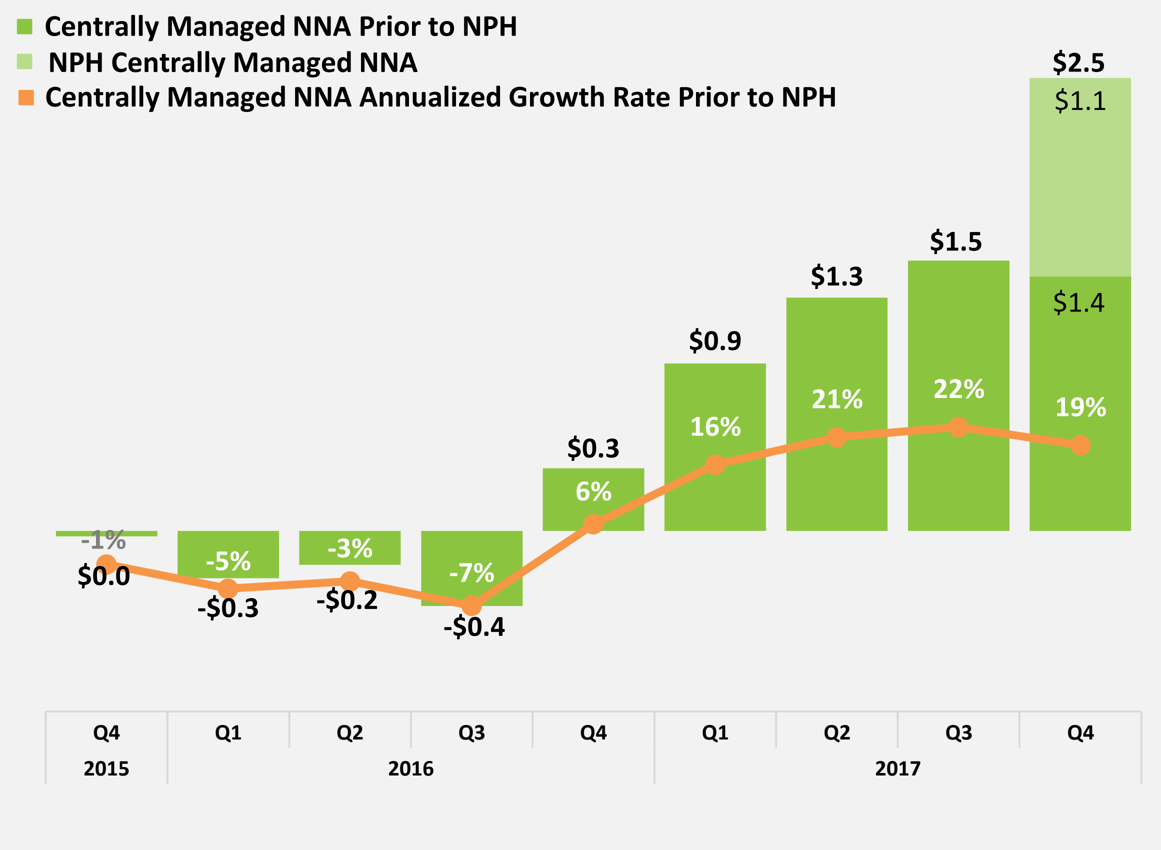
Centrally Managed Assets[16] ($ billions)



Including NPH	
YOY Change	SEQ Change
42%	12%

Prior to NPH	
YOY Change	SEQ Change
37%	9%

Centrally Managed NNA[17] ($ billions)



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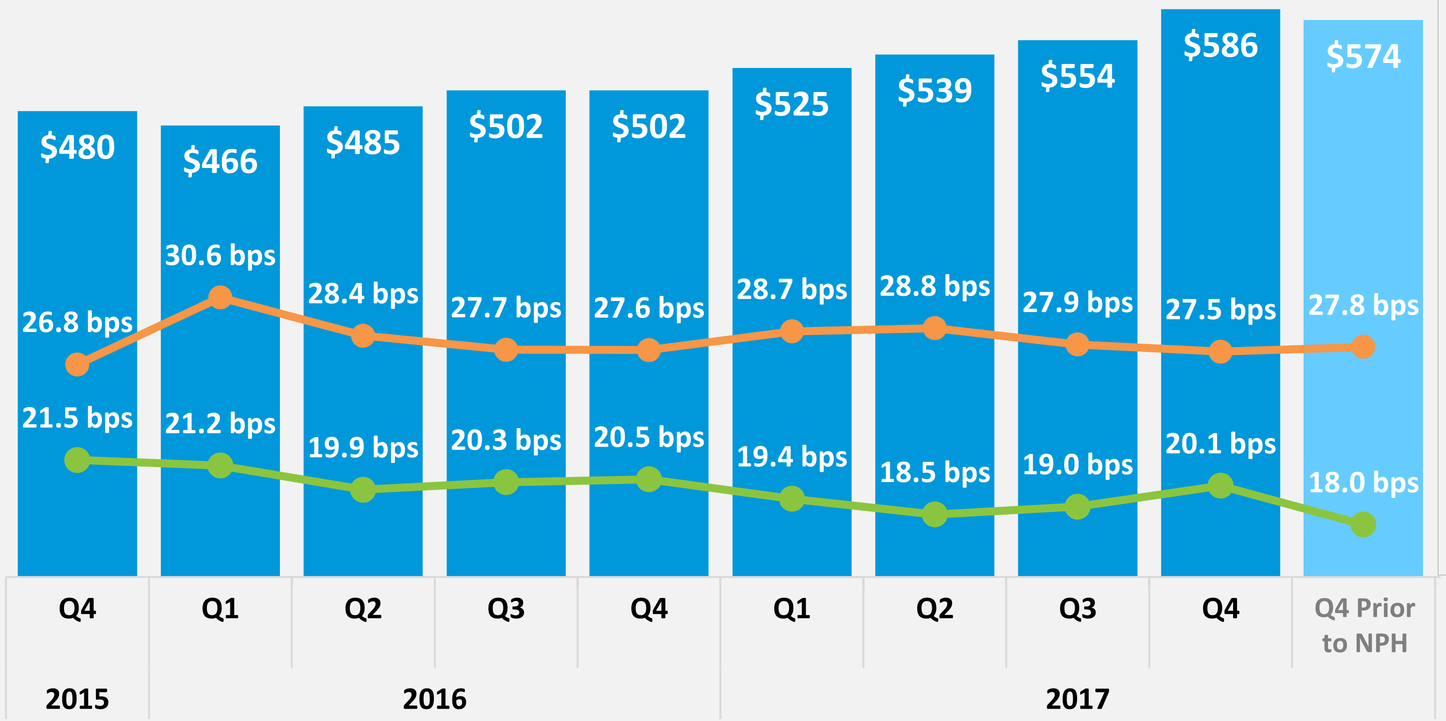
Q4 EBIT ROA prior to NPH increased 2.7 basis points year-over-year

Average Total Brokerage & Advisory Assets ($ billions)

■ Average Total Brokerage & Advisory Assets[18] — Gross Profit ROA[19] — OPEX ROA[20]

Calculations are based on Average Total Brokerage and Advisory Assets for the period, rather than end of period Total Brokerage and Advisory Assets.



