

2008 Tax Reporting Frequently Asked Questions

The following questions and answers apply to fund shareholders who hold their funds directly with the fund family (if you receive your account statement from a Legg Mason affiliated fund family). If you own fund shares through one of our valued distribution partners, please contact your financial advisor for more information about your investment and/or tax documents.

Legg Mason, its affiliates, and its employees are not in the business of providing tax or legal advice. These materials and any tax-related statements are for informational purposes only and are not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax adviser. All information and underlying data have been obtained from sources considered to be reliable, but their accuracy and completeness cannot be assured.

What tax documents and related forms can I expect from the Funds and by when?

See the chart below for scheduled mailing dates of various tax documents and related forms. In addition, please save your year-end statement, which you may need to prepare your taxes.

TAX FORM / DOCUMENT	INFORMATION PROVIDED	ANTICIPATED MAIL DATE
TAXABLE ACCOUNTS (SUCH AS INDIVIDUAL, JOINT TENANT, UGMA/UTMA, AND TRUST)		
1099-DIV	Reports dividends and capital gain distributions greater than \$10 and Federal withholding to these transactions.	January 31, 2009
1099-INT	Reports tax-exempt interest and dividends of \$10 or more distributed by tax-free funds.	January 31, 2009
1099-B	Reports sales and redemption activity in non-fiduciary (IRA) accounts.	January 31, 2009
1042-S	Reports income paid to a non-resident alien regardless of whether the payment is taxable.	March 15, 2009
RETIREMENT ACCOUNTS (SUCH AS TRADITIONAL IRA, ROTH IRA, ROLLOVER IRA, SEP-IRA)		
1099-R	Reports distributions from Retirement accounts (except Transfer of Assets directly from one custodian to another). It includes the removal of excess contributions if removed prior to 1099-R being created.	January 31, 2009
5498	Reports all deposits to IRA's (except Transfer of Assets directly from one custodian to another); Contributions, Rollovers, Conversions, and Recharacterizations.	May 31, 2009
QUALIFIED EDUCATION ACCOUNTS (SUCH AS COVERDELL EDUCATION SAVINGS ACCOUNT, 529 PLAN)		
1099-Q	Reports distributions from Coverdell Education Savings Accounts and 529 Plan (except Transfers to an eligible family member). It includes the removal of excess contributions.	January 31, 2009
5498-ESA	Reports all deposits to Education Savings Accounts, including Contributions, Rollovers and Asset Transfers.	April 30, 2009

Will you provide me with my average cost basis?

Average cost basis will be sent along with the 1099-B tax document for those non-fiduciary accounts where the information is available. It will not be reported to the IRS and is provided to you as a service. You will want to seek advice from your tax preparer to determine your cost basis as there are several methods by which it may be calculated.

If I believe my funds tax documents are incorrect, who do I contact?

If you hold your funds with a financial advisor, please contact them directly to discuss your tax documents. If you hold your funds directly with the fund company, a list of Shareholder Services phone numbers can be found at:

www.leggmason.com/shareholderservices

How do I request duplicate copies of my tax documents?

If you hold your funds with a financial advisor, please contact them directly to discuss your tax documents.

If you hold your funds directly with the fund company, you may order duplicate tax documents by contacting Shareholder Services beginning in mid-February. A list of Shareholder Services phone numbers can be found at:

www.leggmason.com/shareholderservices

In addition, if you hold a Legg Mason Fund, you can access your 1099 tax information through the Online Account Access system. Go to www.leggmason.com/shareholderservices to access your account. Once you have accessed your account, select "I would like to...view Tax Summary."

What account activities will NOT generate a tax document?

1. Transfer of shares from one account to another within the same fund.
2. Purchases to non-fiduciary (non-IRA) accounts.
3. Non-Fiduciary accounts receiving taxable income of \$10 or less.
4. Transfer of assets sent directly from one custodian to another.

IRA (Fiduciary Account) Specific Questions:

How much can be contributed for tax years 2008 and 2009?

See our 2008-2009 Quick Reference Guide for Retirement and Education Accounts at:

www.leggmason.com/individualinvestors/documents/brochure/D3327-2006-2007%20Retirement%20Guide.pdf

Why did I get a 1099-R coded as a premature distribution when I rolled the money over to another institution?

The IRS requires that Fiduciary retirement account redemptions be reported as premature or normal. In late May-2009, you should receive a tax form 5498 from the Custodian that received your rollover. Only Transfer of Assets where the money is sent directly to the next Custodian is non-reportable.

All investments involve risk, including possible loss of principal.

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. AN INVESTOR SHOULD READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

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