

KEY FACTS

Performance: The Institutional Convertible Strategy has outperformed its benchmark for the one-, three-, five-, seven- and 10-year annualized periods ending June 30, 2010.²

Portfolio Management Team: Portfolio Managers Peter Luke and Patrick McElroy, CFA

Experience:

Peter Luke joined the team in 2001 and has been managing convertibles since 1977; Patrick McElroy, CFA, has 17 years of investment industry experience and extensive convertible analysis expertise

Benchmark: Bank of America Merrill Lynch All Convertibles All Qualities

OBJECTIVE

The portfolio managers seek capital appreciation and current income through the purchase of convertible securities³

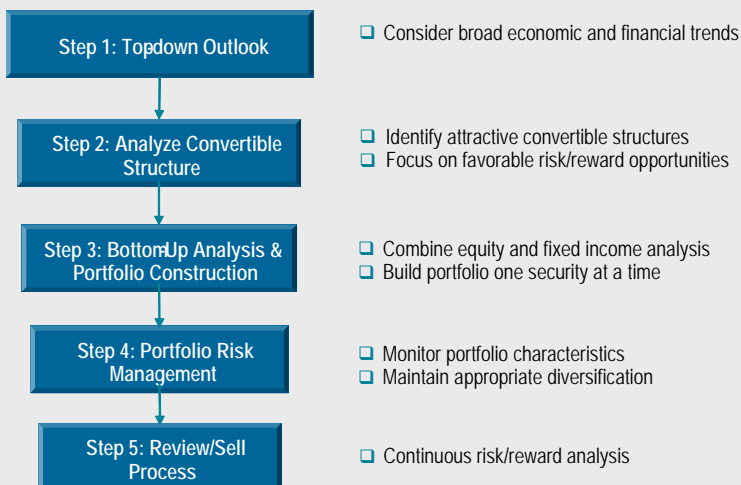
PHILOSOPHY & STRATEGY

- We build our portfolio by individual security selection, adding securities with attractive structures, a favorable risk/reward profile and strong or improving equity and fixed income fundamentals
- The best opportunities combine situations of downside protection, equity sensitivity, and yield
- We seek consistent, risk-adjusted, long-term performance for our clients
- We manage risk at both the position level and at the portfolio level

CONVERTIBLE INVESTMENT PROCESS

- Process has been in place since 1993 - predecessor Salomon Brothers Asset Management⁴
- Disciplined, bottom-up process with an emphasis on managing risk. Our dedicated convertible team leverages Legg Mason resources of U.S. equity and fixed income teams

INVESTMENT PROCESS



¹ Source: FactSet. Representative portfolio characteristics, holdings, portfolio and sector weightings are based on a representative portfolio and are subject to change at any time. Holdings, portfolio weightings, sector weightings and portfolio characteristics of individual client portfolios may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities and sectors listed.

² Past performance is no guarantee of future results. Please see GIPS Endnotes.

³ There is no guarantee that the Portfolio's objective will be met.

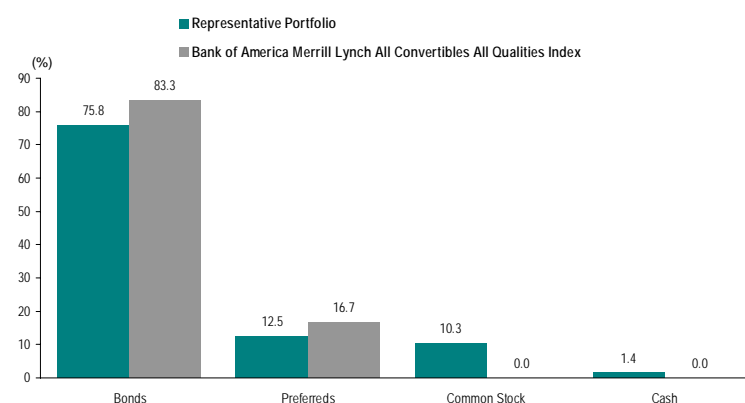
⁴ Salomon Brothers Asset Management is a mark of Citigroup Inc.

