

## Important 2013 Tax Information Regarding Your Mutual Funds

Managed by WESTERN ASSET

CLEARBRIDGE INVESTMENTS

LEGG MASON CAPITAL MANAGEMENT

BRANDYWINE GLOBAL

BATTERYMARCH

This Booklet is a summary of useful tax information for certain Legg Mason, ClearBridge and Western Asset closed-end and open-end funds. It will assist you, as an investor, in the preparation of your 2013 Federal and state income tax returns. We recommend that you consult your tax advisor for assistance with how this information will impact your specific tax situation.

### IMPORTANT INFORMATION

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.

*All investments involve risk, including possible loss of principal. Please see the fund prospectus for risk details.*

*Investors should consider a fund's investment objectives, risks, charges, and expenses carefully before investing. The prospectus contains this and other information about a fund. To obtain a free prospectus, please go to [www.leggmason.com/individualinvestors](http://www.leggmason.com/individualinvestors), or contact your financial advisor. An investor should read the prospectus carefully before investing.*

*Please note that an investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation 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.*

*The Closed-End Funds are not sold or distributed by Legg Mason Investor Services, LLC ("LMIS") or any affiliate of Legg Mason, Inc. Shares of the funds are bought and sold through non-affiliated broker/dealers and trade on nationally recognized stock exchanges.*

## Section 1 - Exempt Interest Income - Multi-State Funds

In this section you will find information for the Western Asset multi-state funds that have paid income dividends which are tax-exempt for regular Federal income tax purposes.

	Western Asset Intermediate-Term Municipals Fund	Western Asset Managed Municipals Fund	Western Asset Municipal High Income Fund and Western Asset Municipal High Income SMASH Fund	Western Asset Short Duration Municipal Income Fund	Western Asset Institutional AMT Free Municipal Money Market Fund	Western Asset Institutional Tax Free Reserves and Western Asset Tax Free Reserves
Alabama	0.09 %	0.70 %	0.10 %	1.78 %	2.55 %	3.00 %
Alaska	-	0.25	-	0.71	1.36	0.04
Arizona	0.81	0.86	1.89	1.24	0.48	0.66
Arkansas	-	-	0.04	0.02	-	-
California	13.08	22.38	11.78	9.62	5.14	6.06
Colorado	2.91	2.02	4.65	1.94	0.45	1.94
Connecticut	0.38	1.31	0.17	1.58	1.98	2.87
Delaware	-	0.91	4.58	-	0.15	0.30
District of Columbia	0.33	0.28	0.45	0.04	1.52	0.60
Florida	9.04	9.46	2.09	7.19	1.99	5.14
Georgia	3.02	4.74	2.46	2.40	0.84	5.89
Guam	-	-	-	-	-	-
Hawaii	0.02	0.02	1.70	0.16	0.02	0.02
Idaho	-	-	-	-	-	-
Illinois	2.47	3.70	4.18	6.03	6.58	5.86
Indiana	3.50	1.49	2.47	3.42	2.17	1.70
Iowa	1.35	0.47	0.38	0.95	0.12	1.82
Kansas	0.18	0.05	-	0.11	4.52	-
Kentucky	0.90	0.81	2.26	0.47	1.63	1.88
Louisiana	0.71	0.73	0.37	0.18	3.59	1.34
Maine	-	-	-	0.02	1.11	0.17
Maryland	1.07	1.63	5.45	0.08	0.55	0.94
Massachusetts	0.98	2.39	3.80	1.30	5.04	2.70
Michigan	7.50	3.53	2.85	7.18	0.28	0.30
Minnesota	1.14	0.30	0.14	0.27	0.13	0.28
Mississippi	-	0.08	-	0.04	0.11	0.46
Missouri	0.94	1.56	0.52	0.07	1.21	4.01
Montana	-	0.08	-	-	0.20	0.39
Nebraska	-	0.29	0.68	0.29	0.07	0.09
Nevada	0.75	0.60	-	0.21	-	0.33
New Hampshire	-	0.18	-	0.36	0.19	0.29
New Jersey	5.25	7.08	3.47	6.29	14.30	7.47
New Mexico	1.20	0.52	1.18	0.20	-	-
New York	5.96	5.76	6.75	10.63	15.01	18.20
North Carolina	1.67	1.35	0.01	0.18	5.90	2.55
North Dakota	-	0.19	-	0.23	-	0.28
Ohio	3.33	1.03	2.00	5.15	0.96	0.86
Oklahoma	0.49	0.43	1.20	0.14	0.01	0.12
Oregon	0.41	0.99	-	0.91	0.61	1.37
Pennsylvania	4.20	3.57	4.24	8.07	4.41	4.00
Puerto Rico	5.41	3.87	4.34	0.80	0.02	-
Rhode Island	0.14	0.22	0.15	-	0.03	0.04
South Carolina	0.10	0.52	0.20	0.85	2.85	3.57
South Dakota	-	-	-	-	-	-
Tennessee	4.62	1.50	0.12	2.61	1.75	2.20
Texas	9.65	8.72	18.49	11.39	3.97	3.71
U.S. Virgin Islands	0.85	0.06	1.05	0.86	-	-
Utah	0.04	0.01	-	1.23	0.06	0.29
Vermont	0.31	0.16	-	-	0.75	0.79
Virginia	1.24	0.77	3.19	1.46	2.14	1.96
Washington	1.27	1.07	-	0.70	1.04	0.78
West Virginia	0.83	0.30	0.28	0.30	-	-
Wisconsin	1.23	0.80	0.32	0.34	2.11	2.57
Wyoming	0.63	0.26	-	-	0.10	0.16
Other U.S. Territories	-	-	-	-	-	-

Alternative Minimum Tax Percentages:	8.95 %	6.51 %	9.66 %	10.36 %	- %	19.92 %
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## Section 1 (continued) - Exempt Interest Income - Multi-State Funds

In this section you will find information for the Western Asset multi-state funds that have paid income dividends which are tax-exempt for regular Federal income tax purposes.

	Western Asset Intermediate Muni Fund Inc. (SBI)	Western Asset Managed Municipals Fund Inc. (MMU)	Western Asset Municipal Defined Opportunity Trust Inc. (MIT)	Western Asset Municipal High Income Fund Inc. (MHF)	Western Asset Municipal Partners Fund Inc. (MNP)
Alabama	0.07 %	0.10 %	- %	0.13 %	0.01 %
Alaska	0.36	-	-	-	0.78
Arizona	2.26	3.99	2.96	1.76	1.37
Arkansas	-	-	-	0.12	-
California	10.85	14.90	1.79	6.64	15.87
Colorado	4.76	8.28	2.62	5.12	5.88
Connecticut	1.89	-	-	-	-
Delaware	-	-	-	4.13	-
District of Columbia	-	1.98	-	2.10	-
Florida	7.72	7.90	3.26	4.55	2.13
Georgia	3.79	3.58	7.65	4.12	-
Guam	-	-	-	-	-
Hawaii	-	0.90	-	2.18	-
Idaho	-	-	-	-	-
Illinois	2.38	5.61	0.36	1.84	11.60
Indiana	4.46	2.64	7.58	1.37	1.41
Iowa	0.50	0.52	0.58	0.54	0.52
Kansas	0.38	-	-	0.56	-
Kentucky	-	1.48	-	1.34	-
Louisiana	-	0.51	4.33	0.68	-
Maine	-	-	-	-	-
Maryland	0.07	0.94	3.63	2.03	1.80
Massachusetts	0.27	4.08	-	1.39	0.70
Michigan	9.13	1.78	13.55	5.30	3.52
Minnesota	-	0.22	-	-	0.01
Mississippi	-	-	-	-	-
Missouri	0.77	1.62	5.21	1.00	1.06
Montana	-	0.32	-	-	-
Nebraska	-	0.34	-	1.79	-
Nevada	2.61	1.75	-	-	0.74
New Hampshire	4.01	-	-	-	-
New Jersey	10.43	6.02	5.92	4.00	2.65
New Mexico	1.35	0.80	-	0.81	-
New York	4.86	8.90	4.01	1.57	17.91
North Carolina	1.05	0.51	-	-	2.41
North Dakota	-	0.01	-	-	-
Ohio	3.47	1.51	4.99	3.32	1.35
Oklahoma	1.61	-	-	1.72	1.05
Oregon	0.30	0.24	-	-	0.51
Pennsylvania	3.85	1.72	4.31	4.45	3.87
Puerto Rico	0.29	5.09	-	1.90	1.78
Rhode Island	0.58	0.90	4.87	-	0.40
South Carolina	-	0.34	-	-	-
South Dakota	-	-	-	-	-
Tennessee	4.56	0.11	2.78	1.54	2.83
Texas	4.99	9.73	12.06	25.01	11.26
U.S. Virgin Islands	-	-	2.32	1.81	-
Utah	-	-	-	-	-
Vermont	-	-	-	-	-
Virginia	4.13	0.68	0.58	3.34	-
Washington	0.73	-	-	-	3.14
West Virginia	-	-	-	1.40	-
Wisconsin	1.52	-	4.64	0.44	3.44
Wyoming	-	-	-	-	-
Other U.S. Territories	-	-	-	-	-
Alternative Minimum Tax Percentages:	13.11 %	11.58 %	5.48 %	- %	6.80 %

