

LPL Financial Holdings Inc. - Historical Management's Statements of Operations

As of March 31, 2020

(End of Period \$ in thousands, unless noted)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Gross Profit*									
Sales-based commissions	\$ 228,391	\$ 193,980	\$ 194,342	\$ 203,531	\$ 190,999	\$ 199,468	\$ 193,545	\$ 196,530	\$ 187,232
Trailing commissions	275,053	282,940	280,651	275,604	270,360	270,455	293,330	291,555	287,578
Advisory	579,027	533,259	514,363	481,309	453,938	474,102	458,087	438,917	422,388
Commission and advisory fees	1,082,471	1,010,179	989,356	960,444	915,297	944,025	944,962	927,002	897,198
Production based payout	(920,835)	(876,654)	(857,384)	(831,178)	(777,889)	(818,382)	(817,211)	(797,785)	(761,537)
Commission and advisory fees, net of payout	161,636	133,525	131,972	129,266	137,408	125,643	127,751	129,217	135,661
Client cash	151,398	155,322	162,517	161,815	173,139	147,774	127,174	121,386	104,084
Other asset-based	134,108	133,603	129,623	126,736	123,224	117,907	121,721	117,217	115,253
Transaction and fee	137,096	118,291	121,222	118,335	122,480	119,254	118,941	116,455	116,648
Interest income and other, net	8,364	13,323	13,556	15,583	15,730	13,154	13,460	13,910	8,214
Total net commission and advisory fees and attachment revenue	592,602	554,064	558,890	551,735	571,981	523,732	509,047	498,185	479,860
Brokerage, clearing, and exchange expense	(17,024)	(15,927)	(16,380)	(15,994)	(16,144)	(16,000)	(15,844)	(15,433)	(15,877)
Gross Profit*	575,578	538,137	542,510	535,741	555,837	507,732	493,203	482,752	463,983
G&A Expense									
Core G&A*	223,211	230,182	215,198	210,514	212,520	216,185	209,244	192,148	201,039
Regulatory charges	6,157	7,893	7,905	8,632	7,873	9,593	7,421	8,321	6,440
Promotional	57,398	51,050	61,715	41,423	51,349	45,141	52,628	43,407	67,427
Employee share-based comp.	8,648	7,179	7,414	7,306	7,967	5,045	6,332	6,125	5,606
Total G&A	295,414	296,304	292,232	267,875	279,709	275,964	275,625	250,001	280,512
EBITDA*	280,164	241,833	250,278	267,866	276,128	231,768	217,578	232,751	183,470
Depreciation and amortization	26,644	25,663	24,062	22,584	23,470	21,897	22,838	22,220	20,701
Amortization of intangible assets	16,570	16,631	16,286	16,249	16,168	15,672	15,676	15,682	13,222
Non-operating interest expense	29,318	31,384	31,944	33,957	32,716	31,756	31,705	31,940	29,622
Loss on extinguishment of debt and other	-	3,156	-	-	-	-	-	-	-
INCOME BEFORE PROVISION FOR INCOME TAXES	207,632	164,999	177,986	195,076	203,774	162,443	147,359	162,909	119,926
PROVISION FOR INCOME TAXES	51,991	38,323	46,272	48,984	48,376	42,145	40,494	44,143	26,396
NET INCOME	\$ 155,641	\$ 126,676	\$ 131,714	\$ 146,092	\$ 155,398	\$ 120,298	\$ 106,865	\$ 118,766	\$ 93,530
Earnings per share, diluted	\$ 1.92	\$ 1.53	\$ 1.57	\$ 1.71	\$ 1.79	\$ 1.36	\$ 1.19	\$ 1.30	\$ 1.01
Weighted-average shares outstanding, diluted	81,166	82,695	83,844	85,350	86,742	88,163	89,878	91,684	92,784
EPS Prior to Amortization of Intangible Assets	\$ 2.06	\$ 1.68	\$ 1.71	\$ 1.85	\$ 1.93	\$ 1.49	\$ 1.32	\$ 1.42	\$ 1.11

*Notice to Investors: Non-GAAP Financial Measures

Gross profit, Core G&A and EBITDA are 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 financial measures and metrics discussed herein are appropriate for evaluating the performance of the Company.

