

Share class (Symbol): I (WACPX), FI (WACIX)

# Western Asset Core Plus Bond Portfolio

Taxable fixed income is an important component of a diversified portfolio.

**Western Asset Core Plus Bond Portfolio (WACPX)** offers investors a taxable fixed-income allocation with the goal of maximizing total return through exposure to multiple sectors, including higher-yielding sectors.

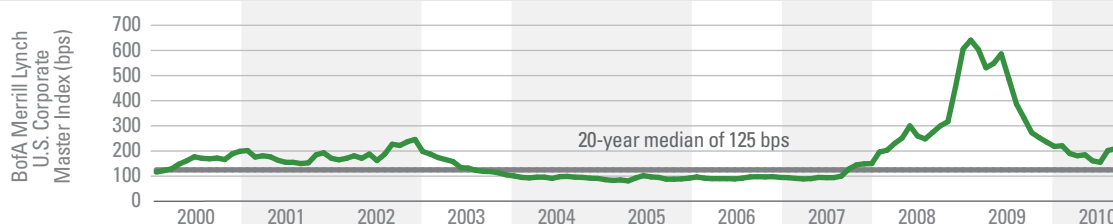
## What are you looking for?

- A taxable bond fund with investment-grade average credit quality
- A diversified core bond portfolio with exposure to higher-yielding sectors
- An actively managed, opportunistic fixed-income fund focused on maximizing total return

## How this fund may help

- A minimum of 80% of this portfolio is invested in investment-grade debt
- Investments can include mortgage- and asset-backed securities, investment-grade corporates, agency, Treasury, TIPS and “plus” sectors including high-yield and emerging-market debt
- Historically has tended to outperform during periods following credit-spread peaks

### When credit spreads narrowed, Western Asset Core Plus Bond Portfolio tended to outperform during that calendar year



### Calendar-year total returns (%) as of June 30, 2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD
Class I	11.90	10.03	8.68	9.48	7.54	2.24	6.81	2.57	-9.78	26.20	8.02
Barclays Capital U.S. Aggregate Bond Index	11.63	8.44	10.26	4.10	4.34	2.43	4.33	6.97	5.24	5.93	5.33

Source: The BofA Merrill Lynch U.S. Corporate Master Index tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have an investment-grade rating (based on an average of Moody's, S&P and Fitch) and an investment-grade-rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long-term sovereign debt ratings).

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when redeemed. Performance data does not reflect trade date adjustments made to the NAV at month-end.

### Average annual total returns & fund expenses (%) as of June 30, 2010

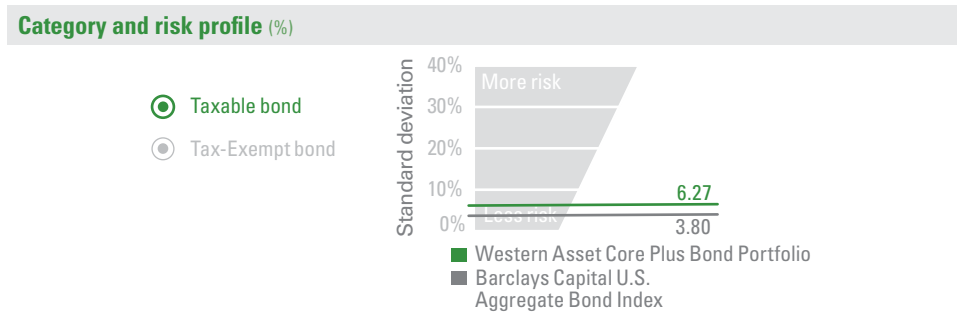
	1-yr	3-yr	5-yr	10-yr	Since inception	30-day SEC yield	Expenses	Inception date
Class I	23.70	7.96	6.05	7.64	6.90	3.88	0.46	7/8/98
Barclays Capital U.S. Aggregate Bond Index	9.50	7.55	5.54	6.47	6.02	—	—	—

Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return, yield and principal value will fluctuate so shares, when redeemed, may be worth more or less than the original cost. Performance data does not reflect trade date adjustments made to the NAV at month-end. The 30-day SEC yield is the average annualized net investment income per share for the 30 days ended 6/30/10 and is subject to change. Yield for other share classes may vary due to differences in sales charge structure and class expenses. For the most recent month-end information, please visit [www.leggmason.com/individualinvestors](http://www.leggmason.com/individualinvestors).