## Section 2 - Exempt Interest Income - Single State Funds

In this section you will find information for the Legg Mason and Western Asset single state funds that have paid income dividends which are tax-exempt for regular Federal income tax purposes.

Fund Name	Specified State	Percentage of Income from Obligations of Specified State	Percentage of Income from Obligations of Puerto Rico, U.S. Virgin Islands and Guam	Percentage of Income from Obligations of Other States	Alternative Minimum Tax Percentage
Legg Mason Investment Counsel Maryland Tax-Free Income Trust	Maryland	92.37 %	7.63 %	- %	1.35 %
Western Asset California Municipals Fund	California	94.27	5.72	0.01	2.81
Western Asset California Tax Free Money Market Fund	California	99.58	0.31	0.11	24.69
Western Asset Connecticut Municipal Money Market Fund	Connecticut	91.21	3.98	4.81	4.48
Western Asset Intermediate Maturity California Municipals Fund	California	90.04	9.92	0.04	1.23
Western Asset Intermediate Maturity New York Municipals Fund	New York	93.22	6.77	0.01	1.06
Western Asset Massachusetts Municipals Fund	Massachusetts	82.72	17.26	0.02	7.32
Western Asset New Jersey Municipals Fund	New Jersey	77.32	11.77	10.91	15.14
Western Asset New York Municipals Fund	New York	87.23	12.76	0.01	5.22
Western Asset New York Tax Free Money Market Fund	New York	98.88	0.94	0.18	12.68
Western Asset Oregon Municipals Fund	Oregon	83.58	16.37	0.05	3.28
Western Asset Pennsylvania Municipals Fund	Pennsylvania	87.97	12.03	-	2.02

### Section 3 - Income from Federal Obligations

Certain states may exempt the portion of dividends (reported in Box 1 on Form 1099-DIV) derived from assets backed by the full faith and credit of the U.S. Government.\*

The table below provides the percentages of those dividends available for this exclusion. Only those Funds that appear in this section have distributed income that qualifies for this exclusion.

<u>Fund Name</u>	<u>Percentage</u>
Legg Mason BW Absolute Return Opportunities Fund	1.63 %
Legg Mason BW Global Opportunities Bond Fund	8.21
Legg Mason Dynamic Multi-Strategy Fund	3.70
Legg Mason Investment Counsel Social Awareness Fund	5.00
Legg Mason Lifestyle Allocation 30%	5.12
Legg Mason Lifestyle Allocation 50%	4.35
Legg Mason Lifestyle Allocation 70%	2.88
Legg Mason Lifestyle Allocation 85%	1.31
Legg Mason Strategic Real Return Fund	20.50
Legg Mason Target Retirement 2015	4.40
Legg Mason Target Retirement 2020	3.30
Legg Mason Target Retirement 2025	1.82
Legg Mason Target Retirement 2030	1.67
Legg Mason Target Retirement 2035	1.04
Legg Mason Target Retirement Fund	5.20
Western Asset Adjustable Rate Income Fund	2.54
Western Asset Core Bond Fund	11.13
Western Asset Core Plus Bond Fund	8.34
Western Asset Global Multi-Sector Fund	3.80
Western Asset Global Strategic Income Fund	0.33
Western Asset Government Reserves	74.73
Western Asset Inflation Indexed Plus Bond Fund **	70.40
Western Asset Inflation Management Fund Inc. (IMF) **	48.08
Western Asset Institutional Cash Reserves	1.15
Western Asset Institutional Government Reserves	58.89
Western Asset Institutional Liquid Reserves	0.94
Western Asset Institutional U.S. Treasury Reserves **	96.00
Western Asset Intermediate Bond Fund	13.71
Western Asset Liquid Reserves	1.64
Western Asset Macro Opportunities Fund	8.46
Western Asset Premium Liquid Reserves	1.66
Western Asset Premium U.S. Treasury Reserves **	91.32
Western Asset Short-Term Bond Fund	5.46
Western Asset SMASh Series M Fund	2.35
Western Asset Total Return Unconstrained Fund	9.07
Western Asset U.S. Treasury Obligations Money Market Fund **	88.97
Western Asset U.S. Treasury Reserves**	95.26

\* Includes U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and obligations issued by the Federal Home Loan Bank, Federal Credit Banks and the Student Loan Marketing Association.

