LPL Financial Research

Current Conditions Index

May 20, 2009

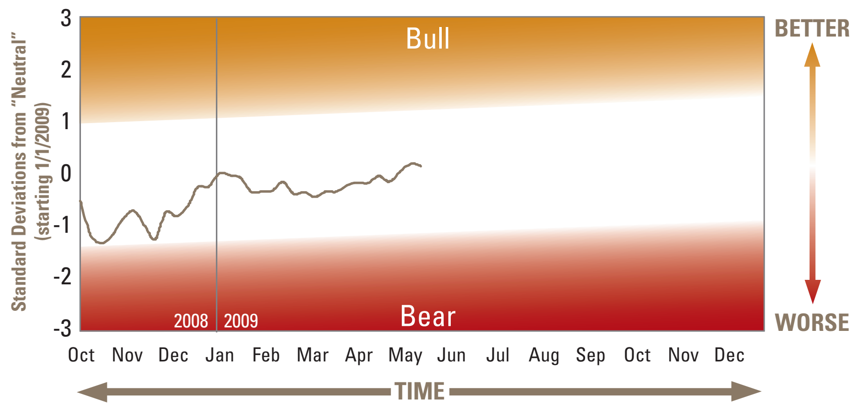
Overview

The LPL Financial Current Conditions Index is a weekly measure of the conditions that underpin our outlook for the markets and economy in 2009. We will publish this weekly index over the course of 2009 to provide real-time context and insight into the trends that shape our recommended actions to manage portfolios. We expect this index will become a useful tool to describe the conditions most relevant to investment decision making in 2009.

This weekly index is not intended to be a leading index or predictive of where conditions are headed, but merely a coincident measure of where they are right now. We want to track the conditions in real-time to aid in investment decision making. There are thousands of indicators-some lead the economy, some lag, while others merely offer a lot of statistical noise. We chose to create our own index tailored to the current environment to provide the clearest and most useful way to track how conditions are aligned with the expectations embedded in our investment recommendations.

The LPL Financial Current Conditions Index slipped over the past week by 0.1. The general trend of improvement in the index over the past 10 weeks has been mirrored by a stock market rally and narrowing of bond credit spreads. The index reflects current conditions in line with our base case outlook for modest gains in the stock and bond market in 2009.

LPL Research Current Conditions Index



Source: LPL Financial

Six of the 10 index components fell during the past week with the most notable weakening in retail sales, consumer confidence, commodity price, and the VIX*. The TED Spread, an effective measure of the liquidity available to banks, has demonstrated sizeable improvement. With bank capital adequacy near the center of the current crisis this is an important gauge of the stress in the banking system. The TED^ Spread is now back to levels not seen since pre-crisis environment of mid-2007.

Initial claims for unemployment benefits have continued to improve in recent weeks. However, we will be watching job losses in the Auto sector that may result in some deterioration in the index in coming weeks.

*The VIX is a measure of the volatility implied in the prices of options contracts for the S&P 500. It is a market based estimate of future volatility. While this is not necessarily predictive it does measure the current degree of fear present in the stock market.

^TED is an acronym formed from T-Bill and ED, the ticker symbol for the Eurodollar futures contract. The TED Spread measures the difference between 3 month LIBOR rate and the yield on 3 month Treasury bills.

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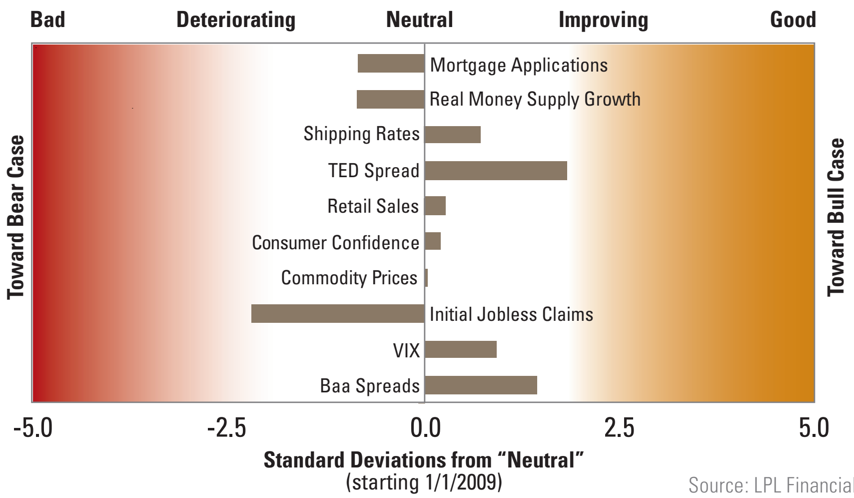
LPL RESEARCH CURRENT CONDITIONS INDEX COMPONENTS

Component of CCI Index	This Week	One Week Ago	Four Weeks Ago
BAA Spreads	1.4	1.5	0.4
VIX	0.9	1.1	0.8
Initial Jobless Claims	-2.2	-2.2	-2.6
Commodities	0.0	0.2	-0.1
Confidence	0.2	0.4	0.1
Retail Sales	0.3	0.7	0.4
TED Spread	1.8	1.5	1.0
Shipping Rates	0.7	0.6	0.4
Real Money Supply Growth	-0.9	-0.9	-0.9
Mortgage Applications	-0.8	-0.9	0.1
CCI	**0.1**	**0.2**	**0.0**

Source: LPL Financial



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IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for any individual. To determine which investments may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

The fast price swings of commodities will result in significant volatility in an investor's holding.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price.

Stock investing involves risk including loss of principal.

High Yield/Junk Bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors.