

Western Asset Euro High Yield Bond Fund

MANAGED BY WESTERN ASSET

DATA AS OF 31 OCTOBER 2010

FUND PROFILE

FUND AIM

The Fund seeks to provide a high level of current income by investing primarily in high-yielding debt securities that are denominated in euro.

INCEPTION DATE

17.12.2008

FUND INDEX

BofA Merrill Lynch European Currency High Yield, Ex Financials, 2% Constrained Index, EUR Hedged (BarCap Pan-European HY: 2% Iss-Cap, EUR Hedged prior to 01.03.2009)

TOTAL NET ASSETS OF ALL SHARE CLASSES

73.83m EUR

MONTH END NAV - LM EURO DISTRIBUTING SHARE CLASS

1,321.27 EUR

SEDOL - LM EURO DISTRIBUTING SHARE CLASS

B3KF5H7

ISIN - LM EURO DISTRIBUTING SHARE CLASS

IE00B3KF5H72

TICKER SYMBOL - LM EURO DISTRIBUTING SHARE CLASS

WAEHYBD

RISK STATISTICS (WEIGHTED AVERAGE)

Life	3.78 Years
Effective Duration	2.84 Years
Current Yield (gross of expenses) ¹	7.69%
Cashflow Yield (gross of expenses) ¹	7.06%
S&P Credit Quality	BB-

MINIMUM SUBSCRIPTION

INSTITUTIONAL SHARE CLASS

Initial Investment
- Euro 5,000,000
Subsequent Investment
- Euro 100,000

FINANCIAL INTERMEDIARY SHARE CLASS

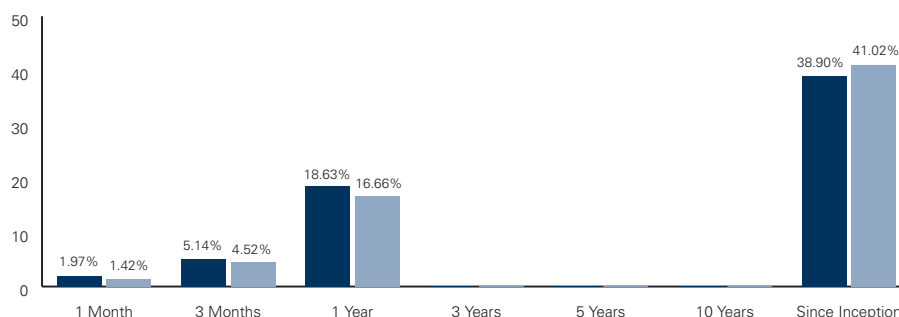
Initial Investment
- Euro 1,000,000
Subsequent Investment
- Euro 100,000

NOT ALL SHARE CLASSES ARE AVAILABLE TO ALL INVESTORS OR DISTRIBUTION CHANNELS. PERFORMANCE OF OTHER SHARE CLASSES CAN VARY AS A RESULT OF DIFFERENCES IN FUND FEES.

FUND PERFORMANCE – (EUR)

Western Asset Euro High Yield Bond Fund

BofA ML European Currency High Yield, Ex Financials, 2% Constrained Index, EUR Hedged (from 01.03.09)



Calendar Year Returns	2005	2006	2007	2008	2009*	YTD
Fund - NAV	N/A	N/A	N/A	N/A	56.98%	16.36%
Fund Index	N/A	N/A	N/A	N/A	64.56%	14.12%

* From 31.12.08

The Fund performance reflects the combined performance of all the active share classes that are available for this Fund. Investors in individual share classes may experience different performance due to various factors including currency, fees and inception dates.

COUNTRY OF ISSUE BREAKDOWN

Holding	Fund	Index
United Kingdom	23.93%	17.78%
Netherlands	10.70%	6.23%
Germany	10.10%	16.63%
United States	10.08%	9.53%
Luxembourg	7.40%	3.93%
Ireland	6.07%	3.36%
France	3.35%	11.71%
Italy	2.75%	6.43%
Finland	2.31%	2.36%
Spain	1.31%	5.69%
Others	13.77%	16.35%
Cash & Cash Equivalents	8.24%	0.00%

CURRENCY OF ISSUE BREAKDOWN

Holding	Fund	Index
Euro	78.27%	100.00%
British Pound	13.50%	0.00%
Cash & Cash Equivalents	8.24%	0.00%