Gross Profit is calculated as net revenues, which were \$1,463 million for the three months ended March 31, 2020, less commission and advisory expenses and brokerage, clearing, and exchange fees, which were \$871 million and \$17 million, respectively, for the three months ended March 31, 2020. All other 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 financial measures that may not be comparable to those of others in its industry. Management believes that Gross Profit can provide investors with useful insight into the Company's core operating performance before indirect costs that are general and administrative in nature. For a calculation of Gross Profit, please see the prior page.

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 to the Company's total operating expenses, please see below.

EBITDA is defined as net income plus interest and other expense, income tax expense, depreciation and amortization, amortization of intangible assets and loss on extinguishment of debt. 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. 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. For a reconciliation of EBITDA to net income, please see the prior page.

\$ in millions	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Core G&A	\$223	\$230	\$215	\$211	\$213	\$216	\$209	\$192	\$201
Regulatory charges	6	8	8	9	8	10	7	8	6
Promotional	57	51	62	41	51	45	53	43	67
Employee share-based compensation	9	7	7	7	8	5	6	6	6
Total G&A	295	296	292	268	280	276	276	250	281
Commissions and advisory	871	894	857	838	800	793	822	801	762
Depreciation & amortization	27	26	24	23	23	22	23	22	21
Amortization of intangible assets	17	17	16	16	16	16	16	16	13
Brokerage, clearing and exchange	17	16	16	16	16	16	16	15	16
Total operating expense	\$1,226	\$1,248	\$1,205	\$1,161	\$1,135	\$1,123	\$1,152	\$1,104	\$1,092
	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Production based payout	\$920,835	\$876,654	\$857,384	\$831,178	\$777,889	\$818,382	\$817,211	\$797,785	\$761,537
Advisor deferred compensaton expense	(50,040)	17,177	(749)	6,844	21,809	(25,072)	4,739	2,834	160
Commission and advisory expense	\$870,795	\$893,831	\$856,635	\$838,022	\$799,698	\$793,310	\$821,950	\$800,619	\$761,697
	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest income, net of interest expense	\$9,542	\$10,966	\$11,531	\$11,690	\$12,321	\$11,784	\$10,512	\$10,133	\$7,781
Plus: Other Revenue	(51,218)	19,534	1,276	10,737	25,218	(23,702)	7,687	6,611	593
Less: Advisor deferred compensation expense	50,040	(17,177)	749	(6,844)	(21,809)	25,072	(4,739)	(2,834)	(160)
Interest income and other, net	\$8,364	\$13,323	\$13,556	\$15,583	\$15,730	\$13,154	\$13,460	\$13,910	\$8,214

