

WESTERN ASSET MUNICIPAL PARTNERS FUND INC.  
Form DEF 14A  
April 01, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

WESTERN ASSET MUNICIPAL PARTNERS FUND INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:

(4)

Date Filed:

---

WESTERN ASSET MUNICIPAL PARTNERS FUND INC.

**620 Eighth Avenue, 49th Floor, New York, New York 10018**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

April 1, 2011

*To the Stockholders:*

The Annual Meeting of Stockholders (the "Meeting") of Western Asset Municipal Partners Fund Inc. (the "Fund") will be held at 620 Eighth Avenue, 49th Floor, New York, New York, on Friday, April 29, 2011 at 2:30 p.m., New York time, for the purposes of considering and voting upon the following:

1. The election of three Class II Directors to the Fund's Board of Directors; and
2. The transaction of such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on January 28, 2011 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting and any adjournments or postponements thereof.

By Order of the Board of Directors

Robert I. Frenkel  
Secretary

April 1, 2011

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING IN PERSON OR BY PROXY; IF YOU DO NOT EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE PROXY CARD (which will be made available to you separately) OR PROVIDE VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET.**

---

### Instructions for Signing Proxy Cards

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund in validating your vote if you fail to sign your proxy card properly.

1. *Individual Accounts*: Sign your name exactly as it appears in the registration on the proxy card.
2. *Joint Accounts*: Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration.
3. *All Other Accounts*: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

|                                     | <b>Registration</b>                                 | <b>Valid Signature</b>             |
|-------------------------------------|---|------------------------------------|
| <b>Corporate Accounts</b>           |   |                                    |
| (1)                                 | ABC Corp  | ABC Corp. (by John Doe, Treasurer) |
| (2)                                 | ABC Corp  | John Doe, Treasurer                |
| (3)                                 | ABC Corp., c/o John Doe, Treasurer                  | John Doe                           |
| (4)                                 | ABC Corp. Profit Sharing Plan                       | John Doe, Trustee                  |
| <b>Trust Accounts</b>               |   |                                    |
| (1)                                 | ABC Trust   | Jane B. Doe, Trustee               |
| (2)                                 | Jane B. Doe, Trustee, u/t/d 12/28/78                | Jane B. Doe                        |
| <b>Custodial or Estate Accounts</b> |   |                                    |
| (1)                                 | John B. Smith, Cust., f/b/o John B. Smith, Jr. UGMA | John B. Smith                      |
| (2)                                 | John B. Smith                                       | John B. Smith, Jr., Executor       |

---



WESTERN ASSET MUNICIPAL PARTNERS FUND INC.

**620 Eighth Avenue, 49th Floor, New York, New York 10041**

## **PROXY STATEMENT**

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of Western Asset Municipal Partners Fund Inc. (the "Fund") of proxies to be voted at the Annual Meeting of Stockholders of the Fund to be held at 620 Eighth Avenue, 49th Floor, New York, New York, on Friday, April 29, 2011 at 2:30 p.m., New York time, and at any adjournments or postponements thereof (the "Meeting"), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the "Notice").

This Proxy Statement and the accompanying materials are being made available to stockholders on or about April 1, 2011.

The Fund is organized as a Maryland corporation and is a registered investment company.

Legg Mason Partners Fund Advisor, LLC ("LMPFA"), whose principal business address is 620 Eighth Avenue, New York, NY 10018, is the Fund's investment adviser and administrator. Pursuant to the sub-advisory agreement with LMPFA, Western Asset Management Company ("Western Asset") is the Fund's subadvisor. Western Asset has offices at 385 East Colorado Boulevard, Pasadena, California 91101 and 620 Eighth Avenue, New York, New York 10018. LMPFA and Western Asset are all wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason").

Even if you plan to attend the Meeting, please sign, date and return proxy card, or provide voting instructions by telephone or over the Internet. If you vote by telephone or over the Internet, you will be asked to enter a unique code that has been assigned to you, which is printed on your proxy card. This code is designed to confirm your identity, provide access into the voting sites and confirm that your instructions are properly recorded.

All properly executed proxies received prior to the Meeting will be voted at the Meeting in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, shares represented by the proxies will be voted "FOR" the election of each nominee in Proposal 1. Shareholders who execute proxies may revoke them at any time before they are voted by filing with the Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date or by attending the Meeting and voting in person. In accordance with the Fund's By-Laws, a quorum is constituted by the presence in person or by proxy of the holders of record of a majority of the outstanding shares of the Fund entitled to vote at the Meeting. For purposes of determining the presence of a quorum for transacting business at the Meeting, abstentions will be treated as shares that are present but which have not been voted.

The Board has fixed the close of business on January 28, 2011 as the record date (the "Record Date") for the determination of stockholders of the Fund entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. The Fund has two classes of shares: common stock, par value \$.001 per share (the "Common Stock"), and municipal auction rate cumulative preferred stock ("Preferred Shares"), which have a liquidation preference in the amount of \$50,000 per share (collectively with the Common Stock, the "Shares"). Shareholders of the Fund as of the Record Date will be entitled to one vote

on each matter for each Share held

and a fractional vote with respect to fractional Shares, with no cumulative voting rights. As of the Record Date, the Fund had outstanding 9,719,063 shares of Common Stock and 1,700 Preferred Shares outstanding.

**Annual reports are sent to stockholders of record of the Fund following the Fund's fiscal year end. The Fund will furnish, without charge, a copy of its annual report and most recent semi-annual report succeeding the annual report, if any, to a stockholder upon request. Such requests should be directed to the Fund at 55 Water Street, New York, New York 10041 or by calling toll free at 888-777-0102. Copies of annual and semi-annual reports of the Fund are also available on the EDGAR Database on the Securities and Exchange Commission's Internet site at [www.sec.gov](http://www.sec.gov).**

Please note that only one annual or semi-annual report or Proxy Statement may be delivered to two or more stockholders of the Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual or semi-annual report or the Proxy Statement, or for instructions as to how to request a separate copy of these documents or as to how to request a single copy if multiple copies of these documents are received, stockholders should contact the Fund at the address and phone number set forth above.

### **Vote Required and Manner of Voting Proxies**

A quorum of stockholders is required to take action at the Meeting. A majority of the shares of the Fund entitled to vote at the Meeting, represented in person or by proxy, will constitute a quorum of stockholders at the Meeting.

Votes cast by proxy or in person at the Meeting will be tabulated by the inspector of election appointed for the Meeting. The inspector of election, who is an employee of the proxy solicitor engaged by the Fund, will determine whether or not a quorum is present at the Meeting. The inspector of election will treat abstentions and "broker non-votes" (i.e., shares held by brokers or nominees, typically in "street name," as to which proxies have been returned but (a) instructions have not been received from the beneficial owners or persons entitled to vote and (b) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

If you hold shares directly (not through a broker-dealer, bank or other financial intermediary) and if you return a signed proxy card that does not specify how you wish to vote on a proposal, your shares will be voted "FOR" Proposal 1.

### **Required Vote**

- Two Directors are elected by a plurality of the votes cast by the holders of shares of the Fund's Common Stock and Preferred Shares voting together as a single class present in person or represented by proxy at a Meeting at which a quorum is present.
- One Director is elected by plurality of the votes cast only by the holders of shares of the Fund's Preferred Shares.
- For purposes of the election of Directors, abstentions and broker non-votes will not be considered votes cast, and do not affect the plurality vote required for the election of Directors.



In the event that a quorum is not present, or if sufficient votes to elect Directors in Proposal No. 1 as set forth in the Notice and this Proxy Statement are not received by the time scheduled for the Meeting, the persons named as proxies may move for one or more adjournments of the Meeting to permit further solicitation of proxies with

respect to such proposal. In determining whether to adjourn the Meeting, the following factors may be considered: the nature of the proposal that is the subject of the Meeting, the percentage of votes actually cast, the nature of any further solicitation and the information to be provided to stockholders with respect to the reasons for the solicitation. Any such adjournment will require the affirmative vote of a majority of the shares present at the Meeting. If an adjournment is proposed, the persons named as proxies will vote the shares that they are entitled to vote in their discretion.