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

## Western Asset Core Plus Bond Portfolio

Sector allocation <sup>1</sup> (%)		Credit quality allocation <sup>1,2</sup> (%)		
			Fund	Manager-rated
Mortgage-backed securities	40.67	AAA	56.52	-3.30
Investment Grade Corporate Bonds	24.72	AA	6.01	-1.16
Government	19.70	A	10.15	-0.07
High Yield Corporate Bonds	7.49	BBB	13.30	0.06
Inflation-linked	3.15	Below investment grade	14.02	1.46
Asset-Backed Securities	2.82			
Emerging Market (IG)	2.60			
Municipal	0.21			
Emerging Market	0.21			
Cash & Other Securities	-1.57			



Standard deviation measured on a 10-year period as of 6/30/10. Benchmark: Barclays Capital U.S. Aggregate Bond Index. Standard deviation indicates the percentage by which a fund's performance has varied from its average performance in any given month during the period indicated. The higher the standard deviation, the greater the range of performance, indicating greater volatility.

## Meet Western Asset Management

- One of the world's largest and leading fixed-income managers, with \$457.0 billion assets under management as of 6/30/10
- Team-based, experienced, coordinated global management positioned on five continents
- Average experience of the investment team is over 20 years

Morningstar proprietary ratings are as of June 30, 2010 and are subject to change every month. A 4- or 5-star rating does not necessarily imply that a fund achieved positive results for the period. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class I shares of the Fund were rated against 1,011, 880 and 515 Intermediate-Term Bond Funds over the 3-, 5- and 10-year periods, respectively. With respect to these Intermediate-Term Bond Funds, 1 share of the Fund received Morningstar Ratings of 3, 4 and 5 stars for the 3-, 5- and 10-year periods, respectively. Ratings are for 1 share classes only; other classes may have different performance characteristics.

The Barclays Capital U.S. Aggregate Bond Index is a broad-based bond index comprised of government, corporate, mortgage and asset-backed issues, rated investment grade or higher, and having at least one year to maturity. Please note an investor cannot invest directly in an index.

<sup>1</sup> Percentages are based on total portfolio as of quarter-end, are subject to change at any time and do not include trade date activity. For informational purposes only and not to be considered a recommendation to purchase or sell any security.

<sup>2</sup> Credit quality is a measure of a bond issuer's ability to repay interest and a principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by the following Nationally Recognized Statistical Rating Organizations ("NRSRO"): Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), Fitch Ratings, Ltd. In the case where a security is not rated by an NRSRO the rating is determined by Western Asset Management ("WAM"), the fund's investment manager (and not an NRSRO). For this purpose, if two or more of the other NRSROs have assigned a rating to a security, the highest rating is used. If a security is not rated by a NRSRO, WAM will analyze comparable securities with similar characteristics (size, capital structure, industry sector, risks, etc.) and assign its own rating using denominations similar to those of S&P. Unrated securities assigned a rating by WAM are specified separately in the credit quality breakdown being shown. A negative allocation may be apparent, which is primarily due to the Fund's unsettled trade activity. Currency forwards and futures are not rated by a NRSRO or WAM and are listed as "Non Rated". The credit quality of the investments in the Fund's portfolio does not apply to the stability or safety of the Fund. These ratings are updated by WAM monthly and may change over time. Please note, WAM is not a NRSRO nor has the Fund itself been rated by a NRSRO.

AN INVESTOR SHOULD CONSIDER A FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES CAREFULLY BEFORE INVESTING. FOR A FREE PROSPECTUS, WHICH CONTAINS THIS AND OTHER INFORMATION ON ANY LEGG MASON FUND, VISIT [WWW.LEGGMASON.COM/INDIVIDUALINVESTORS](http://WWW.LEGGMASON.COM/INDIVIDUALINVESTORS). AN INVESTOR SHOULD READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

## Morningstar Rating™

Overall Rating as of June 30, 2010  
Class I



Class I shares of the Fund rated among 1,011 Intermediate-Term Bond Funds as of June 30, 2010. Ratings based upon risk-adjusted returns. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.

## What should I know before investing?

Investments in fixed-income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. An increase in interest rates will reduce the value of fixed-income securities. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. International investments are subject to special risks including currency fluctuations, social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks. Risks of high-yield securities include greater price volatility, illiquidity and possibility of default. Potential active and frequent trading may result in higher transaction costs and increased investor liability. Diversification does not assure a profit or protect against market loss. Please see the prospectus for a more complete discussion of the Fund's risks.

## Where can I find more information?

Talk to your financial advisor about the role Western Asset Core Plus Bond Portfolio can play as a part of a well-diversified portfolio.

For more information, visit [www.leggmason.com/individualinvestors](http://www.leggmason.com/individualinvestors).