

WESTERN ASSET LIQUIDITY FUNDS PLC

(A COMPANY WITH VARIABLE SHARE CAPITAL AND LIMITED LIABILITY)



ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2010

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General Information

The English language financial statements may be translated into other languages and such translations shall contain only the same information as the English language financial statements. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with the laws of Ireland.

Directors of the Company*:	John Alldis - Luxembourg Brian Collins - Ireland (Independent) Joseph Keane - Ireland (Independent) Joseph LaRocque - USA
Secretary:	Bradwell Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Ireland
Registered Office:	Riverside Two Sir John Rogerson's Quay Grand Canal Dock, Dublin 2 Ireland
Administrator and Transfer Agent^:	BNY Mellon Investment Servicing (International) Limited Riverside Two Sir John Rogerson's Quay Grand Canal Dock, Dublin 2 Ireland
Investment Manager:	Western Asset Management Company 385 East Colorado Boulevard Pasadena California 91101 USA
Sub-Investment Manager:	Western Asset Management Company Limited 10 Exchange Square Primrose Street London EC2A 2EN United Kingdom
Custodian^^:	BNY Mellon International Bank Limited Riverside Two Sir John Rogerson's Quay Grand Canal Dock, Dublin 2 Ireland
Irish Counsel:	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
Independent Auditors:	PricewaterhouseCoopers Chartered Accountants and Registered Auditors One Spencer Dock North Wall Quay Dublin 1 Ireland
Master Distributor:	Legg Mason Investor Services LLC 100 International Drive Baltimore Maryland 21202 USA

General Information - (continued)

Distributors:	Western Asset Management Company Limited 10 Exchange Square Primrose Street London EC2A 2EN United Kingdom	Legg Mason Investments (Europe) Limited 75 King William Street London EC4N 7BE United Kingdom
Shareholder Servicing Agent:	Western Asset Management Company Limited 10 Exchange Square Primrose Street London EC2A 2EN United Kingdom	
Greek Paying Agent:	CitiBank N.A. Global Corporate & Investment Bank (GCIB) 8, Othonos str 10557 Athens Greece	
German Paying Agent:	Marcard, Stein & Co AG Ballindamm 36 20095 Hamburg Germany	
Luxembourg Paying Agent:	Citibank International plc (Luxembourg Branch) 31, Z.A. Bourmicht L-8070 Bertrange Grand Duchy of Luxembourg	
Sponsoring Broker:	J&E Davy Davy House 49 Dawson Street Dublin 2 Ireland	

* Effective 11 September 2009, Joseph Keane was appointed as director of the Company.

^ Effective 1 July 2010, PNC Global Investment Servicing (Europe) Limited changed its name to BNY Mellon Investment Servicing (International) Limited.

^^ Effective 1 July 2010, PNC International Bank Limited changed its name to BNY Mellon International Bank Limited.

Distributor Status (relevant to U.K. Shareholders only)

It is intended that Western Asset Liquidity Funds plc (the "Company") will pursue a distribution policy so that certification as a distributing fund is obtained for each launched distributing share class of each of the funds of the Company (the "Funds") in respect of the twelve-month period ended 31 August 2010. There is no guarantee, however, that the certification will be obtained.

UK shareholders should be aware that HM Revenue and Customs enacted new UK Offshore Fund rules in 2009 that fundamentally changes the old Distributor Status regime. The Company will seek to comply with the requirements of the new reporting fund regime in order to ensure a comparable tax position for UK shareholders in the Funds and share classes previously benefitting from the certification as a distributing fund.

For the year ended 1 September 2008 to 31 August 2009 certification was obtained for each launched distributing share class of each of the Funds of the Company.

Investment Manager's Reports - for the year ended 31 August 2010

WESTERN ASSET US DOLLAR LIQUIDITY FUND

Market Review

Data in the first half of the reporting period remained supportive of an economic recovery. GDP¹ in the final quarter of 2009 grew at a robust 5.0% pace, followed by a 3.7% expansion rate in the first three months of 2010. The functioning of financial markets improved and the Fed² ended lending facilities initially created to provide liquidity in the aftermath of the credit crisis. Short-term yields declined modestly through the end of the calendar year as liquidity conditions improved. While the Fed continued to reiterate the need to keep interest rates low for an extended period, market participants were optimistic that as the recovery gained momentum that sometime in the near future the FOMC³ would begin to gradually remove some policy accommodation.

In early May, speculation regarding the financial health of various European nations caused turmoil in the debt markets. Liquidity conditions tightened, a flight to quality caused treasury yields to decline and short-term interbank rates rose sharply. European policy makers, along with the support of the Fed and other major central banks, announced a loan package to help with sovereign debt concerns and relief came gradually to the markets.

More recently, various economic reports were weaker than economists' estimates, particularly those surrounding the housing and labor markets, and led to higher concern over the potential for a double dip recession. The slowdown in the pace of the recovery reinforced the view that the Fed would maintain their current policy stance until well into 2011.

Portfolio Review

For much of the reporting period we maintained a long average maturity. Over the reporting period the U.S. economic recovery remained modest and the exceptionally low interest rate environment helped to make conditions challenging. We looked to preserve a high degree of liquidity and maintained a large portion of the fund in government agencies. Increased volatility and fragile financial conditions, at times, put pressure on funding costs and liquidity conditions. In response, we remained selective in our exposure to particular countries and various credits.

Over the period, the gross performance of the Western Asset US Dollar Liquidity Fund was 0.39% versus 0.10% for the benchmark.

WESTERN ASSET STERLING LIQUIDITY FUND[^]

Market Review

The UK economy improved and came out of Recession in the fourth quarter 2009. After a contraction of 0.3% in the third quarter 2009, the output grew by 0.4% in Q4 2009, 0.3% in Q1 2010 and 1.2% in Q2 2010. Unemployment (as provided by the International Labour Organisation (ILO)) declined from 7.90% in August 2009 to 7.80% in July 2010, after reaching a peak of 8% in March 2010. Consumer confidence rose from -25 in August 2009 to -18 in August 2010. Property prices have recovered some of their fall over the period, Nationwide Building Society reported that prices increased from a contraction of -2.7% year on year in August 2009 to a rise of 3.9% in August 2010. Nevertheless, the RICS⁴ survey indicates that prices will fall again. The RICS survey balance, which is a portion of surveyors reporting a rise in price minus those reporting a fall, fell from +10 to -32 during the period. PMI⁵ manufacturing rose from 49.7 in August 2009 to 54.3 in August 2010 after topping at 58 in May 2010. A level above 50 means that the economy will expand while a level below 50 indicates that the economy will contract. But PMI services fell from 55.3 in August 2009 to 51.3 in August 2010, which indicates that the economy will grow at a moderate pace, below trend.

Headline inflation rose from 1.6% year on year in August 2009 to 3.1% year on year in August 2010. UK inflation target is 2% with 1% band tolerance each side. Inflation has been above target, i.e. above 3%, since March 2010. Core inflation has also increased from 1.8% in August 2009 to 2.8% in August 2010.

The BOE (Bank of England) kept the base rate at 0.5% over the period. The BOE has also decided to increase its asset purchase program (quantitative easing) from £175 billion to £200 billion.

The slope of the money market yield curve steepened by 19 basis points (bps) to 89 bps. One-month LIBOR rose by 4 bps to 0.57%, three-month LIBOR rose by 4 bps to 0.73% and twelve month rose by 23 bps at 1.46%. Two-year gilt yield fell by 22 bps to 0.65%.

The three-month LIBOR/OIS spread tightened by 12 bps to 24 bps. Two-year swap spread tightened by 50 bps to 58 bps. The iTraxx Euro Senior Financial 5-year Index rose 54 bps to 140 bps, with a high of 193 on 8 June 2010.

Portfolio Review

We continue to run a large cash balance on deposits and repos to be able to withstand large redemptions. We also continue to invest in sterling denominated European Commercial Paper (ECP), Sterling Certificates of Deposit at either a fixed rate or indexed on Sonia (Sterling Over Night Interbank Average Rate).

Over the period, the gross performance of the Western Asset Sterling Liquidity Fund[^] was 0.58% versus 0.47% for the benchmark.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Investment Manager's Reports - for the year ended 31 August 2010 - (continued)

WESTERN ASSET EURO LIQUIDITY FUND[^]

and

WESTERN ASSET EURO GOVERNMENT LIQUIDITY FUND[^]**Market Review**

The European economy improved and came out of recession during the period. The economy expanded at 1.9% year on year in the second quarter 2010 while it contracted by 4.9% year on year in the second quarter 2009. Government spending and exports were the main drivers of the recovery.

PMI composite rose from 50.4 in August 2009 to 56.2 in August 2010. A level above 50 means that the economy will expand while a level below 50 indicates that the economy will contract. The PMI survey indicates that the European economy will expand at a moderate pace, below trend level.

Inflation rose during the period mainly due to base effect. The European Consumer Price Index (CPI) rose from -0.2% year on year in August 2009 to +1.6% year on year in August 2010. Nevertheless, core CPI fell from 1.3% year on year to 1% year on year over the period.

The uncertainty between peripheral versus core eurozone markets have been the focus since December 2009, which started with the market questioning Greece's financial situation. An initial explosion in spreads corrected on the back of the eurozone-wide bailout package announcement in May 2010, which included up to €750 billion in loans: €440 billion from a new lending facility yet to be established by the European Commission (EC), an additional €250 billion from the International Monetary Fund, and a final €60 billion from an existing EC lending facility. The package is intended to address sovereign funding concerns, to backstop private sector borrowing and to deter a speculative attack on any particular country. Other measures include increased liquidity provision from the ECB (European Central Bank) and the reestablishment of the US dollar swap lines with the Federal Reserve. The ECB can now buy sovereign debt directly in the secondary markets (not the primary market) via the Securities Markets Program. These operations will also be sterilized, so can neither be classified as an expansion of the money supply nor technically as quantitative easing.

The sovereign crisis also pushed the ECB to pause its exit strategy and continued to provide ample liquidity in the euro-zone by giving banks full allotment on weekly, monthly and quarterly refinancing operation. Nevertheless, demand for central bank money has decreased since the maturity of the first one year refinancing operation (7 January 2010), which has started to push Eonia higher. At the end of the period, excess of liquidity stood at EUR 84 billion.

During the period, the ECB kept the REFI⁶ rate unchanged at 1%.

The slope of the money market yield curve flattened by 4 basis points (bps) to 79 bps. One-month Euribor rose by 14 bps to 0.62%, three-month Euribor rose by 7 bps to 0.89% and 12-month rose by 11 bps to 1.41%. Two-year German government yield fell 65 bps to 0.59%.

The three-month Euribor/OIS spread tightened 3 bps to 39 bps. Two-year swap spread widened by 14 bps to 64 bps. The iTraxx Euro Senior Financial 5-year Index rose 54 bps to 140 bps, with a high of 193 on 8 June 2010.

Portfolio Review

We continue to run a large cash balance on deposits and repos to be able to withstand large redemptions. We also continue to invest in ECP, European Certificates of Deposit at either a fixed rate or indexed on Eonia (Euro Over Night Index Average).

Over the period, the gross performance of the Western Asset Euro Liquidity Fund[^] was 0.65% versus 0.37% for the benchmark.

Over the period, the gross performance of the Western Asset Euro Government Liquidity Fund[^] was 0.37% versus 0.18% for the benchmark.

Western Asset Management Company

24 September 2010

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Investment Manager's Reports - for the year ended 31 August 2010 - (continued)

The information provided in these reports by the Investment Manager represents opinions that are based on present conditions and is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole. The Investment Manager may from time to time elect to decrease or increase the total annual expenses of any class of Shares by waiving or increasing the investment management fee payable to it by the Company. The level of such waivers will vary from time to time and vary between Funds. The utilisation of fee waivers is designed to ensure that the Funds' returns, net of fees, remain competitive compared to benchmarks and similar funds available to investors in the marketplace. Portfolio holdings and breakdowns are as of 31 August 2010 and are subject to change. Please refer to pages 11 through 15 for a list and percentage breakdown of each Fund's holdings.

- 1 Gross Domestic Product (GDP) is a market value of goods and services produced by labour and property in a given country.
- 2 The U.S. Federal Reserve Board (Fed) is responsible for the formulation of a policy designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- 3 The Committee, FOMC, is the branch of the Federal Reserve Board that determines the direction of the monetary policy.
- 4 Royal Institute of Chartered Surveyors.
- 5 The Purchasing Manager's Index is an indicator of the economic health of the manufacturing sector.
- 6 Refi rate is the rate at which the main refinancing operations are done. The main refinancing operations are defined as regular liquidity-providing reverse transactions with a weekly frequency and a maturity of normally one week.

Please note that investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency in any other country. Although a money market fund seeks to preserve the value of your investment at \$1.00/£1.00/€1.00 per share, it is possible to lose money by investing in such a fund.

The views expressed in this commentary reflect those of Western Asset Management Company as of 24 September 2010, may differ from those of other portfolio managers or the firm as a whole and are subject to change at any time. These views are not intended to be a forecast of future events, a guarantee of future results or investment advice. Offshore fund units may not be sold to citizens or residents of any other jurisdiction where it could be unlawful to offer, solicit or sell the units.

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 31 August 2010 of Western Asset Liquidity Funds plc (the "Company").

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Company's financial statements, in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with generally accepted accounting practices in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the results for the year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009 (the "Companies Acts") and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended. They are also responsible for safeguarding the assets of the Company. In this regard they have entrusted the assets of the Company to a Custodian, BNY Mellon International Bank Limited (formerly named "PNC International Bank Limited"), for safekeeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts.

Keeping of Proper Books of Account

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act 1990 with regard to books of account by engaging the services of an Administrator, BNY Mellon Investment Servicing (International) Limited (formerly named "PNC Global Investment Servicing (Europe) Limited"), employing personnel with appropriate expertise and adequate resources to provide the Company's finance function. The books of account of the Company are maintained at the offices of the Administrator at Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland.

Principle Activities and Review of the Business

The Company manages the Funds to achieve the stated objectives of maintaining capital value while seeking to produce a money market return to the investors on the Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^]. The performance review is included in the Investment Manager's Reports on pages 4 to 6.

Significant Events

Details of significant events during the year are disclosed in Note 18 to the financial statements.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Directors' Report - (continued)

Results for the year

The Balance Sheet as at 31 August 2010 is on page 16. The results for the year ended 31 August 2010 are set out in the Profit and Loss Account on page 18.

As at 31 August 2010 Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^] and Western Asset Euro Liquidity Fund[^] had issued shares in Class P. Effective 8 October 2010, all Class P shares had been fully redeemed. The share class remains open and the Directors may issue shares of this class (as they may for other classes) on such terms as from time to time they determine.

Class D and Class S will declare a dividend of all or substantially all of the net income and realised gains attributable and will continue to be declared daily and distributed monthly as set out in the Prospectus.

Class C and Class P shares carry no right to any dividend. The net investment income and realised gains attributable to Class C and Class P shares shall be retained by such classes within the relevant Fund.

Total dividend distributions to holders of shares (the "Redeemable Participating Shares") for the year ended 31 August 2010 amounted to \$14,831,337 (2009: \$116,714,437).

Future Developments

The Company will continue its policy of investing in high quality US Dollar, Euro and Sterling money market securities in the Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and the Western Asset Euro Government Liquidity Fund[^] in order to manage the Funds to achieve or to seek to attain their investment objective of maintaining capital value while seeking to produce a money market return to the investor.

Directors and their Interests

None of the Directors had a beneficial interest in the shares of the Company at 31 August 2010 or at 31 August 2009. In accordance with the Articles of Association the Directors are not required to retire by rotation.

Fair Value Directive

It is the opinion of the Board of Directors that the information required by the European Communities (Fair Value Accounting) Regulations 2004 in relation to the use by the Company of financial instruments and the financial risk management objectives and policies of the Company and the exposures of the Company to market risk, currency risk, interest rate risk, liquidity risk and credit risks are outlined in Notes 15 and 16 to these financial statements.

Subsequent Events

Details of changes subsequent to the balance sheet date are disclosed in Note 19 to the financial statements.

Independent Auditors

The independent auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with section 160(2) of the Companies Act 1963.