**Important Notice Regarding the Availability of Proxy Materials for the Meeting to be Held on April 29, 2011**

**The proxy statement and related materials are available at <http://www.amstock.com/proxyservices/viewmaterial.asp?CoNumber=14644>**

**Proposal No. 1: Election of Directors**

In accordance with the Fund's charter, the Fund's Board of Directors is divided into three classes: Class I, Class II and Class III. Under the terms of the Fund's charter, the holders of Preferred Shares are entitled as a class, to the exclusion of the holders of Common Stock, to elect two Directors of the Fund (the "Preferred Share Directors"); and the Fund's charter further sets forth that one of the two Preferred Share Directors shall be a Class I Director and the other shall be a Class II. The charter also provides that the remaining Directors shall be elected by holders of Common Stock and Preferred Shares voting together as a single class. At the Meeting, the holders of the Fund's Common Stock and Preferred Shares voting together as a single class will be asked to elect two Class II Directors, Daniel P. Cronin and Paolo M. Cucchi; and the holders of the Fund's Preferred Shares, to the exclusion of the holders of the Fund's Common Stock, will be asked to elect one Class II Director, R. Jay Gerken. The terms of office of the Class II Directors will expire at the Annual Meeting of Stockholders in the year 2014, or thereafter in each case when their respective successors are duly elected and qualified. The terms of the remaining Class I and Class III Directors expire at the year 2012 and 2013 Annual Meeting of Stockholders, respectively, or thereafter until their successors have been duly elected and qualified or until they resign or otherwise removed. The effect of these staggered terms is to limit the ability of other entities or persons to acquire control of the Fund by delaying the replacement of a majority of the Board of Directors.

The persons named in the proxy intend to vote at the Meeting (unless directed not to vote) "FOR" the election of the nominees named below. Each of the nominees is currently a member of the Fund's Board of Directors and has indicated that he will serve if elected. However, if any nominee should be unable to serve, the proxy will be voted for any other person determined by the persons named in the proxy in their discretion.

Certain information concerning the nominees is set forth on the following page.

**Persons Nominated for Election as Directors**

| <b>Name,<br/>Address and<br/>Birth Year</b>  | <b>Position(s)<br/>Held with<br/>Fund</b> | <b>Term<br/>of<br/>Office<br/>and<br/>Length<br/>Time<br/>Served</b> | <b>Principal Occupations<br/>During Past Five Years</b> | <b>Number<br/>of<br/>Portfolios<br/>in<br/>Fund<br/>Complex**<br/>Overseen<br/>by<br/>Director</b> | <b>Other Directorships<br/>Held by Director</b> |
|--|---|--|---|--|---|
| <b>Nominees to serve as Class II Directors until 2014 Annual Meeting of Stockholders</b> |   |  |   |  |   |

**INTERESTED DIRECTOR NOMINEE**

|   |   |            |   |     |   |
|---|---|------------|---|-----|---|
| R. Jay Gerken, CFA*<br>Legg Mason & Co. LLC<br>("Legg Mason & Co.")<br>620 Eighth Avenue,<br>49th Floor<br>New York, NY<br>10018<br>Birth year:<br>1951 | Chairman, President and Chief Executive Officer | Since 2002 | Managing Director, Legg Mason; Chairman, President and Chief Executive Officer of LMPFA; Chairman of the Board, Trustee, or Director of 165 funds associated with LMPFA and its affiliates (since 2006); Chairman, President and Chief Executive Officer of certain mutual funds associated with Legg Mason or its affiliates; formerly, Chairman, President and Chief Executive Officer, Travelers Investment Advisers Inc. (2002 to 2005) | 136 | Former Trustee, Consulting Group Capital Markets Fund (2002-2006) |
|---|---|------------|---|-----|---|

**NON-INTERESTED DIRECTOR NOMINEES**

|   |  |            |  |    |      |
|---|--|------------|--|----|------|
| Daniel P. Cronin<br>Chairman of the Fund<br>Legg Mason & Co.<br>620 | Director and Member of Audit and Nominating Committees | Since 2002 | Retired; formerly, Associate General Counsel, Pfizer, Inc. | 24 | None |
|---|--|------------|--|----|------|

Eighth  
Avenue,  
49th  
Floor  
New  
York,  
NY  
10018  
Birth  
year:  
1946

|   |  |            |  |    |      |
|---|--|------------|--|----|------|
| Paolo M. Cucchi c/o Chairman of the Fund Legg Mason & Co. 620 Eighth Avenue, 49th Floor New York, NY 10018 Birth year: 1941 | Director and Member of Audit and Nominating Committees | Since 2007 | Professor of Italian and French Languages, Drew University; formerly, Vice President and Dean of College of Liberal Arts at Drew University (1984-2009). | 24 | None |
|---|--|------------|--|----|------|

\* Mr. Gerken is an "interested person" as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), because he is an officer of LMPFA and certain of its affiliates.

\*\* The term "Fund Complex" means two or more registered investment companies that:

(a) Hold themselves out to investors as related companies for purposes of investment and investor services; or

(b) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

| Name,<br>Address<br>and<br>Birth<br>Year | Position(s)<br>and<br>Held<br>with<br>Fund | Term<br>of<br>Office<br>and<br>Length<br>Time<br>Served | Principal Occupations<br>During Past Five Years | Number<br>of<br>Portfolios<br>in<br>Fund<br>Complex**<br>Overseen<br>by<br>Director | Other Directorships<br>Held by Director |
|--|--|---|---|---|---|
|--|--|---|---|---|---|

The following table provides information concerning the remaining Directors of the Fund:

**Class III Directors serving until the 2013 Annual Meeting of Stockholders**

**NON-INTERESTED DIRECTORS**

|  |   |               |   |    |   |
|--|---|---------------|---|----|---|
| William R. Hutchinson<br>c/o<br>Chairman<br>of the<br>Fund<br>Legg<br>Mason<br>& Co.,<br>LLC<br>("Legg<br>Mason<br>& Co.")<br>620<br>Eighth<br>Avenue,<br>49th<br>Floor<br>New<br>York,<br>NY<br>10018<br>Birth<br>year:<br>1942 | Director<br>and<br>Member<br>of Audit<br>Nominating<br>Committees | Since<br>2003 | President, W.R. Hutchinson &<br>Associates Inc. (consulting)  | 24 | Director (Non-Executive<br>Chairman of the Board<br>(since December 1,<br>2009)), Associated<br>Banc-Corp. (since 1994)                             |
| Jeswald W. Salacuse<br>c/o<br>Chairman<br>of the<br>Fund<br>Legg<br>Mason<br>& Co.   | Director<br>and<br>Member<br>of Audit<br>Nominating<br>Committees | Since<br>2000 | Henry J. Braker Professor of<br>Commercial Law and formerly Dean,<br>The Fletcher School of Law &<br>Diplomacy, Tufts University (since<br>1986); President, Arbitration Tribunal,<br>World Bank/ICSID (since 2004) | 24 | Director of two registered<br>investment companies<br>advised by Blackstone<br>Asia Advisors L.L.C.<br>("Blackstone Asia<br>Advisors") (since 1993) |

620  
Eighth  
Avenue,  
49th  
Floor  
New  
York,  
NY  
10018  
Birth  
year:  
1938

\*\* The term "Fund Complex" means two or more registered investment companies that:

(a) Hold themselves out to investors as related companies for purposes of investment and investor services; or