Note: Certain numbers may not foot due to rounding

LPL Financial Holdings Inc. - Historical Quarterly Activity

As of March 31, 2020

(End of Period \$ in billions, unless noted)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Assets									
Advisory Assets ⁽¹⁾	322.3	365.8	338.0	327.3	311.9	282.0	306.1	291.5	283.5
Brokerage Assets ⁽²⁾	347.6	398.6	381.3	378.7	372.1	346.0	374.9	367.5	364.1
Total Brokerage and Advisory Assets	669.9	764.4	719.3	706.0	684.0	628.1	681.0	659.1	647.5
Centrally Managed Assets ⁽³⁾	46.9	52.4	47.8	45.7	42.9	38.5	40.8	37.9	35.9
Net New Assets									
Net New Advisory Assets ⁽⁴⁾	12.5	9.6	9.2*	6.6	4.6	5.0	5.1	4.3**	13.1**
Net New Brokerage Assets ⁽⁵⁾	0.0	(0.8)	0.6*	(2.6)	(0.7)	0.9	(0.8)	(1.9)**	25.8**
Total Net New Assets	12.5	8.8	9.9*	4.0	4.0	5.9	4.4	2.5**	38.9**
Net Brokerage to Advisory Conversions ⁽⁶⁾	2.4	1.9	1.7	1.8	1.4	1.4	1.7	1.8	2.5
Corporate Platform Net New Advisory Assets	7.4	7.5	6.6	5.1	4.2	5.1	5.9	3.8**	10.4**
Hybrid Platform Net New Advisory Assets	5.1	2.1	2.6	1.4	0.4	(0.2)	(0.8)	0.6**	2.7**
Total Net New Advisory Assets	12.5	9.6	9.2	6.6	4.6	5.0	5.1	4.3**	13.1**
Centrally Managed Net New Advisory Assets ⁽⁷⁾	2.2	2.0	1.9	1.2	1.0	1.4	1.8	1.7**	3.3**
Client Cash Balances									
Insured Cash Account Balances	34.5	24.4	22.2	21.3	21.7	24.8	21.0	21.7	22.6
Deposit Cash Account Balances	8.7	5.0	4.6	4.3	4.3	5.1	3.9	4.0	4.2
Total Insured Sweep Balances	43.2	29.4	26.8	25.6	25.9	29.9	24.9	25.7	26.8
Money Market Account Cash Balances	1.8	1.9	2.6	3.5	4.8	4.9	3.3	2.9	2.9
Purchased Money Market Funds	2.8	2.4	1.8	1.0	n/a	n/a	n/a	n/a	n/a
Total Money Market Balances	4.6	4.3	4.4	4.5	4.8	4.9	3.3	2.9	2.9
Total Client Cash Balances	47.8	33.7	31.2	30.1	30.7	34.9	28.2	28.6	29.6
Net Buy (Sell) Activity ⁽⁸⁾	0.2	9.8	9.0	9.7	12.9	2.3	9.2	8.5	9.7
Market Indices									
S&P 500 (end of period)	2,585	3,231	2,977	2,942	2,834	2,507	2,914	2,718	2,641
Fed Funds Effective Rate (average bps)	123	165	220	240	240	222	192	174	145

*Note: the Company's Q3 2019 results included \$2.9 billion of total brokerage and advisory assets from the acquisition of Allen & Company of Florida, LLC ("Allen & Company"), of which \$1.8 billion were brokerage assets and \$1.0 billion were advisory assets.

**Note: the Company's Q1 2018 and Q2 2018 results included \$36.0 billion and \$1.5 billion respectively of total brokerage and advisory assets from the acquisition of National Planning Holdings, Inc. ("NPH").

(1) Consists of total advisory assets under custody at the Company's broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"). Q3 2019 and Q4 2019 also included advisory assets serviced by investment advisor representatives of Allen & Company that were onboarded to LPL Financial's custodied platform in Q4 2019.

(2) Consists of brokerage assets serviced by advisors licensed with LPL Financial. Q3 2019 and Q4 2019 also included brokerage assets serviced by advisors licensed with Allen & Company that onboarded to LPL Financial's custodied platform in Q4 2019.

(3) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.

(4) Consists of total client deposits into advisory accounts less total client withdrawals from advisory accounts. The Company considers conversions from and to brokerage accounts as deposits and withdrawals respectively.

(5) Consists of total client deposits into brokerage accounts less total client withdrawals from brokerage accounts. The Company considers conversions from and to advisory accounts as deposits and withdrawals respectively.

(6) Consists of existing custodied accounts that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.

(7) Consists of total client deposits into Centrally Managed Assets accounts (FN 3) less total client withdrawals from Centrally Managed Assets accounts.

(8) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial. Reported activity does not include any other cash activity, such as deposits, withdrawals, dividends received, or fees paid.