On behalf of the Board

Director

16 November 2010

Director

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Custodian's Report for the year ended 31 August 2010

Report of the Custodian to the Shareholders

We have enquired into the conduct of the Western Asset Liquidity Funds plc (the "Company") for the year ended 31 August 2010, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank of Ireland's UCITS Notice 4, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank of Ireland's UCITS 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period, in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended, ("the Regulations"); and
- (ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

BNY Mellon International Bank Limited

16 November 2010

Independent Auditors' Report to the Shareholders of Western Asset Liquidity Funds plc (the "Company")

We have audited Western Asset Liquidity Funds plc financial statements for the year ended 31 August 2010 which comprise the Balance Sheet, the Profit and Loss Account, the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders, the Portfolio of Investments and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts 1963 to 2009 (the "Companies Acts") and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account; and
- whether the Directors' report is consistent with the financial statements.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and where practicable, include such information in our report.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs at 31 August 2010 and of its results for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2009 (the "Companies Acts") and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company's financial statements are in agreement with the books of account. In our opinion the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Dublin

15 December 2010

Portfolio of Investments as at 31 August 2010

WESTERN ASSET US DOLLAR LIQUIDITY FUND

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation \$	% of Net Assets
BANK NOTES					
90,000,000	Bank of America	0.530	7-Sep-10	\$90,000,000	2.11%
				90,000,000	2.11
CERTIFICATES OF DEPOSIT					
40,000,000	*** Abbey National Treasury Services PLC	0.335	9-Dec-10	40,000,000	0.94
40,000,000	Banco Santander NY	0.650	4-Oct-10	40,000,000	0.94
40,000,000	Bank of Montreal Chicago	0.340	8-Sep-10	40,000,000	0.94
45,000,000	Bank of Montreal Chicago	0.350	23-Sep-10	45,000,000	1.06
35,000,000	Bank of Tokyo Mitsubishi NY	0.550	24-Sep-10	35,000,000	0.82
50,000,000	Bank of Tokyo Mitsubishi NY	0.550	28-Jan-11	50,000,000	1.17
30,000,000	*** Barclays Bank NY	0.590	11-Jan-11	30,000,000	0.71
40,000,000	BNP Paribas NY	0.430	25-Feb-11	40,000,000	0.94
25,000,000	BNP Paribas NY	0.610	16-May-11	25,000,000	0.59
35,000,000	*** BNP Paribas NY	0.538	22-Jun-11	35,000,000	0.82
35,000,000	*** Canadian Imperial Bank of Commerce NY	0.512	1-Jul-11	35,000,000	0.82
20,000,000	Citibank N.A.	0.510	22-Sep-10	20,000,000	0.47
15,000,000	Citibank N.A.	0.710	22-Dec-10	15,000,000	0.35
75,000,000	Credit Agricole NY	0.640	3-Feb-11	75,000,000	1.76
50,000,000	Credit Suisse NY	0.500	5-Nov-10	50,000,000	1.17
30,000,000	*** Credit Suisse NY	0.320	5-Jan-11	30,000,000	0.71
10,000,000	Deutsche Bank AG NY	0.520	7-Sep-10	10,000,000	0.23
50,000,000	Deutsche Bank AG NY	0.400	18-Feb-11	50,000,000	1.17
40,000,000	*** Deutsche Bank AG NY	0.508	24-Aug-11	40,000,000	0.94
50,000,000	*** DnB NOR Bank ASA NY	0.587	10-Sep-10	50,000,000	1.17
50,000,000	ING Bank NV	0.700	18-Jan-11	50,000,962	1.18
40,000,000	ING Bank NV	0.650	2-Feb-11	40,001,705	0.95
50,000,000	Lloyds TSB Bank PLC	0.530	18-Oct-10	50,000,000	1.17
25,000,000	Lloyds TSB Bank PLC	0.510	22-Oct-10	25,000,000	0.59
50,000,000	Nordea Bank Finland PLC	0.500	10-Dec-10	50,004,159	1.18
35,000,000	Nordea Bank Finland PLC	0.600	7-Jan-11	35,000,000	0.82
40,000,000	Rabobank Nederland NV NY	0.300	10-Sep-10	40,000,000	0.94
45,000,000	Royal Bank of Scotland Chicago	0.750	28-Jan-11	45,000,000	1.06
30,000,000	*** Royal Bank of Scotland PLC	0.511	10-Aug-11	30,000,000	0.70
15,000,000	*** Royal Bank of Scotland PLC	0.439	23-Aug-11	15,000,000	0.35
35,000,000	Skandinaviska Enskilda Banken AB NY	0.620	22-Nov-10	35,000,790	0.83
50,000,000	*** Societe Generale NY	1.335	5-May-11	50,000,000	1.17
50,000,000	State Street Bank & Trust	0.700	12-Jan-11	50,000,000	1.17
35,000,000	Sumitomo Mitsui Banking Corp. NY	0.400	20-Oct-10	35,000,000	0.82
45,000,000	UBS AG Stamford	0.780	21-Jan-11	45,000,000	1.06
45,000,000	*** UBS AG Stamford	0.625	25-Apr-11	45,000,000	1.06
10,000,000	UBS AG Stamford	0.650	11-May-11	10,000,000	0.23
				1,405,007,616	33.00
COMMERCIAL PAPER					
15,000,000	*** ANZ National International	0.425	3-Dec-10	15,000,000	0.35
40,000,000	** ASB Finance Ltd.	0.427	30-Sep-10	39,986,467	0.94
10,000,000	*** ASB Finance Ltd.	0.445	7-Apr-11	10,000,000	0.23
20,000,000	*** ASB Finance Ltd.	0.494	12-Aug-11	20,001,801	0.47
50,000,000	*** Australia & New Zealand Banking Group Ltd.	0.527	16-Dec-10	49,998,828	1.18
24,703,000	** Automatic Data Processing, Inc.	0.213	1-Sep-10	24,703,000	0.58
70,000,000	** Automatic Data Processing, Inc.	0.213	1-Sep-10	70,000,000	1.64
75,000,000	** Banco Bilbao Vizcaya Argentaria S.A.	0.507	7-Sep-10	74,993,750	1.76
25,000,000	** Banco Bilbao Vizcaya Argentaria S.A.	0.691	5-Nov-10	24,969,306	0.59
50,000,000	** Bank of America Corp.	0.203	1-Sep-10	50,000,000	1.18
100,000,000	** Bank of NOVA Scotia	0.203	1-Sep-10	100,000,000	2.35
50,000,000	** Barclays U.S. Funding LLC	0.508	15-Oct-10	49,969,444	1.17
30,000,000	*** BNZ International Funding Ltd.	0.376	12-Jan-11	30,000,000	0.70
40,000,000	** BNZ International Funding Ltd.	0.501	3-Feb-11	39,913,889	0.94
100,000,000	** Commerzbank U.S. Finance, Inc.	0.426	9-Nov-10	99,919,500	2.35
30,000,000	*** Commonwealth Bank of Australia	0.438	4-Aug-11	30,000,000	0.70
75,000,000	** Danske Corp.	0.610	30-Dec-10	74,850,000	1.76
60,000,000	** Dexia Delaware LLC	0.385	3-Sep-10	59,998,733	1.41
40,000,000	*** DnB NOR Bank ASA NY	0.380	29-Aug-11	40,000,000	0.94
50,000,000	** General Electric Capital Corp.	0.203	1-Sep-10	50,000,000	1.18
35,000,000	** General Electric Capital Corp.	0.508	21-Jan-11	34,930,972	0.82
30,000,000	** General Electric Capital Corp.	0.437	4-Mar-11	29,934,067	0.70
35,000,000	** Hewlett-Packard Co.	0.203	1-Sep-10	35,000,000	0.82
50,000,000	** Intesa Funding LLC	0.467	1-Nov-10	49,961,028	1.17
40,000,000	** Natixis U.S. Finance Co.	0.742	13-Dec-10	39,916,456	0.94
35,000,000	** Natixis U.S. Finance Co.	0.605	18-Feb-11	34,901,660	0.82
35,000,000	** Novartis Finance Corp.	0.488	2-May-11	34,886,600	0.82
50,000,000	** Rabobank USA Financial Corp.	0.610	6-Jan-11	49,894,167	1.17
50,000,000	** Shell International Finance BV	0.552	5-Apr-11	49,835,000	1.17
55,000,000	** Skandinav Enskilda Banken SER Global	0.551	1-Dec-10	54,923,535	1.29
90,000,000	** Societe de Prise de Participation	0.526	9-Sep-10	89,989,500	2.11
25,000,000	** Societe Generale North America, Inc.	0.243	1-Sep-10	25,000,000	0.59
50,000,000	** Societe Generale North America, Inc.	0.513	4-Feb-11	49,890,583	1.17
50,000,000	** State Street Corp.	0.457	4-Feb-11	49,902,500	1.17
50,000,000	** Sumitomo Mitsui Banking Corp.	0.503	15-Oct-10	49,969,750	1.17
55,000,000	** Swedbank	0.700	21-Sep-10	54,978,611	1.29
40,000,000	** Swedbank	0.452	22-Nov-10	39,959,455	0.94
114,000,000	** Total Capital	0.203	1-Sep-10	114,000,000	2.68
50,000,000	** Unilever Capital Corp.	0.193	1-Sep-10	50,000,000	1.18
				1,892,178,602	44.44

See Notes to Financial Statements.

Portfolio of Investments as at 31 August 2010 - (continued)

WESTERN ASSET US DOLLAR LIQUIDITY FUND - (continued)

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation \$	% of Net Assets
U.S. GOVERNMENT AGENCY					
30,000,000	*** Federal Farm Credit Bank Agency Bond	0.515	23-Dec-10	\$30,000,000	0.70%
50,000,000	*** FHLB	0.196	12-Aug-11	49,937,823	1.17
50,000,000	*** FHLMC Corp.	0.508	24-Sep-10	49,999,057	1.18
50,000,000	*** FHLMC Corp.	0.190	25-Jan-12	49,936,359	1.17
50,000,000	*** FNMA	0.227	19-Sep-11	49,979,071	1.18
				229,852,310	5.40
VARIABLE RATE NOTES					
25,518,000	*** JPMorgan Chase & Co.	0.695	17-Jan-11	25,543,359	0.59
25,000,000	*** National Australia Bank Ltd. Series 144A	0.362	19-Aug-11	25,000,000	0.59
45,000,000	*** New York Life Global Funding Series 144A	0.312	1-Apr-11	45,000,000	1.06
				95,543,359	2.24
TOTAL TRANSFERABLE SECURITIES				3,712,581,887	87.19
TIME DEPOSITS†					
100,000,000	Citibank N.A.	0.230	1-Sep-10	100,000,000	2.35
40,000,000	Commerzbank AG Grand Cayman	0.230	1-Sep-10	40,000,000	0.94
50,000,000	Credit Agricole S.A.	0.230	1-Sep-10	50,000,000	1.17
40,000,000	Dexia Credit Local Grand Cayman	0.250	1-Sep-10	40,000,000	0.94
50,000,000	Lloyds TSB Bank PLC	0.220	1-Sep-10	50,000,000	1.17
100,000,000	National Bank of Canada Montreal	0.200	1-Sep-10	100,000,000	2.35
65,000,000	Natixis U.S. Finance Co.	0.250	1-Sep-10	65,000,000	1.53
100,000,000	Royal Bank of Canada	0.210	1-Sep-10	100,000,000	2.35
				545,000,000	12.80
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				4,257,581,887	99.99
Other Assets in Excess of Liabilities				423,507	0.01
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES				4,258,005,394	100.00%
* All securities, except deposits with credit institutions, are transferable securities dealt in on a regulated market.					
** Rate reflects yield to maturity as at 31 August 2010.					
*** Reflects variable rate security as at 31 August 2010.					
† Deposits with credit institutions.					
ANALYSIS OF TOTAL ASSETS					% of Total Assets
Transferable securities dealt in on a regulated market					87.17%
Deposits with credit institutions					12.80
Other assets					0.03
TOTAL ASSETS					100.00%

Portfolio of Investments as at 31 August 2010 - (continued)

WESTERN ASSET STERLING LIQUIDITY FUND[^]

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation £	% of Net Assets
CERTIFICATES OF DEPOSIT					
8,500,000	Bank of Tokyo Mitsubishi	0.575	30-Sep-10	£8,496,121	3.06%
8,500,000	BNP Paribas	0.970	14-Feb-11	8,500,000	3.06
8,500,000	Credit Agricole S.A.	0.900	20-Dec-10	8,500,000	3.06
8,500,000	Danske Bank A/S	0.650	11-Nov-10	8,500,000	3.06
9,500,000	Natixis	0.660	26-Oct-10	9,490,562	3.42
9,500,000	Societe Generale	0.800	28-Feb-11	9,462,673	3.41
				52,949,356	19.07
COMMERCIAL PAPER					
8,000,000	** Abbey National Treasury Services PLC	0.680	27-Sep-10	7,996,074	2.88
10,700,000	** ABN Amro Bank NV	0.802	29-Sep-10	10,693,323	3.85
10,000,000	** Bank Austria AG	0.699	22-Sep-10	9,995,921	3.60
12,000,000	** Bank of Western Australia	0.670	9-Nov-10	11,984,598	4.32
10,700,000	** Banque Federative du Credit Mutuel	0.846	8-Oct-10	10,690,692	3.85
8,500,000	** Barclays Bank PLC	0.932	15-Nov-10	8,483,487	3.05
8,500,000	** Erste Bank der Oest Sparkassen	0.635	29-Sep-10	8,495,799	3.06
7,900,000	** General Electric Capital Corp.	0.845	20-Dec-10	7,879,604	2.84
8,500,000	** ING Bank NV	0.611	27-Sep-10	8,496,250	3.06
8,500,000	** Lloyds TSB Bank PLC	0.689	26-Oct-10	8,491,050	3.06
12,000,000	** Nationwide Building Society	0.650	19-Nov-10	11,982,885	4.32
8,500,000	** Pohjola Bank PLC	0.635	29-Sep-10	8,495,799	3.06
8,500,000	** Rabobank Nederland	0.561	7-Sep-10	8,499,205	3.06
8,500,000	** Royal Bank of Scotland PLC	0.893	15-Nov-10	8,484,179	3.06
7,600,000	** Skandinaviska Enskilda Banken AB	0.591	24-Sep-10	7,597,130	2.74
				138,265,996	49.81
VARIABLE RATE NOTES					
2,900,000	*** ANZ National Int'l Ltd.	0.781	13-Dec-11	2,893,864	1.04
551,660	*** Arran Residential Mortgages Funding PLC	0.770	16-Sep-36	551,552	0.19
5,000,000	*** Barclays Bank PLC	1.284	2-Dec-11	5,012,648	1.81
2,900,000	*** Credit Agricole S.A.	0.795	2-Feb-11	2,898,968	1.04
3,072,124	*** Driver UK One Ltd.	1.268	20-Mar-17	3,072,124	1.11
3,000,000	*** HSBC Bank PLC	0.871	25-Aug-11	3,000,000	1.08
10,000,000	*** Kreditanstalt fuer Wiederaufbau	0.950	16-Feb-11	10,000,000	3.60
5,000,000	*** Lloyds TSB Bank PLC	0.976	27-Nov-11	5,010,100	1.81
4,500,000	*** Societe Financement de l'Economie Francaise	0.785	16-Jul-12	4,500,000	1.62
				36,939,256	13.30
TOTAL TRANSFERABLE SECURITIES				228,154,608	82.18
TIME DEPOSITS†					
5,602,614	Credit Agricole S.A.	0.470	1-Sep-10	5,602,614	2.02
13,710,335	Dexia Bank S.A.	0.500	1-Sep-10	13,710,335	4.94
				19,312,949	6.96
REPURCHASE AGREEMENTS#					
30,000,000	UBS AG Warburg Repurchase Agreement 0.45% to be repurchased at £30,000,370 (collateralised by UK Treasury Bond, 8.00% due 7-June-2021, market value £30,167,998)		1-Sep-10	30,000,000	10.81
14,000,000	UBS AG Warburg Repurchase Agreement 0.45% to be repurchased at £14,000,173 (collateralised by UK Treasury Bond, 8.00% due 7-June-2021, market value £13,999,996)		2-Sep-10	14,000,000	5.04
				44,000,000	15.85
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				291,467,557	104.99
Liabilities in Excess of Other Assets				(13,863,953)	(4.99)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES				277,603,604	100.00%

* All securities, except deposits with credit institutions and repurchase agreements, are transferable securities dealt in on a regulated market.

** Rate reflects yield to maturity as at 31 August 2010.

*** Reflects variable rate security as at 31 August 2010.

† Deposits with credit institutions.

Money market instruments.

ANALYSIS OF TOTAL ASSETS

Transferable securities dealt in on a regulated market

Money market instruments

Deposits with credit institutions

Other assets

TOTAL ASSETS

% of

Total Assets

78.20%

15.08

6.62

0.10

100.00%

[^] Not authorised in Hong Kong and not available to Hong Kong residents.
See Notes to Financial Statements.

WESTERN ASSET LIQUIDITY FUNDS PLC

Portfolio of Investments as at 31 August 2010 - (continued)

WESTERN ASSET EURO LIQUIDITY FUND[^]

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation €	% of Net Assets
CERTIFICATES OF DEPOSIT					
30,000,000	Bank of Tokyo Mitsubishi	0.470	21-Sep-10	€29,992,174	3.16%
10,000,000	Banque Federative du Credit Mutuel	0.570	8-Sep-10	9,998,893	1.05
30,000,000	*** Banque Federative du Credit Mutuel	0.696	22-Feb-11	30,000,000	3.15
28,000,000	*** BNP Paribas	0.700	31-Jan-11	28,000,000	2.94
10,000,000	Credit Agricole S.A.	0.530	8-Sep-10	9,998,970	1.06
20,000,000	*** Credit Agricole S.A.	0.592	19-Oct-10	20,000,000	2.10
10,900,000	Credit Foncier de France	0.570	1-Sep-10	10,900,000	1.15
10,000,000	Credit Foncier de France	0.690	28-Sep-10	9,994,833	1.05
28,000,000	*** Lloyds TSB Bank PLC	0.928	18-Feb-11	28,000,000	2.94
10,000,000	Natixis U.S. Finance Co.	0.810	12-Oct-10	9,990,794	1.05
30,000,000	Royal Bank of Scotland PLC	1.050	21-Feb-11	29,849,442	3.14
20,000,000	*** Societe Generale	0.530	12-Oct-10	20,000,000	2.10
				236,725,106	24.89
COMMERCIAL PAPER					
10,000,000	** Abbey National Treasury Services PLC	0.549	27-Sep-10	9,996,032	1.05
21,800,000	** Abbey National Treasury Services PLC	0.608	1-Oct-10	21,789,117	2.29
9,500,000	** ABN Amro Bank NV	0.774	30-Sep-10	9,494,080	1.00
30,000,000	** ABN Amro Bank NV	1.109	21-Feb-11	29,840,175	3.14
10,000,000	** Bank Austria AG	0.549	9-Sep-10	9,998,779	1.05
31,000,000	** Bank Austria AG	0.649	29-Oct-10	30,967,571	3.26
21,800,000	** Erste Bank der Oest Sparkassen	0.608	1-Oct-10	21,789,116	2.29
35,000,000	** General Electric Capital Corp.	0.590	7-Oct-10	34,979,381	3.68
33,000,000	** Nationwide Building Society	0.649	19-Nov-10	32,953,006	3.46
35,000,000	** NRW Bank	0.420	9-Sep-10	34,996,736	3.68
35,000,000	** Pohjola Bank PLC	0.649	19-Nov-10	34,950,159	3.68
10,000,000	** Royal Bank of Scotland	0.450	8-Sep-10	9,999,126	1.05
31,000,000	** Skandinaviska Enskilda Banken AB	0.540	29-Oct-10	30,973,054	3.26
10,000,000	** Societe Generale	0.549	9-Sep-10	9,998,779	1.05
39,500,000	** UBS AG	0.455	30-Sep-10	39,485,538	4.15
				362,210,649	38.09
FIXED/VARIABLE RATE NOTES					
1,404,690	*** Arran Residential Mortgages Funding PLC	0.760	16-Sep-36	1,404,690	0.15
8,000,000	Bank of Scotland PLC	4.500	10-Sep-10	8,006,022	0.84
10,700,000	*** Barclays Bank PLC	2.284	25-Oct-10	10,721,050	1.13
10,000,000	*** Credit Foncier de France	0.765	11-Dec-11	10,000,000	1.05
10,309,672	*** Driver One GmbH	1.218	21-Feb-14	10,309,672	1.08
30,000,000	*** European Investment Bank	0.811	6-Sep-10	30,000,000	3.15
3,796,088	*** Fondo de Titulizacion de Activos Santander Auto	0.950	25-Nov-21	3,792,012	0.40
11,000,000	*** Societe Financement de l'Economie Francaise	0.890	16-Jul-12	11,000,000	1.16
12,000,000	*** Spain Government Bond	0.793	29-Oct-12	11,987,089	1.27
41,000,000	*** The Toronto-Dominion Bank	1.513	10-Sep-10	41,000,000	4.31
7,500,000	*** Westpac Banking Corp.	0.817	27-Jun-11	7,501,239	0.79
				145,721,774	15.33
TOTAL TRANSFERABLE SECURITIES				744,657,529	78.31
TIME DEPOSITS†					
47,000,000	Commerzbank AG	0.250	1-Sep-10	47,000,000	4.94
47,600,231	Credit Agricole S.A.	0.250	1-Sep-10	47,600,231	5.01
46,828,154	Dexia Bank S.A.	0.330	1-Sep-10	46,828,154	4.92
46,703,165	ING Bank NV	0.230	1-Sep-10	46,703,165	4.91
17,400,000	UBS AG	0.200	1-Sep-10	17,400,000	1.83
				205,531,550	21.61
REPURCHASE AGREEMENTS#					
95,000,000	UBS AG Warburg Repurchase Agreement 0.28% to be repurchased at €95,000,739 (collateralised by Netherlands Government Bond, 4.00% due 15-Jan-2010, market value €94,999,663)		2-Sep-10	95,000,000	9.99
				95,000,000	9.99
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				1,045,189,079	109.91
Liabilities in Excess of Other Assets				(94,202,101)	(9.91)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES				950,986,978	100.00%
* All securities, except deposits with credit institutions and repurchase agreements, are transferable securities dealt in on a regulated market.					
** Rate reflects yield to maturity as at 31 August 2010.					
*** Reflects variable rate security as at 31 August 2010.					
† Deposits with credit institutions.					
# Money market instruments.					
ANALYSIS OF TOTAL ASSETS					
Transferable securities dealt in on a regulated market					71.17%
Deposits with credit institutions					19.64
Money market instruments					9.08
Other assets					0.11
TOTAL ASSETS					100.00%

[^] Not authorised in Hong Kong and not available to Hong Kong residents.
See Notes to Financial Statements.