(b) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

| Name,<br>Address<br>and<br>Birth<br>Year                                   | Position(s)<br>Held<br>with<br>Fund | Term<br>of<br>Office<br>and<br>Length<br>Time<br>Served | Principal Occupations<br>During Past Five Years | Number<br>of<br>Portfolios<br>in<br>Fund<br>Complex**<br>Overseen<br>by<br>Director | Other Directorships<br>Held by Director |
|--|-------------------------------------|---|---|---|---|
| <b>Class I Directors serving until 2012 Annual Meeting of Stockholders</b> |                                     |   |   |   |   |
| <b>NON-INTERESTED DIRECTORS</b>  |                                     |   |   |   |   |

|   |  |               |                                  |    |      |
|---|--|---------------|----------------------------------|----|------|
| Carol L. Colman<br>c/o<br>Chairman of Audit<br>of the<br>Fund<br>Legg<br>Mason<br>& Co.<br>620<br>Eighth<br>Avenue,<br>49th<br>Floor<br>New<br>York,<br>NY<br>10018<br>Birth<br>year:<br>1946 | Director<br>and<br>Member<br>of Audit<br>and<br>Nominating<br>Committees | Since<br>2002 | President, Colman Consulting Co. | 24 | None |
|---|--|---------------|----------------------------------|----|------|

|  |  |               |   |    |  |
|--|--|---------------|---|----|--|
| Leslie H. Gelb<br>c/o<br>Chairman of Audit<br>of the<br>Fund<br>Legg<br>Mason<br>& Co.,<br>620<br>Eighth<br>Avenue,<br>49th<br>Floor<br>New<br>York, | Director<br>and<br>Member<br>of Audit<br>and<br>Nominating<br>Committees | Since<br>2001 | President Emeritus and Senior Board<br>Fellow, The Council on Foreign<br>Relations (since 2003); formerly,<br>President, The Council on Foreign<br>Relations (prior to 2003); formerly,<br>Columnist, Deputy Editorial Page Editor<br>and Editor, Op-Ed Page, <i>The New York<br/>Times</i> | 24 | Director of two registered<br>investment companies<br>advised by Blackstone<br>Asia Advisors (since<br>1994) |
|--|--|---------------|---|----|--|

NY  
10018  
Birth  
year:  
1937

|   |  |               |   |    |      |
|---|--|---------------|---|----|------|
| Dr. Riordan<br>Roett<br>c/o<br>Chairman<br>of the<br>Fund<br>Legg<br>Mason<br>& Co.<br>620<br>Eighth<br>Avenue,<br>49th<br>Floor<br>New<br>York,<br>NY<br>10018<br>Birth<br>year:<br>1938 | Director<br>and<br>Member<br>of Audit<br>and<br>Nominating<br>Committees | Since<br>1997 | The Sarita and Don Johnston Professor<br>of Political Science and Director of<br>Western Hemisphere Studies, Paul H.<br>Nitze School of Advanced International<br>Studies, The Johns Hopkins University<br>(since 1973) | 24 | None |
|---|--|---------------|---|----|------|

\*\* The term "Fund Complex" means two or more registered investment companies that:

(a) Hold themselves out to investors as related companies for purposes of investment and investor services; or

(b) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

Each of the Directors has served as a director of the Fund as indicated in the table above. The Directors were selected to join the Board based upon the following as to each Board Member: his or her character and integrity; such person's service as a board member of other funds in the Legg Mason fund complex; such person's willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Director; as to each Director other than Mr. Gerken, his or her status as not being an "interested person" as defined in the 1940 Act; and, as to Mr. Gerken, his role with Legg Mason. No factor, by itself, was controlling.

In addition to the information provided in the table included above, each Director possesses the following attributes: Ms. Colman, experience as a consultant and investment professional; Mr. Cronin, legal and managerial experience; Mr. Cucchi, experience as a college professor and leadership experience as an academic dean; Mr. Gelb, academic and world affairs and foreign relations experience and service as a board member of other registered investment companies; Mr. Hutchinson, experience in accounting and



working with auditors, consulting, business and finance and service as a board member of another financial services company;

Dr. Roett, expertise in Latin and South American societies and economies and academic leadership experience; Mr. Salacuse, academic leadership and managerial experience, international investment experience, world affairs and foreign relations experience and service as a board member of other registered investment companies; and Mr. Gerken, investment management experience as an executive and portfolio manager and leadership roles within Legg Mason and affiliated entities. References to the qualifications, attributes and skills of the Directors are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out of the Board or any Director as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

### Security Ownership of Management

The following table provides information concerning the dollar range of equity securities owned beneficially by each Director and nominee for election as Director as of December 31, 2010:

| Name of Director/Nominee        | Dollar Range <sup>(1)</sup> of Equity Securities in the Fund | Aggregate Dollar Range <sup>(1)</sup> of Equity Securities in all Funds Overseen by Director/Nominee in Family of Investment Companies <sup>(2)</sup> |
|---------------------------------|--|---|
| <b>NON-INTERESTED DIRECTORS</b> |  |   |
| Carol L. Colman                 | B  | E   |
| Daniel P. Cronin                | E  | E   |
| Paolo M. Cucchi                 | A  | C   |
| Leslie H. Gelb                  | A  | A   |
| William R. Hutchinson           | E  | E   |
| Dr. Riordan Roett               | B  | B   |
| Jeswald W. Salacuse             | C  | D   |
| <b>INTERESTED DIRECTOR</b>      |  |   |
| R. Jay Gerken                   | D  | E   |

(1) The dollar ranges are as follows: "A" = None; "B" = \$1-\$10,000; "C" = \$10,001-\$50,000; "D" = \$50,001-\$100,000; "E" = Over \$100,000.

(2) The term, "Family of Investment Companies", means any two or more registered investment companies that share the same investment adviser or principal underwriter or hold themselves out to investors as related companies for purposes of investment and investor services.

At January 28, 2011, the nominees, Directors and officers of the Fund as a group beneficially owned less than 1% of the outstanding shares of the Fund's Common Stock.

No Director or nominee for election as Director who is not an "interested person" of the Fund as defined in the 1940 Act, nor any immediate family members, to the best of the Fund's knowledge, had any interest in the Fund's investment adviser, or any person or entity (other than the Fund) directly or indirectly controlling, controlled by, or under common control with Legg Mason as of December 31, 2010.

**Director Compensation**

Under the federal securities laws, and in connection with the Meeting, the Fund is required to provide to stockholders in connection with the Meeting information regarding compensation paid to the Directors by the Fund, as well as by the various other investment companies advised by LMPFA. The following table provides information concerning the compensation paid to each Director by the Fund during the fiscal year ended November 30, 2010

and the total compensation paid to each Director during the calendar year ended December 31, 2010. The Directors listed below are members of the Fund's Audit and Nominating Committees, as well as committees of the boards of certain other investment companies advised by LMPFA. Accordingly, the amounts provided in the table include compensation for service on all such committees. The Fund does not provide any pension or retirement benefits to Directors. In addition, no remuneration was paid during the fiscal year ended November 30, 2010 by the Fund to Mr. Gerken who is an "interested person" as defined in the 1940 Act.

| Name of Directors<br>Directorships <sup>(2)</sup> | Aggregate<br>Compensation<br>from the Fund<br>for Fiscal<br>Year Ended<br>11/30/10 | Total Compensation<br>from the Fund and<br>Fund Complex <sup>(1)</sup> for<br>Calendar Year Ended<br>12/31/10 |
|---|--|---|
| Carol L. Colman                                   | \$ 7,617   | \$ 223,500  |
| Daniel P. Cronin                                  | 7,617  | 223,500   |
| Paolo M. Cucchi                                   | 7,314  | 214,500   |
| Leslie H. Gelb                                    | 7,314  | 214,500   |
| William R. Hutchinson                             | 8,306  | 243,500   |
| Dr. Riordan Roett                                 | 7,314  | 213,500   |
| Jeswald W. Salacuse                               | 8,175  | 242,500   |

(1) "Fund Complex" means two or more Funds (a registrant or, where the registrant is a series company, a separate portfolio of the registrant) that hold themselves out to investors as related companies for purposes of investment and investor services or have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other Funds.

