

July 29, 2016 – Legg Mason Funds, Western Asset Money Market Funds

Legg Mason Product Updates

As part of our ongoing commitment to keep you informed about our product line-up, included below are updates to existing products offered by Legg Mason.

Final Compliance Date for the SEC 2a-7 Rules that Govern Money Market Funds October 14, 2016

The attached supplements dated July 29, 2016 provides a discussion of these amendments together with how they impact the affected funds. The table lists each affected fund and identifies the types of changes each money market fund will be subject to in light of the amendments.

The three main amendments cover:

- Transition to a Floating Net Asset Value (FNAV)
- Transition to a Retail Money Market Fund
- Imposition of Liquidity Fees/Redemption Gates

Additional Fund specific changes are also highlighted below:

Changes for Western Asset Institutional Tax Free Reserves - Effective August 26, 2016

On August 26, 2016, Western Asset Institutional Tax Free Reserves will be renamed Western Asset Select Tax Free Reserves

- Institutional share class will be renamed Select Shares. The ticker symbol and cusip will remain the same. (CIFXX; 52470G858)
- Investor share class will remain unchanged. The ticker symbol and cusip will remain the same. (LTFXX; 52470G676)

Closing all Retail Money Market Funds

All retail money market funds will close to intermediaries and dealers on August 26, 2016.

Changes for Western Asset Institutional Cash Reserves - Effective on or about August 26, 2016

On or about August 26, 2016, Western Asset Institutional Cash Reserves (the "Fund") will no longer invest in Prime Cash Reserves Portfolio an underlying mutual fund with the same investment objectives and strategies. It will invest all of its investible assets in Liquid Reserves Portfolio, an underlying mutual fund with the same investment objectives and strategies as the Fund and Prime Cash Reserves Portfolio, effective on or about August 26, 2016 (the "Implementation Date").

There will be no changes to the Fund's investment objectives and strategies as a result of the Fund becoming a feeder fund of Liquid Reserves Portfolio. The Fund will continue to operate as a money market fund investing in accordance with Rule 2a-7 under the Investment Company Act of 1940 following the Implementation Date.

As a feeder fund of Liquid Reserves Portfolio, the Fund's management fee will not increase, and the Fund's operating expenses are not expected to increase.

Changes for Western Asset Liquid Reserves

- On September 30, 2016, the Bank of New York Mellon will no longer act as the transfer agent for Western Asset Liquid Reserves. On that date, all outstanding Class A shares of the Fund will automatically move to Boston Financial Data Services, Inc., (BFDS). Please be advised, any direct qualified accounts with BNY Mellon Investment Servicing Trust Company as custodian will be automatically exchanged to Western Asset Government Reserves Class A and BNY Mellon will continue to serve as the Transfer Agent.
- In addition, effective September 30, 2016, all outstanding Class C shares of the fund will be liquidated and the fund will no longer offer Class C shares for purchase or incoming exchanges. However, any direct qualified accounts with BNY Mellon Investment Servicing Trust Company as custodian will be automatically exchanged to Western Asset Government Reserves Class A and BNY Mellon will continue to serve as Transfer Agent.

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The attached matrix contains all of the money market funds currently offered by Legg Mason and Western Asset. Please keep in mind that not all funds and/or share classes may be available on your platform. If you have any questions or would like additional information please reach out to your account manager.

Shareholder communications:

- The attached prospectus supplements dated July 29, 2016, will mail to existing shareholders.
- A shareholder notification also attached will be mailed to institutional investors of those funds transitioning to retail money market funds describing the involuntary redemptions to occur on September 30th.
- Additionally, shareholders on record at the transfer agent, The Bank of New York Mellon, for WA Liquid Reserves Class A shares will be notified of the transfer agent change. Shareholders in Western Asset Liquid Reserves C will be notified of the impending liquidation.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Funds sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

All investments involve risk, including the loss of principal.

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BEFORE INVESTING, CAREFULLY CONSIDER A FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. YOU CAN FIND THIS AND OTHER INFORMATION IN EACH PROSPECTUS, AND SUMMARY PROSPECTUS, IF AVAILABLE, AT WWW.LEGGMASON.COM/INDIVIDUALINVESTORS. PLEASE READ THE PROSPECTUS CAREFULLY.

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