Portfolio of Investments as at 31 August 2010 - (continued)

WESTERN ASSET EURO GOVERNMENT LIQUIDITY FUND[^]

Nominal	Issuer*	Coupon Rate/Yield %	Due On	Valuation €	% of Net Assets
COMMERCIAL PAPER					
5,000,000	** Danske Bank A/S	0.284	30-Sep-10	€4,998,873	8.55%
7,000,000	** Nykredit Bank A/S	0.380	9-Sep-10	6,999,410	11.97
				11,998,283	20.52
GOVERNMENT GUARANTEED SECURITY					
2,150,000	Danske Bank A/S	2.500	21-Sep-10	2,152,365	3.68
				2,152,365	3.68
TREASURY BILLS/CERTIFICATES					
100,000	Dutch Treasury Bill	0.160	30-Sep-10	99,987	0.17
100,000	Dutch Treasury Bill	0.220	29-Oct-10	99,965	0.17
16,000,000	Dutch Treasury Bill	0.430	29-Oct-10	15,988,928	27.35
100,000	Dutch Treasury Bill	0.260	31-Dec-10	99,913	0.17
5,000,000	French Discount Treasury Bill	0.445	28-Oct-10	4,996,481	8.55
1,700,000	French Treasury Bill	0.315	30-Sep-10	1,699,569	2.91
10,700,000	French Treasury Bill	0.320	30-Sep-10	10,697,244	18.30
				33,682,087	57.62
TOTAL TRANSFERABLE SECURITIES					
				47,832,735	81.82
TIME DEPOSITS[†]					
2,900,681	Dexia Bank S.A.	0.330	1-Sep-10	2,900,681	4.96
2,100,000	ING Bank NV	0.240	1-Sep-10	2,100,000	3.59
				5,000,681	8.55
REPURCHASE AGREEMENTS[#]					
5,500,000	UBS AG Warburg Repurchase Agreement 0.27% to be repurchased at €5,500,041 (collateralised by Netherlands Government Bond, 4.00% due 15-Jan-2011, market value €5,499,975)		1-Sep-10	5,500,000	9.41
5,500,000	UBS AG Warburg Repurchase Agreement 0.28% to be repurchased at €5,500,043 (collateralised by Netherlands Government Bond, 4.00% due 15-Jan-2011, market value €5,499,975)		2-Sep-10	5,500,000	9.41
				11,000,000	18.82
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				63,833,416	109.19
Liabilities in Excess of Other Assets				(5,373,055)	(9.19)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES				58,460,361	100.00%

* All securities, except deposits with credit institutions and repurchase agreements, are transferable securities dealt in on a regulated market.

** Rate reflects yield to maturity as at 31 August 2010.

† Deposits with credit institutions.

Money market instruments.

ANALYSIS OF TOTAL ASSETS

Transferable securities dealt in on a regulated market

Money market instruments

Deposits with credit institutions

Other assets

TOTAL ASSETS

	% of Total Assets
Transferable securities dealt in on a regulated market	74.74%
Money market instruments	17.19
Deposits with credit institutions	7.81
Other assets	0.26
TOTAL ASSETS	100.00%

[^] Not authorised in Hong Kong and not available to Hong Kong residents.
See Notes to Financial Statements.

WESTERN ASSET LIQUIDITY FUNDS PLC

Balance Sheet as at 31 August 2010

Notes	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Western Asset Euro Government Liquidity Fund [^] €	Total \$*
Current Assets					
Cash	992	210,308	333,076	104,460	877,989
Financial Assets at Fair Value through Profit or Loss	3,5				
- Transferable Securities	3,712,581,887	228,154,608	744,657,529	47,832,735	5,066,779,890
- Deposits with Credit Institutions	545,000,000	19,312,949	205,531,550	5,000,681	841,423,904
- Repurchase Agreements	3,16	44,000,000	95,000,000	11,000,000	201,807,800
Interest Receivable	1,313,722	52,181	792,630	50,887	2,462,731
Receivable from Investment Manager	8,9	-	-	9,688	23,214
Prepayments	56,073	7,018	12,679	3,252	87,024
Total Current Assets	4,258,952,674	291,744,196	1,046,327,464	64,001,703	6,113,462,552
Current Liabilities					
Dividend Distributions Payable to Holders of Redeemable Participating Shares	6	99,859	48,013	79,681	-
Payable for Investments Purchased		-	14,000,000	95,000,000	5,500,000
Investment Manager's Fee Payable	8,9	262,953	-	70,846	-
Administration, Transfer Agent Services and Custodian Fees Payable	8	89,436	6,342	20,054	1,326
Distribution Fee Payable	8,9	213,969	21,572	64,104	2,652
Accrued Expenses		281,063	64,665	105,801	37,364
Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Shares)		947,280	14,140,592	95,340,486	5,541,342
Total Net Assets Attributable to Holders of Redeemable Participating Shares		4,258,005,394	277,603,604	950,986,978	58,460,361
Number of Redeemable Participating Shares in issue					
Class D	7	3,978,470,079	189,070,128	743,857,327	58,460,361
Class S	7	188,547,576	78,629,013	186,620,663	-
Class C	7	12,622	2,027	41,316	-
Class P	7	37,104	432	12,413	-
Class WA	7	84,936,926	9,631,675	13,928,257	-
Net Asset Value per Share					
Class D	14	\$1.00	£1.00	€1.00	€1.00
Class S	14	\$1.00	£1.00	€1.00	-
Class C	14	\$132.6936	£109.7915	€126.1112	-
Class P	14	\$112.2402	£116.4380	€109.6040	-
Class WA	14	\$1.00	£1.00	€1.00	-

* The financial statements were translated using exchange rates as disclosed in Note 4.

On behalf of the Board

Director

Director

16 November 2010

[^] Not authorised in Hong Kong and not available to Hong Kong residents.
See Notes to Financial Statements.

Balance Sheet as at 31 August 2009

Notes	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Euro Liquidity Plus Fund ^{**^} €	Western Asset Euro Government Liquidity Fund [†] €	Total \$*
Current Assets						
Cash	648	288,833	259,133	29,835	65,561	979,345
Financial Assets at Fair Value through Profit or Loss	3,5					
- Transferable Securities	3,579,618,994	229,826,675	531,265,028	-	57,705,849	4,798,273,417
- Deposits with Credit Institutions	468,924,000	303,549,059	268,846,054	-	9,500,000	1,362,384,131
- Repurchase Agreements	3,16	185,000,000	105,000,000	-	-	451,864,000
- Financial Derivative Instruments	3	-	218,901	-	-	313,795
Receivable for Redeemable Participating Shares Sold	20,000,000	-	-	-	-	20,000,000
Receivable for Investments Sold	77,976,350	-	-	-	-	77,976,350
Interest Receivable	2,867,503	342,553	962,041	-	71	4,804,675
Receivable from Investment Manager	8,9	-	30,021	-	8,471	61,044
Other Assets	57,101	20,044	19,831	-	3,643	123,401
Total Current Assets	4,149,444,596	719,057,185	906,570,988	29,835	67,283,595	6,716,780,158
Current Liabilities						
Dividend Distributions Payable to Holders of Redeemable Participating Shares	6	224,065	76,196	173,096	-	617
Payable for Investments Purchased	77,975,873	95,000,000	-	-	-	232,721,373
Investment Manager's Fee Payable	8,9	323,034	-	94,341	-	458,272
Administration, Transfer Agent Services and Custodian Fees Payable	8	98,377	12,899	21,445	-	1,406
Distribution Fee Payable	8,9	273,033	59,221	68,415	-	2,813
Accrued Expenses	231,688	60,112	114,411	29,835	22,935	569,258
Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Participating Shares)	79,126,070	95,208,428	471,708	29,835	27,771	234,969,850
Total Net Assets Attributable to Holders of Redeemable Participating Shares	4,070,318,526	623,848,757	906,099,280	-	67,255,824	6,481,810,308
Number of Redeemable Participating Shares in issue						
Class D	7	3,414,899,063	327,208,706	662,672,371	-	67,255,824
Class S	7	598,861,108	276,730,644	188,255,436	-	-
Class C	7	247,335	2,027	383,038	-	-
Class P	7	62,670	2,151	21,414	-	-
Class WA	7	16,610,590	19,438,045	4,743,640	-	-
Net Asset Value per Share						
Class D	14	\$1.00	£1.00	€1.00	-	€1.00
Class S	14	\$1.00	£1.00	€1.00	-	-
Class C	14	\$132.4341	£109.2414	€125.5431	-	-
Class P	14	\$112.1832	£116.1677	€109.2758	-	-
Class WA	14	\$1.00	£1.00	€1.00	-	-

* The financial statements were translated using exchange rates as disclosed in Note 4.

** Effective 15 October 2008, the Euro Liquidity Plus Fund[^] ceased trading.

† Effective 5 May 2009, the Western Asset Euro Government Liquidity Fund[^] commenced trading.

Profit and Loss Account for the year ended 31 August 2010

Notes	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Western Asset Euro Government Liquidity Fund [^] €	Total \$*
Income					
Investment Income	15,813,972	2,302,342	5,102,824	218,707	26,664,715
Net Gain on Financial Assets at Fair Value through Profit or Loss					
Realised Gain on Investments	251,957	1,122	189,534	4,188	517,715
Total Net Gain on Financial Assets at Fair Value through Profit or Loss					
	251,957	1,122	189,534	4,188	517,715
Net Investment Income	16,065,929	2,303,464	5,292,358	222,895	27,182,430
Expenditure					
Distribution Fee	(2,686,128)	(366,859)	(674,641)	(30,489)	(4,220,480)
Investment Manager Fee	(8,627,370)	(478,009)	(1,871,213)	(121,954)	(12,090,786)
Administration, Transfer Agent Services and Custodian Fees	(1,048,943)	(100,504)	(204,275)	(15,244)	(1,505,191)
Audit Fees	(38,801)	(21,522)	(24,164)	(21,102)	(134,129)
Other Expenses	(968,055)	(134,045)	(213,773)	(72,805)	(1,568,116)
Total Operating Expenses before Finance Costs					
	(13,369,297)	(1,100,939)	(2,988,066)	(261,594)	(19,518,702)
Less: Expenses reimbursed and Fees waived by Investment Manager	4,794,800	609,124	1,108,079	139,639	7,447,251
Net Expenses before Finance Costs	(8,574,497)	(491,815)	(1,879,987)	(121,955)	(12,071,451)
Net Income from Operations before Finance Costs	7,491,432	1,811,649	3,412,371	100,940	15,110,979
Finance Costs					
Dividend Distribution to Holders of Redeemable Participating Shares	(7,289,917)	(1,810,223)	(3,356,678)	(100,940)	(14,831,337)
Total Finance Costs	(7,289,917)	(1,810,223)	(3,356,678)	(100,940)	(14,831,337)
Increase in Net Assets Attributable to Holders of Redeemable Participating Shares	201,515	1,426	55,693	-	279,642

There were no recognised gains or losses other than those set out in the above Profit and Loss Account, and thus a separate statement as required by FRS 3, is not necessary.

* The financial statements were translated using exchange rates as disclosed in Note 4.

On behalf of the Board

Director

Director

16 November 2010

Profit and Loss Account for the year ended 31 August 2009

Notes	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Euro Liquidity Plus Fund ^{**} €	Western Asset Euro Government Liquidity Fund [†] €	Total \$*
Income						
Investment Income	57,081,177	15,243,950	38,257,525	142,264	148,925	132,883,125
Net Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss						
Realised Gain/(Loss) on Investments	5 1,916,678	(18,922)	59,641	(1,684,121)	2,860	(303,577)
Change in Net Unrealised Appreciation of Investments	5 -	-	-	335,153	-	452,792
Total Net Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss						
	1,916,678	(18,922)	59,641	(1,348,968)	2,860	149,215
Net Investment Income/(Loss)	58,997,855	15,225,028	38,317,166	(1,206,704)	151,785	133,032,340
Expenditure						
Distribution Fee	8,9 (2,517,075)	(520,697)	(863,729)	(1,513)	(9,691)	(4,509,418)
Investment Manager Fee	8,9 (6,935,938)	(675,582)	(1,892,671)	(5,026)	(38,765)	(10,603,439)
Administration, Transfer Agent Services and Custodian Fees	8 (951,022)	(134,122)	(299,412)	(2,575)	(4,846)	(1,574,274)
Audit Fees	8 (39,304)	(21,841)	(24,915)	(12,100)	(14,020)	(142,241)
Other Expenses	(908,265)	(150,291)	(318,524)	(13,448)	(22,084)	(1,620,478)
Total Operating Expenses before Finance Costs						
	(11,351,604)	(1,502,533)	(3,399,251)	(34,662)	(89,406)	(18,449,850)
Less: Expenses reimbursed and Fees waived by Investment Manager	8,9 4,388,968	818,253	1,498,688	6,054	50,641	7,763,656
Net Expenses before Finance Costs	(6,962,636)	(684,280)	(1,900,563)	(28,608)	(38,765)	(10,686,194)
Net Income/(Loss) from Operations before Finance Costs	52,035,219	14,540,748	36,416,603	(1,235,312)	113,020	122,346,146
Finance Costs						
Dividend Distribution to Holders of Redeemable Participating Shares	6 (46,705,283)	(14,181,290)	(35,371,977)	-	(113,020)	(116,714,437)
Total Finance Costs	(46,705,283)	(14,181,290)	(35,371,977)	-	(113,020)	(116,714,437)
Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Participating Shares	5,329,936	359,458	1,044,626	(1,235,312)	-	5,631,709

There were no recognised gains or losses other than those set out in the above Profit and Loss Account, and thus a separate statement as required by FRS 3, is not necessary.

* The financial statements were translated using exchange rates as disclosed in Note 4.

** Effective 15 October 2008, the Euro Liquidity Plus Fund[^] ceased trading.

† Effective 5 May 2009, the Western Asset Euro Government Liquidity Fund[^] commenced trading.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares for the year ended 31 August 2010

Notes	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Western Asset Euro Government Liquidity Fund [^] €	Total \$*
Net Assets Attributable to Holders of Redeemable Participating Shares					
Beginning of year	4,070,318,526	623,848,757	906,099,280	67,255,824	6,481,810,308
Net Increase in Net Assets Attributable to Holders of Redeemable Participating Shares	201,515	1,426	55,693	-	279,642
REDEEMABLE PARTICIPATING SHARE TRANSACTIONS					
Proceeds from Redeemable Participating Shares Subscribed	7 19,762,516,454	3,051,981,822	7,122,144,558	152,944,946	34,447,256,018
Net Asset Value of Redeemable Participating Shares Issued for Reinvestment of Distributions	7 6,290,042	1,010,676	2,219,518	99,157	11,029,619
Cost of Redeemable Participating Shares Redeemed	7 (19,581,321,143)	(3,399,239,077)	(7,079,532,071)	(161,839,566)	(34,762,873,087)
Increase/(Decrease) in Net Assets from Redeemable Participating Shares Transactions	187,485,353	(346,246,579)	44,832,005	(8,795,463)	(304,587,450)
Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Participating Shares	187,686,868	(346,245,153)	44,887,698	(8,795,463)	(304,307,808)
Currency Translation	4 -	-	-	-	(214,519,367)
End of year	14 4,258,005,394	277,603,604	950,986,978	58,460,361	5,962,983,133

* The financial statements were translated using exchange rates as disclosed in Note 4.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.
See Notes to Financial Statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares for the year ended 31 August 2009

Notes	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Euro Liquidity Plus Fund ^{**} €	Western Asset Euro Government Liquidity Fund [†] €	Total \$*
Net Assets Attributable to Holders of Redeemable Participating Shares						
Beginning of year	4,929,311,906	847,385,101	3,205,110,983	30,756,027	-	11,248,415,634
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Participating Shares	5,329,936	359,458	1,044,626	(1,235,312)	-	5,631,709
REDEEMABLE PARTICIPATING SHARE TRANSACTIONS						
Proceeds from Redeemable Participating Shares Subscribed	7 21,797,187,002	5,701,807,771	10,228,392,025	-	153,787,105	44,696,664,260
Net Asset Value of Redeemable Participating Shares Issued for Reinvestment of Distributions	7 40,112,187	7,663,179	26,047,807	-	112,404	87,380,071
Cost of Redeemable Participating Shares Redeemed	7 (22,701,622,505)	(5,933,366,752)	(12,554,496,161)	(29,520,715)	(86,643,685)	(49,053,190,262)
(Decrease)/Increase in Net Assets from Redeemable Participating Shares Transactions	(864,323,316)	(223,895,802)	(2,300,056,329)	(29,520,715)	67,255,824	(4,269,145,931)
(Decrease)/Increase in Net Assets Attributable to Holders of Redeemable Participating Shares	(858,993,380)	(223,536,344)	(2,299,011,703)	(30,756,027)	67,255,824	(4,263,514,222)
Currency Translation	4 -	-	-	-	-	(503,091,104)
End of year	14 4,070,318,526	623,848,757	906,099,280	-	67,255,824	6,481,810,308

* The financial statements were translated using exchange rates as disclosed in Note 4.