(2) Each Director currently holds 24 investment company directorships within this Fund Complex.

### Responsibilities of the Board of Directors

The Board of Directors is responsible under applicable state law for overseeing generally the management and operations of the Fund. The Directors oversee the Fund's operations by, among other things, meeting at their regularly scheduled meetings and as otherwise needed with the Fund's management and evaluating the performance of the Fund's service providers including LMPFA, Western Asset, the custodian and the transfer agent. As part of this process, the Directors consult with the Fund's independent auditors and with their own separate independent counsel.

The Directors review the Fund's financial statements, performance, net asset value and market price and the relationship between them, as well as the quality of the services being provided to the Fund. As part of this process, the Directors review the Fund's fees and expenses in light of the nature, quality and scope of the services being received while also seeking to ensure that the Fund continues to have access to high quality services in the future.

The Board of Directors has four regularly scheduled meetings each year, and additional meetings may be scheduled as needed. In addition, the Board has a standing Audit Committee and Corporate Governance and Nominating Committee (the "Nominating Committee") that meet periodically and whose responsibilities

are described below.

During the fiscal year ended November 30, 2010, the Board of Directors held four regular meetings and two special meetings. Each Director attended at least 75% of the aggregate number of meetings of the Board and the committees for which he or she was eligible. The Fund does not have a formal policy regarding attendance by Directors at annual meetings of stockholders.

Each of the Audit Committee and the Nominating Committee is comprised of all Directors who have been determined not to be "interested persons" of the Fund, LMPFA, Western Asset or their affiliates within the meaning of the 1940 Act, and who are "independent" as defined in the New York Stock Exchange listing standards ("Independent Directors"), and is chaired by an Independent Director. The Board in its discretion from time to time may establish *ad hoc* committees.

The Board of Directors is currently comprised of eight directors, seven of whom are Independent Directors. R. Jay Gerken serves as Chairman of the Board. Mr. Gerken is an "interested person" of the Fund. The appointment of Mr. Gerken as Chairman reflects the Board's belief that his experience, familiarity with the Fund's day-to-day operations and access to individuals with responsibility for the Fund's management and operations provides the Board with insight into the Fund's business and activities and, with his access to appropriate administrative support, facilitates the efficient development of meeting agendas that address the Fund's business, legal and other needs and the orderly conduct of board meetings. Mr. Salacuse serves as Lead Independent Director. The Chairman develops agendas for Board meetings in consultation with the Lead Independent Director and presides at all meetings of the Board. The Lead Independent Director, among other things, chairs executive sessions of the Independent Directors, serves as a spokesperson for the Independent Directors and serves as a liaison between the Independent Directors and the Fund's management between Board meetings. The Independent Directors regularly meet outside the presence of management and are advised by independent legal counsel. The Board also has determined that its leadership structure, as described above, is appropriate in light of the size and complexity of the Fund, the number of Independent Directors (who constitute a super-majority of the Board's membership) and the Board's general oversight responsibility. The Board also believes that its leadership structure not only facilitates the orderly and efficient flow of information to the Independent Directors from management, including Western Asset, the Fund's subadviser, but also enhances the independent and orderly exercise of its responsibilities.

### **Audit Committee**

The Fund's Audit Committee is comprised entirely of all of the Independent Directors: Ms. Colman and Messrs. Cronin, Cucchi, Gelb, Hutchinson, Roett and Salacuse. Mr. Hutchinson serves as the Chair of the Audit Committee and has been determined by the Board to be an "audit committee financial expert." The principal functions of the Audit Committee are: to (a) oversee the scope of the Fund's audit, the Fund's accounting and financial reporting policies and practices and its internal controls and enhance the quality and objectivity of the audit function; (b) approve, and recommend to the Independent Board Members (as such term is defined in the Audit Committee Charter) for their ratification, the selection, appointment, retention or termination of the Fund's independent registered public accounting firm, as well as approving the compensation thereof; and (c) approve all audit and permissible non-audit services provided to the Fund and certain other persons by the Fund's independent registered public accounting firm. This Committee met five times during the fiscal year ended November 30, 2010. The Fund's Board of Directors most recently reviewed and adopted an Audit Committee Charter at a meeting held on May 21, 2010, a copy of which is attached as Annex A to the Fund's proxy statement.

### **Nominating Committee**

The Fund's Nominating Committee, the principal function of which is to select and nominate candidates for election as Directors of the Fund, is comprised of all of the Independent Directors: Ms. Colman and



Messrs. Cronin, Cucchi, Gelb, Hutchinson, Roett and Salacuse. Mr. Cronin serves as the Chair of the Nominating Committee. The Nominating Committee may consider nominees recommended by the stockholder as it deems appropriate. Stockholders who wish to recommend a nominee should send recommendations to the Fund's Secretary that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Directors. A recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board of Directors and to serve if elected by the stockholders. The Nominating Committee met once during the fiscal year ended November 30, 2010. The Fund's Board of Directors most recently reviewed and adopted a Corporate Governance and Nominating Committee Charter at a meeting held on February 11, 2010, a copy of which was filed as Annex B to the Fund's proxy statement dated February 26, 2010.

The Nominating Committee identifies potential nominees through its network of contacts, and in its discretion may also engage a professional search firm. The Nominating Committee meets to discuss and consider such candidates' qualifications and then chooses a candidate by majority vote. The Nominating Committee does not have specific, minimum qualifications for nominees and has not established specific qualities or skills that it regards as necessary for one or more of the Fund's Directors to possess (other than any qualities or skills that may be required by applicable law, regulation or listing standard). However, as set forth in the Nominating Committee Charter, in evaluating a person as a potential nominee to serve as a Director of the Fund, the Nominee Committee may consider the following factors, among any others it may deem relevant:

- whether or not the person is an "interested person" as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director of the Fund;
- whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment manager of the Fund, Fund service providers or their affiliates;
- whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related mutual fund complexes;
- whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a Director of the Fund;
- the contribution which the person can make to the Board and the Fund (or, if the person has previously served as a Director of the Fund, the contribution which the person made to the Board during his or her previous term of service), with consideration being given to the person's business and professional experience, education and such other factors as the Committee may consider relevant;
- the character and integrity of the person; and
- whether or not the selection and nomination of the person would be consistent with the requirements of the Fund's retirement policies.

The Nominating Committee does not have a formal diversity policy with regard to the consideration of diversity in identifying potential director nominees but may consider diversity of professional experience, education and skills when evaluating potential nominees for Board membership.





## Risk Oversight

The Board's role in risk oversight of the Fund reflects its responsibility under applicable state law to oversee generally, rather than to manage, the operations of the Fund. In line with this oversight responsibility, the Board receives reports and makes inquiry at its regular meetings and as needed regarding the nature and extent of significant Fund risks (including investment, compliance and valuation risks) that potentially could have a materially adverse impact on the business operations, investment performance or reputation of the Fund, but relies upon the Fund's management (including the Fund's portfolio managers) and Chief Compliance Officer, who reports directly to the Board, and LMPFA to assist it in identifying and understanding the nature and extent of such risks and determining whether, and to what extent, such risks may be eliminated or mitigated. In addition to reports and other information received from Fund management and LMPFA regarding the Fund's investment program and activities, the Board as part of its risk oversight efforts meets at its regular meetings and as needed with the Fund's Chief Compliance Officer to discuss, among other things, risk issues and issues regarding the policies, procedures and controls of the Fund. The Board may be assisted in performing aspects of its role in risk oversight by the Audit Committee and such other standing or special committees as may be established from time to time by the Board. For example, the Audit Committee of the Board regularly meets with the Fund's independent public accounting firm to review, among other things, reports on the Fund's internal controls for financial reporting.