	Including NPH		Prior to NPH	
	YOY Change	SEQ Change	YOY Change	SEQ Change
Average Total Brokerage & Advisory Assets	17%	6%	14%	4%
Gross Profit ROA	-0.1 bps	-0.4 bps	0.2 bps	-0.1 bps
OPEX ROA	-0.4 bps	1.1 bps	-2.5 bps	-1.0 bps

EBIT ROA[21]: 5.3 bps | 9.4 bps | 8.5 bps | 7.4 bps | 7.1 bps | 9.3 bps | 10.3 bps | 8.9 bps | 7.4 bps | 9.8bps | 0.3bps | -1.5bps | 2.7bps | 0.9bps

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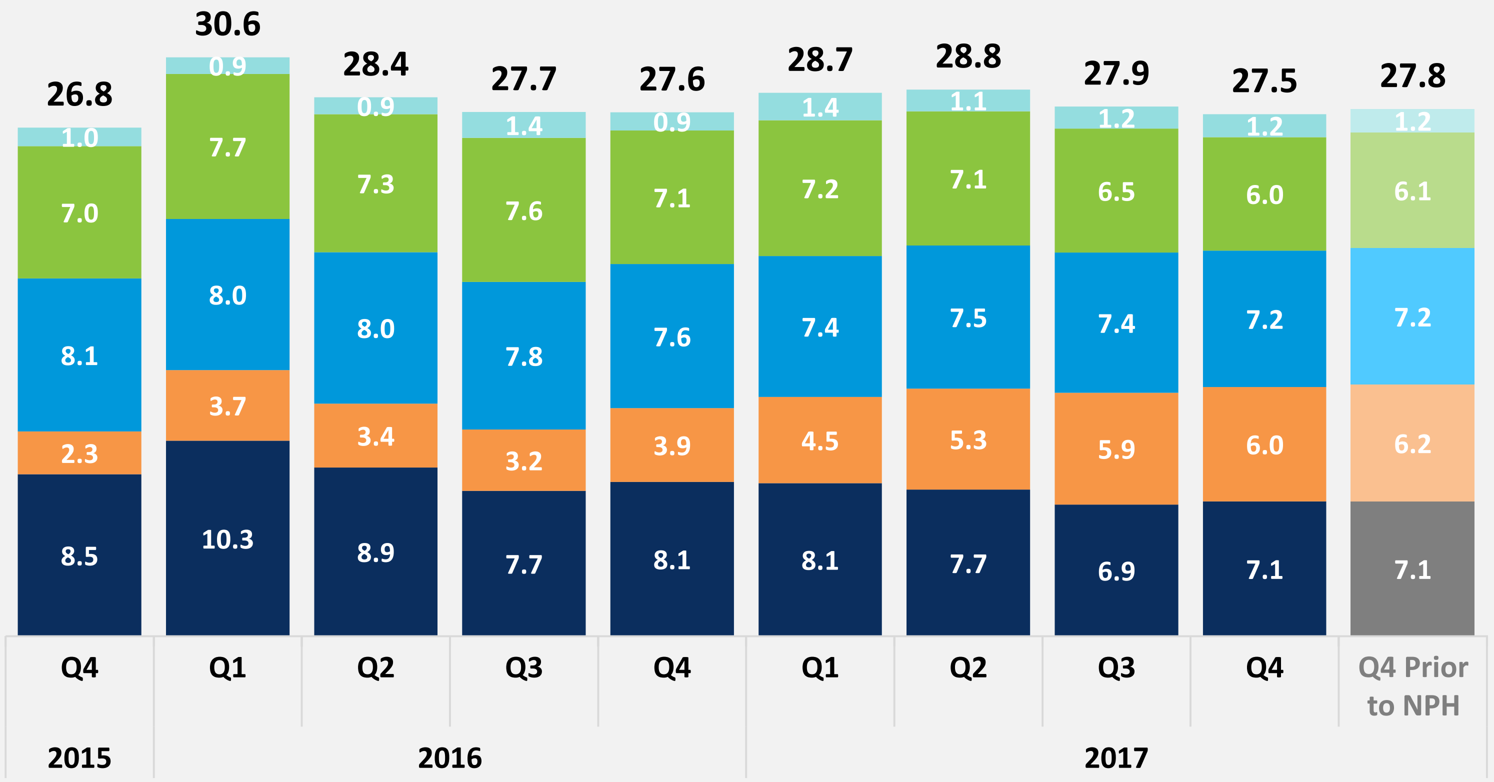
Q4 Gross Profit* ROA prior to NPH increased 0.2 basis points year-over-year, and decreased 0.1 basis points sequentially

Gross Profit* ROA[22] (bps)

Net Commission & Advisory Fees
Cash Sweep
Other Asset-Based[23]
Transaction & Fee, Net of BC&E
Interest & Income and Other

Calculations are based on Average Total Brokerage and Advisory Assets for the period, rather than end of period Total Brokerage and Advisory Assets.



Including NPH		Prior to NPH	
YOY Change	SEQ Change	YOY Change	SEQ Change
-0.1	-0.4	0.2	-0.1
0.3	0.0	0.3	0.0
-1.1	-0.5	-1.0	-0.4
-0.4	-0.2	-0.4	-0.2
2.1	0.1	2.3	0.3
-1.0	0.2	-1.0	0.2

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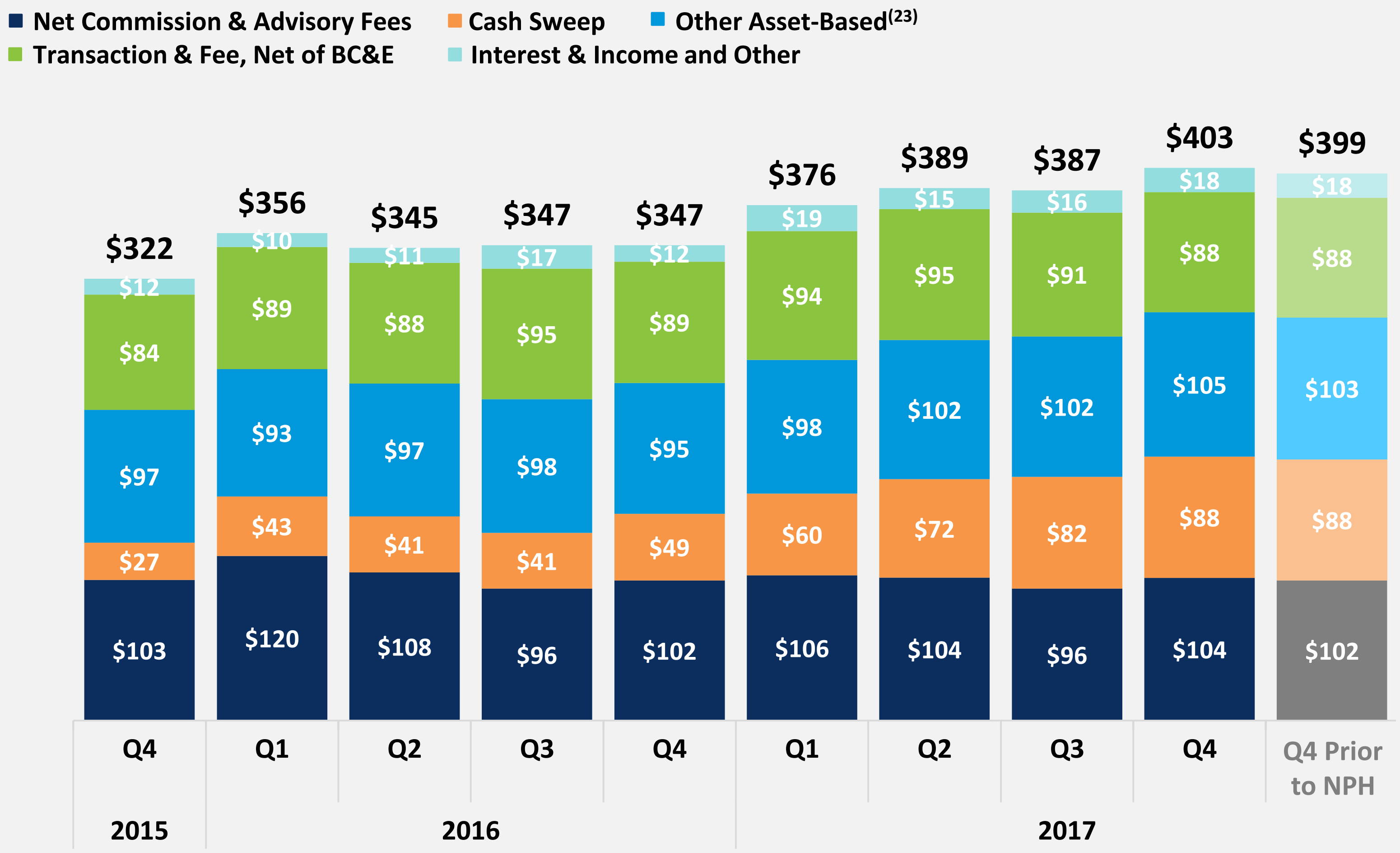
Q4 Gross Profit* prior to NPH increased 15% year-over-year, and increased 3% on a sequential basis