** Effective 15 October 2008, the Euro Liquidity Plus Fund[^] ceased trading.

† Effective 5 May 2009, the Western Asset Euro Government Liquidity Fund[^] commenced trading.

Notes to Financial Statements

1. Organisation

Western Asset Liquidity Funds plc (the "Company"), was incorporated on 19 February 1996 and was authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). The Company commenced trading on 19 April 1996. Effective 1 May 2006, the Company is authorised subject to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (S.I. 211 of 2003), as amended, (the "Regulations").

The Company is constituted as an umbrella fund insofar as the share capital of the Company (the "Shares" or "Redeemable Participating Shares") are divided into different classes of shares, with each class relating to a portfolio of assets which comprise a separate fund (a "Fund"). Shares in any particular Fund may be divided into different classes to accommodate different subscriptions and/or redemption provisions and/or charges and/or fee arrangements. Although each Fund will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all of the liabilities of the Company.

At 31 August 2010, four active Funds were in existence - Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^].

As disclosed in Note 18, the Central Bank of Ireland revoked authorisation for the Western Asset Euro Liquidity Plus Fund[^] on 31 December 2009.

The Class D Shares and the Class S Shares for each Fund are listed on the Irish Stock Exchange.

Western Asset US Dollar Liquidity Fund has been authorised by the Securities and Futures Commission in Hong Kong. Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^] are not authorised by the Securities and Futures Commission in Hong Kong and hence are not available for investment to Hong Kong Residents. The authorisation by the Securities and Futures Commission of Hong Kong does not imply recommendation of Western Asset US Dollar Liquidity Fund.

The Company is registered with the relevant authorities in the following countries: Chile*, France, Germany, Ireland, Italy**, Greece, Luxembourg, Spain and the U.K.

* In Chile, Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^] and Western Asset Euro Liquidity Fund[^] are not publicly registered but are authorised by the Comisión Clasificadora de Riesgos ("CCR") for offering locally to Chilean Pension Funds.

** In Italy, the Company will only be marketed to institutions which qualify as "professional investors" as defined in article 31 of CONSOB Regulation enacted with Resolution no. 11522 of 1 July 1998, as amended (e.g. the in-house treasury operations of large companies) or to institutions which carry out asset management activity on a discretionary basis.

2. Investment Objectives

The investment objective of Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^] is to maintain capital value while seeking to produce a money market return to investors.

The Investment Manager to the Company believe that their investment practices and disciplined approach to investing in US Dollar, Euro and Sterling denominated securities will enable the Company to achieve its stated policies, although this cannot be guaranteed.

3. Significant Accounting Policies

The following are significant accounting policies consistently followed by the Company and are in conformity with financial reporting standards in Ireland. Estimates and assumptions are required to be made by the Directors regarding assets, liabilities and changes in net asset values resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ.

(a) Basis of Preparation

The financial statements have been prepared in accordance with the accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009 (the "Companies Acts"), and all Regulations to be construed as one with those Acts including the European Communities (Undertakings for Collective Investment of Transferable Securities) Regulations, 2003 (as amended) (S.I. No. 211 of 2003). Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those as promulgated by the Institute of Chartered Accountants in Ireland issued by the Accounting Standards Board.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)**3. Significant Accounting Policies - (continued)****(a) Basis of Preparation - (continued)**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

All reference to net assets throughout this document refers to the net assets attributable to holders of Redeemable Participating Shares unless otherwise stated. The Company is organised into one main business segment. All the Company's assets and liabilities are held for the purposes of being traded or expected to be realised within one year.

(b) Basis of Presentation

The format and certain wording of the financial statements have been adapted from those contained in the Companies (Amendment) Act 1986 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's investment business.

The information required by FRS 3 "Reporting Financial Performance" to be included in a Statement of Total Recognised Gains and Losses, and a reconciliation of movement in shareholders funds is, in the opinion of the Directors, contained in the Profit and Loss Account and Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares.

The Company has availed of the exemption available to open-ended investment funds under FRS 1 "Cash Flow Statements" not to prepare a cash flow statement.

(c) Financial Instruments

The Company has classified all its investment securities and derivatives as held for trading and are at fair value through profit or loss. Financial assets and financial liabilities held for trading are securities which are either acquired for generating a profit from short term fluctuations in price or dealer margins, or are included in a portfolio where a pattern of short term trading exists. While certain positions within the Funds' portfolios are held with a view to long term capital gains, the Funds also undertake short term trading and accordingly the Directors have classified the portfolios as held for trading.

Regular-way purchases and sales of financial assets and financial liabilities are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value for all financial assets carried at fair value through profit or loss, transaction costs, if any, are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Financial assets that are classified as loans and receivables include receivables for redeemable shares sold, interest receivable and receivables from Investment Manager.

Financial liabilities that are not at fair value through profit and loss include payable for redeemable shares purchased, payable for investments purchased and accrued expenses.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the Profit and Loss Account in the period in which they arise.

The fair value of investments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date without any deduction for future selling costs. In the absence of quoted market prices at the balance sheet date, the fair value of certain money market instruments are valued at amortised cost which is considered to be a proxy for market value.

The Company may from time to time invest in financial instruments that are not traded in an active market (for example in over-the-counter derivatives). The fair value is estimated by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Certain securities may be valued on the basis of a price provided by a single broker. Some Funds may invest in securities with contractual cash flows, such as asset backed securities, medium term notes and certificates of deposit, including securities backed by sub-prime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies and/or defaults, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

(d) Accounting for Investments

Investment transactions are accounted for on trade date. Investments are initially recognised at fair value and transaction costs for all "fair valued through profit or loss" securities are expensed as incurred. Gains and losses on the sale of investments are calculated by using the First-in-First-Out ("FIFO") method. Realised gains/losses on investments arising during the year are disclosed in the Profit and Loss Account.

Notes to Financial Statements - (continued)

3. Significant Accounting Policies - (continued)**(e) Capital Support Agreements***Capital Support Agreements*

There are no capital support agreements in place for the Funds as at 31 August 2010.

(f) Income from Investments

Interest income and expenses are recognised in the Profit and Loss Account for all debt instruments using the effective yield method.

The Investment Manager monitors interest income receivable for any delinquent interest receivable amounts. The accounts have been reviewed for delinquent interest receivable and as at 31 August 2010 and 31 August 2009 all amounts were deemed to be recoverable.

(g) Expenses

The Funds' operating expenses are based on a percentage of the average Net Asset Value of the specific share class on a daily basis. General Fund expenses are allocated on the basis of relative Net Asset Value.

(h) Net Asset Value

The net asset value per Redeemable Participating Share of each Fund's share class is determined by dividing the net asset value of the relevant class of share in the relevant Fund by the total number of Redeemable Participating Shares outstanding in the relevant class of share of the relevant Fund.

(i) Dividends and Distributions to Holders of Redeemable Participating Shares

For Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^] on the Class D, Class S and Class WA shares, dividends are declared daily and distributed monthly. Class C and Class P shares do not distribute dividends and any net investment income attributable to these shares will be retained by such class within the relevant Funds and the Net Asset Value per share will accordingly reflect such net investment income.

(j) Non-Base Currency Translation

Any non-base currency assets and liabilities of the relevant Fund at 31 August 2010 and 31 August 2009 are translated into the base currency at the exchange rate ruling at the year end.

Transactions denominated in non-base currencies are translated into the base currency of the relevant Fund and recorded at the exchange rates prevailing at the date of the transactions. Any resulting exchange differences are dealt with in the Profit and Loss Account.

Each Fund's functional currency has been adopted as the presentation currency of each Fund for these financial statements. The Company's presentation currency is US dollars.

(k) Repurchase Agreements

Securities purchased under agreements to resell are fair valued at their face value and adjusted for any movements in foreign exchange rates. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. It is the Company's policy to take custody of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Company in the event the securities are not repurchased by the counterparty. The Company will generally obtain additional collateral if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Company has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realisation and/or retention of the collateral or proceeds may be subject to legal proceedings. Repurchase agreements have been used during the period for the purpose of efficient portfolio management.

(l) Cash

Cash balances of the Funds are held with BNY Mellon International Bank Limited.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

4. Exchange Rates

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The Company has adopted the functional currency of each Fund as the presentation currency for these financial statements. The financial statements of the Company are presented in US dollars. The functional currencies of each Fund are as follows:

Western Asset US Dollar Liquidity Fund - US dollars (\$)

Western Asset Sterling Liquidity Fund^ - Sterling pounds (£)

Western Asset Euro Liquidity Fund^ and Western Asset Euro Government Liquidity Fund^ - Euro (€)

The functional currencies for the Funds that have ceased to trade are as follows:

Euro Liquidity plus Fund^ - Euro (€)

For the year ended 31 August 2010 and 31 August 2009 the following exchange rates were used to translate the Balance Sheets of the non-US denominated Funds in arriving at the total US dollar value for the Company in the financial statements:

	31 August 2010	31 August 2009
€/ \$	1.2673	1.4335
£/\$	1.5335	1.6289

For the year ended 31 August 2010 and 31 August 2009, the Profit and Loss Accounts and Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares of the non-US denominated Funds have used the average rate of exchange in arriving at the total US dollar value of the Company in the financial statements:

	31 August 2010	31 August 2009
€/ \$	1.3628	1.3510
£/\$	1.5630	1.5562

To properly reflect the US dollar values in the financial statements of the Company, currency translation adjustments need to be made to the total US dollar value of the retained profits and net assets at the beginning of the year. The adjustment is the effect of translating the prior year total net assets and the current period retained profits and share transactions at the current year closing non-US exchange rate as stated above. The adjustments recorded were \$(214,519,367) (31 August 2009: \$(503,091,104)) to the Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares. Similar non-US currency adjustments have also been made in Notes 6 and 7 to the Notes to Financial Statements.

5. Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Net Gain/(Loss) on financial assets and financial liabilities at fair value through profit or loss for the year ended 31 August 2010 and 31 August 2009 were as follows:

For the year ended 31 August 2010:

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund^ £	Western Asset Euro Liquidity Fund^ €	Western Asset Euro Government Liquidity Fund^ €	Total \$
Net realised gain on financial instruments held for trading	251,957	1,122	189,534	4,188	517,715
Net unrealised gain of financial instruments held for trading	-	-	-	-	-
	251,957	1,122	189,534	4,188	517,715

^ Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

5. Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value through Profit or Loss - (continued)

For the year ended 31 August 2009:

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund ^A £	Western Asset Euro Liquidity Fund ^A €	Euro Liquidity Plus Fund ^A €	Western Asset Euro Government Liquidity Fund ^A €	Total \$
Net realised gain/(loss) on financial instruments held for trading	1,916,678	(18,922)	59,641	(1,684,121)	2,860	(303,577)
Net unrealised gain of financial instruments held for trading	-	-	-	335,153	-	452,792
	1,916,678	(18,922)	59,641	(1,348,968)	2,860	149,215

6. Dividends and Distributions Payable

For the year ended 31 August 2010:

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund ^A £	Western Asset Euro Liquidity Fund ^A €	Western Asset Euro Government Liquidity Fund ^A €	Total \$
Dividend distribution payable at beginning of year - Class D	210,330	70,405	168,743	617	567,790
Dividend distribution payable at beginning of year - Class S	6,153	4	1,385	-	8,145
Dividend distribution payable at beginning of year - Class WA	7,582	5,787	2,968	-	21,263
Total dividend distributions payable at beginning of year	224,065	76,196	173,096	617	597,198
Currency Translation	-	-	-	-	(26,328)
Dividend distributions to holders of Redeemable Participating Shares accrued during the year - Class D	6,994,900	1,366,270	2,786,945	100,940	13,065,990
Dividend distributions to holders of Redeemable Participating Shares accrued during the year - Class S	195,557	376,702	521,230	-	1,494,674
Dividend distributions to holders of Redeemable Participating Shares accrued during the year - Class WA	99,460	67,251	48,503	-	270,673
Total dividend distributions to holders of Redeemable Participating Shares accrued during the year	7,289,917	1,810,223	3,356,678	100,940	14,831,337
Dividend distributions paid in the year - Class D	7,119,597	1,393,452	2,881,936	101,557	13,363,467
Dividend distributions paid in the year - Class S	200,018	376,706	521,888	-	1,500,038
Dividend distributions paid in the year - Class WA	94,508	68,248	46,269	-	264,235
Total dividend distributions paid in the year	7,414,123	1,838,406	3,450,093	101,557	15,127,740
Dividend distributions payable at end of year - Class D	85,633	43,223	73,752	-	245,381
Dividend distributions payable at end of year - Class S	1,692	-	727	-	2,614
Dividend distributions payable at end of year - Class WA	12,534	4,790	5,202	-	26,472
Total dividend distributions payable at end of the year	99,859	48,013	79,681	-	274,467

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

6. Dividends and Distributions Payable - (continued)

For the year ended 31 August 2009:

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund ^A £	Western Asset Euro Liquidity Fund ^A €	Euro Liquidity Plus Fund ^A €	Western Asset Euro Government Liquidity Fund ^A €	Total \$
Dividend distribution payable at beginning of year - Class D	1,440,027	1,779,399	3,055,519	-	-	9,199,347
Dividend distribution payable at beginning of year - Class S	39,314	-	17,938	-	-	65,746
Dividend distribution payable at beginning of year - Class WA	130,939	63,174	60,803	-	-	336,164
Total dividend distributions payable at beginning of year	1,610,280	1,842,573	3,134,260	-	-	9,601,257
Currency Translation	-	-	-	-	-	(869,308)
Dividend distributions to holders of Redeemable Participating Shares accrued during the year - Class D	41,681,692	11,283,721	30,204,578	-	113,020	100,200,493
Dividend distributions to holders of Redeemable Participating Shares accrued during the year - Class S	4,460,367	2,626,386	4,867,461	-	-	15,123,489
Dividend distributions to holders of Redeemable Participating Shares accrued during the year - Class WA	563,224	271,183	299,938	-	-	1,390,455
Total dividend distributions to holders of Redeemable Participating Shares accrued during the year	46,705,283	14,181,290	35,371,977	-	113,020	116,714,437
Dividend distributions paid in the year - Class D	42,911,389	12,992,715	33,091,354	-	112,403	107,988,928
Dividend distributions paid in the year - Class S	4,493,528	2,626,382	4,884,014	-	-	15,179,007
Dividend distributions paid in the year - Class WA	686,581	328,570	357,773	-	-	1,681,253
Total dividend distributions paid in the year	48,091,498	15,947,667	38,333,141	-	112,403	124,849,188
Dividend distributions payable at end of year - Class D	210,330	70,405	168,743	-	617	567,790
Dividend distributions payable at end of year - Class S	6,153	4	1,385	-	-	8,145
Dividend distributions payable at end of year - Class WA	7,582	5,787	2,968	-	-	21,263
Total dividend distributions payable at end of the year	224,065	76,196	173,096	-	617	597,198

For Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund^A, Western Asset Euro Liquidity Fund^A and Western Asset Euro Government Liquidity Fund^A, Class D, Class S and Class WA shares, dividends are declared daily and distributed monthly. Dividends are distributed in the form of additional shares in those classes, or in cash, at the election of the shareholder.

Class D, Class S and Class WA shares seek to maintain a constant Net Asset Value per Redeemable Participating Share of 1 unit per 1.00 of the relevant base currency but there is no assurance that they will be able to do so. Class C and Class P shares do not distribute dividends and any net investment income attributable to these shares will be retained by such class within the relevant Funds and the Net Asset Value per Redeemable Participating Share will accordingly reflect such net investment income.

7. Paid in Capital

Authorised Redeemable Participating Shares

The authorised share capital of the Company is comprised of €38,092.14 divided into 30,000 subscriber shares of €1.269738 each and 500,000,000,000 shares of no par value initially designated as unclassified Redeemable Participating Shares which have subsequently been classified as D, S, C, P and WA shares. The subscriber shares do not form part of the Net Asset Value of the Company.