The Board believes that not all risks that may affect the Fund can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. Moreover, reports received by the Directors as to risk management matters are typically summaries of relevant information and may be inaccurate or incomplete. As a result of the foregoing and other factors, the Board's risk management oversight is subject to substantial limitations.

## Officers

The Fund's executive officers are chosen each year at a regular meeting of the Board of Directors of the Fund, to hold office until their respective successors are duly elected and qualified. Officers of the Fund receive no compensation from the Fund, although they may be reimbursed by the Fund for reasonable out-of-pocket travel expenses for attending Board meetings. In addition to Mr. Gerken, the Fund's Chairman, CEO and President, the executive officers of the Fund currently are:

| <b>Name,<br/>Address<br/>and Age</b>   | <b>Position(s)<br/>Held<br/>with Fund</b> | <b>Length<br/>of<br/>Time<br/>Served</b> | <b>Principal Occupation(s)<br/>During Past 5 years</b>  |
|--|---|--|---|
| Kaprel<br>Ozsolak<br>Legg<br>Mason &<br>Co.<br>55 Water<br>Street,<br>New<br>York, NY<br>10041 | Chief<br>Financial<br>Officer             | Since<br>2007                            | Director of Legg Mason & Co.; Chief Financial Officer of certain mutual funds associated with Legg Mason; Formerly, Treasurer of certain mutual funds associated with Legg Mason or its affiliates (prior to 2010); Formerly Controller of certain mutual funds associated with certain predecessor firms of Legg Mason (2002-2004) |

Birth  
year:  
1965

| <b>Name,<br/>Address<br/>and Age</b>  | <b>Position(s)<br/>Held<br/>with Fund</b> | <b>Length<br/>of<br/>Time<br/>Served</b> | <b>Principal Occupation(s)<br/>During Past 5 years</b>  |
|---|---|--|---|
| Ted P. Becker<br>Legg Mason & Co.<br>620 Eighth Avenue,<br>49th Floor<br>New York, NY<br>10018<br>Birth year:<br>1951 | Chief Compliance Officer                  | Since 2006                               | Director of Global Compliance at Legg Mason (since 2006); Managing Director of Compliance at Legg Mason, (since 2005); Chief Compliance Officer with certain mutual funds associated with Legg Mason (since 2006); Managing Director of Compliance at Legg Mason or its predecessors (2002-2005). Prior to 2002, Managing Director Internal Audit & Risk Review at Citigroup Inc.   |
| John Chiota<br>Legg Mason & Co.<br>100 First Stamford Place,<br>Stamford, CT 06902<br>Birth year:<br>1968             | Identity Theft Prevention Officer         | Since 2008                               | Identity Theft Prevention Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2008); Chief Anti-Money Laundering Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006); Vice President of Legg Mason & Co. (since 2006) and Legg Mason & Co. predecessors (prior to 2006); formerly, Chief Anti-Money Laundering Compliance Officer of TD Waterhouse (prior to 2004) |
| Steven Frank<br>Legg Mason & Co.<br>55 Water Street,<br>New York, NY<br>10041<br>Birth Year:<br>1967                  | Treasurer                                 | Since 2010                               | Vice President of Legg Mason & Co. (since 2002); Treasurer of certain funds associated with Legg Mason or its affiliates (since 2010); formerly, Controller of certain funds associated with Legg Mason or its predecessors (from 2005 to 2010); Formerly, Assistant Controller of certain mutual funds associated with Legg Mason predecessors (from 2001 to 2005)   |
| Robert I. Frenkel<br>Legg   | Secretary and Chief Legal Officer         | Since 2003                               | Managing Director and General Counsel of Global Mutual Funds for Legg Mason and its predecessor (since 1994); Secretary and Chief Legal Officer of mutual funds associated with Legg Mason (since 2003); formerly,  |

Mason & Co.  
100 First  
Stamford  
Place  
Stamford,  
CT 06902  
Birth  
year:  
1954

Secretary of CFM (2001-2004)

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "1934 Act") and Section 30(h) of the 1940 Act in combination require the Fund's Directors and officers and persons who own more than 10% of the Fund's common stock, as well as LMPFA, Western Asset and certain of their affiliated persons, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC") and the New York Stock Exchange, Inc. ("NYSE"). Such persons and entities are required by SEC regulations to furnish the Fund

with copies of all such filings. Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons, the Fund believes that, during the fiscal year ended November 30, 2010, all such filing requirements were met with respect to the Fund.

### **Report of the Audit Committee**

Pursuant to a meeting of the Audit Committee on January 18 and 19, 2011, the Audit Committee reports that it has: (i) reviewed and discussed the Fund's audited financial statements with management; (ii) discussed with KPMG LLP ("KPMG"), the independent registered public accounting firm of the Fund, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and (iii) previously received written confirmation from KPMG that it is independent and written disclosures regarding such independence as required by the Public Company Accounting Oversight Board Standard No. 1, and discussed with KPMG the independent registered public accounting firm's independence.

Pursuant to the Audit Committee Charter adopted by the Fund's Board, the Audit Committee is responsible for conferring with the Fund's independent registered public accounting firm, reviewing annual financial statements and recommending the selection of the Fund's independent registered public accounting firm. The Audit Committee advises the full Board with respect to accounting, auditing and financial matters affecting the Fund. The independent registered public accounting firm is responsible for planning and carrying out the proper audits and reviews of the Fund's financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are responsible for oversight. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principals and policies, or internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide assurance that the audit of the Fund's financial statements has been carried out in accordance with generally accepted accounting standards or that the financial statements are presented in accordance with generally accepted accounting principles.

Based on the review and discussions referred to in items (i) through (iii) above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Fund's annual report for the Fund's fiscal year ended November 30, 2010.

Submitted by the Audit Committee  
of the Fund's Board of Directors

Carol L. Colman  
Daniel P. Cronin  
Paolo M. Cucchi  
Leslie H. Gelb  
William R. Hutchinson  
Riordan Roett  
Jeswald W. Salacuse

January 18 and 19, 2011





### **Board Recommendation and Required Vote**

Two Directors are elected by a plurality of the votes cast by the holders of shares of the Fund's Common Stock and Preferred Shares voting together as a single class and one Director is elected only by the holders of shares of the Fund's Preferred Shares present in person or represented by proxy at a meeting at which a quorum is present. For purposes of the election of Directors, abstentions and broker non-votes will not be considered votes cast, and do not affect the plurality vote required for Directors.

**The Board of Directors, including the Directors who are not "interested" persons unanimously recommends that stockholders of the Fund vote FOR each of the nominees for Director.**

### **Disclosure of Fees Paid to Independent Registered Public Accounting Firm**

**Audit Fees.** The aggregate fees billed in the last two fiscal years ended November 30, 2009 and November 30, 2010 for professional services rendered by KPMG for the audit of the Fund's annual financial statements, or services that are normally provided in connection with the statutory and regulatory filings or engagements in those fiscal years, were \$46,907 and \$47,200, respectively.

**Audit-Related Fees.** The aggregate fees billed by KPMG in connection with assurance and related services related to the annual audit of the Fund and for review of the Fund's financial statements, other than the Audit Fees described above, for the fiscal years ended November 30, 2009 and November 30, 2010 were \$71,000 and \$56,800, respectively.

In addition, there were no Audit Related Fees billed in the fiscal years ended November 30, 2009 and November 30, 2010 for assurance and related services by KPMG to LMPFA and any entity controlling, controlled by or under common control with LMPFA that provides ongoing services to the Fund (LMPFA and such other entities together, the "Service Affiliates"), that were related to the operations and financial reporting of the Fund.