\*\* These Funds have met the quarterly asset requirements for California, Connecticut and New York resident shareholders.

## Section 4 - Foreign Tax Credits

This information is provided for those shareholders electing to take the foreign tax credit for Federal income tax purposes.

**Shareholders taking an itemized deduction for foreign taxes paid:** Include the amount shown in Box 6 on Form 1099-DIV as an itemized deduction on Schedule A (Form 1040).

**Shareholders electing to claim the Foreign Tax Credit on either Form 1116 ("Foreign Tax Credit") for individuals, or Form 1118 ("Foreign Tax Credit -corporations") for corporate shareholders:**

Please note that shareholders claiming a foreign tax credit on income passed through from a mutual fund are no longer required to report foreign source income and foreign taxes paid on a country-by-country basis. Please refer to the instructions for Form 1116 or consult your tax professional for further assistance.

Fund Name	Payable Date	Percentage of Income from Foreign Sources	Percentage of Income from Foreign Source Dividends (3)
ClearBridge International All Cap Opportunity Fund	12/12/2013	100.00 % (1)	100.00 %
ClearBridge International Small Cap Opportunity Fund	12/11/2013 & 12/27/2013	83.74 (1)	83.74
Legg Mason Batterymarch Emerging Markets Trust	6/14/2013	96.90 (2)	96.90
	12/26/2013	100.00 (2)	100.00
Legg Mason Batterymarch International Equity Trust	6/18/2013	92.81 (2)	92.81
	12/26/2013	100.00 (2)	100.00
Legg Mason Lifestyle Allocation 30%	Quarterly 3/2013 - 9/2013	—	—
	12/30/2013	6.48 (2)	6.48
Legg Mason Lifestyle Allocation 50%	Quarterly 3/2013 - 9/2013	—	—
	12/30/2013	10.99 (2)	10.99
Legg Mason Lifestyle Allocation 70%	6/18/2013	—	—
	12/30/2013	12.95 (2)	12.95
Legg Mason Lifestyle Allocation 85%	6/18/2013	—	—
	12/30/2013	21.71 (2)	21.71

(1) To determine your share of the Fund's foreign source income, multiply the total foreign source percentage indicated by the amount shown in Box 1a of Form 1099-DIV.

(2) To determine your share of the Fund's foreign source income, multiply the total foreign source percentage indicated by the distribution received on the indicated date.  
**Do not multiply this percentage by the amount shown on Box 1a of Form 1099-DIV.**

(3) As a result of lower tax rates on qualified dividends, in computing your foreign tax credit, you may need to make certain adjustments based on your foreign source qualified dividends. To compute your amount of foreign source qualified dividends, multiply the Percentage of Income from Foreign Source Dividends by the amount shown in Box 1a of Form 1099-DIV.

## Section 5 - Dividends Received Deduction for Corporations

The list below provides **corporate shareholders** with the percentages of their gross ordinary dividends that qualifies for the dividends received deduction for corporations. Only those Funds that appear in this section have distributed income that qualifies for this deduction.