Gross Profit* ($ millions)



Including NPH		Prior to NPH	
YOY Change	SEQ Change	YOY Change	SEQ Change
16%	4%	15%	3%
50%	13%	50%	13%
-1%	-3%	-1%	-3%
11%	3%	8%	1%
80%	7%	80%	7%
2%	8%	0%	6%

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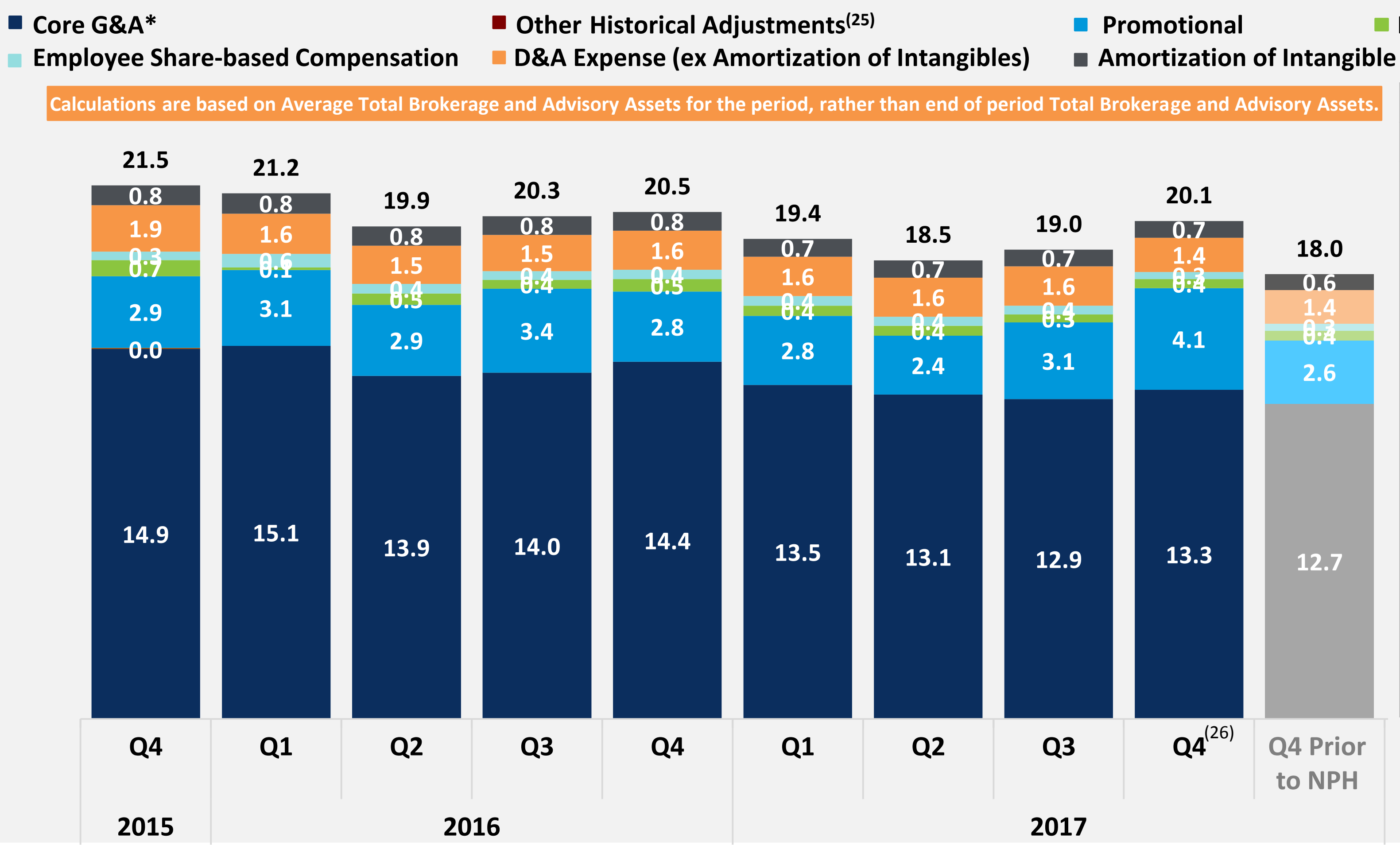
Q4 Total OPEX ROA prior to NPH was down 2.5 basis points year-over-year and down 1.0 basis point sequentially

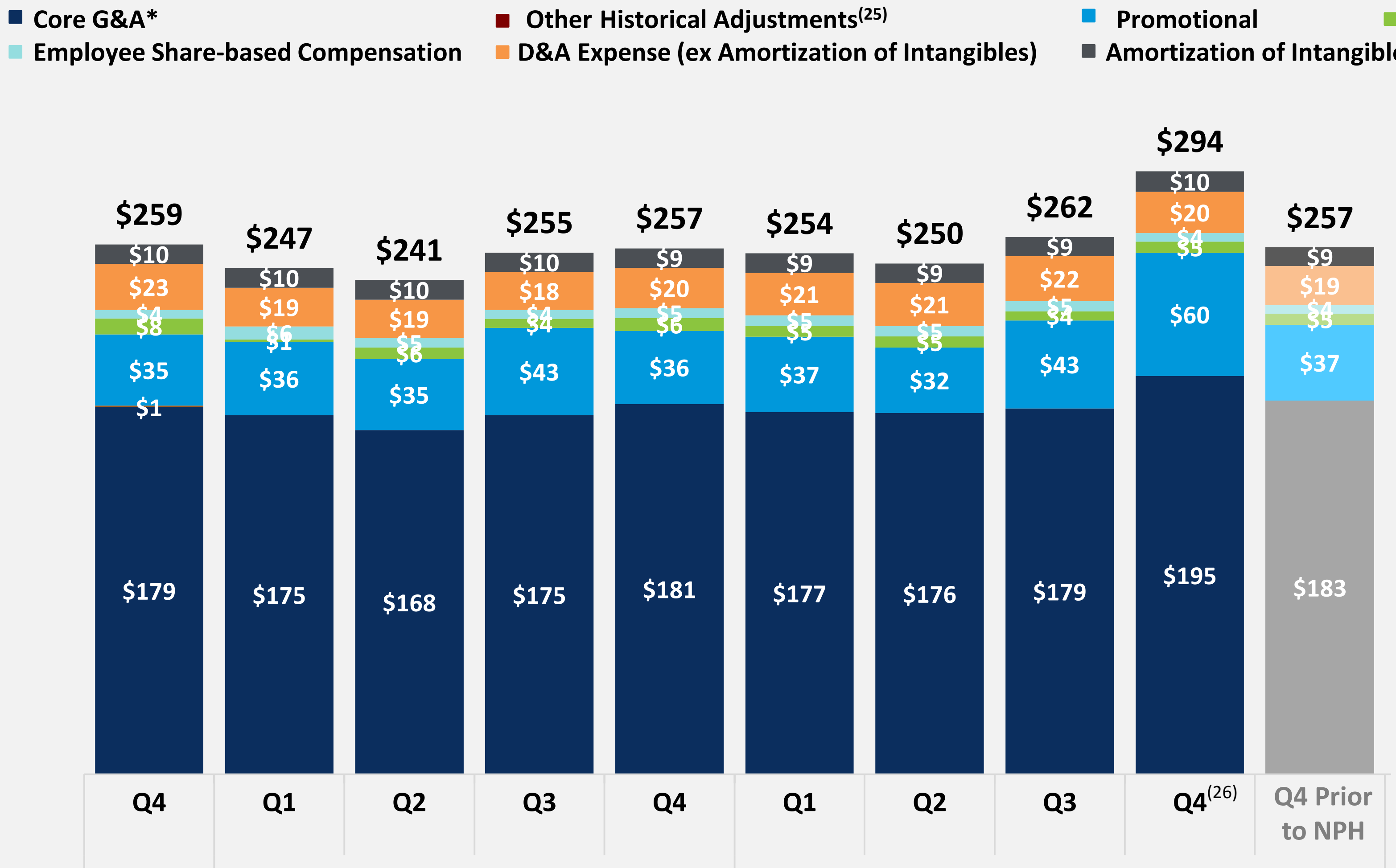
Total OPEX ROA[24] (bps)