As of June 30, 2010

PORTFOLIO CHARACTERISTICS¹

	Representative Portfolio	Bank of America Merrill Lynch All Convertibles All Qualities Index
Years to Maturity	9.80	10.80
Conversion Premium (%)	69.41	70.29
Investment Value Premium (%)	31.76	33.99
Delta	0.49	0.42
Current Yield: (%)	4.28	3.83
Yield to Maturity: (%)	4.96	1.65

PORTFOLIO WEIGHTINGS – SECURITY TYPE¹



TOP TEN ISSUERS¹

Company	% of Portfolio
SUNTECH POWER HOLDINGS CO. LTD. ADS	3.03
SUNPOWER CORP. (CL A)	2.95
DOLLAR FINANCIAL CORP.	2.67
ALLIANCE DATA SYSTEMS CORP.	2.38
INTERPUBLIC GROUP OF COS.	2.22
ROPER INDUSTRIES INC.	2.21
CITIGROUP INC.	2.16
DIGITAL REALTY TRUST INC.	2.13
GMX RESOURCES INC.	2.12
EL PASO CORP.	2.10
Total Top Ten	23.97

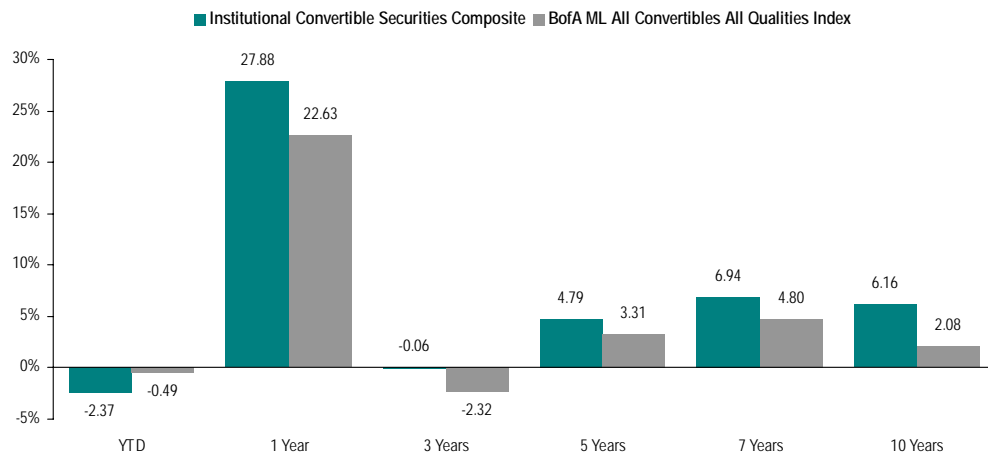
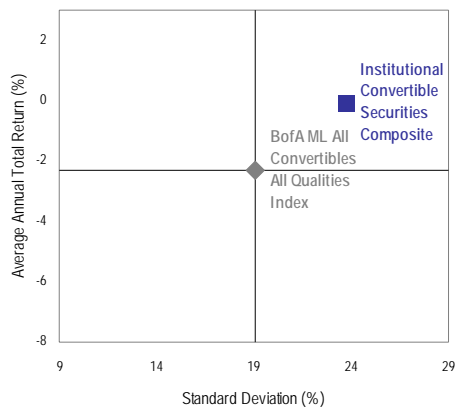
SECTOR BREAKDOWN¹

Sector	Representative Portfolio (%)	BofA ML All Convertibles All Qualities (%)
Consumer Discretionary	12.7	10.9
Consumer Staples	3.0	3.1
Energy	6.1	9.2
Financials	17.9	21.5
Health Care	14.0	18.7
Industrials	11.7	8.3
Information Technology	24.3	20.3
Materials	5.9	3.5
Telecommunication Services	3.1	2.5
Utilities	--	2.0
Cash	1.4	--

INSTITUTIONAL CONVERTIBLE SECURITIES COMPOSITE AVERAGE ANNUAL TOTAL RETURN (GROSS OF FEES)

As of June 30, 2010

RISK VS. REWARD: 3-YEAR PERIOD



Benchmark: From 1-Oct-1989 to 30-Sep-2006, the Goldman Sachs/Bloomberg Equal Weighted Convertible 100 Index; from 1-Oct-2006 to present, Bank of America Merrill Lynch All Convertibles All Qualities Index.