CURRENCY EXPOSURE

Holding	Fund	Index
Euro	99.87%	100.00%
British Pound	0.13%	0.00%

SECTOR BREAKDOWN

Holding	Fund	Index
High Yield - Communications	19.41%	4.83%
High Yield - Basic Industry	17.32%	20.99%
High Yield - Consumer Cyclical	16.89%	3.44%
High Yield - Capital Goods	14.87%	9.01%
High Yield - Transportation	5.33%	11.96%
High Yield - Consumer Non Cyc.	3.80%	6.02%
High Yield - Energy	3.63%	4.33%
Corporate - Investment Grade	2.95%	0.00%
High Yield - Utility Other	1.66%	0.00%
High Yield - Bank Loans	1.48%	0.00%
High Yield - Technology	1.43%	1.99%
High Yield - Reits	1.17%	2.87%
High Yield - Industrial Other	1.06%	34.56%
High Yield - Financial Other	0.89%	0.00%
High Yield - Swap	-0.14%	0.00%
Cash & Cash Equivalents	8.24%	0.00%

S&P CREDIT RATING BREAKDOWN

Holding	Fund	Index
A	1.00%	0.00%
BBB	1.19%	0.00%
BB	20.33%	55.87%
B	57.01%	35.41%
CCC & Below	12.23%	8.72%
Cash & Cash Equivalents	8.24%	0.00%

¹ Yields (gross of expenses) are not representative for an individual share class as the yield does not deduct the Total Expense Ratio or any applicable taxes that an investor may be subject to.

PAST PERFORMANCE IS NO GUIDE TO FUTURE RETURNS AND MAY NOT BE REPEATED.

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INVESTMENT PHILOSOPHY

Western's high-yield credit philosophy is that the ability to integrate superior fundamental credit research with accurate relative value analysis should generate relative outperformance over a market cycle when proper risk controls are applied.

INVESTMENT APPROACH TO EURO HIGH YIELD PORTFOLIOS

Macro overlay provides the framework for portfolio construction and biases sector overweights and underweights. Individual security selection based on fundamental credit research and relative value analysis directs Western's bottom-up process.

Western's High Yield portfolios are constructed using top-down economic and industry knowledge integrated with bottom-up fundamental credit research. Portfolio managers combine the Firm's economic assessment along with industry sector insights from its dedicated research staff to derive the general framework for portfolio construction. This framework provides the foundation for how the portfolio will be positioned with respect to risk (aggressive, neutral, conservative) as well as identifying sector overweights and underweights. Risk and weightings are formally re-visited on a monthly basis, but informally evaluated on a continual basis.

Once the general framework of the portfolio has been established, Western's bottom-up process provides the basis for populating the targeted industry weightings through individual credit selection. Analysts work closely with the portfolio managers to determine which credits provide clients with the best risk/reward relationship within their respective sectors. The research team focuses on key fundamental measures such as leverage, cash flow adequacy, liquidity, amortisation schedule, underlying asset value, and management integrity/track record.

Western adheres to a rigorous sell discipline. Credits are considered for sale when they satisfy one of three objectives: the security meets or exceeds its respective relative value target, the risk associated with holding the security no longer justifies the expected return, or a material change has been made to the original investment premise that affects its fundamental valuation. In situations where a company is experiencing a perceived rapid credit deterioration, a team approach is employed to implement an immediate and comprehensive review within 24 hours. The goal of these reviews is to quickly allocate the necessary resources needed to make a timely and informed re-assessment of Western's position and determine the appropriate course of action.

IMPORTANT INFORMATION

Legg Mason Institutional Funds plc are managed by Western Asset, which consists of the following entities: Western Asset Management Company (Pasadena), Western Asset Management Company Limited (London), Western Asset Management Company Pte. Ltd. (Singapore) and Western Asset Management Company Ltd (Tokyo).

This is a sub-fund (Fund) of Legg Mason Institutional Funds plc, an umbrella fund with segregated liability between sub-funds, established as an open-ended investment company with variable capital and incorporated with limited liability under the laws of Ireland with registered number 352814. It qualifies, and is authorised in Ireland by the Financial Regulator as an undertaking for collective investment in transferable securities and is a section 264 Scheme as recognised by the FSA.

This Fund is offered solely to non-US investors under the terms and conditions of the Fund's current prospectus. This document does not constitute an invitation to invest. The value of investments and the income from them can go down as well as up and investors may not get back the amounts originally invested. The value of investments and the income from them can be affected by changes in interest rates, in exchange rates, general market conditions, political, social and economic developments and other variable factors. Please refer to the Simplified Prospectus and Prospectus documentation, which describe the full objective and risk factors associated with this Fund. This document is for use by professional clients and eligible counterparties only - it is not aimed at or for use by retail clients.

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Source for performance figures: Legg Mason. Performance is calculated on a NAV to NAV basis. Performance calculations include reinvested dividends, without deduction of withholding tax, and the deduction of the Total Expense Ratio over the calculated period. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. Performance greater than one year is annualised.

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