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News Release

For Immediate Release

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WESTERN ASSET ANNOUNCES PRELIMINARY PLAN FOR MONEY MARKET FUND OFFERINGS

SEC REFORMS DRIVE PROPOSED CHANGES TO PRODUCT LINES

Pasadena, CA – April 7, 2015 – Western Asset Management, an affiliate of Legg Mason, today announced preliminary recommendations for its money market mutual fund product suite. The proposed changes are intended to meet client needs and comply with criteria announced in July 2014 by the U.S. Securities and Exchange Commission (SEC).

Western Asset Management believes this information will assist shareholders by providing ample time to consider how these changes will impact their portfolios. The plan announced today may be adjusted before the October 2016 compliance date for the money market fund reform rules and will require approval of the funds' Board.

In its planning process, the firm spent considerable time listening to both institutional and retail investors to understand their preferences. With those preferences in mind, steps have been taken to adjust its product line to continue to offer all types of investors a full menu of product choices for cash management. In addition, Western Asset Management has begun to define the business and operational requirements necessary to complete a seamless implementation of reform rules on a timely basis.

Western Asset Management has a robust liquidity product set and the flexibility to adjust it according to clients' needs. The company offers U.S. Treasury, government, prime and municipal money market mutual funds to institutional and retail investors. Initial plans to modify the fund lineup can be summarized as follows:

- **U.S. Treasury and government money market funds**
  - Funds will continue to seek to transact at a $1.00 net asset value and already meet the new SEC requirement to invest at least 99.5% of their assets in cash, government securities, and/or repurchase agreements that are fully collateralized.
  - Western Asset Management has no current intention to recommend instituting liquidity fees or redemption gates on these funds.

- **Institutional prime money market funds and institutional municipal money market funds**
  - Funds will price and transact at a floating net asset value, which reflect current market-based values of the portfolio securities and will adopt required policies relating to liquidity fees and redemption gates, subject to Board approval.
  - Funds will comply with the new rules by the mandatory compliance date of October 2016.

- **Retail money market funds**
  - The firm expects to continue to offer funds that will seek to transact at a $1.00 net asset value. The company will adopt policies to impose liquidity fees, as well as provide for redemption gates, subject to Board approval.

- o Funds will comply with the new rules by the mandatory compliance date of October 2016.

To provide investors with a full menu of expanded product choices for cash management, the firm has recently added two non-money market short duration bond funds to its product offerings.

- Western Asset Ultra Short Obligations Fund (LWAUX) seeks a high level of income, consistent with liquidity and the preservation of capital; and
- Western Asset Short Term Yield Fund (LGSTX) seeks current income.

These funds both price and transact at a floating net asset value and are subject to market fluctuations. Because they are not money market funds, they will not be subject to the requirements for liquidity fees and redemption gates.

Western Asset will provide periodic updates on its plans and their implementation.

About Western Asset
Western Asset Management is one of the world's leading fixed-income managers with $466 billion in assets under management as of December 31, 2014. The firm is a wholly owned, independently operated subsidiary of Legg Mason, Inc. (NYSE: LM) From offices in Pasadena, Hong Kong, London, Melbourne, New York, São Paulo, Singapore, Tokyo and Dubai, the company provides investment services for a wide variety of global clients, across an equally wide variety of mandates. To learn more about Western Asset, visit their web site at www.westernasset.com.

About Legg Mason
Legg Mason is a global asset management firm with $711 billion in assets under management as of February 28, 2014. The Company provides active asset management in many major investment centers throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

All investments involve risk, including loss of principal. Past performance is no guarantee of future results. Fixed income securities involve interest rate, credit, inflation, and reinvestment risks; and possible loss of principal. As interest rates rises the value of fixed income securities falls. A fund's yield may be affected by changes in interest rates and changes in credit ratings. Please see each fund's prospectus for additional fund specific risks.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. This information can be found in each prospectus, or summary prospectus, if available, which is available at www.leggmasonfunds.com. Please read it carefully.

Mutual funds are offered by Legg Mason Investor Services, LLC (LMIS), a FINRA registered broker-dealer. Western Asset Management Company and LMIS are subsidiaries of Legg Mason, Inc.

INVESTMENT PRODUCTS: NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

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