Fund Name	Payable Date	Qualifying Percentage	Payable Date	Qualifying Percentage
ClearBridge All Cap Value Fund	12/12/2013	100.00 %	—	— %
ClearBridge Appreciation Fund	12/11/2013	100.00	12/26/2013	100.00
ClearBridge Energy MLP & Infrastructure Fund	12/12/2013	73.27	12/27/2013	83.11
ClearBridge Equity Fund	Quarterly	100.00	—	—
ClearBridge Equity Income Fund	Quarterly	100.00	—	—
ClearBridge Large Cap Growth Fund	12/12/2013	100.00	—	—
ClearBridge Large Cap Value Fund	Quarterly	100.00	—	—
ClearBridge Mid Cap Growth Fund	12/12/2013	10.58	—	—
ClearBridge Select Fund	12/12/2013	4.52	12/27/2013	5.13
ClearBridge Small Cap Growth Fund	12/12/2013	100.00	—	—
ClearBridge Tactical Dividend Income Fund	Quarterly March - September	89.70 (a)	12/26/2013	40.32
Legg Mason Batterymarch Global Equity Fund	12/26/2013	100.00	—	—
Legg Mason Batterymarch Managed Volatility Global Dividend Fund	Quarterly June - September & 12/12/2013	18.87	12/26/2013	41.11
Legg Mason Batterymarch S&P 500 Index Fund	12/11/2013	100.00	—	—
Legg Mason Batterymarch U.S. Large Cap Equity Fund	12/11/2013	100.00	—	—
Legg Mason Batterymarch U.S. Small Capitalization Equity Portfolio	6/18/2013	93.07	12/11/2013 & 12/27/2013	17.43
Legg Mason BW Diversified Large Cap Value Fund	12/11/2013	76.05	—	—
Legg Mason Capital Management All Cap Fund (b)	8/16/2013	100.00	—	—
Legg Mason Capital Management Special Investment Trust	7/16/2013	99.60	12/27/2013	63.38
Legg Mason Capital Management Value Trust	12/26/2013	100.00	—	—

(a) Expressed as a percentage of the distribution paid reduced by a 43.30% tax return of capital.

(b) Legg Mason Capital Management All Cap Fund reorganized into ClearBridge Large Value Fund at the close of business on August 16<sup>th</sup>, 2013.

**Section 5 - Dividends Received Deduction for Corporations (continued)**

The list below provides **corporate shareholders** with the percentages of their gross ordinary dividends that qualifies for the dividends received deduction for corporations. Only those Funds that appear in this section have distributed income that qualifies for this deduction.

Fund Name	Payable Date	Qualifying Percentage	Payable Date	Qualifying Percentage
Legg Mason Dynamic Multi-Strategy Fund	6/18/2013	50.03	12/30/2013	58.11 %
Legg Mason Investment Counsel Financial Services Fund	12/12/2013	100.00 %	—	—
Legg Mason Investment Counsel Social Awareness Fund	Quarterly March - December	100.00	—	—
Legg Mason Lifestyle Allocation 30%	3/28/2013	12.88	Quarterly June - December	12.26
Legg Mason Lifestyle Allocation 50%	3/28/2013	26.74	Quarterly June - December	25.79
Legg Mason Lifestyle Allocation 70%	6/18/2013	67.20	12/30/2013	46.80
Legg Mason Lifestyle Allocation 85%	6/18/2013	83.67	12/30/2013	64.10
Legg Mason Opportunity Trust	6/18/2013	89.07	—	—
Legg Mason Strategic Real Return Fund	12/11/2013	100.00	—	—
Legg Mason Target Retirement 2015	6/18/2013	32.15	12/30/2013	29.61
Legg Mason Target Retirement 2020	6/18/2013	27.99	12/11/2013 & 12/30/2013	25.07
Legg Mason Target Retirement 2025	6/18/2013	31.20	12/11/2013 & 12/30/2013	27.49
Legg Mason Target Retirement 2030	6/18/2013	40.30	12/11/2013 & 12/30/2013	28.38
Legg Mason Target Retirement 2035	6/18/2013	53.57	12/11/2013 & 12/30/2013	36.03
Legg Mason Target Retirement 2040	6/18/2013	70.80	12/11/2013 & 12/30/2013	38.21
Legg Mason Target Retirement 2045	6/18/2013	70.35	12/11/2013 & 12/30/2013	51.52
Legg Mason Target Retirement 2050	6/18/2013	100.00	12/30/2013	59.69
Legg Mason Target Retirement Fund	6/18/2013	13.26	12/11/2013 & 12/30/2013	10.02
LMP Capital and Income Fund Inc. (SCD)	3/22/2013	57.54 (c)	12/27/2013	21.99
	Quarterly June - September	54.81 (c)	—	—
Permal Alternative Core Fund	6/18/2013	11.74	12/11/2013 & 12/30/2013	4.34
Western Asset Global Partners Income Fund Inc. (GDF)	Monthly January - August	0.03	Monthly August - December	—

(c) Expressed as a percentage of the distribution paid reduced by a 60.59% tax return of capital.