Including NPH		Prior to NPH	
YOY Change	SEQ Change	YOY Change	SEQ Change
-0.4	1.1	-2.5	-1.0
-0.1	0.0	-0.2	-0.1
-0.2	-0.2	-0.2	-0.2
-0.1	-0.1	-0.1	-0.1
n/m	n/m	n/m	n/m
1.3	1.0	-0.2	-0.5
-1.1	0.4	-1.7	-0.2

Q4 Total OPEX prior to NPH was flat year-over-year and decreased 2% sequentially

Total OPEX ($ millions)



Including NPH		Prior to NPH	
YOY Change	SEQ Change	YOY Change	SEQ Change
14%	12%	0%	-2%
11%	11%	0%	0%
0%	-9%	-5%	-14%
-20%	-20%	-20%	-20%
n/m	n/m	n/m	n/m
67%	40%	3%	-14%
8%	9%	1%	2%

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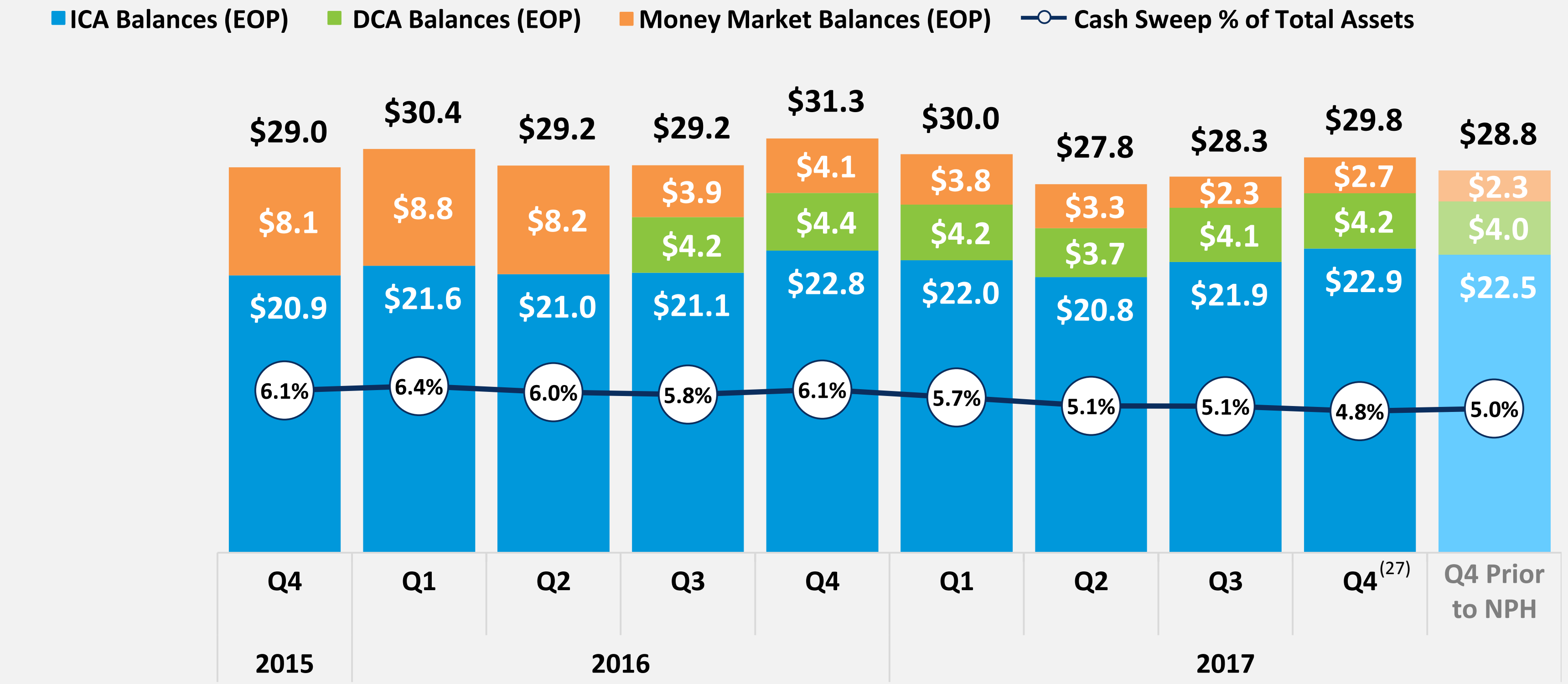
Prior to NPH, Q4 Cash Sweep yields increased ~60bps year-over year, and balances decreased 8% year-over-year

Client Cash Sweep balances ($ billions)



Including NPH		Prior to NPH	
YOY Change	SEQ Change	YOY Change	SEQ Change
-5%	5%	-8%	2%
-34%	17%	-44%	0%
-5%	2%	-9%	-2%
0%	5%	-1%	3%
-1.3 pts	-0.3 pts	-1.1 pts	-0.1 pts

ICA Fee Yield:	50	69	63	62	73	88	108	124	132	132 bps	59 bps	8 bps	59 bps	8 bps
DCA Fee Yield:	n/a	n/a	n/a	36	39	62	85	100	113	113 bps	74 bps	13 bps	74 bps	13 bps
MM Fee Yield:	13	29	37	42	43	53	69	67	69	69 bps	26 bps	2 bps	26 bps	2 bps
Average Fee Yield(28):	39	57	56	56	64	80	100	116	124	126 bps	60 bps	8 bps	62 bps	10 bps

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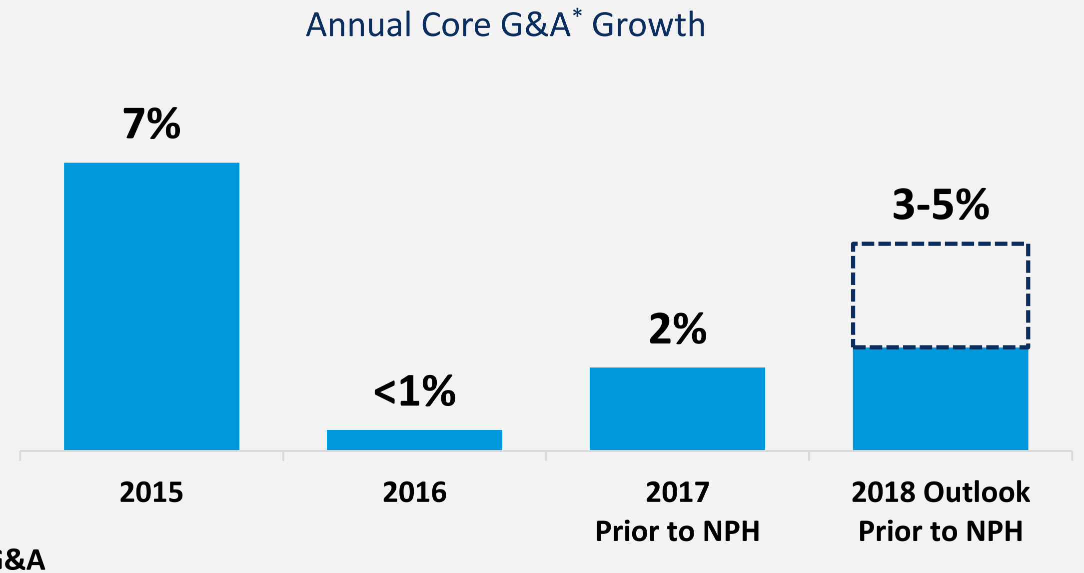
Our outlook for 2018 Core G&A* is $800 to $830 million, with most year-over-year growth driven by costs to support NPH

Lower Recent Expense Trajectory



Core G&A ($ millions):	2015	2016	2017 Prior to NPH	2018 Outlook Prior to NPH
	$695	$700	$712	$730-$750

Additional 2018 Core G&A Outlook for NPH:	**~$70-$80 million**
Total 2018 Core G&A Outlook:	**~$800-$830 million**

