

July 31, 2009

IC09-221



CBSX Trader News Update

CBSX to Add New Stocks for Trading

TO: Members

SUBJECT: Legg Mason Funds

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses the need to deliver a prospectus to customers purchasing shares ("Shares") of the two (2) exchange-traded funds ("Funds") listed below issued by Legg Mason. Please forward this Information Bulletin to other interested persons within your organization.

The following securities have been approved for trading on CBSX:

Exchange-Traded Funds	Symbol
Western Asset High Income Fund II Inc.	HIX
Western Asset Managed High Income Fund Inc.	MHY

Background Information on the Funds

Legg Mason Global Asset Management (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), consisting of several investment portfolios. This circular relates only to the Western Asset High Income Fund II Inc. (the "Funds"). The shares of the Fund are referred to herein as "Shares." Western Asset (the "Adviser") is the investment adviser to the Fund.

The Western Asset High Income Fund II Inc. invests in high yield debt securities issued by U.S. and foreign corporations and foreign governments. The Fund seeks to maximize current income. As a secondary objective, the Fund seeks capital appreciation.

The Fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. If the Fund establishes a segregated account in which it maintains cash and/or liquid securities equal in value to its obligation in respect of the reverse repurchase agreements (or other instruments), these investments are not considered to be a borrowing or a "senior security" for purposes of the asset coverage requirements under the 1940 Act, although they may have the same economic effect as other types of leverage.

Weighted Average Life (WAL) -- The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. Once calculated, WAL tells how many years it will take to pay half of the outstanding principal.

Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note; duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates.

Distribution Rate is calculated by annualizing the amount of the most recent distribution paid, excluding special distributions, divided by the previous trading day's closing market price. Distributions may include investment income, realized capital gains, and/or return of capital. The Distribution Rate will change based on changes in market price and distribution amounts, may not include all amounts distributed by the fund, and is not a quotation of Fund performance. For more information about a distribution's composition refer to the distribution press release or Section 19 notice located in the press release section of our website.

Interest Rate Risk: As interest rates rise, bond prices fall, reducing the value of the fund.

The fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on fund performance.

High yield bonds involve greater credit and liquidity risks than investment grade bonds.

Foreign securities are subject to certain risks not associated with domestic investing, such as currency fluctuations and changes in political and economic conditions which could result in significant fluctuations. The risks are magnified in emerging markets.

The Western Asset Managed High Income Fund Inc. invests in high yield corporate bonds, debentures and notes. The Fund seeks to maximize current income. Capital appreciation is a secondary objective.

The Fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. If the Fund establishes a segregated account in which it maintains cash and/or liquid securities equal in value to its obligation in respect of the reverse repurchase agreements (or other instruments), these investments are not considered to be a borrowing or a "senior security" for purposes of the asset coverage requirements under the 1940 Act, although they may have the same economic effect as other types of leverage.

Weighted Average Life (WAL) -- The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. Once calculated, WAL tells how many years it will take to pay half of the outstanding principal.

Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note; duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates.

Distribution Rate is calculated by annualizing the amount of the most recent distribution paid, excluding special distributions, divided by the previous trading day's closing market price. Distributions may include investment income, realized capital gains, and/or return of capital. The Distribution Rate will change based on changes in market price and distribution amounts, may not include all amounts distributed by the fund, and is not a quotation of Fund performance. For more information about a distribution's composition refer to the distribution press release or Section 19 notice located in the press release section of our website.

Interest Rate Risk: As interest rates rise, bond prices fall, reducing the value of the fund.

The fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on fund performance.

High yield bonds involve greater credit and liquidity risks than investment grade bonds.

Foreign securities are subject to certain risks not associated with domestic investing, such as currency fluctuations and changes in political and economic conditions which could result in significant fluctuations. The risks are magnified in emerging markets.

‡Net Asset Value (NAV) is a price that reflects the value of the fund's underlying portfolio plus other assets, less the fund's liabilities divided by the number of

shares outstanding. However, the price at which an investor may buy or sell common shares of the fund is at the fund's market price as determined by supply of and demand for the fund's common shares, which may be more or less than the fund's NAV.

Closed-end funds, unlike open-end funds, are not continuously offered. Shares, once issued, are traded in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

The NAV per Share for the Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time or "ET") of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying indexes, visit the Funds' website at www.leggmason.com.

Exchange Rules Applicable to Trading the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

Principal Risks

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing the Fund's performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, credit risk, interest rate risk, liquidity risk, derivatives risk and leveraging risk.

Trading Hours

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on the CBSX from 8:15 a.m. CT until 3:00 p.m. CT. The trading increment for the Fund's Shares will be \$0.01.

Extended Hours Trading

Members are reminded that trading in the Fund's Shares prior to 8:30 a.m. may result in additional trading risks which include: (1) that the current underlying index value may not be updated, (2) the intraday indicative value may not be updated, (3) lower liquidity may impact pricing, (4) higher volatility may impact pricing, (5) wider spreads may occur, and (6), since the intraday indicative value is not calculated or widely disseminated, an investor who is unable calculate an implied value for an ETF in those sessions may be at a disadvantage to market professionals.

Trading Halts

The Exchange will halt trading in the Shares based on Rule 52.3 and/or because dissemination of the intraday indicative value of the Shares and/or the underlying value of the index has ceased.

Suitability

Members are reminded of their obligation under Rule 53.6 whereby the Member shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares is suitable for the customer. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

Delivery of a Prospectus

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Shares in the initial public offering and anyone purchasing Shares directly from a Fund (by delivery of the designated securities) must receive a Prospectus. In addition, Members are required to deliver a Prospectus to all purchasers of newly-issued Shares (i.e. during the initial public offering). Members purchasing shares from a Fund for resale to investors will deliver a Prospectus to such investors.

Prospectuses may be obtained through the Fund's website. The Prospectus does not contain all of the information set forth in the Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information about a Fund, please refer to the Registration Statement.

In the event that a Fund relies upon an order by the Commission exempting the Shares from certain Prospectus delivery requirements under Section 24(d) of the 1940 Act and makes available a written product description, the Exchange requires that Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust, no later than the time a confirmation of the first transaction in the Shares, is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by a Member to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

An Member carrying an omnibus account for a non-Member is required to inform such non-Member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to Members under this rule.

Upon request of a customer, Members shall also provide a copy of the Prospectus.

This Information Bulletin is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Inquiries regarding this Information Bulletin should be directed to David Reed, 866.458.2279.