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

7. Paid in Capital - (continued)

Details of share transactions for the year ended 31 August 2010 were as follows:

	Western Asset US Dollar Liquidity Fund Shares	Western Asset Sterling Liquidity Fund ^A Shares	Western Asset Euro Liquidity Fund ^A Shares	Western Asset Euro Government Liquidity Fund ^A Shares
Class D - Balance beginning of year	3,414,899,063	327,208,706	662,672,371	67,255,824
Redeemable Participating Shares subscribed	16,076,226,996	2,383,779,430	6,083,143,296	152,944,946
Redeemable Participating Shares reinvested	6,084,515	643,019	1,721,558	99,157
Redeemable Participating Shares redeemed	(15,518,740,495)	(2,522,561,027)	(6,003,679,898)	(161,839,566)
Balance end of year	3,978,470,079	189,070,128	743,857,327	58,460,361
Class S - Balance beginning of year	598,861,108	276,730,644	188,255,436	-
Redeemable Participating Shares subscribed	2,384,189,922	463,043,967	839,568,321	-
Redeemable Participating Shares reinvested	181,527	367,657	497,960	-
Redeemable Participating Shares redeemed	(2,794,684,981)	(661,513,255)	(841,701,054)	-
Balance end of year	188,547,576	78,629,013	186,620,663	-
Class C - Balance beginning of year	247,335	2,027	383,038	-
Redeemable Participating Shares subscribed	3,130,996	-	3,141	-
Redeemable Participating Shares reinvested	-	-	-	-
Redeemable Participating Shares redeemed	(3,365,709)	-	(344,863)	-
Balance end of year	12,622	2,027	41,316	-
Class P - Balance beginning of year	62,670	2,151	21,414	-
Redeemable Participating Shares subscribed	62,048	86	-	-
Redeemable Participating Shares reinvested	-	-	-	-
Redeemable Participating Shares redeemed	(87,614)	(1,805)	(9,001)	-
Balance end of year	37,104	432	12,413	-
Class WA - Balance beginning of year	16,610,590	19,438,045	4,743,640	-
Redeemable Participating Shares subscribed	880,232,970	205,148,425	199,037,941	-
Redeemable Participating Shares reinvested	24,000	-	-	-
Redeemable Participating Shares redeemed	(811,930,634)	(214,954,795)	(189,853,324)	-
Balance end of year	84,936,926	9,631,675	13,928,257	-

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

7. Paid in Capital - (continued)

Details of capital transactions for the year ended 31 August 2010 were as follows:

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Western Asset Euro Government Liquidity Fund [^] €	Total \$
Balance beginning of year	4,058,327,843	622,922,306	873,504,072	67,255,824	6,421,585,298*
Currency Translation	-	-	-	-	(209,008,299)
Issue Proceeds - Class D	16,076,226,996	2,383,779,430	6,083,143,296	152,944,946	28,300,615,302
Issue Proceeds - Class S	2,384,189,922	463,043,967	839,568,321	-	4,252,091,350
Issue Proceeds - Class C	414,904,563	-	395,000	-	415,442,869
Issue Proceeds - Class P	6,962,003	10,000	-	-	6,977,633
Issue Proceeds - Class WA	880,232,970	205,148,425	199,037,941	-	1,472,128,864
Issue Proceeds - Total	<u>19,762,516,454</u>	<u>3,051,981,822</u>	<u>7,122,144,558</u>	<u>152,944,946</u>	<u>34,447,256,018</u>
Reinvestment of dividend distributions - Class D	6,084,515	643,019	1,721,558	99,157	9,570,824
Reinvestment of dividend distributions - Class S	181,527	367,657	497,960	-	1,434,795
Reinvestment of dividend distributions - Class C	-	-	-	-	-
Reinvestment of dividend distributions - Class P	-	-	-	-	-
Reinvestment of dividend distributions - Class WA	24,000	-	-	-	24,000
Reinvestment of dividend distributions - Total	<u>6,290,042</u>	<u>1,010,676</u>	<u>2,219,518</u>	<u>99,157</u>	<u>11,029,619</u>
Redemptions - Class D	(15,518,740,495)	(2,522,561,027)	(6,003,679,898)	(161,839,566)	(27,863,873,305)
Redemptions - Class S	(2,794,684,981)	(661,513,255)	(841,701,054)	-	(4,975,700,395)
Redemptions - Class C	(446,133,733)	-	(43,314,190)	-	(505,162,311)
Redemptions - Class P	(9,831,300)	(210,000)	(983,605)	-	(11,499,987)
Redemptions - Class WA	(811,930,634)	(214,954,795)	(189,853,324)	-	(1,406,637,089)
Redemptions - Total	<u>(19,581,321,143)</u>	<u>(3,399,239,077)</u>	<u>(7,079,532,071)</u>	<u>(161,839,566)</u>	<u>(34,762,873,087)</u>
Balance end of year	<u>4,245,813,196</u>	<u>276,675,727</u>	<u>918,336,077</u>	<u>58,460,361</u>	<u>5,907,989,549</u>

* Opening balance excludes amounts in relation to Euro Liquidity Plus Fund[^] as at 31 August 2009.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

7. Paid in Capital - (continued)

Details of share transactions for the year ended 31 August 2009 were as follows:

	Western Asset US Dollar Liquidity Fund Shares	Western Asset Sterling Liquidity Fund ^A Shares	Western Asset Euro Liquidity Fund ^A Shares	Euro Liquidity Plus Fund ^A Shares	Western Asset Euro Government Liquidity Fund ^A Shares
Class D - Balance beginning of year	4,455,441,871	735,488,859	2,685,806,783	-	-
Redeemable Participating Shares subscribed	18,644,448,280	4,803,932,509	9,131,492,102	-	153,787,105
Redeemable Participating Shares reinvested	35,763,672	5,103,306	21,374,410	-	112,404
Redeemable Participating Shares redeemed	(19,720,754,760)	(5,217,315,968)	(11,176,000,924)	-	(86,643,685)
Balance end of year	3,414,899,063	327,208,706	662,672,371	-	67,255,824
Class S - Balance beginning of year	338,863,498	92,183,603	390,134,541	-	-
Redeemable Participating Shares subscribed	2,456,053,435	694,761,573	883,784,918	-	-
Redeemable Participating Shares reinvested	4,300,325	2,559,873	4,673,396	-	-
Redeemable Participating Shares redeemed	(2,200,356,150)	(512,774,405)	(1,090,337,419)	-	-
Balance end of year	598,861,108	276,730,644	188,255,436	-	-
Class C - Balance beginning of year	432,989	88,139	937,860	250,828	-
Redeemable Participating Shares subscribed	522,649	2,144	595,330	-	-
Redeemable Participating Shares reinvested	-	-	-	-	-
Redeemable Participating Shares redeemed	(708,303)	(88,256)	(1,150,152)	(250,828)	-
Balance end of year	247,335	2,027	383,038	-	-
Class P - Balance beginning of year	374,653	1,445	5,529	-	-
Redeemable Participating Shares subscribed	67,507	706	25,577	-	-
Redeemable Participating Shares reinvested	-	-	-	-	-
Redeemable Participating Shares redeemed	(379,490)	-	(9,692)	-	-
Balance end of year	62,670	2,151	21,414	-	-
Class WA - Balance beginning of year	41,816,962	10,351,015	13,871,666	-	-
Redeemable Participating Shares subscribed	620,111,445	202,801,689	135,844,366	-	-
Redeemable Participating Shares reinvested	48,189	-	-	-	-
Redeemable Participating Shares redeemed	(645,366,006)	(193,714,659)	(144,972,392)	-	-
Balance end of year	16,610,590	19,438,045	4,743,640	-	-

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

7. Paid in Capital - (continued)

Details of capital transactions for the year ended 31 August 2009 were as follows:

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund ^A £	Western Asset Euro Liquidity Fund ^A €	Euro Liquidity Plus Fund ^A €	Western Asset Euro Government Liquidity Fund ^A €	Total \$
Balance beginning of year	4,922,651,159	846,818,108	3,173,560,401	15,696,808	-	11,172,037,521
Currency Translation	-	-	-	-	-	(501,122,863)
Issue Proceeds - Class D	18,644,448,280	4,803,932,509	9,131,492,104	-	153,787,105	38,664,740,262
Issue Proceeds - Class S	2,456,053,435	694,761,573	883,784,918	-	-	4,731,234,819
Issue Proceeds - Class C	69,040,928	230,000	74,491,202	-	-	170,036,468
Issue Proceeds - Class P	7,532,914	82,000	2,779,435	-	-	11,415,539
Issue Proceeds - Class WA	620,111,445	202,801,689	135,844,366	-	-	1,119,237,172
Issue Proceeds - Total	<u>21,797,187,002</u>	<u>5,701,807,771</u>	<u>10,228,392,025</u>	<u>-</u>	<u>153,787,105</u>	<u>44,696,664,260</u>
Reinvestment of dividend distributions - Class D	35,763,672	5,103,306	21,374,411	-	112,404	72,734,124
Reinvestment of dividend distributions - Class S	4,300,325	2,559,873	4,673,396	-	-	14,597,757
Reinvestment of dividend distributions - Class C	-	-	-	-	-	-
Reinvestment of dividend distributions - Class P	-	-	-	-	-	-
Reinvestment of dividend distributions - Class WA	48,190	-	-	-	-	48,190
Reinvestment of dividend distributions - Total	<u>40,112,187</u>	<u>7,663,179</u>	<u>26,047,807</u>	<u>-</u>	<u>112,404</u>	<u>87,380,071</u>
Redemptions - Class D	(19,720,754,759)	(5,217,315,967)	(11,176,000,924)	-	(86,643,685)	(43,055,774,734)
Redemptions - Class S	(2,200,356,151)	(512,774,405)	(1,090,337,419)	-	-	(4,471,381,533)
Redemptions - Class C	(93,027,793)	(9,561,721)	(142,129,238)	(29,520,715)	-	(339,806,830)
Redemptions - Class P	(42,117,796)	-	(1,056,188)	-	-	(43,544,705)
Redemptions - Class WA	(645,366,006)	(193,714,659)	(144,972,392)	-	-	(1,142,682,460)
Redemptions - Total	<u>(22,701,622,505)</u>	<u>(5,933,366,752)</u>	<u>(12,554,496,161)</u>	<u>(29,520,715)</u>	<u>(86,643,685)</u>	<u>(49,053,190,262)</u>
Balance end of year	<u>4,058,327,843</u>	<u>622,922,306</u>	<u>873,504,072</u>	<u>(13,823,907)</u>	<u>67,255,824</u>	<u>6,401,768,727</u>

The shares issued by the Company are freely transferable and are entitled to participate equally in the profits and dividends of the relevant Fund and its assets upon liquidation. Although each Fund of the Company will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all of the liabilities of the Company. The shares, which are of no par value and which must be fully paid-up on issue, carry no preferential or pre-emptive rights. All shares of each Fund rank pari passu. Holders of participating shares are entitled to one vote or a poll at general meetings in respect of each participating share held.

The shares are redeemable at the shareholder's option and are therefore classified as a financial liability.

8. Operating Expenses

BNY Mellon Investment Servicing (International) Limited ("BNY Mellon") (formerly named "PNC Global Investment Servicing (Europe) Limited") acts as Transfer Agent and Administrator of the Company. BNY Mellon International Bank Limited ("BNY Mellon Bank") (formerly named "PNC International Bank Limited") acts as Custodian to the Company. BNY Mellon and BNY Mellon Bank receive from the Funds a combined monthly fee calculated at an annual rate not to exceed 0.025% of the daily net asset value of each Fund. This fee encompasses BNY Mellon and BNY Mellon Bank combined services as transfer agent, administrator and custodian, excluding out-of-pocket expenses.

The Funds' operating expenses are based on a percentage of the average Net Asset Value of the specific share class on a daily basis. Operating expenses are inclusive of portfolio management, custody, administration, distribution and all other services and out-of-pocket expenses associated with the Fund's operation. General Fund expenses are allocated on the basis of relative Net Asset Value.

The fees payable to the Sub-Investment Manager are paid by the Investment Manager out of its fee. If the total operating expenses borne by each class, on any day, exceeds the maximum expense ratio, the Investment Manager waives its investment management fee to maintain the maximum expense ratio. The Investment Manager will further reimburse expenses to the Fund if the other operating costs exceed the maximum expense ratio, for each class, on a daily basis.

For Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund^A and Western Asset Euro Liquidity Fund^A, the total operating expenses borne by the Shares did not exceed 0.35% for Class D and Class C Shares, 0.50% for Class P and Class S Shares and 0.10% for Class WA Shares, of the average daily Net Asset Value of the Fund on an annual basis.

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

8. Operating Expenses - (continued)

For Western Asset Euro Government Liquidity Fund[^] the total operating expenses borne by the the Shares did not exceed 0.20% for Class D Shares, of the average daily Net Asset Value of the Fund on an annual basis.

For the year ended 31 August 2010, the Investment Manager has agreed to reimburse Western Asset US Dollar Liquidity Fund for expenses amounting to \$nil (31 August 2009: \$27,790), Western Asset Sterling Liquidity Fund[^] for expenses amounting to £131,380 (31 August 2009: £142,937), Western Asset Euro Liquidity Fund[^] for expenses amounting to €41 (31 August 2009: €4,108), and Western Asset Euro Government Liquidity Fund[^] for expenses amounting to €27,855 (31 August 2009: €12,667) which exceeded the expense limitations as determined by the Directors.

Independent auditor fees (inclusive of Value Added Tax) during the year amounted to \$134,129 (31 August 2009: \$142,241).

9. Related Party Transactions

For the year ended 31 August 2010, Western Asset Management Company and Western Asset Management Company Limited acted as Investment Managers to the Company. Fees charged for the year ended 31 August 2010 and 31 August 2009 and amounts payable at 31 August 2010 and 31 August 2009 in respect of these services are detailed below.

31 August 2010

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Western Asset Euro Government Liquidity Fund [^] €	Total \$
Investment Manager's Fee charged	8,627,370	478,009	1,871,213	121,954	12,090,786
Less: Expenses reimbursed and Fees waived by Investment Manager	(4,794,800)	(609,124)	(1,108,079)	(139,639)	(7,447,251)
Total net Investment Manager's Fee charged	3,832,570	(131,115)	763,134	(17,685)	4,643,535
Investment Manager's Fee payable at year end	262,953	-	70,846	-	352,736
Receivable from Investment Manager at year end	-	7,132	-	9,688	23,214
Distributions Fee charged	2,686,128	366,859	674,641	30,489	4,220,480
Distribution Fee payable at year end	213,969	21,572	64,104	2,652	331,650

31 August 2009

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund [^] £	Western Asset Euro Liquidity Fund [^] €	Euro Liquidity Plus Fund [^] €	Western Asset Euro Government Liquidity Fund [^] €	Total \$
Investment Manager's Fee charged	6,935,938	675,582	1,892,671	5,026	38,765	10,603,439
Less: Expenses reimbursed and Fees waived by Investment Manager	(4,388,968)	(818,253)	(1,498,688)	(6,054)	(50,641)	(7,763,656)
Total net Investment Manager's Fee charged	2,546,970	(142,671)	393,983	(1,028)	(11,876)	2,839,783
Investment Manager's Fee payable at year end	323,034	-	94,341	-	-	458,272
Receivable from Investment Manager at year end	-	30,021	-	-	8,471	61,044
Distributions Fee charged	2,517,075	520,697	863,729	1,513	9,691	4,509,418
Distribution Fee payable at year end	273,033	59,221	68,415	-	2,813	471,604

On 6 March 2009, Western Asset Management Company replaced Western Asset Management Company Limited as the Investment Manager to the Western Asset Sterling Liquidity Fund[^] and Western Asset Euro Liquidity Fund[^]. On the same date, Western Asset Management Company Limited was appointed as the Sub-Investment Manager to each of the Funds.

Transactions with each Investment Manager and Distributor have been entered into in the normal course of business and on normal commercial terms.

Distribution fees are payable by all Funds at:

- a rate of 0.05% per annum of the Net Asset Value, with respect to Class C and Class D Shares;
- a rate of 0.20% per annum of the Net Asset Value, with respect to Class S Shares;
- a rate of 0.15% per annum of the Net Asset Value, with respect to Class P Shares;
- no compensation with respect to Class WA Shares.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

9. Related Party Transactions - (continued)

The aggregate compensation and expenses shall be payable in monthly instalments, and shall be calculated at the end of each calendar month in respect of each relevant Fund and class by applying a daily distribution calculation based of the daily net assets of the Fund at the applicable rate. Western Asset Management ("WAM") will receive these fees only in respect of net assets of the Fund which are distributed or sold by WAM or its appointed sub-distributors or selling agents. The sum of such calculations shall be payable during the course of the next calendar month.

During the year the Western Asset Euro Liquidity Fund[^] and Western Asset Sterling Liquidity Fund[^] had capital support agreements in place with Legg Mason, Inc. a related party to the Company.

As at 31 August 2009 Western Asset Euro Liquidity Fund[^] had recognised an asset for amounts receivable under a capital support agreements of €218,901 and expired on 31 March 2010.

As at 31 August 2009 the capital support agreements in place had not been utilised by Western Asset Sterling Liquidity Fund[^] and expired on 29 September 2009.

10. Taxation

The Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period", a "Relevant Period" being an eight year period beginning with the acquisition of the shares by the Shareholders and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A chargeable event does not include:

- (i) Any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (ii) An exchange of shares representing a fund for another fund; or
- (iii) An exchange of shares arising on a qualifying amalgamation or reconstruction of the Fund with another Fund; or
- (iv) Certain exchanges of shares between spouses and former spouse.

A chargeable event will not occur in respect of (a) Shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Fund with relevant declaration to that effect, (b) certain exempted Irish Tax Resident shareholders who have provided the Fund with the relevant declaration to that effect.

In the absence of an appropriate declaration, the Fund will be liable to Irish Tax on the occurrence of a chargeable event. There were no chargeable events during the year under review.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Fund or its Shareholders.

11. Commitments and Contingent Liabilities

At the balance sheet date, there were no significant commitments or contingent liabilities.

12. Soft Commission Arrangements

The Investment Manager for the Funds may use certain services which assist in the management of the Funds' investments and which are paid for by certain brokers. These services may include research and analysis of the relative merits of individual securities or markets or the use of computers and other information facilities. In return, the Investment Manager places business with these brokers including transactions relating to the Funds' investments. No such arrangements were entered into for the Funds' for the years ended 31 August 2010 and 31 August 2009.

13. Directors' Remuneration

Directors who are employees and/or officers of Legg Mason, Inc. or an affiliate of Legg Mason, Inc. ("Legg Mason") are not entitled to remuneration for their services as directors.

Directors' fees paid for the year ended 31 August 2010 to Directors, who were not employees and/or officers of Legg Mason, were \$37,457 (31 August 2009: \$51,775). No Directors' fees were paid to employees and/or officers of Legg Mason during the year ended 31 August 2010 or 31 August 2009. As at 31 August 2010 total accrued Directors' fees payable were \$9,721 (31 August 2009: \$6,032).