Long-term cost strategy

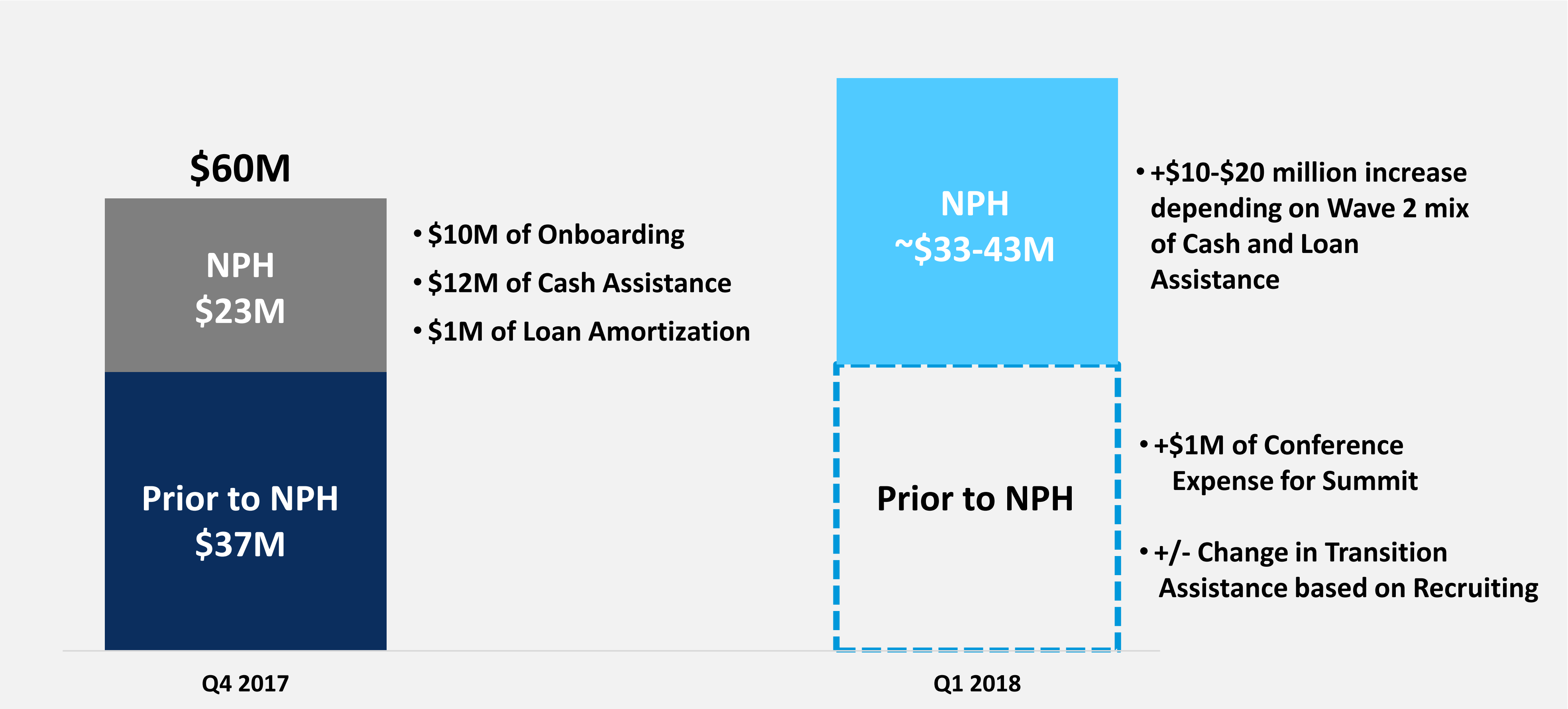
- Focus on delivering operating leverage
- Prioritize investments that drive organic growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

2018 Core G&A outlook

- **Core G&A outlook prior to NPH of $730-$750M**
  - We believe we have a larger set of opportunities to invest in organic growth
  - This creates a range slightly wider than we've had historically
- **Total Core G&A outlook including NPH of $800-$830M**
  - NPH expense will be inherently more variable than the rest of Core G&A given the timing of advisor and asset onboarding
  - This variability may impact the timing and amount of expense in 2018, but we do not expect it to impact our run-rate estimates for the transaction

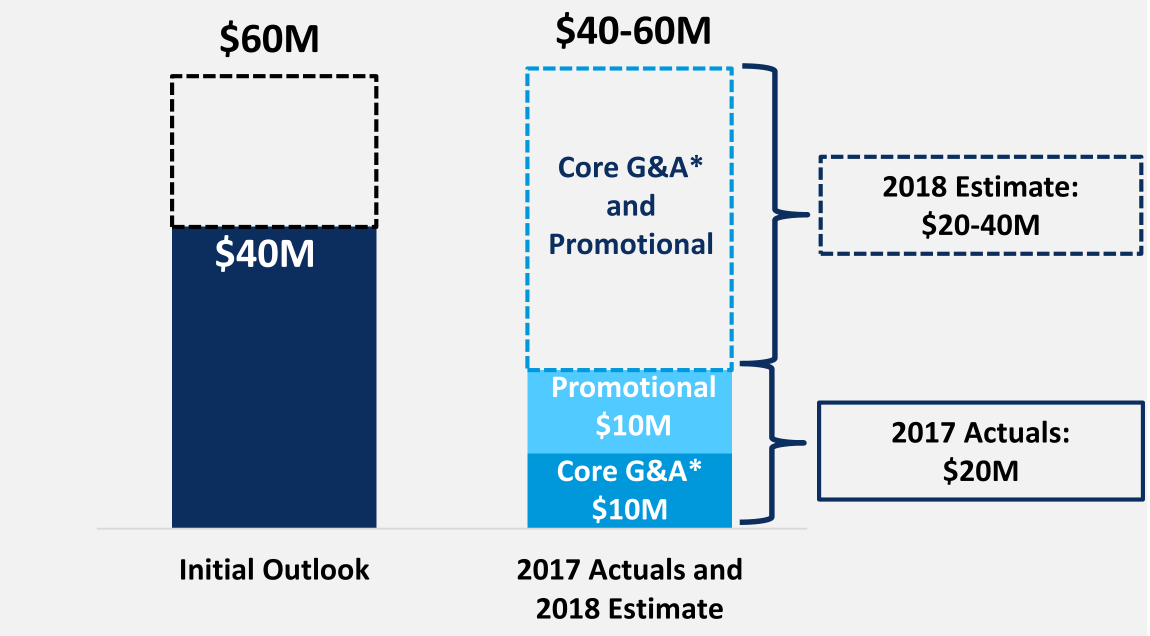
NPH Wave 2 onboarding will drive higher Q1 promotional expense

Promotional ($ millions)

