

April 2008

Dear Investors and Friends,

We're pleased to provide our monthly update for the firm:

[BayStar Capital III Fund investment GlassHouse enters into strategic partnership with Dell](#)  
[LRG Capital Funds adds multi-strategy hedge fund to platform through partnership with Admiral Capital Management, LLC](#)  
[Newly-formed LRG Hospitality Advisory Group names Shah Bahreyni Managing Director](#)  
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**BAYSTAR CAPITAL III FUND investment GlassHouse enters into strategic partnership with Dell**

Dell, Inc. announced their strategic partnership with GlassHouse Technologies, a leading independent information-technology consulting and services firm. The partnership will include an investment in Glasshouse by Dell and provides Dell with access to GlassHouse's intellectual property (IP), sales and marketing resources over a three year period. This news follows GlassHouse's S-1 filing with the Securities and Exchange Commission in December announcing plans for an initial public offering. Goldman Sachs, JP Morgan Securities, Banc of America Securities and Thomas Weisel Partners are underwriting the IPO.

In July, 2007, the Fund invested in GlassHouse with the following terms:

- Protected base return of 12% (9.75%% coupon + fees); 36 month term
- Convertible at 20% discount to IPO; 22.5% warrants for six years provide additional upside
- Subordinate to senior debt

**LRG Capital Funds adds multi-strategy hedge fund to platform through partnership with Admiral Capital Management, LLC**

[LRG Capital Funds](#) (formerly BayStar Capital Funds) and Admiral Capital Management, LLC have formed a strategic partnership to create a hedged multi-strategy fund – the **LRG Capital/Admiral Flagship Fund** —managed by William Ellsworth in a parallel fashion to the Admiral Flagship Master Fund, Ltd. launched on January 5, 2007 with current assets under management of \$110M. The opportunistic, convertible-centric Fund employs fundamentally-based, tactical-driven volatility, credit, hedged directional and relative value sub-strategies employed through convertible securities as well as other securities in the capital structure and related derivative instruments. The actively-managed strategy differentiates the LRG Capital/Admiral Flagship Fund from an indexed traditional convertible arbitrage approach.

**Newly-formed LRG Hospitality Advisory Group names Shah Bahreyni as Managing Director**

The [LRG Hospitality Advisory Group](#) will provide full-service strategic and financial advisory services to companies in the restaurant, food and beverage industries. The Group was formed in response to companies in the restaurant, food and beverage sector coming to LRG Capital Group in need of strategic and financial advisory services on mergers and acquisitions, restructurings and recapitalizations, as part of a focused subset of our LRG Capital Advisory Group offering.

Shah brings over 20 years of experience in the hospitality industry to LRG Capital Group. He is recognized as a trend and concept leader through his ability to comprehensively analyze restaurant concepts, scalability and financial standings. He has launched several successful restaurants (Boca Steak & Seafood, Sabella's Italiana Market, Ondine Private Events & Restaurant, Faz Bistro, Toast) and turned others around (Horizon, Tutto Mare, A. Sabella's), in his role as General Manager, Director of Operations and/or Proprietor. As Director of Operations of Constellation Concepts (California Café Group) from 2001-2004, Shah restructured the Horizons and Ondine restaurants, taking them to number one and two, respectively, in sales and profits out of 21 restaurants in 18

months. Previously, Shah worked for highly recognized restaurant organizations such as the American Restaurant Group/Spectrum Foods division, Faz Restaurant Group and A. Sabella's Restaurants.

#### **LRG Corporate Advisory Group expands with Kim Lynch addition**

Kimberly T. Lynch joins the firm as Vice President of the [LRG Corporate Advisory Group](#). In addition to leading the corporate advisory team, she will also advise on strategic international commercial and real estate alliances and transactions for the firm.

Kim joins the firm with more than 15 years of investment banking experience. Most recently as president and founder of KTL Consulting, she advised numerous companies on buy-side acquisitions, financial due diligence, valuation analysis, offer negotiations, and financial structuring. Previously, as the Vice President of Merriman Curhan Ford Corporation's investment banking group, she was responsible for securing and executing equity and debt financings as well as merger analysis and debt capacity assessment. As Director of Business and Corporate Development for Yahoo!, Inc. she built key strategic relationships for Yahoo's Latin American division. Kim has experience in debt capital markets at Lehman Brothers, Inc. and equities at Morgan Stanley.

Collectively, LRG Capital Group professionals have provided advisory services on more than 300 transactions that total over \$75 billion in value.

#### **GCC Strategic Alliances Continue to Build Momentum**

Last, we continue to see benefits from our strategic alliances in the Middle East with **Nahkeel**, **RetailCorp** and **Seven Tides** in Gulf Cooperation Council (GCC) countries, where we are co-developing restaurants, leisure complexes and retail outlets.

All of our partnerships are driving new investment opportunities and strong strategic and financial co-investors to the firm. Our success is closely associated with your continued support and investments.

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For more information, visit [www.lrgcapital.com](http://www.lrgcapital.com) or contact Heather Ross at [hross@lrgcap.com](mailto:hross@lrgcap.com) or 415.834.4646.