Notes to Financial Statements - (continued)

14. Comparative Table - Net Asset Values Attributable to Holders of Redeemable Participating Shares

Fund	Class	Year ended	Currency	Total Net Asset Value	Net Asset Value Per Share
Western Asset US Dollar Liquidity Fund	- Class D	31/08/2010	\$	3,978,661,593	\$1.00
	- Class S	31/08/2010	\$	188,562,742	\$1.00
	- Class C	31/08/2010	\$	1,674,884	\$132.6936
	- Class P	31/08/2010	\$	4,164,576	\$112.2402
	- Class WA	31/08/2010	\$	84,941,599	\$1.00
	Total		\$	4,258,005,394	
	- Class D	31/08/2009	\$	3,415,051,163	\$1.00
	- Class S	31/08/2009	\$	598,869,131	\$1.00
	- Class C	31/08/2009	\$	32,755,567	\$132.4341
	- Class P	31/08/2009	\$	7,030,525	\$112.1832
	- Class WA	31/08/2009	\$	16,612,140	\$1.00
	Total		\$	4,070,318,526	
	- Class D	31/08/2008	\$	4,450,891,192	\$1.00
	- Class S	31/08/2008	\$	338,593,919	\$1.00
	- Class C	31/08/2008	\$	56,501,257	\$130.4912
	- Class P	31/08/2008	\$	41,489,579	\$110.7412
	- Class WA	31/08/2008	\$	41,835,959	\$1.00
	Total		\$	4,929,311,906	
Western Asset Sterling Liquidity Fund ^A	- Class D	31/08/2010	£	189,070,051	£1.00
	- Class S	31/08/2010	£	78,628,981	£1.00
	- Class C	31/08/2010	£	222,556	£109.7915
	- Class P	31/08/2010	£	50,346	£116.4380
	- Class WA	31/08/2010	£	9,631,670	£1.00
	Total		£	277,603,604	
	- Class D	31/08/2009	£	327,208,706	£1.00
	- Class S	31/08/2009	£	276,730,644	£1.00
	- Class C	31/08/2009	£	221,441	£109.2414
	- Class P	31/08/2009	£	249,921	£116.1677
	- Class WA	31/08/2009	£	19,438,045	£1.00
	Total		£	623,848,757	
	- Class D	31/08/2008	£	735,299,795	£1.00
	- Class S	31/08/2008	£	92,165,007	£1.00
	- Class C	31/08/2008	£	9,388,545	£105.5194
	- Class P	31/08/2008	£	164,119	£113.5800
	- Class WA	31/08/2008	£	10,367,635	£1.00
	Total		£	847,385,101	
Western Asset Euro Liquidity Fund ^A	- Class D	31/08/2010	€	743,865,170	€1.00
	- Class S	31/08/2010	€	186,622,498	€1.00
	- Class C	31/08/2010	€	5,210,391	€126.1112
	- Class P	31/08/2010	€	1,360,515	€109.6040
	- Class WA	31/08/2010	€	13,928,404	€1.00
	Total		€	950,986,978	
	- Class D	31/08/2009	€	662,672,450	€1.00
	- Class S	31/08/2009	€	188,255,446	€1.00
	- Class C	31/08/2009	€	48,087,747	€125.5431
	- Class P	31/08/2009	€	2,339,998	€109.2758
	- Class WA	31/08/2009	€	4,743,639	€1.00
	Total		€	906,099,280	
	- Class D	31/08/2008	€	2,685,802,913	€1.00
	- Class S	31/08/2008	€	390,141,564	€1.00
	- Class C	31/08/2008	€	114,704,335	€122.3044
	- Class P	31/08/2008	€	589,824	€106.6773
	- Class WA	31/08/2008	€	13,872,347	€1.00
	Total		€	3,205,110,983	
Western Asset Euro Government Liquidity Fund ^A	- Class D	31/08/2010	€	58,460,361	€1.00
	Total		€	58,460,361	
	- Class D	31/08/2009	€	67,255,824	€1.00
	Total		€	67,255,824	

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management

Legg Mason, Inc. ("Legg Mason") houses a selection of investment management businesses, each focusing on their own area of expertise. These specialised investment managers include Western Asset Management Company and Western Asset Management Company Limited – each a wholly-owned subsidiary of Legg Mason.

Western Asset Management Company Limited and Legg Mason Investments (Europe) Limited are the distributors for the Company.

The Company has appointed Western Asset Management Company as Investment Manager to each of the Funds and Western Asset Management Company has appointed Western Asset Management Company Limited as Sub-Investment Manager to each of the Funds.

The Investment Manager remains responsible to the Funds for the performance of its agreed upon obligations. The Investment Manager's responsibility is to manage the assets of the Funds in accordance with each Fund's stated investment objectives, investment policies and restrictions. Day-to-day risk management of the financial instruments (including financial derivative instruments) held by the Western Asset US Dollar Liquidity Fund is the responsibility of the Investment Manager. Day-to-day risk management of the financial instruments (including financial derivative instruments) held by the Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^] is the responsibility of the Sub-Investment Manager, although the Investment Manager maintains oversight responsibility for the Sub-Investment Manager.

The Investment Manager and the Sub-Investment Manager use a team based approach to managing the assets of the Funds. This structure ensures that the Funds benefit from a consensus that draws on the expertise of all team members. The teams interact on a daily basis to evaluate developments in the market and the economy, and meet formally at least every two weeks to review the economic outlook and their investment strategy.

As part of this team based approach, there is a dedicated risk management team that assesses risk management. This team combines the best of the Investment Manager's and the Sub-Investment Manager's technology and experience to develop useful risk management tools and procedures.

The Company, in conjunction with the Investment Manager, has determined that its material risks are market risk, credit risk and liquidity risk. In respect of the use of financial derivative instruments, the risks are counterparty risk, credit risk, increased margin calls and unlimited risk of loss. Further details of these and other risks are set out below and in the prospectus.

Market risk includes market price risk, foreign currency risk, interest rate risk and other price risk.

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The maximum price risk resulting from the ownership of financial instruments is determined by the fair value of financial instruments. The Investment Manager and the Sub-Investment Manager may consider the asset allocation of the portfolios in order to minimise the risk associated with particular sectors or securities while continuing to follow each Fund's investment objectives as outlined in Note 2 to these financial statements. Risk is managed by the Investment Manager and the Sub-Investment Manager through careful selection of securities within specified limits and investment mandates.

Each of the Funds can invest in securities which are valued at amortised cost, which approximates market value. The amortised cost method involves valuing an investment at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium. These securities will also be subject to market price risk although to a lesser degree.

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in the rate of exchange between the currency in which the financial asset or financial liability is denominated and the functional currency of the Funds. The value of the investments of a Fund denominated in a currency other than the functional currency may rise and fall due to exchange rate fluctuations by the relevant currencies. There is a risk that large exchange rate fluctuations may have a significant impact on the performance of the Funds.

Where a Fund holds investments in a currency other than that of the Fund's functional currency, the Investment Manager and the Sub-Investment Manager may manage foreign currency risk by hedging foreign currency into the functional currency of the Fund. For the year ended 31 August 2010 and 31 August 2009, none of the Funds held foreign currency.

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. Funds which hold fixed interest rate debt securities are exposed to interest rate risk where the value of these securities or loans may fluctuate as a result of a change in interest rates. Holdings in floating and variable rate securities may also be subject to interest rate risk although to a lesser degree. Cash assets held via the Custodian yield interest income, the level of which will fluctuate according to the prevailing level of market interest rates.

The Funds invest in interest bearing financial assets and financial liabilities which expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial positions and cash flows. The value of investments in fixed rate interest bearing securities may be subject to price volatility due to changes in interest rates. Fluctuations in market interest rates will impact upon the level of interest received by a Fund.

An increase in interest rates will generally reduce the value of debt securities that are issued and outstanding, while a decline in interest rates will generally increase the value of debt securities that are issued and outstanding. The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)**15. Risk Exposure and Risk Management - (continued)**

The Investment Manager and the Sub-Investment Manager monitor the interest-rate environment and evaluate risks on major strategies. Interest rate risk is assessed by monitoring maturities and duration relative to the Funds' benchmarks. Duration is constrained to a predetermined target around the benchmark to ensure that the interest rate position of a portfolio is never so substantial that it overwhelms other strategies. Sectors and individual securities are also assessed in terms of their duration contribution to the portfolio. Techniques such as factor analysis and key rate duration measurement are used to evaluate portfolio curve exposures.

Details of each Fund's weighted average yield and weighted average years to maturity on its fixed rate instruments are set out in Note 15(c) below.

The risks involved with investing include changing economic conditions, industry and company conditions and security selection in addition to interest rate risk, credit risk, maturity risk and market risk. The Funds do not have any financial liabilities other than amounts due to short-term creditors.

15.1 Market Risk

Value at Risk ("VaR") is one of many components used by the Investment Manager and the Sub-Investment Manager to measure market risk. VaR can be used to meet the sensitivity analysis requirement of FRS 29. Relative VaR refers to the risk versus the benchmark.

The VaR of each of the Funds to a benchmark is calculated. Tracking error is the volatility of the difference between the Funds' returns and their benchmarks' returns. Tracking error can be computed ex-post (after the fact) by simply observing portfolio and benchmark returns; or ex-ante (before the fact) by a risk model that attempts to predict future tracking error based on the holdings of the Funds and of their benchmarks. A variety of third-party vendor systems are available for use to estimate tracking error, as well as internal methods. To calculate 95% 1 day relative VaR, daily tracking error is taken using 18 months of historical data and multiplies by 1.65, which is the statistical deviation for a 95% confidence level.

Tracking error and VaR analysis attempt to reflect the interdependencies between risk factors, usually through a correlation or covariance matrix although in other cases it can be through different methods such as Monte Carlo simulation. The systems that are used to calculate tracking error and VaR look at systematic capital market factors such as yield curve exposures (level, slope and shape), sector, credit quality and currencies and if further analysis is required there is the ability to calculate historic or Monte Carlo VaR.

There are inherent limitations to VaR. As with any forward-looking calculation, methods that calculate ex-ante tracking error and VaR are subject to error. Predicting future behavior involves extracting patterns from past data and applying judgment and modelling to project forward. There is no guarantee that any particular combination of past data, modelling and judgment will accurately predict forward, especially during turbulent market conditions.

The table below indicates the 95% 1 day relative VaR for the Funds relative to their benchmarks:

Fund	31 August 2010	31 August 2009
Western Asset US Dollar Liquidity Fund	0.01%	0.03%
Western Asset Sterling Liquidity Fund[^]	0.02%	0.01%
Western Asset Euro Liquidity Fund[^]	0.01%	0.02%
Western Asset Euro Government Liquidity Fund[^]	0.00%*	0.01%

* Less than 1/100th of a percent.

(a) Market Price Risk

The risk to each Fund from market price risk has been incorporated into the calculation of the market VaR, therefore, a sensitivity analysis is not presented.

(b) Foreign Currency Risk

The net asset value per share of each Fund is calculated in the relevant functional currency of US dollars, Pound Sterling or Euros. The investments held by each Fund may be acquired, valued and disposed of in other currencies.

The risk to each Fund from foreign currency exposure has been incorporated into the calculation of the market VaR (Note 15.1 above); therefore, a sensitivity analysis does not need to be presented.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)

15.1 Market Risk - (continued)

(c) Interest Rate Risk

As at 31 August 2010 all of the cash held by Western Asset Sterling Liquidity Fund[^] are held with the Custodian earning a margin over Libor. As at 31 August 2010 all of the cash held by Western Asset Euro Liquidity Fund[^] are held with the Custodian earning a margin over Euribor. As at 31 August 2009 all of the cash held by the Funds were held with the Custodian earning a margin over Libor.

The analysis of fixed, variable and non-interest bearing securities as at 31 August 2010 is as follows:

Fund		Investments in Fixed Interest Securities	Investments in Variable Interest Securities	Investments in Non-Interest Bearing Securities
Western Asset US Dollar Liquidity Fund	\$	3,337,185,589	920,396,298	-
Western Asset Sterling Liquidity Fund [^]	£	254,528,301	36,939,256	-
Western Asset Euro Liquidity Fund [^]	€	781,473,327	263,715,752	-
Western Asset Euro Government Liquidity Fund [^]	€	63,833,416	-	-

The analysis of fixed, variable and non-interest bearing securities as at 31 August 2009 is as follows:

Fund		Investments in Fixed Interest Securities	Investments in Variable Interest Securities	Investments in Non-Interest Bearing Securities
Western Asset US Dollar Liquidity Fund	\$	2,477,096,678	1,571,446,316	-
Western Asset Sterling Liquidity Fund [^]	£	575,519,959	142,855,775	-
Western Asset Euro Liquidity Fund [^]	€	438,799,253	466,311,829	218,901
Western Asset Euro Government Liquidity Fund [^]	€	67,205,849	-	-

The variable rate securities held by each Fund as at 31 August 2010 and 31 August 2009 earned interest based on indices such as Euribor, Libor (one month and three months), Federal Funds Effective Rate and Prime Rate.

The weighted average yield and weighted average years to maturity of each Fund on its fixed rate instruments as at 31 August 2010 are as follows:

Fund	Weighted Average Yield	Weighted Average Years to Maturity
Western Asset US Dollar Liquidity Fund	0.44%	0.20
Western Asset Sterling Liquidity Fund [^]	0.68%	0.14
Western Asset Euro Liquidity Fund [^]	0.53%	0.12
Western Asset Euro Government Liquidity Fund [^]	0.32%	0.09

The weighted average yield and weighted average years to maturity of each Fund on its fixed rate instruments as at 31 August 2009 are as follows:

Fund	Weighted Average Yield	Weighted Average Years to Maturity
Western Asset US Dollar Liquidity Fund	0.52%	0.19
Western Asset Sterling Liquidity Fund [^]	0.41%	0.02
Western Asset Euro Liquidity Fund [^]	0.22%	0.03
Western Asset Euro Government Liquidity Fund [^]	0.04%	0.14

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)

15.1 Market Risk - (continued)

(c) Interest Rate Risk - (continued)

Each of the Funds invests in short term securities and the maturity profile for each Fund is set out in the tables below:

As at 31 August 2010

Western Asset US Dollar Liquidity Fund	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	\$	\$	\$	\$	\$	\$
Assets						
Financial assets at fair value through profit or loss	920,396,298	1,663,650,061	549,749,273	1,123,786,255	-	4,257,581,887
Other receivables and assets	992	-	-	-	1,369,795	1,370,787
Total Assets	920,397,290	1,663,650,061	549,749,273	1,123,786,255	1,369,795	4,258,952,674
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	947,280	947,280
Total Liabilities	-	-	-	-	947,280	947,280
Total interest sensitivity gap	920,397,290	1,663,650,061	549,749,273	1,123,786,255	422,515	4,258,005,394

Western Asset Sterling Liquidity Fund [^]	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	£	£	£	£	£	£
Assets						
Financial assets at fair value through profit or loss	36,939,256	142,078,571	78,107,453	34,342,277	-	291,467,557
Other receivables and assets	210,308	-	-	-	66,331	276,639
Total Assets	37,149,564	142,078,571	78,107,453	34,342,277	66,331	291,744,196
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	14,140,592	14,140,592
Total Liabilities	-	-	-	-	14,140,592	14,140,592
Total interest sensitivity gap	37,149,564	142,078,571	78,107,453	34,342,277	(14,074,261)	277,603,604

Western Asset Euro Liquidity Fund [^]	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	€	€	€	€	€	€
Assets						
Financial assets at fair value through profit or loss	263,715,752	503,391,512	218,392,198	59,689,617	-	1,045,189,079
Other receivables and assets	333,076	-	-	-	805,309	1,138,385
Total Assets	264,048,828	503,391,512	218,392,198	59,689,617	805,309	1,046,327,464
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	95,340,486	95,340,486
Total Liabilities	-	-	-	-	95,340,486	95,340,486
Total interest sensitivity gap	264,048,828	503,391,512	218,392,198	59,689,617	(94,535,177)	950,986,978

Western Asset Euro Government Liquidity Fund [^]	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	€	€	€	€	€	€
Assets						
Financial assets at fair value through profit or loss	-	42,648,129	21,085,374	99,913	-	63,833,416
Other receivables and assets	104,460	-	-	-	63,827	168,287
Total Assets	104,460	42,648,129	21,085,374	99,913	63,827	64,001,703
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	5,541,342	5,541,342
Total Liabilities	-	-	-	-	5,541,342	5,541,342
Total interest sensitivity gap	104,460	42,648,129	21,085,374	99,913	(5,477,515)	58,460,361

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)

15.1 Market Risk - (continued)

(c) Interest Rate Risk - (continued)

As at 31 August 2009

Western Asset US Dollar Liquidity Fund	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	\$	\$	\$	\$	\$	\$
Assets						
Financial assets at fair value through profit or loss	1,571,446,316	1,123,171,774	479,693,367	874,231,537	-	4,048,542,994
Other receivables and assets	648	-	-	-	100,900,954	100,901,602
Total Assets	1,571,446,964	1,123,171,774	479,693,367	874,231,537	100,900,954	4,149,444,596
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	79,126,070	79,126,070
Total Liabilities	-	-	-	-	79,126,070	79,126,070
Total interest sensitivity gap	1,571,446,964	1,123,171,774	479,693,367	874,231,537	21,774,884	4,070,318,526

Western Asset Sterling Liquidity Fund [^]	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	£	£	£	£	£	£
Assets						
Financial assets at fair value through profit or loss	142,855,775	521,564,427	53,955,532	-	-	718,375,734
Other receivables and assets	288,833	-	-	-	392,618	681,451
Total Assets	143,144,608	521,564,427	53,955,532	-	392,618	719,057,185
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	95,208,428	95,208,428
Total Liabilities	-	-	-	-	95,208,428	95,208,428
Total interest sensitivity gap	143,144,608	521,564,427	53,955,532	-	(94,815,810)	623,848,757

Western Asset Euro Liquidity Fund [^]	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	€	€	€	€	€	€
Assets						
Financial assets at fair value through profit or loss	466,311,829	373,846,054	64,953,199	-	218,901	905,329,983
Other receivables and assets	259,133	-	-	-	981,872	1,241,005
Total Assets	466,570,962	373,846,054	64,953,199	-	1,200,773	906,570,988
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	471,708	471,708
Total Liabilities	-	-	-	-	471,708	471,708
Total interest sensitivity gap	466,570,962	373,846,054	64,953,199	-	729,065	906,099,280

Western Asset Euro Government Liquidity Fund [^]	Variable Interest	Fixed Rate Securities			Non-Interest Bearing	Total
		Less than 1 month	1 – 3 months	3 months – 1 year		
	€	€	€	€	€	€
Assets						
Financial assets at fair value through profit or loss	-	25,497,498	32,729,611	8,978,740	-	67,205,849
Other receivables and assets	65,561	-	-	-	12,185	77,746
Total Assets	65,561	25,497,498	32,729,611	8,978,740	12,185	67,283,595
Liabilities						
Accrued expenses and other liabilities	-	-	-	-	27,771	27,771
Total Liabilities	-	-	-	-	27,771	27,771
Total interest sensitivity gap	65,561	25,497,498	32,729,611	8,978,740	(15,586)	67,255,824

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)**15. Risk Exposure and Risk Management - (continued)****15.1 Market Risk - (continued)****(d) Other Price Risk - Fair Value of Financial Assets and Financial Liabilities**

A Valuation Committee has been established to oversee the implementation of the valuation policies and procedures adopted by the Board of Directors (the "Board"). The Valuation Committee meets on a monthly basis to review all securities which are manually priced, broker priced, matrix priced, fair valued, illiquid or stale. A Valuation Committee meeting, however, may be called at any time to consider any question or issue that falls under their procedures. Valuation Committee meetings can be in person, or via email or other writing.