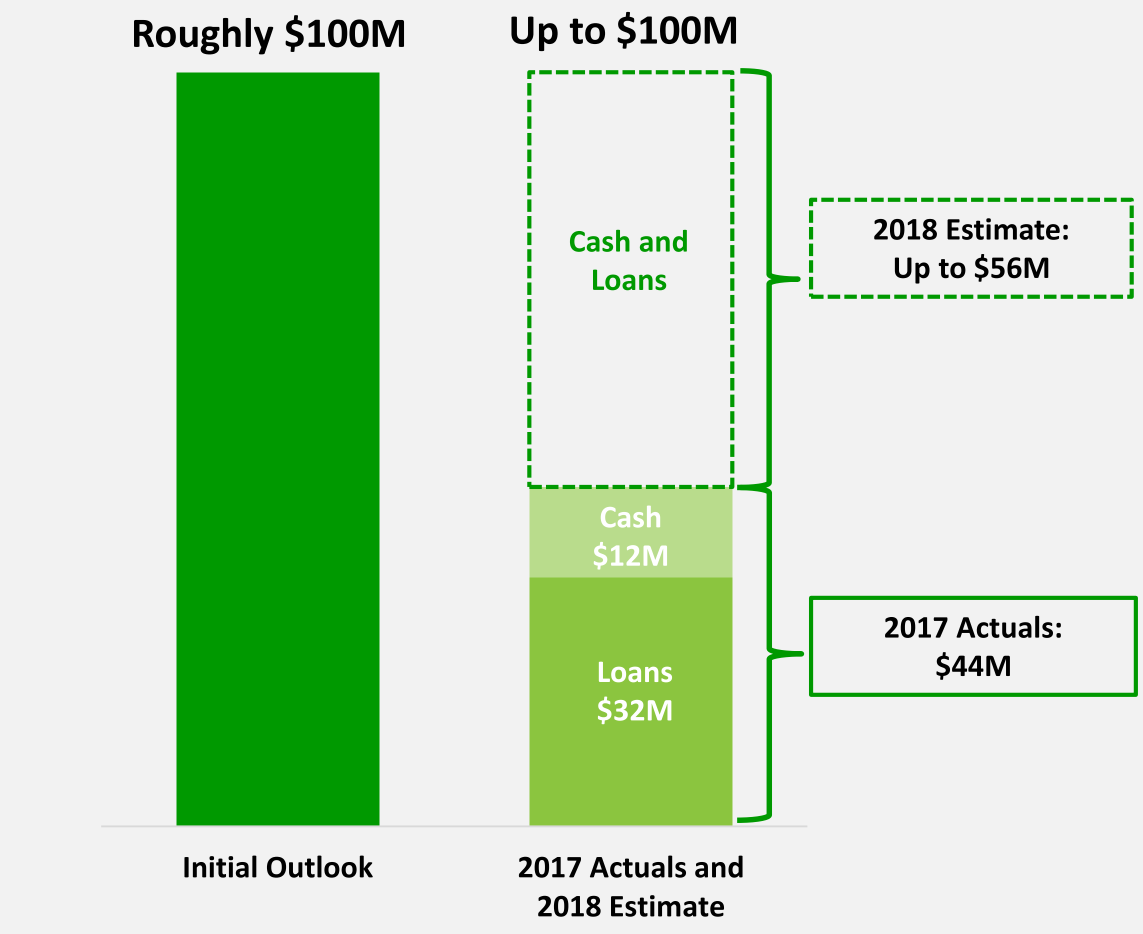


NPH onboarding costs and financial assistance through Q4 2017 was consistent with initial outlook

Onboarding Costs ($ millions)



Financial Assistance ($ millions)



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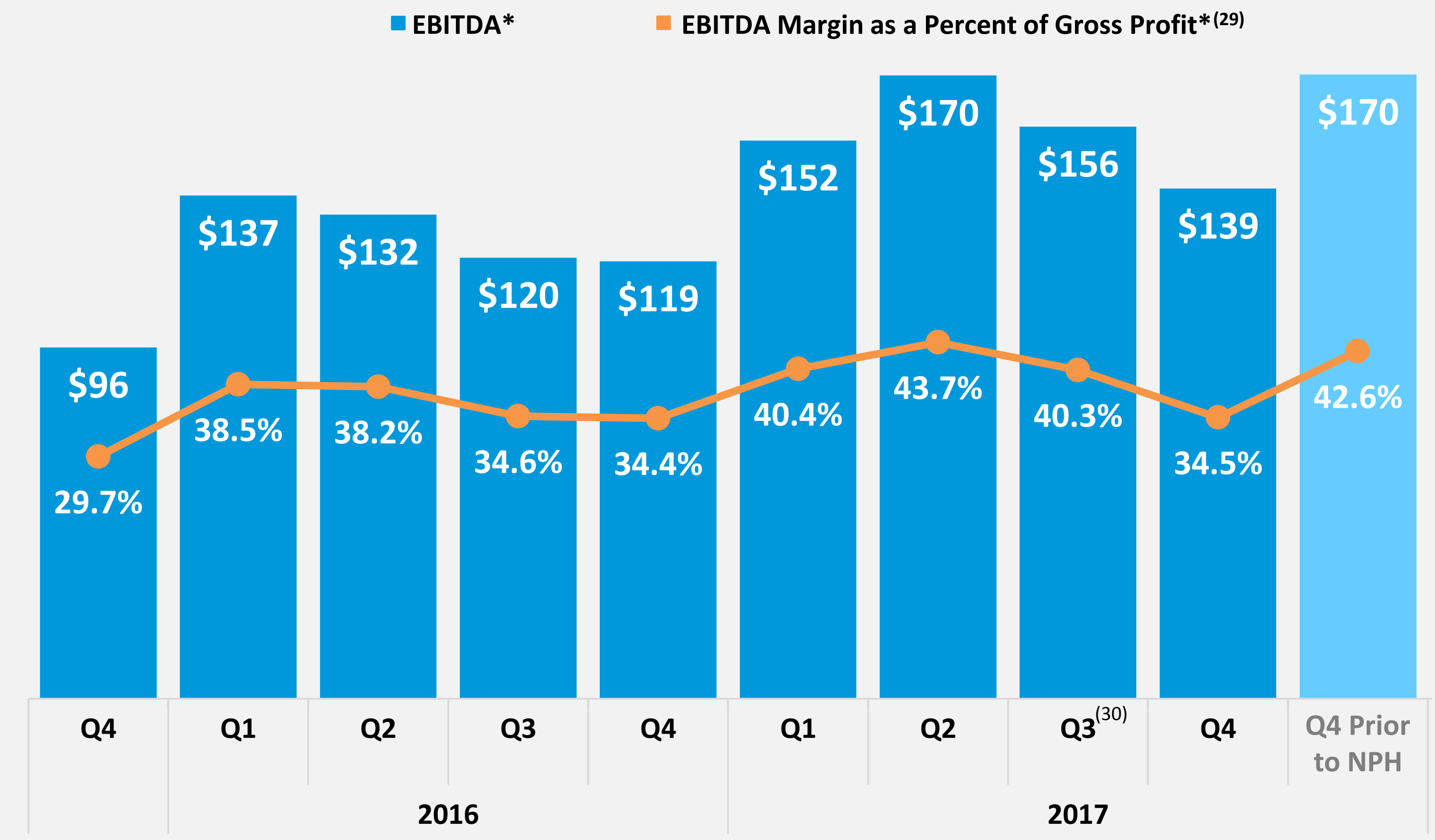
Q4 EBITDA prior to NPH was up 43% year-over-year, leading to EBITDA margin prior to NPH up ~820 bps

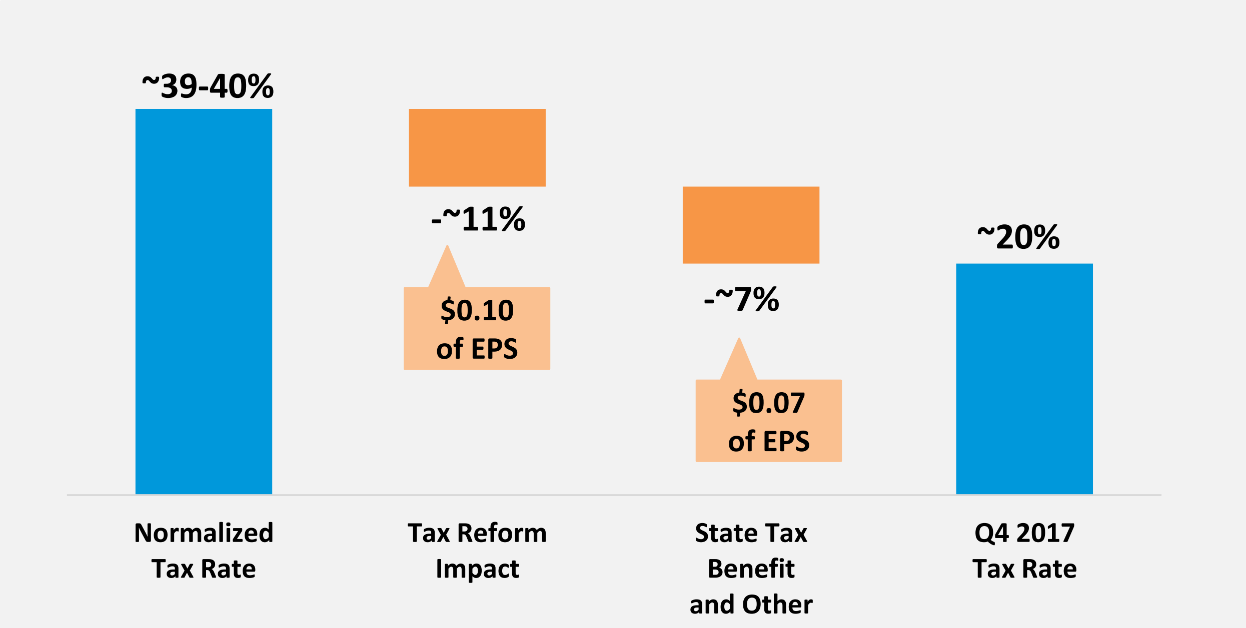
EBITDA* ($ millions)