**Tax Fees.** The aggregate fees billed by KPMG for tax compliance, tax advice and tax planning services, which include the filing and amendment of federal, state and local income tax returns, timely regulated investment company qualification review and tax distribution and analysis planning to the Fund for the fiscal years ended November 30, 2009 and November 30, 2010 were \$3,100 and \$3,100, respectively.

There were no fees billed by KPMG to the Service Affiliates for tax services for the fiscal years ended November 30, 2009 and November 30, 2010 that were required to be approved by the Fund's Audit Committee.

**All Other Fees.** There were no other fees billed for other non-audit services rendered by KPMG to the Fund for the fiscal years ended November 30, 2009 and November 30, 2010.

There were no other non-audit services rendered by KPMG to the Service Affiliates in the fiscal years ended November 30, 2009 and November 30, 2010.

Generally, the Audit Committee must approve (a) all audit and permissible non-audit services to be provided to the Fund and (b) all permissible non-audit services to be provided to the Service Affiliates that relate directly to the operations and financial reporting of the Fund. The Audit Committee may implement policies and procedures by which such services are approved other than by the full Committee but has not yet done so.

For the Fund, the percentage of fees that were approved by the Audit Committee, with respect to:  
Audit-Related Fees were 100% and 100% for the fiscal years ended November 30, 2009 and November  
30, 2010; Tax

Fees were 100% and 100% for the fiscal years ended November 30, 2009 and November 30, 2010; and for Other Fees paid were 100% and 100% for the fiscal years ended November 30, 2009 and November 30, 2010.

The Audit Committee shall not approve non-audit services that the Committee believes may impair the independence of the registered public accounting firm. As of the date of the approval of the Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent registered public accounting firm, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Audit Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, LMPFA and any Covered Service Provider constitutes not more than 5% of the total amount of revenues paid to the independent registered public accounting firm during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) LMPFA and (c) any entity partially controlled by or under common control with LMPFA that provides ongoing services to the Fund during the fiscal year in which the services are provided that would not have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee (or its delegate(s)) prior to the completion of the audit.

The aggregate non-audit fees billed by KPMG for non-audit services rendered to the Fund and Service Affiliates for the fiscal years ended November 30, 2009 and November 30, 2010 were \$0 and \$0, respectively.

The Audit Committee has considered whether the provision of non-audit services to the Service Affiliates that were not pre-approved by the Audit Committee (because they did not require pre-approval) is compatible with maintaining KPMG's independence. All services provided by KPMG to the Fund or to the Service Affiliates that were required to be pre-approved by the Audit Committee were pre-approved.

A representative of KPMG, if requested by any stockholder, will be present via telephone at the Meeting to respond to appropriate questions from stockholders and will have an opportunity to make a statement if he or she chooses to do so.

### 5% Beneficial Ownership

At January 28, 2011, to the knowledge of management, the registered stockholders who owned of record or owned beneficially more than 5% of the Fund's capital stock outstanding is noted in the table below. As of the close of business on January 28, 2011, Cede & Co., a nominee for participants in the Depository Trust Company, held of record 9,336,907 shares, equal to approximately 96% of the Fund's outstanding shares and 1,700 Preferred Shares or 100% of the Fund's Preferred Shares, including the shares shown below.

| Class                           | Number of Shares | Percent | Name   | Address  |
|---------------------------------|------------------|---------|--|--|
| Preferred Shares <sup>(1)</sup> | 155              | 9.10%   | Bank of America, N.A.<br>Karpus Management Inc.,<br>d/b/a Karpus Investment Management | Bank of America<br>Corporate Center<br>100 North Tryon Street<br>Charlotte, NC 28255 |
| Common Stock <sup>(2)</sup>     | 1,244,538        | 12.80%  | Wells Fargo and Company  | 183 Sully's Trail<br>Pittsford, NY 14531   |
| Common Stock <sup>(3)</sup>     | 584,189          | 6.01%   |  | 420 Montgomery Street<br>San Francisco, CA<br>94104                                  |

(1) Based upon information obtained from Schedule 13G filed with SEC on February 14, 2011.

(2) Based upon information obtained from Schedule 13G/A filed with the SEC on February 10, 2011.

(3) Based upon information obtained from Schedule 13G filed with SEC on January 25, 2011.

### Submission of Stockholder Proposals and Other Stockholder Communications

All proposals by stockholders of the Fund that are intended to be presented at the 2012 Annual Meeting of Stockholders must be received by the Fund for inclusion in the Fund's proxy statement and proxy relating to that meeting no later than December 2, 2011. Any stockholder who desires to bring a proposal at the 2012 Annual Meeting of Stockholders without including such proposal in the Fund's proxy statement must deliver written notice thereof to the Secretary of the Fund (addressed to c/o Legg Mason, 100 First Stamford Place, 7th Floor, Stamford, CT 06902) during the period from January 30, 2012 to February 29, 2012. However, if the Fund's 2012 Annual Meeting of Stockholders is held earlier than March 30, 2012 or later than June 28, 2012, such written notice must be delivered to the Secretary of the Fund no earlier than 90 days before the date of the 2012 Annual Meeting of Stockholders and no later than the later of 60 days prior to the date of the 2012 Annual Meeting of Stockholders or 10 days following the public announcement of the date of the 2012 Annual Meeting of Stockholders. Stockholder proposals are subject to certain regulations under the federal securities laws.

The Fund's Audit Committee has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively, "Accounting Matters"). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Chief Compliance Officer ("CCO"). Persons who are uncomfortable

submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Fund's Audit Committee Chair (together with the CCO, "Complaint Officers"). Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:

Legg Mason & Co., LLC  
Compliance Department  
620 Eighth Avenue, 49th Floor  
New York, New York 10018

Complaints may also be submitted by telephone at 1-800-742-5274. Complaints submitted through this number will be received by the CCO.

The Fund's Audit Committee Chair may be contacted at:

Western Asset Municipal Partners Fund Inc.  
Audit Committee Chair  
c/o Robert K. Fulton, Esq.  
Stradley Ronon Stevens & Young, LLP  
2600 One Commerce Square  
Philadelphia, PA 19103

A stockholder who wishes to send any other communications to the Board should also deliver such communications to the Secretary of the Fund at 100 First Stamford Place, 7th Floor, Stamford, CT 06902. The Secretary is responsible for determining, in consultation with other officers of the Fund, counsel, and other advisers as appropriate, which stockholder communications will be relayed to the Board.

### **Expenses of Proxy Solicitation**

The costs of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Fund and are expected to be approximately \$21,000. Proxies may also be solicited in-person by officers of the Fund and by regular employees of LMPFA or its affiliates, or other representatives of the Fund or by telephone, in addition to the use of mails. Brokerage houses, banks and other fiduciaries may be requested to forward proxy solicitation material to their principals to obtain authorization for the execution of proxies, and will be reimbursed by the Fund for such out-of-pocket expenses.

### **Other Business**

The Fund's Board of Directors does not know of any other matter that may come before the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the proxy to vote the proxies in accordance with their judgment on that matter.

By Order of the Board of Directors,

Robert I. Frenkel  
Secretary

April 1, 2011

**IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE THEREFORE URGED TO COMPLETE AND SIGN, DATE AND RETURN THE PROXY CARD AS SOON AS POSSIBLE IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**



ANNEX A

**AUDIT COMMITTEE CHARTER**

**ESTABLISHMENT AND PURPOSE**

This document serves as the Charter for the Audit Committee (the "Committee") of the Board of each registered investment company (the "Fund") advised by Legg Mason Partners Fund Advisor, LLC or one of its affiliates ("Adviser") listed on Appendix A hereto (each such Charter being a separate Charter). The primary purposes of the Committee are to (a) assist Board oversight of (i) the integrity of the Fund's financial reporting, (ii) the Fund's compliance with legal and regulatory requirements (iii) the qualifications and independence of the Fund's independent registered public accountants and (iv) the performance of the Fund's internal audit function and independent registered public accountants; (b) approve, and recommend to the Independent Board Members (as such term is defined below) for their ratification, the selection, appointment, retention or termination of the Fund's independent registered public accountants, as well as approving the compensation thereof; (c) approve all audit and permissible non-audit services provided to the Fund and certain other persons by the Fund's independent registered public accountants; and (d) for each closed-end Fund, prepare the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission for inclusion in the Fund's annual Proxy Statement.