The Funds may enter into derivative contracts. The value of derivatives is based on certain underlying bonds, interest rates, currencies or indices and includes options, futures, currency and interest rate swaps and forward foreign exchange contracts. Derivatives may be hard to sell at an advantageous price or time and are sensitive to changes in the underlying security, interest rate, currency or index. Therefore, derivatives can be highly volatile and could result in a loss to the Fund. There were no open derivative positions held during the year ended 31 August 2010 on the Funds. There were no open derivative positions at 31 August 2009, except for the capital support agreement on Western Asset Euro Liquidity Fund[^] as disclosed in Note 3.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date. In the absence of quoted market prices at the balance sheet date, the fair value of certain money market instruments are valued at amortised cost which is considered to be a proxy for market value. The quoted market price used for financial assets held by the Company is the current bid price. When a "readily available market quotation" for a security is not available and the security is not being valued using the amortised cost method, the Company employs "fair value" methodologies to price securities. As a general principle, fair value is the price that the Fund might reasonably expect to receive upon a current sale. The fair valuation process requires the Valuation Committee to make a determination in good faith as to the value of a particular security or group of securities depending on the particular facts and circumstances involved.

Circumstances in which a market quotation is not readily available may include, trading suspensions prior to the close of the relevant market; events that unexpectedly close entire markets such as natural disasters, power blackouts, or similar major events; market holidays; or volume of trading in a security.

When determining the fair value of a security, the Valuation Committee may consider all relevant methods, including but not limited to any one or all of the following pricing methods:

- (1) A multiple of earnings;
- (2) A discount from market of a similar freely traded security;
- (3) A discounted cash-flow analysis;
- (4) The book value or a multiple thereof;
- (5) A risk premium/yield analysis;
- (6) Yield to maturity; or
- (7) Fundamental investment analysis.

When determining the fair value of a security, the Valuation Committee should consider factors that may indicate the price that a Fund might reasonably expect to receive from the security's current sale including but not limited to the type of security, the purchase price of the security, the issuer's financial statements, the price and extent of public trading in similar securities of the issuer or comparable companies, values of indices or baskets of securities traded on other markets, exchanges or among dealers such as ADR and closed-end fund trading, changes in interest rates, the value of foreign securities traded on other foreign markets, foreign currency exchange activity and any letters of credit in place for the benefit of the relevant Fund.

The Valuation Committee reviews the appropriateness and accuracy of the methods used in fair valuing securities on a monthly basis including a comparison of fair values against the last market price and the next available market price, such as the next-day opening price.

In the event a price is not available from an independent third party, the Administrator or the Investment Manager may obtain one or more indicative quotes from approved broker-dealers. Certain investments are priced using an independent third party valuation model and the prices provided are based on a valuation model rather than quotes provided by broker-dealers. The valuation model uses a variety of relevant inputs and assumptions depending on the security type and available market information.

Matrix pricing is used for Funds when the Administrator or the Investment Manager is unable to obtain one or more broker-dealer quotes for a security for which there is no price available from an independent third party. Matrix pricing estimates a U.S. Dollar-denominated security's current market value by using the most recent quote received from a broker-dealer and adjusting the price by the change in the yield of the U.S. treasury security most similar in duration to the security being valued.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)**15. Risk Exposure and Risk Management - (continued)****15.1 Market Risk - (continued)****(d) Other Price Risk - Fair Value of Financial Assets and Financial Liabilities - (continued)**

The following tables set out the value of securities for each Fund which have been priced using single broker sources, fair valued by the Valuation Committee and securities which have been matrix priced or priced by an independent third party valuation model as at 31 August 2010 and 31 August 2009:

31 August 2010

Fund	Currency	Single Broker Priced	Fair Valued by Valuation Committee	Matrix Priced
Western Asset US Dollar Liquidity Fund	\$	-	-	-
Western Asset Sterling Liquidity Fund[^]	£	-	-	-
Western Asset Euro Liquidity Fund[^]	€	10,000,000	-	-
Western Asset Euro Government Liquidity Fund[^]	€	-	-	-

31 August 2009

Fund	Currency	Single Broker Priced	Fair Valued by Valuation Committee	Matrix Priced
Western Asset US Dollar Liquidity Fund	\$	-	-	-
Western Asset Sterling Liquidity Fund[^]	£	-	-	-
Western Asset Euro Liquidity Fund[^]	€	-	325,859,058	-
Western Asset Euro Government Liquidity Fund[^]	€	-	-	-

In addition, holdings of \$2,298,482,589 (31 August 2009: \$1,743,913,792) of the Western Asset US Dollar Liquidity Fund were valued using an independent third party valuation model.

Additional details regarding pricing methods are presented in Note 3 to these financial statements.

(e) Fair Value Estimation

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market data obtained from sources independent of the Company and might include the Company's own data.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)

15.1 Market Risk - (continued)

(e) Fair Value Estimation - (continued)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in these securities.

The following tables analyses under the fair value hierarchy the Funds' financial assets and financial liabilities measured at fair value at 31 August 2010:

Western Asset US Dollar Liquidity Fund	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Bank notes	-	\$90,000,000	-
Certificates of deposit	-	1,405,007,616	-
Commercial paper	-	1,892,178,602	-
Time deposits	-	545,000,000	-
U.S. Government agency	-	229,852,310	-
Variable rate notes	-	95,543,359	-
Total	-	\$4,257,581,887	-

Western Asset Sterling Liquidity Fund [^]	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Certificates of deposit	-	£52,949,356	-
Commercial paper	-	138,265,996	-
Repurchase agreements	-	44,000,000	-
Time deposits	-	19,312,949	-
Variable rate notes	-	36,939,256	-
Total	-	£291,467,557	-

Western Asset Euro Liquidity Fund [^]	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Certificates of deposit	-	€236,725,106	-
Commercial paper	-	362,210,649	-
Repurchase agreements	-	95,000,000	-
Time deposits	-	205,531,550	-
Fixed/Variable rate notes	-	145,721,774	-
Total	-	€1,045,189,079	-

Western Asset Euro Government Liquidity Fund [^]	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Commercial paper	-	€11,998,283	-
Government guaranteed security	-	2,152,365	-
Repurchase agreements	-	11,000,000	-
Time deposits	-	5,000,681	-
Treasury bills/certificates	-	33,682,087	-
Total	-	€63,833,416	-

Western Asset US Dollar Liquidity Fund

Reconciliation of Level 3

	31 August 2010
	\$
Opening balance	-
Total unrealised loss	-
In profit or loss	(3,206)
Purchases and issuances	50,000,000
Sales and settlements	-
Transfers into Level 3	-
Transfers out of Level 3	(49,996,794)
Ending balance	-

There were no significant transfers between levels during the year.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)**15.2 Credit Risk**

Credit risk is the risk that a counterparty to or issuer of a financial instrument will fail to discharge an obligation or commitment that it has entered into with a Fund. The Company will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default. The Investment Manager and the Sub-Investment Manager minimise concentrations of credit risk by undertaking transactions with a large number of brokers and counterparties on recognised and reputable exchanges. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Each Fund will be exposed to credit risk on the counterparties with which it trades in relation to futures and other derivative financial instruments that are not traded on a recognised exchange. Such instruments are not afforded the same protections as may apply to participants trading futures or other derivative instruments on organised exchanges, such as the performance guarantee of an exchange clearing house. The Funds will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which the Funds trade such instruments, which could result in substantial losses to the Funds.

The Company is exposed to credit risk on the over-the-counter ("OTC") counterparties with whom it trades. All OTC counterparties must meet the following criteria as set out in the Regulations namely:

- (i) A credit institution in accordance with the UCITS Regulations, or an investment firm authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State, or is an entity subject to regulation as a Consolidated Supervised Entity by the Securities and Exchange Commission, or
- (ii) Have a minimum credit rating of A2 or equivalent, or in the opinion of the Investment Manager or the Sub-Investment Manager, an implied credit minimum rating of A2 or equivalent.

The risk exposure of each Fund to a counterparty to an OTC derivative transaction may not exceed 5% of net assets. This limit is raised to 10% in the case of a credit institution authorised in the EEA, a credit institution authorised within a signatory state (other than an EEA member state) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

Transactions involving derivative financial instruments are usually with counterparties with whom the Company has signed master netting agreements. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. The credit risk associated with derivative financial assets subject to a master netting arrangement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realised.

Transactions resulting in large unrealised gains to a Fund may require a Fund to hold collateral received from a broker. In these instances, the credit risk to the Fund is reduced by the value of the collateral held. In the event a broker files for bankruptcy, in the U.S. (though regulations may vary by jurisdiction), collateral posted in connection with certain derivative financial instruments is exempt from the automatic stay implemented at the inception of a bankruptcy proceeding. This derivative financial instruments exemption would allow a Fund to immediately foreclose on collateral posted by the insolvent party in order to satisfy claims against such insolvent party.

The Company monitors its risk by periodically considering the credit quality and financial positions of the counterparties the Funds use. The Funds may only trade with approved counterparties.

A list of approved counterparties is maintained. Additions to these lists are reviewed quarterly and a thorough re-evaluation of all counterparties is conducted annually. The review includes analysis of the counterparty's capital adequacy, profitability, liquidity and other factors as may be appropriate.

Credit risk is addressed through diversified use of counterparties and issuers, and through minimum security ratings and average portfolio ratings. The Investment Manager and the Sub-Investment Manager may set portfolio limits and may invest with mutually agreed limits set at a Fund's inception, including issue and issuer limitations, credit minimums, and an average credit quality and the account is monitored on an ongoing basis to ensure it continues to meet these limits. Rigorous independent analysis of all credit securities before purchase, including financial modelling, scenario analysis, and monitoring changes in risk profile may also be performed. Generally no more than 5% of the portfolio may be invested in any single corporate issuer at the time of purchase.

Credit risk can be managed by entering into a capital support agreements ("CSA") in order to provide stability to a Fund and its investors and to enable a Fund to preserve its AAA rating. A CSA is an agreement that provides for cash infusions into a Fund by a support provider to cover the value of holdings in the Fund that are currently in default. The support provider does not receive any consideration from the Fund in the form of shares or any other form. Details of each Fund's CSA in place during the year are set out in Note 9.

The Investment Manager and the Sub-Investment Manager review Funds' holdings against minimum allowable credit ratings (as applicable). The Valuation Committee meets at least monthly and whenever the circumstances so require to review and deliberate on valuation concerns including credit. In addition, if holdings fall below minimum allowable credit ratings this would be reported to the Board as part of the monthly reporting.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)

15.2 Credit Risk - (continued)

Substantially all of the cash and securities held by the Funds are held via the Custodian. Bankruptcy or insolvency by the Custodian may cause the Funds' rights with respect to the cash held by the Custodian to be delayed or limited. The credit rating of the Custodian is highly rated by prominent rating agencies. If the credit quality or financial position of the Custodian deteriorates significantly the Investment Manager and the Sub-Investment Manager will move the cash holdings to another bank. This would require the determination of an appropriate course of action, including negotiation of a contract with another bank, as well as, the setup of accounts.

Any securities placed as collateral are disclosed on the Portfolios of Investments.

If a Fund has posted collateral to a counterparty, in a counterparty insolvency, that Fund may have the right under trading agreements with the counterparty to recall such posted collateral. In practice, however, the Fund may seek to reduce any amounts owed to the counterparty to settle any open transactions by setting off the amounts owed against the posted collateral. If the Fund was due back any collateral after setting off against the amounts owed (e.g., the Fund's position was over collateralised), it is likely the Fund would have an unsecured claim against the counterparty in the insolvency proceeding for the excess amount due to it.

At 31 August 2010, balances due from brokers and other receivables were exposed to credit risk. The total amount of financial assets exposed to credit risk approximates to their carrying value in the Balance Sheet.

The table below sets out a summary of the credit exposure as at 31 August 2010 and 31 August 2009 based on credit ratings of the debt securities held in the Funds:

Rating	Western Asset US Dollar Liquidity Fund \$		Western Asset Sterling Liquidity Fund ^A £		Western Asset Euro Liquidity Fund ^A €		Western Asset Euro Government Liquidity Fund ^A €	
	2010	2009	2010	2009	2010	2009	2010	2009
A-1+	45.63%	76.81%	38.73%	51.02%	36.17%	54.45%	56.14%	85.86%
A-1	54.37%	21.95%	61.27%	48.98%	63.83%	45.55%	43.86%	14.14%
A-2	-	-	-	-	-	-	-	-
AA-E	-	-	-	-	-	-	-	-
AAA	-	-	-	-	-	-	-	-
AAE	-	-	-	-	-	-	-	-
D	-	-	-	-	-	-	-	-
Not Rated	-	1.24%	-	-	-	-	-	-
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

15.3 Liquidity Risk

The Company's prospectus provides for the daily creation and cancellation of shares and the Company is therefore exposed to the liquidity risk of meeting shareholder redemptions at any time.

The Administrator monitors subscription and redemption volumes on a daily basis and notifies the Investment Manager and the Sub-Investment Manager of significant movements and unusual trends as appropriate. The Company can limit redemptions, if redemption requests on any dealing day (as defined in the prospectus) exceed 10% of the shares in issue in respect of any Fund. The Company may defer the excess redemption requests to subsequent dealing days and shall redeem such shares ratably.

The Company has the ability to borrow in the short term to ensure settlement. In accordance with the Regulations a Fund may not borrow money except as follows:

- (a) a Fund may acquire foreign currency by means of a "back-to-back" loan; and
- (b) a Fund may borrow:
 - (i) up to 10% of its net asset value provided that such borrowing is on a temporary basis; and
 - (ii) up to 10% of its net asset value provided that the borrowing is to make possible the acquisition of real property required for the purpose of its business;

provided that such borrowing referred to in subparagraph b (i) and (ii) may not in total exceed 15% of the borrower's assets.

No such borrowings have arisen during the year.

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

15. Risk Exposure and Risk Management - (continued)

15.3 Liquidity Risk - (continued)

One of the responsibilities of the Valuation Committee is to review and deliberate on valuation concerns, including illiquid securities. At least monthly, the Investment Manager reports to the Valuation Committee whether any holding of each Fund is illiquid. The Investment Manager determines on an on-going basis whether any security is illiquid based on whether or not the security may be sold or disposed of within seven days at approximately the current market value. In the event a security is determined to be illiquid, the Investment Manager immediately notifies the Administrator in order to ensure that the security is properly classified by the Fund.

The Company may from time to time invest in derivative contracts traded OTC, which are not traded in an organised public market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The cash outflows below are presented as undiscounted gross amounts if the amounts will settle on a gross basis and undiscounted net amounts if the amounts will settle on a net basis.

Details of residual contractual maturities of financial liabilities for each Fund are outlined below:

31 August 2010

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund ^A £	Western Asset Euro Liquidity Fund ^A €	Western Asset Euro Government Liquidity Fund ^A €	Total \$
Liabilities					
Less than 1 month					
Dividend Distributions Payable to Holders of Redeemable Participating Shares	99,859	48,013	79,681	-	274,467
Payable for Investments Purchased	-	14,000,000	95,000,000	5,500,000	148,832,650
Investment Manager's Fee Payable	262,953	-	70,846	-	352,736
Administration, Transfer Agent Services and Custodian Fees Payable	89,436	6,342	20,054	1,326	126,256
Distribution Fee Payable	213,969	21,572	64,104	2,652	331,650
Accrued Expenses	104,476	8,440	16,780	16,849	160,037
Redeemable Participating Shares	4,258,005,394	277,603,604	950,986,978	58,460,361	5,962,983,133
3 months – 1 year					
Accrued Expenses	176,587	56,225	89,021	20,515	401,623
Total Financial Liabilities	4,258,952,674	291,744,196	1,046,327,464	64,001,703	6,113,462,552

31 August 2009

	Western Asset US Dollar Liquidity Fund \$	Western Asset Sterling Liquidity Fund ^A £	Western Asset Euro Liquidity Fund ^A €	Euro Liquidity Plus Fund ^A €	Western Asset Euro Government Liquidity Fund ^A €	Total \$
Liabilities						
Less than 1 month						
Dividend Distributions Payable to Holders of Redeemable Participating Shares	224,065	76,196	173,096	-	617	597,198
Payable for Investments Purchased	77,975,873	95,000,000	-	-	-	232,721,373
Investment Manager's Fee Payable	323,034	-	94,341	-	-	458,272
Administration, Transfer Agent Services and Custodian Fees Payable	98,377	12,899	21,445	-	1,406	152,145
Distribution Fee Payable	273,033	59,221	68,415	-	2,813	471,604
Accrued Expenses	71,919	4,687	10,168	-	6,304	103,166
Redeemable Participating Shares	4,070,318,526	623,848,757	906,099,280	-	67,255,824	6,481,810,308
3 months – 1 year						
Accrued Expenses	159,769	55,425	104,243	29,835	16,631	466,092
Total Financial Liabilities	4,149,444,596	719,057,185	906,570,988	29,835	67,283,595	6,716,780,158

^A Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

16. Efficient Portfolio Management

For the purpose of efficient portfolio management, the Funds may use the following techniques and instruments: options, futures, currency swaps, interest rate swaps, repurchase agreements, buy and sell back agreements and stock lending. The Funds may also purchase assets in a wide range of currencies but will normally hedge these currencies back to the currency of denomination of the relevant Funds. The hedge may take the form of a non-base currency contract or any other appropriate instruments. The use of techniques and instruments by the Funds for the purposes of efficient portfolio management will be subject to the conditions and limits thereon laid down by the Central Bank of Ireland. During the year ended 31 August 2010 the Company has utilised those investment techniques and instruments as listed below for the purpose of efficient portfolio management.

