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LEGG MASON PLANS STREAMLINED MUTUAL FUND COMPLEX

Plan simplifies US product offering and matches products with investment capabilities across Legg Mason's investment management companies

Baltimore, MD – July 12, 2006 – Legg Mason announced today that it is proposing to streamline its mutual fund complex, principally by merging certain of its US-domiciled mutual funds as well as liquidating or reassigning certain funds. Most of the former Smith Barney and Salomon Brothers mutual funds will be re-branded Legg Mason Partners Funds. Selective mergers involving the Legg Mason fund family will also be pursued. This plan will reduce the number of open-ended funds across both families from 166 to 119. Legg Mason is the fifth largest asset manager in the world, with assets under management of approximately \$868 billion as of March 31, 2006.

The board of directors/trustees of the affected funds have carefully considered the proposals and approved the plans. The reorganizations and other proposed changes were detailed in Prospectus Supplements filed today with the Securities and Exchange Commission (SEC).

Where applicable, proxy statements will be filed with the SEC and distributed to shareholders over the next several months, seeking shareholder approval for the reorganizations and certain other proposals.

Mark R. Fetting, senior executive vice president, stated, “This is another important step in the process of integrating the asset management business that Legg Mason acquired from Citigroup on December 1, 2005. We have undertaken a comprehensive review across all our retail product offerings to reduce product overlap and attempt to create fund families with the objective of a “best-in-class” approach. We anticipate that the proposed changes, on which we have worked closely with the fund boards, will offer shareholders the opportunity for stronger long-term performance with the advantages of greater scale. The resulting fund family will be one of the most comprehensive in the industry, with flagship funds across various investment classes. We believe this plan is what investors want, and it’s what we intend to deliver.”

Mr. Fetting continued, “Legg Mason's investment subsidiaries share one thing in common: a clear investment focus with strong capabilities within that focus. In making these changes, we have given ClearBridge Advisors*, the US equity unit created from the

former Citigroup Asset Management (CAM), the ability to concentrate on strategies that match their core competencies. In other cases, we have taken funds that better match investment capabilities in other parts of the organization, and proposed that they be aligned with those investment subsidiaries."

Additional elements of the proposed reorganization plan affecting the legacy US-based CAM funds include:

- Streamlining the product offerings of the legacy CAM fund complexes (including the former Smith Barney Funds and the Salomon Brothers Funds);
- Reorganizing most open-end funds within a single jurisdiction and introducing a single form of corporate structure to simplify administration;
- A proposal, pending requisite approvals, to reorganize the 10 Boards currently overseeing the legacy CAM Funds into 3 Boards, with the remaining Boards each overseeing a distinct asset class or product type: Equity, Fixed Income and Closed End;
- Instituting, to the extent appropriate, a uniform set of fundamental investment policies;
- Rebranding the legacy CAM closed end funds to Western Asset and LMP in October.

Earlier this year, most of the former Smith Barney Funds and all funds offered as part of variable annuity or variable life insurance contracts were renamed Legg Mason Partners Funds. Legg Mason expects that other legacy CAM open-end funds acquired in the Citigroup transaction, including the Salomon Brothers Funds, also will be renamed under the Legg Mason Partners brand. After the realignment effort is approved and complete, the former CAM open-end mutual fund product set will become a focused offering consisting of 28 equity funds, 28 fixed-income funds, 22 money market funds, and 25 variable annuity portfolios. A chart listing the proposed reorganizations is attached.

As an additional result of these actions, Legg Mason is implementing a new advisory structure with a single investment manager for most of the Legg Mason Partners Funds – Legg Mason Partners Fund Advisor, LLC (LMPFA). This structure will facilitate access to a wider range of Legg Mason investment managers, by providing administrative services and sub-contracting with the underlying investment advisors. Investors will be able to access ClearBridge Advisors* (operating through CAM North America LLC), Western Asset Management Company, and Batterymarch Financial Management, Inc. as subadvisors to applicable funds effective August 1, 2006. Upon shareholder approval, the plan provides further for the addition of Brandywine Global Investment Management, LLC, Legg Mason Capital Management, Inc., Legg Mason Investment Counsel, LLC and Barrett Associates, Inc. to be named as subadvisors or managers to applicable funds.

Legg Mason markets its mutual funds under four principal brand names:

- **Legg Mason Partners Funds** – full spectrum of equity and fixed-income strategies serving investors and their advisors with a variety of share classes.
- **Legg Mason Funds** – focused equity and other strategies serving retail investors through a primary share class model as well as institutional clients.
- **Royce Funds** – small-cap equity specialists serving retail and “instividual” clients.
- **Western Asset Funds** – fixed income strategies for institutional fund investors.

Legg Mason is a global asset management firm, structured as a holding company with on-the-ground management capabilities around the world. As of March 31, 2006, its assets under management aggregated approximately \$868 billion. The firm is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

*ClearBridge Advisors’ advisory services are provided by CAM North America, LLC, Salomon Brothers Asset Management Inc and other affiliated advisory entities.

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Investors should consider a Fund’s investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the Fund. To obtain a free prospectus, please call your financial professional. Please read the prospectus carefully before investing.