Performance source: Internal.
Benchmark source: Bank of America Merrill Lynch. Past performance is no guarantee of future results.

Neither ClearBridge Advisors, LLC nor its information providers are responsible for any damages or losses arising from any use of this information.

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ENDNOTES:

Institutional Convertible Securities

Annualized Returns:

	1 Year (ending 31-Dec-09)	3 Years (ending 31-Dec-09)	5 Years (ending 31-Dec-09)	10 Years (ending 31-Dec-09)
Net-of-fees	75.5%	2.4%	4.5%	6.9%
Gross-of-fees	76.5%	3.0%	5.0%	7.5%
ML All Convertibles All Qualities	49.1%	0.1%	2.7%	2.3%

ClearBridge Advisors

For purposes of compliance with GIPS, the "firm" is defined as ClearBridge Advisors, which encompasses all assets managed or advised on a discretionary or non-discretionary basis by ClearBridge Advisors, LLC and ClearBridge Asset Management Inc (collectively, "ClearBridge Advisors"). In June 2008, ClearBridge Advisors combined its separate institutional and retail firms to form a single GIPS firm, CBA. The two predecessor firms were "ClearBridge Advisors Institutional" and "ClearBridge Advisors Retail". ClearBridge Advisors Institutional ("CBA-Inst") encompassed ClearBridge Advisors' mutual fund and other collective investment vehicle businesses and separately managed accounts contracted directly with ClearBridge Advisors. ClearBridge Advisors Retail ("CBA-Retail") was created in 2008 and encompassed separately managed accounts for which ClearBridge Advisors served as sub-advisor under sponsored programs ("retail separately managed accounts"). CBA-Retail's claim of GIPS compliance is effective as of January 2006. In accordance with GIPS, CBA-Retail's historical performance returns prior to January 2006 are presented as non-compliant information. The ClearBridge Advisors entities are wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason") and are not affiliated with Citigroup Inc. ("Citigroup").

For the institutional business only, CBA-Inst's predecessor "firm" for GIPS purposes was CAM Institutional ("CAM-NA"). CAM-NA encompassed assets managed by North America-based units of Citigroup Asset Management ("CAM"), the worldwide asset management business of Citigroup that was conducted through various subsidiaries of Citigroup on behalf of certain of its institutional, mutual fund and other collective investment vehicle clients. The CAM-NA "firm" definition was substantially similar to the "firm" definition of CBA-Inst. On December 1, 2005, Citigroup completed the sale of CAM, including CAM-NA, to Legg Mason. In connection with the transaction, ClearBridge Advisors became the manager of a significant portion of the institutional, mutual fund and other collective investment vehicle accounts, including most active equity accounts that were managed by CAM-NA up until the date of the Citigroup-Legg Mason transaction. Assets that were not transitioned to ClearBridge Advisors in connection with the transaction (particularly fixed income and quantitative equity assets) transitioned to other Legg Mason affiliates that were not part of CBA-Inst. Prior to January 2001, CAM maintained three separate AIMR (the predecessor to GIPS) firms. These firms were combined to form CAM-NA effective January 2001.

The linking of the historical track records of CBA, CBA-Inst., CAM-NA and CAM-NA's predecessor firms meets the portability requirements set forth by GIPS®.

The Institutional Convertible Securities Composite consists of fully discretionary accounts with an account minimum of US \$1 million (prior to June 08, the account minimum was \$10 million). All accounts within the composite are invested primarily in convertible securities with an objective of outperforming the Merrill Lynch All Convertibles Index. Total assets in the composite at quarter end are \$298.7 million. Results are calculated in U.S. dollars and reflect realized and unrealized gains and losses, including those derived from cash positions.

CBA claims compliance with the Global Investment Performance Standards (GIPS®).

To receive a complete list and description of CBA composites and/or a presentation that adheres to the GIPS standards, please contact ClearBridge Institutional Marketing.