

**Report of Organizational Actions
Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Legg Mason BW Alternative Credit Fund		2 Issuer's employer identification number (EIN) 46-3958939	
3 Name of contact for additional information Legg Mason Shareholder Services	4 Telephone No. of contact (800) 822-5544	5 Email address of contact shareholderservices@leggmason.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 620 Eighth Avenue, 49th Floor		7 City, town, or post office, state, and Zip code of contact New York, NY 10018	
8 Date of action See Statement 1		9 Classification and description See Statement 1	
10 CUSIP number See Statement 1	11 Serial number(s) See Statement 1	12 Ticker symbol See Statement 1	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **See Statement 1**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **See Statement 1**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **See Statement 1**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Statement 1

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See Statement 1

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Statement 1

Blank lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ Susan Curry Date ▶ 12/15/2016

Print your name ▶ Susan C. Curry Title ▶ Assistant Treasurer
Print/Type preparer's name Preparer's signature Date
Firm's name ▶ Firm's EIN ▶
Firm's address ▶ Phone no.

Information Furnished Pursuant to Internal Revenue Code Section 6045B
Relating to Actions Affecting the Basis of Securities

Issuer's Name: Legg Mason BW Alternative Credit Fund
EIN: 46-3958939
Ticker and CUSIP: See Table Below
Classification: Various classes of stock issued by a Regulated Investment Company

The Fund has determined that a portion of the distributions listed below that were paid during the taxable period ended October 31, 2016, are classified as return of capital:

Class	CUSIP	NASDAQ Symbol	Ex-Dividend and Record Date	Payable Date	Ordinary Income Per Share	Return of Capital Per Share	Total Distribution Per Share
A	52471E852	LMAPX	Daily	11/30/2015	0.012956	-	0.012956
A	52471E852	LMAPX	Daily	12/29/2015	0.295249	-	0.295249
A	52471E852	LMAPX	Daily	12/31/2015	0.001769	-	0.001769
A	52471E852	LMAPX	Daily	01/29/2016	-	0.009042	0.009042
A	52471E852	LMAPX	Daily	02/29/2016	-	0.006467	0.006467
A	52471E852	LMAPX	Daily	03/31/2016	-	0.004448	0.004448
Class A Total					0.309975	0.019957	0.329932
C	52471E845	LMAQX	Daily	11/30/2015	0.007809	-	0.007809
C	52471E845	LMAQX	Daily	12/29/2015	0.290076	-	0.290076
C	52471E845	LMAQX	Daily	12/31/2015	0.000878	-	0.000878
C	52471E845	LMAQX	Daily	01/29/2016	-	0.004227	0.004227
C	52471E845	LMAQX	Daily	02/29/2016	-	0.001556	0.001556
C	52471E845	LMAQX	Daily	03/31/2016	-	0.000151	0.000151
Class C Total					0.298763	0.005935	0.304698
FI	52471E837	LMAOX	Daily	11/30/2015	0.012579	-	0.012579
FI	52471E837	LMAOX	Daily	12/29/2015	0.295257	-	0.295257
FI	52471E837	LMAOX	Daily	12/31/2015	0.001765	-	0.001765
FI	52471E837	LMAOX	Daily	01/29/2016	-	0.008946	0.008946
FI	52471E837	LMAOX	Daily	02/29/2016	-	0.005576	0.005576
FI	52471E837	LMAOX	Daily	03/31/2016	-	0.004470	0.004470
Class FI Total					0.309601	0.018991	0.328592

Statement 1 (Continued)

Issuer's Name: Legg Mason BW Alternative Credit Fund

Class	CUSIP	NASDAQ Symbol	Ex-Dividend and Record Date	Payable Date	Ordinary Income Per Share	Return of Capital Per Share	Total Distribution Per Share
I	52471E829	LMANX	Daily	11/30/2015	0.015386	-	0.015386
I	52471E829	LMANX	Daily	12/29/2015	0.298948	-	0.298948
I	52471E829	LMANX	Daily	12/31/2015	0.002382	-	0.002382
I	52471E829	LMANX	Daily	01/29/2016	-	0.012534	0.012534
I	52471E829	LMANX	Daily	02/29/2016	-	0.008641	0.008641
I	52471E829	LMANX	Daily	03/31/2016	-	0.006811	0.006811
Class I Total					0.316716	0.027986	0.344702
IS	52471E811	LMAMX	Daily	11/30/2015	0.016608	-	0.016608
IS	52471E811	LMAMX	Daily	12/29/2015	0.300131	-	0.300131
IS	52471E811	LMAMX	Daily	12/31/2015	0.002545	-	0.002545
IS	52471E811	LMAMX	Daily	01/29/2016	-	0.013252	0.013252
IS	52471E811	LMAMX	Daily	02/29/2016	-	0.009387	0.009387
IS	52471E811	LMAMX	Daily	03/31/2016	-	0.007595	0.007595
Class IS Total					0.319284	0.030234	0.349518

A return of capital is not considered taxable income to shareholders. Pursuant to IRC Section 301(c), the portion of a distribution which is a dividend (as defined under IRC Section 316) is includable in gross income while the portion of the distribution which is not a dividend shall be applied against and reduces the adjusted basis of the stock. Accordingly, shareholders who received these distributions should not include these amounts in taxable income, but instead pursuant to Internal Revenue Code Sections 301(c)(2) and 1016(a)(4), should treat them as a reduction of the cost basis of the applicable shares upon which these distributions were paid. In order to compute the required adjustment to cost basis, a shareholder should multiply the per share amount of each of the respective distributions by the number of shares held at each of the respective ex-dates.

If the shareholder has not sold or otherwise disposed of any shares during the period ended October 31, 2016 the information computed by the shareholder regarding the appropriate reduction in cost basis should be maintained in the shareholder's records until such time as the shareholder sells or otherwise disposes of such shares.

If the shareholder has sold or otherwise disposed of any shares during the period ended October 31, 2016, the shareholder should increase the recognized gain or decrease the recognized loss on the respective shares sold by the per share amount of the above-listed distribution multiplied by the respective shares held at each of the ex-dates listed which have been sold.

This information is being provided pursuant to Internal Revenue Code Section 6045(e), as amended. The tax information contained herein is provided for informational purposes only and should not be construed as legal or tax advice. Legg Mason does not provide legal or tax advice to taxpayers. This material and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Please consult an attorney or tax professional for assistance as to how this information will impact your specific tax situation.

For more information, please contact the Fund at 1-800-822-5544 or visit the Fund's web site at www.leggmason.com/individualinvestors/.