“Smith Barney”, “Salomon Brothers” and “Citigroup Asset Management” are service marks of Citigroup, licensed for use by Legg Mason as the names of funds and investment advisers. Legg Mason and its affiliates, as well as the funds’ investment manager, are not affiliated with Citigroup.

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Equity Funds	
Acquired Fund	Acquiring Fund
EQUITY FUNDS AND FUNDS OFFERED TO INSURANCE COMPANY SEPARATE ACCOUNTS	
Legg Mason Partners Large Cap Value Fund	Salomon Brothers Investors Value Fund Inc
Legg Mason Partners Growth and Income Fund	Legg Mason Partners Multiple Discipline Funds All Cap Growth and Value
Legg Mason Partners Multiple Discipline Funds Global All Cap Growth and Value	
Legg Mason Partners Multiple Discipline Funds Large Cap Growth and Value	
Legg Mason Partners Multiple Discipline Funds All Cap and International	
Salomon Brothers Mid Cap Fund	Salomon Brothers Capital Fund Inc
Legg Mason Partners Small Cap Growth Fund	Salomon Brothers Small Cap Growth Fund
Legg Mason Partners Small Cap Growth Opportunities Fund	
Legg Mason Partners Technology Fund	Legg Mason Partners Large Cap Growth Fund
Legg Mason Partners Health Sciences Fund	Legg Mason Partners Aggressive Growth Fund, Inc.

Equity Funds	
Acquired Fund	Acquiring Fund
Legg Mason Partners Dividend and Income Fund	Legg Mason Partners Capital and Income Fund
Salomon Brothers Balanced Fund	
Legg Mason Partners Multiple Discipline Funds Balanced All Cap Growth and Value	
Legg Mason Balanced Trust	
Legg Mason Financial Services Fund	Legg Mason Partners Financial Services Fund
Legg Mason Partners International Fund	Legg Mason Partners International Large Cap Fund

Variable Funds	
Acquired Fund	Acquiring Fund
Legg Mason Partners Variable Large Cap Value Portfolio	Legg Mason Partners Variable Investors Portfolio
Legg Mason Partners Variable All Cap Portfolio	Legg Mason Partners Variable Fundamental Value Portfolio
Legg Mason Partners Variable Growth and Income Portfolio	Legg Mason Partners Variable Appreciation Portfolio
Legg Mason Partners Variable Growth and Income Portfolio II	
Legg Mason Partners Variable Aggressive Growth Portfolio	Legg Mason Partners Variable Aggressive Growth Portfolio
Legg Mason Partners Variable Premier Selections All Cap Growth Portfolio	
Legg Mason Partners Variable Large Cap Growth Portfolio	Legg Mason Partners Variable Large Cap Growth Portfolio
Legg Mason Partners Variable Small Cap Growth Opportunities Portfolio	Legg Mason Partners Variable Small Cap Growth Portfolio

Variable Funds	
Acquired Fund	Acquiring Fund
Legg Mason Partners Variable Capital and Income Portfolio	Legg Mason Partners Variable Multiple Discipline Portfolio-- Balanced All Cap Growth and Value
Legg Mason Partners Variable Total Return Portfolio	

Fixed Income Funds	
Acquired Fund	Acquiring Fund
Legg Mason Partners Core Plus Bond Fund, Inc.	Legg Mason Partners Diversified Strategic Income Fund
Salomon Brothers Strategic Bond Fund	
Legg Mason Partners U.S. Government Securities Fund	Legg Mason Partners Government Securities Fund
Legg Mason High Yield Portfolio	Legg Mason Partners High Income Fund
Legg Mason Tax-Free Intermediate-Term Income Trust	Legg Mason Partners Limited Term Municipals Fund
Legg Mason Partners National Municipals Fund	Legg Mason Partners Managed Municipals Fund, Inc.
Salomon Brothers National Tax Free Bond Fund	
Legg Mason Partners Georgia Municipals Fund	
Legg Mason Partners Arizona Municipals Fund, Inc.	
Salomon Brothers New York Tax Free Bond Fund	Legg Mason Partners New York Municipals Fund
Salomon Brothers California Tax Free Bond Fund	Legg Mason Partners California Municipals Fund, Inc.

Fixed Income Funds	
Acquired Fund	Acquiring Fund
Legg Mason Pennsylvania Tax-Free Income Trust	Legg Mason Partners Pennsylvania Municipals Fund
Legg Mason Partners Exchange Reserve Fund	Cash Portfolio
Salomon Brothers New York Municipal Money Market Fund	New York Money Market Portfolio

Manager Changes		
Fund Name	Prior Manager	Proposed Manager or Subadvisor
LMP Financial Services Fund	CAM North America LLC*	Barrett Associates, Inc. – LaGuardia
LMP International All Cap Growth Fund	CAM North America LLC*	Brandywine Global Investment Management, LLC – Ehrlichman
LMP Multiple Discipline All Cap Growth & Value	Smith Barney Fund Management LLC	Legg Mason Capital Management, Inc. – Leopold
LMP Social Awareness Funds	CAM North America LLC*	Legg Mason Investment Counsel, LLC – Bates
Salomon Brothers Capital Fund	Salomon Brothers Asset Management Inc	ClearBridge Advisors – Posner and Angerame

*** Effective August 1, 2006**