



June 24, 2005

In keeping with Western Asset's continuous efforts to improve our ability to serve your investment needs on a global basis, I would like to share with you a further strategic enhancement toward that goal.

Legg Mason Inc. (the parent company of Western Asset) announced today that it has signed an agreement with Citigroup that strategically positions Legg Mason as a pure-play global asset manager of best-in-class fixed income and equity products with over \$800 billion of assets under management.

Under terms of the transaction, Legg Mason will acquire Citigroup's worldwide asset management businesses, which represents more than \$430 billion of assets under management. Consequently, Legg Mason will become the 5th largest money manager in the world and the 5th largest manager of mutual funds.

As a result of the transaction, Western Asset Management Company will have global fixed income assets of approximately \$490 billion.

The synergies realized from this acquisition stem from products that are complementary to Western Asset's core competency of broad market portfolio management and expand product offerings in the areas of tax-exempt securities, liquidity management, and Australian, Latin American and Japanese local currency debt.

The acquisition is consistent with Western Asset's strategic commitment to enhancing our global investment and business capabilities in our existing centers of excellence in Pasadena, London, and Singapore. The acquisition of Citigroup Asset Management will strategically expand and strengthen Western's investment and relationship management services for all of our clients globally by adding local market expertise as well as build out our client servicing efforts in Asia, Australia, Europe, Latin America, and the United States.

As with our past integrations of Lehman Brothers Global Asset Management in 1996 and Rothschild Asset Management (Singapore) Limited in 2003, the addition of Citigroup Asset Management's fixed income business furthers our vision to remain a leader in global fixed income management by offering investment management and client service worldwide. Also, as with past integrations, we shall remain intensely focused on the ongoing management of your portfolio.

We remain dedicated to serving your fixed income needs and to constantly improving upon our capabilities as your investment partner. Your continued support of Western Asset is very much appreciated.

If you need additional information regarding the transaction, please click on the link www.LeggMason.com or contact your Client Service Executive.

Sincerely,

James W. Hirschmann
President and Chief Executive Officer