Including NPH		Prior to NPH	
YOY Change	SEQ Change	YOY Change	SEQ Change
17%	-11%	43%	7%
~10 bps	~-580 bps	~820 bps	~230 bps

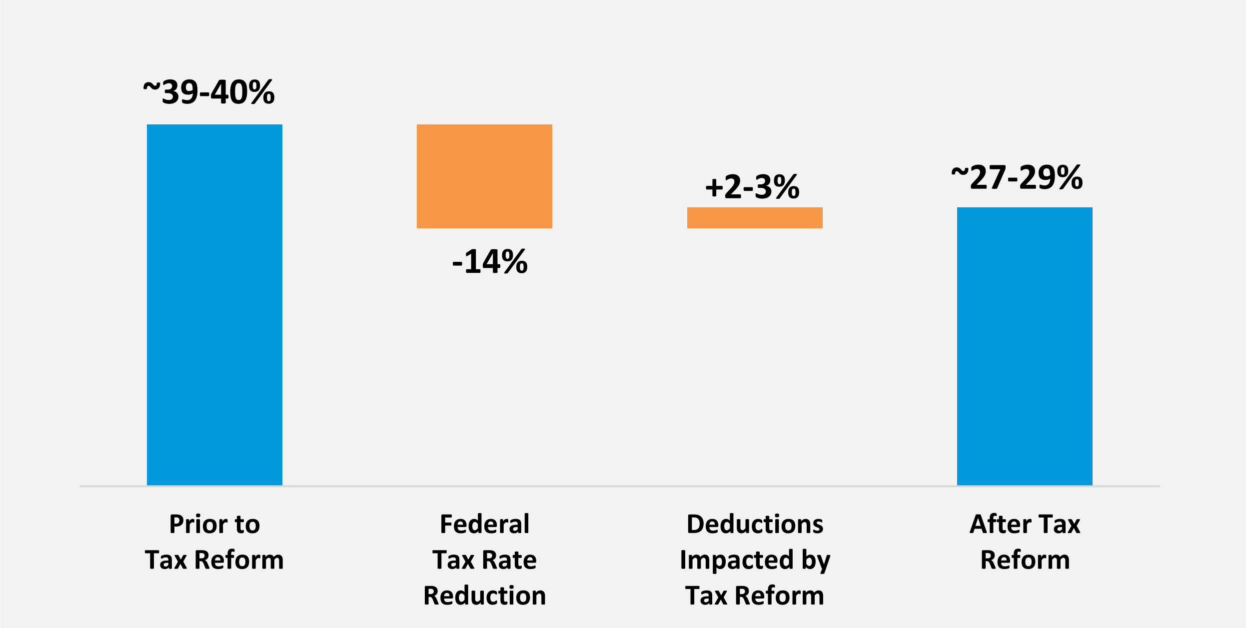
Tax Reform lowered our estimated 2018 effective tax rate to ~27-29%

Q4 2017 Effective Tax Rate



- Our normalized tax rate was just below ~40%
- Tax reform generated a benefit as we were able to write down our net deferred tax liabilities to the new federal corporate tax rate
- Additionally, we had a unique state tax benefit driven by overall state effective tax rates in prior periods that were lower than we estimated
- The resulting Q4 effective tax rate was ~20%

2018 Estimated Effective Tax Rate



- Tax reform has lowered our federal corporate tax rate from 35% to 21%
- Tax reform also impacted some deductions, which offset the benefit of the lower rate
- While tax rates can vary over time, we estimate our new 2018 effective tax rate will be ~27-29%
- This tax rate, if applied to 2017 pre-tax income, would increase net income by ~$40 million

Appendix

Q4 and Full Year 2017 Key Metrics prior to and including NPH

	Q4 2017			Full Year 2017		
	Results Prior to NPH +	NPH Impact =	Results Including NPH	Results Prior to NPH +	NPH Impact =	Results Including NPH
Assets:						
Total Brokerage & Advisory Assets	$580.7 B	$34.4 B	$615.1 B	$580.7 B	$34.4 B	$615.1 B
Advisory Assets	$265.2 B	$7.7 B	$273.0 B	$265.2 B	$7.7 B	$273.0 B
Brokerage Assets	$315.5 B	$26.6 B	$342.1 B	$315.5 B	$26.6 B	$342.1 B
Total Net New Assets	$3.3 B	$34.2 B	$37.5 B	$9.2 B	$34.2 B	$43.4 B
Advisory Net New Assets	$6.3 B	$7.7 B	$14.0 B	$25.1 B	$7.7 B	$32.8 B
Brokerage Net New Assets	-$3.0 B	$26.6 B	$23.5 B	-$15.9 B	$26.6 B	$10.6 B
Advisors:						
Advisors	14,257	953	15,210	14,257	953	15,210
Net New Advisors	4	953	957	-120	953	833

98 prior to previously announced departures(11)

LPL Financial Member FINRA/SIPC

Reconciliation of Net Income to EBITDA

EBITDA is a non-GAAP financial measure. Please see a description of EBITDA under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are reconciliations of the Company’s net income to EBITDA for the periods presented on page 6, and of the Company’s net income to, prior to the impact of the acquisition of NPH, to EBITDA for Q4 2017, as presented on page 6:

$ in millions	Q4 2017 Prior to NPH	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
NET INCOME	**$86**	**$64**	**$58**	**$68**	**$48**	**$42**	**$52**	**$48**	**$50**	**$27**
Non-operating interest expense	26	29	27	26	25	25	24	24	24	18
Provision for Income Taxes	30	16	38	44	27	23	16	32	34	18
Depreciation and amortization	19	20	22	21	21	20	18	19	19	23
Amortization of intangible assets	9	10	9	9	9	9	10	10	10	10
Loss on Extinguishment of debt	0	0	1	0	21	0	0	0	0	0
EBITDA	**$170**	**$139**	**$156**	**$170**	**$152**	**$119**	**$120**	**$132**	**$137**	**$96**
NPH costs excluded above	**$31**									
Q4 2017 EBITDA	**$139**									

Reconciliation of Core G&A to OPEX

Core G&A is a non-GAAP financial measure. Please see a description of Core G&A under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are reconciliations of Core G&A against the Company’s total operating expense for the periods presented on pages 14-15, and of Core G&A, prior to the impact of the acquisition of NPH, against the Company’s total operating expense for Q4 2017, as presented on page 17:

$ in millions	FY 2017 Prior to NPH	Q4 2017 Prior to NPH	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Core G&A	$712	183	$195	$179	$176	$177	$181	$175	$168	$175	$179
Regulatory charges	21	5	5	4	5	5	6	4	6	1	8
Promotional	162	37	60	43	32	37	36	43	35	36	35
Employee share-based compensation	19	4	4	5	5	5	5	4	5	6	4
Other historical adjustments	0	0	0	0	0	0	0	0	0	0	0.6
Total G&A	**914**	**229**	**264**	**231**	**219**	**224**	**228**	**227**	**213**	**219**	**227**
Commissions and advisory	2,670	688	698	664	663	645	647	657	661	636	685
Depreciation & amortization	84	19	20	22	21	21	20	18	19	19	23
Amortization of intangible assets	38	9	10	9	9	9	9	10	10	10	10
Brokerage, clearing and exchange	57	15	15	13	14	14	14	13	14	14	13
Total operating expense	**$3,763**	**$960**	**$1,008**	**$940**	**$926**	**$914**	**$918**	**$925**	**$916**	**$897**	**$957**

Reconciliation of EPS Prior to Amortization of Intangible Assets to GAAP EPS

EPS Prior to Amortization of Intangible Assets is a non-GAAP financial measure. Please see a description of EPS Prior to Amortization of Intangible Assets under "Non-GAAP Financial Measures" on page 3 of this presentation for additional information.

