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**CALIFORNIA STATE TEACHERS INVESTS \$250 MILLION
WITH LM CAPITAL GROUP**

SAN DIEGO, Calif. — (March 20, 2007) — The California State Teachers' Retirement System (CalSTRS) has selected LM Capital Group, LLC, a leading San Diego-based fixed income investment manager for institutional clients, to manage \$250 million in its Opportunistic Core Fixed Income program.

CalSTRS is the second largest public pension plan and the largest teachers' retirement fund in the United States. CalSTRS had a total membership of nearly 800,000 and assets of \$159.5 billion as of January 31, 2007. CalSTRS' primary responsibility is to provide retirement related benefits and services to teachers in public schools from kindergarten through community college.

Christopher J. Ailman, Chief Investment Officer for CalSTRS, said, "We've known Luis Maizel for a couple of years through the New America Alliance and have been impressed with his depth of experience and expertise in the emerging markets of fixed income. We're also thrilled to do business with a California firm. It was a major event for CalSTRS to move fixed-income assets to an external manager, so this is a huge vote of confidence by the second largest fund in the U.S. to hire LM Capital."

"We are pleased that CalSTRS has elected to make an investment in LM Capital's Opportunistic Core (Core Plus) strategy," said Luis Maizel, Senior Managing Director. "We are very proud to have gained their support and to become a member of their investment manager team."

The firm's Opportunistic Core (Core Plus) Fixed Income portfolios are comprised of Treasuries, agencies, investment grade (BBB/Baa2 min or better) corporate issues, and mortgage-backed securities. Additionally, the portfolios can invest a maximum of 30% of the portfolio in non-dollar denominated debt of

sovereign and corporate issues from industrialized nations, U.S. dollar denominated debt of sovereign and corporate issues from developing (emerging) countries, and U.S. high-yield securities.

"The addition of CalSTRS not only adds to the depth and breadth of our list of clients, but it also recognizes the performance of our unique investment process that emphasizes a global approach to the management of fixed-income portfolios," said John Chalker, Managing Director of LM Capital Group.

Currently, LM Capital Opportunistic Core (Core Plus) product clients include the California Public Employees Retirement System (CalPERS), Chicago Policeman's Annuity and Benefit Funds, Coca-Cola Enterprises Inc, Cook County Employees' Annuity and Benefit Fund, Illinois Municipal Retirement Fund (IMRF), Los Angeles City Employees' Retirement System (LACERS), Los Angeles County Employees' Retirement Association (LACERA), Los Angeles Fire and Police Pension System, Northern Trust Company of Connecticut, Progress Investment Management Company, and the United Methodist Church.

About LM Capital Group, LLC

LM Capital Group, LLC was founded in 1989 by Luis Maizel and John Chalker to provide fixed-income investment management to the institutional investor. By utilizing a long term macro-economic, fundamental investment approach to assemble concentrated fixed-income portfolios, LM Capital has been successful in providing clients with the most attractive investment opportunities available. With nearly \$3 billion in assets under management, the firm offers the following fixed income products: Opportunistic Core (Core Plus), Core, Intermediate and Short-term. For more information on LM Capital Group, please contact [Richard Deary](#), Director – Business Development, at 619.814.1401 or visit the LM Capital Group Web site www.lmcapital.com.

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