LPL Financial Holdings Inc. - Historical Monthly Activity Through March 2020

As of March 31, 2020

(End of Period \$ in billions, unless noted)	Mar 2020	Feb 2020	Jan 2020	Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019
Assets													
Advisory Assets ⁽¹⁾	322.3	355.7	369.2	365.8	354.9	345.3	338.0	333.0	332.1	327.3	311.3	320.5	311.9
Brokerage Assets ⁽²⁾	347.6	380.9	397.7	398.6	392.9	386.5	381.3	378.7	381.3	378.7	366.0	378.8	372.1
Total Brokerage and Advisory Assets	669.9	736.6	767.0	764.4	747.8	731.7	719.3	711.7	713.4	706.0	677.3	699.3	684.0
Net New Assets													
Net New Advisory Assets ⁽³⁾	4.1	4.3	4.0	3.8	2.9	3.0	2.2	4.0*	2.9	2.4	2.5	1.6	2.2
Net New Brokerage Assets ⁽⁴⁾	0.2	0.4	(0.6)	(0.9)	(0.3)	0.3	(0.4)	1.3*	(0.2)	(0.5)	(1.1)	(1.0)	0.1
Total Net New Assets	4.3	4.8	3.4	2.9	2.6	3.3	1.8	5.3*	2.7	1.9	1.4	0.7	2.3
Net Brokerage to Advisory Conversions ⁽⁵⁾	0.6	0.8	0.9	0.6	0.7	0.6	0.5	0.5	0.6	0.4	0.8	0.6	0.5
Client Cash Balances													
Insured Cash Account Balances	34.5	24.8	24.4	24.4	22.9	22.6	22.2	22.0	21.3	21.3	20.9	20.7	21.7
Deposit Cash Account Balances	8.7	5.2	4.8	5.0	4.6	4.6	4.6	4.5	4.2	4.3	4.2	4.1	4.3
Total Insured Sweep Balances	43.2	30.0	29.2	29.4	27.5	27.2	26.8	26.5	25.5	25.5	25.1	24.8	25.9
Money Market Sweep Balances	1.8	1.6	1.7	1.9	2.0	2.3	2.6	2.8	3.0	3.5	4.0	4.4	4.8
Purchased Money Market Funds	2.8	2.6	2.5	2.4	2.2	2.1	1.8	1.7	1.3	1.0	0.8	0.4	n/a
Total Money Market Balances	4.6	4.3	4.2	4.3	4.3	4.4	4.4	4.5	4.3	4.5	4.7	4.8	4.8
Total Client Cash Balances	47.8	34.2	33.5	33.7	31.8	31.6	31.2	31.0	29.9	30.1	29.8	29.6	30.7
Net Buy (Sell) Activity ⁽⁶⁾	(8.2)	3.9	4.5	3.2	3.3	3.3	2.9	2.8	3.3	2.8	3.4	3.5	3.6
Market Indices													
S&P 500 (end of period)	2,585	2,954	3,226	3,231	3,141	3,038	2,977	2,926	2,980	2,942	2,752	2,946	2,834
Fed Funds Effective Rate (average bps)	39	158	155	155	155	183	205	213	240	238	239	242	240

*Note: the Company's August 2019 results included \$2.9 billion of total brokerage and advisory assets from the acquisition of Allen & Company of Florida, LLC (Allen & Company), of which \$1.8 billion were brokerage assets and \$1.0 billion were advisory assets.

Prior to that, total net new assets were \$2.5 billion, of which \$3.0 billion were net new advisory assets and \$(0.5) billion were net new brokerage assets.

(1) Consists of total advisory assets under custody at the Company's broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"). Results for August 2019 to November 2019 also included advisory assets serviced by investment advisor representatives of Allen & Company that were onboarded to LPL Financial's custodied platform in November 2019.

(2) Consists of brokerage assets serviced by advisors licensed with LPL Financial. Results for August 2019 to November 2019 also include brokerage assets serviced by advisors licensed with Allen & Company that onboarded to LPL Financial's custodied platform in November 2019.

(3) Consists of total client deposits into advisory accounts less total client withdrawals from advisory accounts. The Company considers conversions from and to brokerage accounts as deposits and withdrawals, respectively.

(4) Consists of total client deposits into brokerage accounts less total client withdrawals from brokerage accounts. The Company considers conversions from and to advisory accounts as deposits and withdrawals, respectively.

(5) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.

(6) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial. Reported activity does not include any other cash activity, such as deposits, withdrawals, dividends received or fees paid.