



NEWS RELEASE
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**WESTERN ASSET MANAGEMENT AND THE RLJ COMPANIES, LLC
CREATES NEW ENTITY TO MANAGE PPIP ASSETS**

Pasadena, CA//Bethesda, MD// July 8, 2009 – Western Asset Management, the fixed income affiliate of Legg Mason, Inc. (NYSE: LM) and The RLJ Companies, the holding company owned by Robert L. Johnson, today announced the creation of a new minority-owned entity that has been selected as a pre-qualified fund manager in the U.S. Department of the Treasury’s Public-Private Investment Program (PPIP).

The new limited liability company will be 51% owned by The RLJ Companies and 49% owned by Western Asset. The new company will benefit from Western Asset’s deep and broad fixed income expertise across asset classes and markets around the world. The RLJ Companies has significant experience running private equity real estate funds, a private equity mid-sized buyout fund, and Urban Trust Bank, the fastest growing minority bank in the nation.

Robert L. Johnson, Chairman of The RLJ Companies said, “This is a powerful opportunity to help bring stability to the U.S. mortgage market and to use our expertise within The RLJ Companies to do so. As a minority-owned company, partnering with Western Asset is an example of how companies can come together to restore the U.S. economy and demonstrate the positives of diversity partnerships within our nation. We look forward to working with Western Asset, one of the world’s premiere fixed income managers.”

James W. Hirschmann, CEO of Western Asset, commented, “The extreme disruption in financial markets since August 2007 has been extraordinary and we believe that there are compelling opportunities for long-term investors. Our focus on long-term, value oriented investing, coupled with the operating expertise of The RLJ Companies, gives us a significant ability to find attractive investments for our clients. We are gratified to have been selected as a pre-qualified fund manager in this program.”

(more)

About Western Asset

Western Asset is one of the world's premier fixed-income managers. With offices in Pasadena, New York, London, Tokyo, Singapore, Hong Kong, Melbourne and Sao Paulo, Western Asset offers institutional and retail clients a full range of fixed-income products. By devoting all of its resources to fixed-income, Western Asset is able to provide a full commitment to its clients in every area of the firm. Western Asset's long performance track record and global presence has them positioned to continue their commitment to excellence in fixed-income investment management and client service. As of May 31, 2009, Western Asset had \$487 billion in assets under management.

About The RLJ Companies

The RLJ Companies, founded by Robert L. Johnson, owner of the NBA Charlotte Bobcats and founder of Black Entertainment Television, is a diverse portfolio of companies in the financial services, asset management, real estate, hospitality, professional sports, film production, and gaming industries. An innovative business network, The RLJ Companies seeks to target undiscovered or underserved markets; then exercise solid management to achieve results. The RLJ Companies is headquartered in Bethesda, Maryland, with operations in Charlotte, Los Angeles, Florida, Puerto Rico, and Monrovia, Liberia.

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