**DUTIES AND RESPONSIBILITIES**

The Fund's independent registered public accountants are accountable to the Committee.

The Committee shall:

1. Bear direct responsibility for the appointment, compensation, retention and oversight of the Fund's independent registered public accountants, or of any other public accounting firm engaged for the purpose of performing other audit, review or attest services for the Fund.
2. Confirm with any independent registered public accountants retained to provide audit services that the independent registered public accountants has ensured the appropriate rotation of the lead audit partner pursuant to applicable regulations.
3. Approve (a) all audit and permissible non-audit services<sup>1</sup> to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund's independent registered public accountants

<sup>1</sup> The Committee shall not approve non-audit services that the Committee believes may impair the independence of the independent registered public accountants. As of the date of the approval of this Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent registered public accountants, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, and fairness opinions; (iv) actuarial services; (v) internal audit services; (vi) management functions; (vii) human resources; (viii) broker or dealer; (ix) legal services; (x) expert services unrelated to the audit; and (xi) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.



Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Adviser and any service providers controlling, controlled by or under common control with the Adviser that provide ongoing services to the Fund ("Covered Service Providers") constitutes not more than 5% of the total amount of revenues paid to the independent registered public accountants during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) the Adviser and (c) any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

A-1

---

to the Adviser and any Covered Service Providers if the engagement relates directly to the operations and financial reporting of the Fund. The Committee may implement policies and procedures by which such services are approved other than by the full Committee.

4. Discuss with the independent registered public accountants any disclosed relationships or services that may diminish the objectivity and independence of the independent registered public accountants and, if so determined by the Committee, recommend that the Board take appropriate action to ensure the independence of the independent registered public accountants.
5. Review, in consultation with the independent registered public accountants, the proposed scope of the Fund's audit each year, including the audit procedures to be utilized in the review of the Fund's financial statements.
6. Inquire of the Adviser and the independent registered public accountants as to significant tax and accounting policies elected by the Fund (including matters affecting qualification under Subchapter M of the Internal Revenue Code).
7. Review with the independent registered public accountants any problems or difficulties the registered public accountants may have encountered during the conduct of the audit and management's response, including a discussion with the independent registered public accountants of the matters required to be discussed by Statement on Auditing Standards No. 61, 89, 90 or any subsequent Statement, relating to the conduct of the audit.
8. Review, in consultation, as appropriate, with the independent registered public accountants and significant Fund service providers, matters relating to internal controls over financial reporting and disclosure controls and procedures of the Fund and of the Fund's significant service providers.
9. Request, receive and/or review from the independent registered public accountants such other materials as deemed necessary or advisable by the Committee in the exercise of its duties under this Charter; such materials may include, without limitation, any other material written communications bearing on the Fund's financial statements, or internal or disclosure controls, between the independent registered public accountants and the Fund, the Adviser or other Fund service providers, such as any management letter or schedule of unadjusted differences, and any comment or "deficiency" letter (to the extent such letters relate to financial reporting) received from a regulatory or self-regulatory organization addressed to the Fund or the Adviser that relates to services rendered to the Fund.
10. For each closed-end Fund, establish procedures regarding the receipt, retention and treatment of complaints that the Fund may receive regarding Fund accounting, internal accounting controls or auditing matters, including procedures for the confidential or anonymous submission by Fund officers, employees, stockholders or service providers of concerns regarding questionable accounting or auditing matters related to the Fund.
11. For each closed-end Fund, obtain and review a report by the Fund's independent registered public accountants describing (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) (to assess the auditor's independence) all relationships between the independent registered public accountants and the Fund.



12. For each closed-end Fund, discuss policies with respect to risk assessment and risk management.
13. For each closed-end Fund, review hiring policies for employees or former employees of the Fund's independent registered public accountants.
14. For each closed-end Fund, discuss with management and the Fund's independent registered public accountants the Fund's audited financial statements, including any narrative discussion by management concerning the Fund's financial condition and investment performance and, if appropriate, recommend the publication of the Fund's annual audited financial statements in the Fund's annual report in advance of the printing and publication of the annual report.
15. For each closed-end Fund, discuss with management, prior to the printing and distribution of the Fund's semi-annual report, the Fund's unaudited financial statements, including any narrative discussion by management concerning the Fund's financial condition and investment performance. The Committee may delegate the foregoing to a sub-committee of the Committee composed of two or more members (the "Sub-Committee"), as may be determined by the Committee and reflected in the Committee's minutes.
16. For each closed-end Fund, discuss the Fund's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
17. For each closed-end Fund, review and evaluate annually the performance of the Committee and the adequacy of this Charter and recommend any proposed changes to the Charter to the Board for approval.

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain, as it deems necessary to carry out its duties, special counsel and other experts or consultants at the expense of the Fund. The Fund shall provide appropriate funding, as determined by the Committee, for the Committee to carry out its duties and its responsibilities, including (a) for compensation to be paid to, or services to be provided by, the Fund's independent registered public accountants or other public accounting firm providing audit, review or attest services for the Fund, (b) for payment of compensation to any outside legal, accounting or other advisors, counsel or consultants employed by the Committee and (c) for the ordinary administrative expenses of the Committee. In performing its duties, the Committee shall consult as it deems appropriate with the members of the Board, officers and employees of the Fund, the Adviser, the Fund's sub-adviser(s), if any, the Fund's counsel, counsel to the Independent Board Members and the Fund's other service providers.

## **COMPOSITION**

The Committee shall be composed of each Board member who has been determined not to be an "interested person," as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended ("1940 Act"), of the Fund (the "Independent Board Members"), or such lesser number as the Board of the Fund may specifically determine and reflect in the Board's minutes, each of whom shall be financially literate and at least one of whom shall have accounting or related financial management expertise as determined by the Fund's Board in its business judgment. Each member of the Committee must also meet the independence and experience requirements as set forth in the New York Stock Exchange's Listed Company Manual or as set forth in the American Stock Exchange's listing standards, as applicable, and the independence requirements applicable to investment companies set forth in the Securities Exchange Act of 1934. For those Funds listed on the New York Stock Exchange, no member of the Committee may serve on the audit committees of more than three public



companies, including the Funds, unless the Board determines that such simultaneous service would not impair the ability of such member to serve on the Committee effectively. The Committee shall elect a Chairperson, who shall preside over Committee meetings. The Chairperson shall serve for a term of three years, which term may be renewed from time to time.

## **MEETINGS**

The Committee shall meet on a regular basis, but not less frequently than twice a year. Special meetings may also be held upon reasonable notice to the members of the Committee. An agenda shall be established for each meeting. The Committee may request any officer or employee of the Fund, the Fund's counsel, counsel to the Independent Board Members, the Adviser, the Fund's independent registered public accountants or other interested persons to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee will meet periodically with the Fund's independent registered public accountants outside the presence of the Fund's and the Adviser's officers and employees. The Committee will also meet periodically with the Fund's management outside the presence of the Fund's independent registered public accountants. Meetings of the Committee may be held in person, by telephone or by other appropriate means.

One-third of the Committee's members, but not fewer than two members, shall constitute a quorum. At any meeting of the Committee, the decision of a majority of the members present and voting shall be determinative as to any matter submitted to a vote.

## **REPORTING**

The Chairperson shall report regularly to the Board on the result of the Committee's deliberations and make such recommendations as deemed appropriate.