Below are the following reconciliations of EPS Prior to Amortization of Intangibles to GAAP EPS:

- for the periods presented on page 6 of this presentation
- for Q4 2017, as further adjusted to reflect the impact of the NPH acquisition and tax reform as presented on pages 6 and 7
- for Q3 2017, as further adjusted to reflect the impact of the NPH acquisition and the Company's 2017 debt refinancing as presented on page 6

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
GAAP EPS	$0.69	$0.63	$0.74	$0.52	$0.46	$0.58	$0.53	$0.56	$0.28
Amortization of Intangible Assets ($ in millions)	$10	$9	$9.45	$9	$9	$10	$10	$10	$10
Tax Expense ($ in millions)	($4)	($4)	($3.73)	($4)	($4)	($4)	($4)	($4)	($4)
Amortization of Intangible Assets Net of Tax ($ in millions)	$6	$6	$5.72	$6	$6	$6	$6	$6	$6
Diluted Share Count	92.4	92.0	$92.00	92.0	91.0	90.0	89.7	89.6	95.3
EPS Impact	$0.07	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06
EPS Prior to Amortization of Intangible Assets	**$0.76**	**$0.69**	**$0.81**	**$0.59**	**$0.52**	**$0.64**	**$0.60**	**$0.63**	**$0.34**

	Q4 2017
EPS Prior to Amortization of Intangible Assets	**$0.76**
Net Income Impact of NPH ($ in millions)	$21
Net Income Impact of Tax Reform ($ in millions)	($9)
Diluted Share Count	92.4
EPS Impact	$0.13
EPS Prior to Amortization of Intangible Assets, NPH, and Tax Reform	**$0.89**

	Q3 2017
EPS Prior to Amortization of Intangible Assets	**$0.69**
Net Income Impact of NPH ($ in millions)	$2
Net Income Impact of Debt Refinancing ($ in millions)	$1
Diluted Share Count	92.0
EPS Impact	$0.03
EPS Prior to Amortization of Intangible Assets, NPH, and Debt Refinancing	**$0.72**

Calculation of Gross Profit

Gross profit is a non-GAAP financial measure. Please see a description of gross profit under “Non-GAAP Financial Measures” on page 3 of this release for additional information.

Set forth below is a calculation of Gross Profit for the periods presented on pages 6 and 11-13.

$ in millions	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Total Net Revenue	$1,116	$1,064	$1,066	$1,035	$1,007	$1,017	$1,019	$1,005	$1,020
Commission & Advisory Expense	698	664	663	645	647	657	661	636	685
Brokerage, Clearing, & Exchange	15	13	14	14	14	13	14	14	13
Gross Profit	$403	$387	$389	$376	$347	$347	$345	$356	$322
NPH Gross Profit	4								
Gross Profit Prior to NPH	$399								

Footnotes

(1) Consists of brokerage assets serviced by advisors licensed with the Company’s broker-dealer subsidiary LPL Financial LLC (“LPL Financial”).
(2) Consists of total assets on LPL Financial's corporate advisory platform serviced by advisors who are investment advisor representatives of LPL Financial.
(3) Consists of total assets on LPL Financial’s independent advisory platform serviced by advisors who are investment advisor representatives of separate investment advisor firms ("Hybrid RIAs"), rather than of LPL Financial.
(4) Consists of assets serviced by third-party asset managers that are custodied at third-party custodians.
(5) EPS for Q1 2017 includes a charge related to the Company’s March 2017 debt refinancing that reduced its EPS by $0.14. Prior to this charge, EPS was $0.66.
(6) EPS for Q3 2017 includes items related to the Company’s August 2017 acquisition of NPH and September 2017 debt refinancing that reduced its EPS by $0.03. Prior to these items, EPS was $0.66.
(7) Net New Advisory Assets consists of total client deposits into advisory accounts less total client withdrawals from advisory accounts. The Company considers conversions from and to advisory accounts as deposits and withdrawals respectively. Annualized growth is calculated as the current period net new advisory assets divided by preceding period total Advisory Assets.
(8) Net New Brokerage Assets consists of total client deposits into brokerage accounts less total client withdrawals from brokerage accounts. The Company considers conversions from and to brokerage accounts as deposits and withdrawals respectively. Annualized growth is calculated as the current period net new assets divided by preceding period total Brokerage Assets.
(9) Net Brokerage to Advisory Conversions consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.
(10) This includes $0.2 billion of assets from NPH.
(11) The Company announced anticipated client departures on both its Q3 2016 and Q4 2016 earnings calls.
(12) Consists of total assets on LPL Financial's corporate advisory platform serviced by advisors who are investment advisor representatives of LPL Financial.
(13) Consists of total assets on LPL Financial's independent advisory platform serviced by advisors who are investment advisor representatives of Hybrid RIAs, rather than of LPL Financial.
(14) Consists of total client deposits into advisory accounts on LPL Financial's corporate advisory platform less total client withdrawals from advisory accounts on its corporate advisory platform.
(15) Consists of total client deposits into advisory accounts on LPL Financial's independent advisory platform less total client withdrawals from advisory accounts on its independent advisory platform.
(16) Centrally Managed Assets represents those Advisory Assets in LPL Financial’s Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
(17) Consists of total client deposits into Centrally Managed Assets (see FN16) accounts less total client withdrawals from Centrally Managed Assets accounts.
(18) Represents the average month-end Total Brokerage and Advisory Assets for the period.
(19) Represents annualized Gross Profit* for the period, divided by average month-end Total Brokerage and Advisory Assets for the period. Prior to Q4 2017 results, Management calculated Gross Profit ROA by dividing annualized Gross Profit for the period by Total Brokerage and Advisory Assets at the end of the period.
(20) Represents annualized operating expenses for the period, excluding production-related expense (OPEX), divided by average month-end Total Brokerage and Advisory Assets for the period. Production-related expense includes commissions and advisory expense and brokerage, clearing and exchange expense. For purposes of this metric, operating expenses includes Core G&A*, Regulatory, Promotional, Employee Share Based Compensation, Depreciation & Amortization, and Amortization of Intangible Assets. Prior to Q4 2017 results, Management calculated OPEX ROA by dividing annualized operating expenses for the period by Total Brokerage and Advisory Assets at the end of the period.
(21) EBIT ROA is calculated as Gross Profit ROA less OPEX ROA.
(22) Represents annualized Gross Profit* for the period, divided by average month-end Total Brokerage and Advisory Assets for the period. Prior to Q4 2017 results, Management calculated Gross Profit ROA by dividing annualized Gross Profit* for the period by Total Brokerage and Advisory Assets at the end of the period.
(23) Other asset-based revenues consist of revenues from the Company's sponsorship programs with financial product manufacturers and omnibus processing and networking services, but not including fees from cash sweep programs. Other asset-based revenues are a component of asset-based revenues and are derived from the Company's Unaudited Condensed Consolidated Statements of Income.
(24) Represents annualized operating expenses for the period, excluding production-related expense (OPEX), divided by average month-end Total Brokerage and Advisory Assets for the period. Production-related expense includes commissions and advisory expense and brokerage, clearing and exchange expense.
(25) Other Historical Adjustments primarily consists of acquisition and integration costs resulting from various acquisitions and organizational restructuring and conversion costs. Beginning in Q1 2016, these items have been included in Core G&A expenses.
(26) These results include the Company’s NPH acquisition onboarding expense of $12M in Core G&A, $23M in Promotional expense, $1M of Amortization of Intangible Assets expense, and $1M of Depreciation expense.
(27) These results include the Company’s NPH acquisition of $1.0 billion in cash sweep balances, including $0.4 billion of ICA balances, $0.4 billion of Money Market balances, and $0.2 billion of DCA balances.
(28) Calculated by dividing revenue for the period by the average balance during the quarter.
(29) EBITDA Margin as a percentage of gross profit is calculated as EBITDA* divided by Gross Profit*.
(30) Q3 2017 EBITDA* includes $3M of NPH-related expense.