## **LIMITS ON ROLE OF COMMITTEE**

The function of the Committee is oversight. The Fund's management is responsible for (i) the preparation, presentation and integrity of the Fund's financial statements, (ii) the maintenance of appropriate accounting and financial reporting principles and policies and (iii) the maintenance of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accountants are responsible for planning and carrying out proper audits and reviews. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not employees of the Fund. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Fund from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee by such persons and organizations absent actual knowledge to the contrary (which shall be promptly reported to the Fund's Board) and (iii) statements made by the officers and employees of the Fund, the Adviser or other third parties as to any information technology, internal audit and other non-audit services provided by the independent registered public accountants to the Fund. The designation of a person as an "audit committee financial expert," within the meaning of the rules adopted and implemented under Section 407 of the Sarbanes-Oxley Act of 2002, shall not impose any greater responsibility or liability on that person than the responsibility and liability imposed on such person as a member of the Committee, nor does it decrease the duties and obligations of other Committee members or the Board.



In carrying out its responsibilities, the Committee's policies and procedures shall be adapted, as appropriate, in order to best react to a changing environment.

### **AMENDMENTS**

This Charter may be amended by a vote of a majority of the Board members.

A-5

---





APPENDIX A

*Amended as of August 11, 2010*

**CLEARBRIDGE ENERGY MLP FUND INC. ("CEM")**

**LMP CAPITAL AND INCOME FUND INC. ("SCD")**

**LMP CORPORATE LOAN FUND INC. ("TLI")**

**LMP REAL ESTATE INCOME FUND INC. ("RIT")**

**WESTERN ASSET EMERGING MARKETS DEBT FUND INC. ("ESD")**

**WESTERN ASSET EMERGING MARKETS INCOME FUND INC. ("EMD")**

**WESTERN ASSET GLOBAL CORPORATE DEFINED OPPORTUNITY FUND INC. ("GDO")**

**WESTERN ASSET GLOBAL HIGH INCOME FUND INC. ("EHI")**

**WESTERN ASSET GLOBAL PARTNERS INCOME FUND INC. ("GDF")**

**WESTERN ASSET HIGH INCOME FUND INC. ("HIF")**

**WESTERN ASSET HIGH INCOME FUND II INC. ("HIX")**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC. ("HIO")**

**WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC. ("HYI")**

**WESTERN ASSET INFLATION MANAGEMENT FUND INC. ("IMF")**

**WESTERN ASSET INTERMEDIATE MUNI FUND INC. ("SBI")**

**WESTERN ASSET INVESTMENT GRADE DEFINED OPPORTUNITY TRUST INC. ("IGI")**

**WESTERN ASSET MANAGED HIGH INCOME FUND INC. ("MHY")**

**WESTERN ASSET MANAGED MUNICIPALS FUND INC. ("MMU")**

**WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC. ("DMO")**

**WESTERN ASSET MUNICIPAL DEFINED OPPORTUNITY TRUST INC. ("MTT")**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC. ("MHF")**

**WESTERN ASSET MUNICIPAL PARTNERS FUND INC. ("MNP")**

**WESTERN ASSET VARIABLE RATE STRATEGIC FUND INC. ("GFY")**

**WESTERN ASSET WORLDWIDE INCOME FUND INC. ("SBW")**

A-6

---

[THIS PAGE INTENTIONALLY LEFT BLANK.]

---



**WESTERN ASSET MUNICIPAL PARTNERS FUND INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Robert I. Frenkel, William J. Renahan, Michael Kocur and Barbara Allen and each of them, attorneys and proxies for the undersigned, with full power of substitution and revocation to represent the undersigned and to vote on behalf of the undersigned all shares of Common Stock of Western Asset Municipal Partners Fund Inc. (the Fund ) which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Fund to be held at Legg Mason, 620 Eighth Avenue, 49<sup>th</sup> Floor, New York, New York on April 29, 2011, at 2:30 p.m., Eastern Daylight Time and at any adjournments thereof (the "Meeting"). The undersigned hereby acknowledges receipt of the Notice of Meeting and accompanying proxy statement and hereby instructs said attorneys and proxies to vote said shares of Common Stock as indicated hereon. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting. A majority of the proxies present and acting at the Meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxy previously given.

**This proxy, if properly executed, will be voted in the manner directed by the stockholder. If no direction is made, this proxy will be voted FOR the election of the nominees as director.**

Please refer to the proxy statement for a discussion of the Proposals.

**(Continued and to be signed on the reverse side)**

14475

---

**ANNUAL MEETING OF STOCKHOLDERS OF**

**WESTERN ASSET MUNICIPAL PARTNERS FUND INC.**

**April 29, 2011**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card  
are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=14644>

Please sign, date and mail  
your proxy card in the  
envelope provided as soon  
as possible.

Please detach along perforated line and mail in the envelope provided.

20200000000000001000 5

042911

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK  
AS SHOWN HERE x**

Any other business that may properly come before the Meeting.



Edgar Filing: WESTERN ASSET MUNICIPAL PARTNERS FUND INC. - Form DEF 14A

The Board of Directors recommends a vote "FOR" the following proposal:

1. Election of Class II Directors: to serve until the 2014 Annual Meeting of Stockholders.

FOR ALL NOMINEES

NOMINEES:

Daniel P. Cronin

Please Complete, Sign and Date hereon and Mail in Accompanying Postpaid Envelope.

WITHHOLD AUTHORITY

Paolo M. Cucchi

FOR ALL NOMINEES

FOR ALL EXCEPT

(See instructions below)

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Please check the box to the right if you will be attending the Meeting.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

**WESTERN ASSET MUNICIPAL PARTNERS FUND INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Robert I. Frenkel, William J. Renahan, Michael Kocur and Barbara Allen and each of them, attorneys and proxies for the undersigned, with full power of substitution and revocation to represent the undersigned and to vote on behalf of the undersigned all shares of Auction Rate Cumulative Preferred Stock of Western Asset Municipal Partners Fund Inc. (the Fund) which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Fund to be held at Legg Mason, 620 Eighth Avenue, 49<sup>th</sup> Floor, New York, New York on April 29, 2011, at 2:30 p.m., Eastern Daylight Time and at any adjournments thereof (the "Meeting"). The undersigned hereby acknowledges receipt of the Notice of Meeting and accompanying proxy statement and hereby instructs said attorneys and proxies to vote said shares of Auction Rate Cumulative Preferred Stock as indicated hereon. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting. A majority of the proxies present and acting at the Meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxy previously given.

**This proxy, if properly executed, will be voted in the manner directed by the stockholder. If no direction is made, this proxy will be voted FOR the election of the nominees as director.**

Please refer to the proxy statement for a discussion of the Proposals.

**(Continued and to be signed on the reverse side)**

14475

---

**ANNUAL MEETING OF STOCKHOLDERS OF**

**WESTERN ASSET MUNICIPAL PARTNERS FUND INC.**

**April 29, 2011**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card  
are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=14644>

Please sign, date and mail  
your proxy card in the  
envelope provided as soon  
as possible.

Please detach along perforated line and mail in the envelope provided.

20300000000000001000 4

042911

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK  
AS SHOWN HERE x**

Edgar Filing: WESTERN ASSET MUNICIPAL PARTNERS FUND INC. - Form DEF 14A

The Board of Directors recommends a vote "FOR" the following proposal:

1. Election of Class II Directors: to serve until the 2014 Annual Meeting of Stockholders.

Any other business that may properly come before the Meeting.

NOMINEES:

Please Complete, Sign and Date hereon and Mail in Accompanying Postpaid Envelope.

FOR ALL NOMINEES

Daniel P. Cronin

WITHHOLD AUTHORITY

R. Jay Gerken

Paolo M. Cucchi

FOR ALL NOMINEES

FOR ALL EXCEPT

(See instructions below)

**INSTRUCTIONS:**

To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

**Please check the box to the right if you will be attending the Meeting.**

Signature of Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.