Futures Contracts

The Funds may enter into such contracts to hedge a portion of its portfolio. The relevant Fund bears the market risk that arises from the changes in the value of the financial instruments and securities indices on which the relevant futures contract is based.

None of the Funds held futures at 31 August 2010 or 31 August 2009.

Repurchase Agreements

For the purposes of efficient portfolio management, the Company may purchase (and its custodian takes possession of) securities from banks and securities dealers subject to agreements to resell the securities to the sellers at a future date (generally, the next business day) at an agreed-upon higher repurchase price. Continual maintenance is required of the market value (plus accrued interest) of the collateral to each such trade in an amount at least equal to the relevant repurchase price.

At 31 August 2010 Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^] had entered into repurchase agreements. At 31 August 2009 Western Asset Sterling Liquidity Fund[^] and Western Asset Euro Liquidity Fund[^] had entered into repurchase agreements.

17. Amendments to the Prospectus

The Company has issued the following documents which have been approved by the Central Bank of Ireland:

- Simplified Prospectus dated 26 January 2010 was issued in respect of the Western Asset US Dollar Liquidity Fund, Western Asset Sterling Liquidity Fund[^], Western Asset Euro Liquidity Fund[^] and Western Asset Euro Government Liquidity Fund[^].

There were no other significant amendments noted.

18. Significant Events

The following are significant events that occurred in the year ended 31 August 2010:

- Effective 11 September 2009, Joseph Keane was appointed as director of the Company.
- Effective 29 September 2009, Western Asset Sterling Liquidity Fund's[^] capital support agreement expired.
- Effective 31 December 2009, the Central Bank of Ireland revoked authorization of Western Asset Euro Liquidity Plus Fund[^].
- Effective 31 March 2010, Western Asset Euro Liquidity Fund's[^] capital support agreement expired.
- Effective 1 July 2010, PNC Global Investment Servicing (Europe) Limited changed its name to BNY Mellon Investment Servicing (International) Limited.
- Effective 1 July 2010, PNC International Bank Limited changed its name to BNY Mellon International Bank Limited.

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Notes to Financial Statements - (continued)

19. Subsequent Events

Effective 8 October 2010, Class P fully redeemed.

20. Approval of the Financial Statements

The board of Directors approved the financial statements on 16 November 2010.

Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited)

In accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No 211 of 2003) (as amended), a statement of largest changes in the composition of the Portfolio of Investments during the reporting year is provided to ensure that shareholders can identify changes in the investments held by each Fund. These statements present the aggregate purchases and sales of transferable securities (including maturities but excluding financial derivative instruments and deposits with credit institutions), exceeding 1.00% of the total value of purchases and sales for the year. At a minimum the largest 20 purchases and 20 sales are listed. If a Fund entered into less than twenty purchases or sales during the reporting year, then all transactions are present.

WESTERN ASSET US DOLLAR LIQUIDITY FUND

MAJOR PURCHASES	COST (\$)	MAJOR SALES	PROCEEDS (\$)
General Electric Capital Corp., 1.000% due 20/01/2010	169,999,339	General Electric Capital Corp., 1.000% due 20/01/2010	170,000,000
Total Capital S.A., 0.243% due 05/08/2010	152,368,984	Total Capital S.A., 0.243% due 05/08/2010	152,370,000
Abbey National North America LLC, 1.000% due 22/01/2010	149,999,458	Abbey National North America LLC, 1.000% due 22/01/2010	150,000,000
General Electric Capital Corp., 1.000% due 06/10/2009	149,999,458	Automatic Data Processing, 0.243% due 18/08/2010	150,000,000
General Electric Capital Corp., 0.132% due 04/02/2010	149,999,458	Bank of America Corp., 0.233% due 25/05/2010	150,000,000
General Electric Capital Corp., 0.152% due 04/12/2009	149,999,375	General Electric Capital Corp., 0.162% due 22/09/2009	150,000,000
General Electric Capital Corp., 0.162% due 22/09/2009	149,999,334	General Electric Capital Corp., 1.000% due 06/10/2009	150,000,000
General Electric Capital Corp., 0.162% due 02/02/2010	149,999,334	General Electric Capital Corp., 0.152% due 04/12/2009	150,000,000
Societe Generale N.A., 0.183% due 09/03/2010	149,999,250	General Electric Capital Corp., 0.162% due 02/02/2010	150,000,000
Bank of America Corp., 0.233% due 25/05/2010	149,999,042	General Electric Capital Corp., 0.132% due 04/02/2010	150,000,000
Automatic Data Processing, Inc., 0.243% due 18/08/2010	149,999,000	Societe Generale N.A., 0.183% due 09/03/2010	150,000,000
Nestle Capital Corp., 0.173% due 12/03/2010	149,244,296	Nestle Capital Corp., 0.173% due 12/03/2010	149,245,000
Automatic Data Processing, 0.170% due 14/09/2009	144,998,067	Automatic Data Processing, Inc., 0.170% due 14/09/2009	145,000,000
General Electric Capital Corp., 0.180% due 04/09/2009	139,542,302	General Electric Capital Corp., 0.180% due 04/09/2009	139,543,000
FHLMC Corp. Discount Note, zero coupon due 26/07/2010	135,193,434	FHLMC Corp. Discount Note, zero coupon due 26/07/2010	135,235,723
Total Capital S.A., 0.230% due 03/06/2010	133,437,147	Total Capital S.A., 0.230% due 03/06/2010	133,438,000
Bank of America Corp., 0.180% due 03/09/2009	129,999,350	Bank of America Corp., 0.180% due 03/09/2009	130,000,000
Citigroup Funding, Inc., 1.000% due 05/04/2010	129,996,967	Citigroup Funding, Inc., 1.000% due 05/04/2010	130,000,000
Total Capital S.A., 0.132% due 04/02/2010	124,999,549	Societe Generale N.A., 0.150% due 12/11/2009	125,000,000
UBS Finance Delaware, 0.152% due 08/12/2009	124,999,479	UBS Finance Delaware, 0.152% due 08/12/2009	125,000,000

Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited) - (continued)

WESTERN ASSET STERLING LIQUIDITY FUND[^]

MAJOR PURCHASES	COST (£)	MAJOR SALES	PROCEEDS (£)
UK Treasury Bill, zero coupon due 12/10/2009	99,978,082	UK Treasury Bill, zero coupon due 12/10/2009	100,000,000
UK Treasury Bill, 0.320% due 12/10/2009	99,978,082	UK Treasury Bill, zero coupon due 07/06/2010	37,000,000
UK Treasury Bill, zero coupon due 07/06/2010	36,954,440	Bank of Tokyo Mitsubishi UFJ, 0.500% due 08/03/2010	22,000,000
Bank of Tokyo Mitsubishi UFJ, 0.500% due 08/03/2010	21,982,233	Nordea Bank, 0.581% due 06/04/2010	22,000,000
Societe Generale, 0.493% due 24/03/2010	21,976,819	Societe Generale, 0.493% due 24/03/2010	22,000,000
Nordea Bank, 0.581% due 06/04/2010	21,968,041	GE Capital UK Funding, 0.995% due 01/02/2010	20,000,000
Pohjola Bank PLC, 0.581% due 16/03/2010	16,681,395	Lloyds TSB Bank PLC, 0.727% due 18/01/2010	20,000,000
Pohjola Bank PLC, 0.556% due 16/06/2010	16,676,251	Royal Bank of Scotland, 1.552% due 15/09/2009	20,000,000
Nordea Bank PLC, 0.430% due 26/11/2009	15,996,043	Pohjola Bank PLC, 0.581% due 16/03/2010	16,700,000
Banque et Caisse d'Epargne de l'Etat, 0.443% due 09/02/2010	15,987,779	Pohjola Bank PLC, 0.556% due 16/06/2010	16,700,000
Banco Bilbao Vizcaya Argentaria S.A., 0.473% due 18/01/2010	15,986,965	Banco Bilbao Vizcaya Argentaria S.A., 0.473% due 18/01/2010	16,000,000
Banque Federative du Credit Mutuel, 0.571% due 27/04/2010	15,973,349	Banque et Caisse d'Epargne de l'Etat, 0.443% due 09/02/2010	16,000,000
Royal Bank of Scotland PLC, 0.561% due 29/04/2010	15,973,309	Banque Federative du Credit Mutuel, 0.571% due 27/04/2010	16,000,000
Lloyds TSB Bank PLC, 0.601% due 19/04/2010	15,776,008	Nordea Bank, 0.430% due 26/11/2009	16,000,000
BPCE S.A., 0.454% due 20/01/2010	15,498,633	Royal Bank of Scotland PLC, 0.561% due 29/04/2010	16,000,000
UniCredito Italiano, 0.420% due 27/01/2010	15,497,503	Lloyds TSB Bank PLC, 0.601% due 19/04/2010	15,800,000
Calyon, 0.430% due 26/02/2010	15,000,000	BPCE S.A., 0.454% due 20/01/2010	15,500,000
Svenska Handelsbanken, 0.500% due 22/04/2010	14,999,998	UniCredito Italiano, 0.420% due 27/01/2010	15,500,000
DNB Nor Bank, 0.399% due 26/11/2009	14,996,672	Banco Bilbao Vizcaya Argentaria S.A., 0.512% due 26/04/2010	15,000,000
BNP Paribas, 0.444% due 18/12/2009	14,992,791	BNP Paribas, 0.444% due 18/12/2009	15,000,000
DNB Nor Bank, 0.419% due 16/02/2010	14,989,179	Calyon, 0.430% due 26/02/2010	15,000,000
Rabobank, 0.413% due 26/02/2010	14,987,583	DNB Nor Bank, 0.399% due 26/11/2009	15,000,000
Sanpaolo IMI Bank, 0.414% due 26/02/2010	14,987,583	DNB Nor Bank, 0.419% due 16/02/2010	15,000,000
Westpac Trust, 0.502% due 26/04/2010	14,981,788	Rabobank, 0.413% due 26/02/2010	15,000,000

[^] Not authorised in Hong Kong and not available to Hong Kong residents.

Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited) - (continued)**WESTERN ASSET STERLING LIQUIDITY FUND^ - (continued)**

MAJOR PURCHASES - (continued)	COST (£)	MAJOR SALES - (continued)	PROCEEDS (£)
Banco Bilbao Vizcaya Argentaria S.A., 0.512% due 26/04/2010	14,981,431	Sanpaolo IMI Bank, 0.414% due 26/02/2010	15,000,000
		Svenska Handelsbanken, 0.500% due 22/04/2010	15,000,000
		Westpac Banking Corp., 0.891% due 29/01/2010	15,000,000
		Westpac Trust, 0.502% due 26/04/2010	15,000,000

^ Not authorised in Hong Kong and not available to Hong Kong residents.

Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited) - (continued)

WESTERN ASSET EURO LIQUIDITY FUND[^]

MAJOR PURCHASES	COST (€)	MAJOR SALES	PROCEEDS (€)
French Treasury Bill, zero coupon due 15/10/2009	68,996,109	French Treasury Bill, zero coupon due 15/10/2009	69,000,000
France O.A.T, 4.000% due 25/10/2009	50,585,850	GE Capital Euro Funding, 1.287% due 18/09/2009	68,000,000
Stadshypotek, 0.300% due 15/07/2010	44,997,375	CSSE Cen CSSE Eparg, 1.295% due 28/09/2009	60,000,000
Pohjola Bank PLC, 0.490% due 19/08/2010	44,981,020	France O.A.T, 4.000% due 25/10/2009	50,500,000
German Treasury Bill, zero coupon due 18/11/2009	39,988,292	Pohjola Bank PLC, 0.490% due 19/08/2010	45,000,000
UBS AG, 0.455% due 30/09/2010	39,457,611	Stadshypotek, 0.300% due 15/07/2010	45,000,000
ABN Amro Bank NV, 0.774% due 09/30/2010	39,427,005	German Treasury Bill, zero coupon due 18/11/2009	39,999,368
Rabobank Nederland, 0.320% due 28/06/2010	37,479,012	Svenska Handelsbanken AB, 1.110% due 21/05/2010	38,800,891
NRW Bank, 0.420% due 09/09/2010	34,974,702	Rabobank Nederland, 0.320% due 28/06/2010	37,500,000
General Electric Capital Corp., 0.590% due 07/10/2010	34,947,307	KBC IFIMA N.A., 0.983% due 25/01/2010	36,000,000
Pohjola Bank PLC, 0.649% due 19/11/2010	34,941,957	Danske Bank, 0.280% due 15/02/2010	34,000,000
Danske Bank, 0.280% due 15/02/2010	33,997,356	Banco Bilbao Vizcaya Argentaria S.A., 0.395% due 18/02/2010	30,000,000
Nationwide Building Society, 0.649% due 19/11/2010	32,945,868	Bank of Tokyo Mitsubishi UFJ, 0.595% due 12/07/2010	30,000,000
Skandinaviska Enskilda, 0.540% due 29/10/2010	30,972,589	BNP London, 0.380% due 21/12/2009	30,000,000
Bank Austria, 0.649% due 29/10/2010	30,967,012	BNP Paribas, 0.330% due 26/02/2010	30,000,000
Banque Federative du Credit Mutuel, 0.696% due 22/02/2011	30,000,000	Caixa Geral de Depositos S.A., 1.310% due 21/05/2010	30,000,000
BNP London, 0.380% due 21/12/2009	30,000,000	Nordea Bank, 0.320% due 18/02/2010	30,000,000
Nordea Bank, 0.320% due 18/02/2010	29,989,870	Rabobank, 0.400% due 31/08/2010	30,000,000
Banco Bilbao Vizcaya Argentaria S.A., 0.395% due 18/02/2010	29,989,799	Skandinaviska Enskilda, 0.450% due 31/08/2010	30,000,000
Societe Generale, 0.390% due 21/12/2009	29,989,604	Societe Generale, 0.390% due 21/12/2009	30,000,000
BNP Paribas, 0.330% due 26/02/2010	29,987,355	ABN Amro Bank NV, 0.774% due 30/09/2010	29,981,112
Rabobank, 0.400% due 31/08/2010	29,980,013	Bank Austria, 0.375% due 30/06/2010	29,300,000
Skandinaviska Enskilda, 0.450% due 31/08/2010	29,977,517	BNP Paribas, 0.380% due 22/07/2010	28,000,000
Bank of Tokyo Mitsubishi, 0.470% due 21/09/2010	29,972,217	HSBC Bank PLC, 0.340% due 21/06/2010	28,000,000
Bank of Tokyo Mitsubishi UFJ, 0.595% due 12/07/2010	29,910,029	Nordea Bank, 0.360% due 30/06/2010	28,000,000
Royal Bank of Scotland PLC, 1.050% due 21/02/2011	29,838,128	Sanpaolo IMI Bank, 0.305% due 24/05/2010	28,000,000

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Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited) - (continued)

WESTERN ASSET EURO LIQUIDITY FUND[^] - (continued)

MAJOR PURCHASES - (continued)	COST (€)	MAJOR SALES - (continued)	PROCEEDS (€)
ABN Amro Bank NV, 1.109% due 21/02/2011	29,828,165	ING Bank NV, 1.210% due 21/05/2010	27,700,000
Bank Austria, 0.375% due 30/06/2010	29,278,651	HSBC France, 0.420% due 30/08/2010	26,500,000
BNP Paribas, 0.380% due 22/07/2010	28,000,000	ING Bank NV, 0.530% due 31/08/2010	26,500,000
BNP Paribas, 0.700% due 31/01/2011	28,000,000	Banco Bilbao Vizcaya Argentaria S.A., 0.340% due 18/03/2010	25,000,000
HSBC Bank PLC, 0.340% due 21/06/2010	28,000,000	BNP Paribas, 1.185% due 14/04/2010	25,000,000
Lloyds TSB Bank PLC, 0.928% due 18/02/2011	28,000,000	French Treasury Bill, zero coupon due 29/10/2009	25,000,000
Sanpaolo IMI Bank, 0.305% due 24/05/2010	27,992,411	Nordea Bank, 0.340% due 18/03/2010	25,000,000
Nordea Bank, 0.360% due 30/06/2010	27,980,414	Unicredito Italiano, 0.330% due 18/03/2010	25,000,000
HSBC France, 0.420% due 30/08/2010	26,480,537	BPCE S.A., 0.250% due 20/01/2010	24,000,000
ING Bank NV, 0.530% due 31/08/2010	26,475,054	Abbey National Treasury Services PLC, 0.270% due 24/03/2010	23,500,000
		Rabobank, 0.270% due 24/03/2010	23,500,000
		Natixis U.S. Finance Co., 0.455% due 26/07/2010	23,000,000
		Royal Bank of Scotland PLC, 0.370% due 26/07/2010	23,000,000

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Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited) - (continued)

WESTERN ASSET EURO GOVERNMENT LIQUIDITY FUND[^]

MAJOR PURCHASES	COST (€)	MAJOR SALES	PROCEEDS (€)
French Treasury Bill, zero coupon due 18/02/2010	19,295,335	French Treasury Bill, zero coupon due 18/02/2010	19,299,995
Dutch Treasury Certificate, zero coupon due 29/01/2010	18,489,084	Dutch Treasury Certificate, zero coupon due 29/01/2010	18,499,992
French Treasury Bill, zero coupon due 28/01/2010	17,691,674	French Treasury Bill, zero coupon due 28/01/2010	17,699,530
Dutch Treasury Certificate, zero coupon due 29/10/2010	16,082,529	French Treasury Bill, zero coupon due 25/02/2010	16,000,000
French Treasury Bill, zero coupon due 25/02/2010	15,998,605	French Discount Treasury Bill, zero coupon due 08/04/2010	14,399,372
French Discount Treasury Bill, zero coupon due 08/04/2010	14,396,153	Dutch Treasury Certificate, zero coupon due 30/06/2010	14,397,846
Dutch Treasury Certificate, zero coupon due 30/06/2010	14,383,095	Dutch Treasury Certificate, zero coupon due 16/10/2009	14,000,000
French Discount Treasury Bill, zero coupon due 30/09/2010	13,190,123	Dutch Treasury Certificate, zero coupon due 30/07/2010	12,899,943
Dutch Treasury Certificate, zero coupon due 30/07/2010	12,896,162	Dutch Treasury Certificate, zero coupon due 13/11/2009	11,999,682
Dutch Treasury Certificate, zero coupon due 31/12/2009	11,996,671	Dutch Treasury Certificate, zero coupon due 31/12/2009	11,999,504
Dutch Treasury Certificate, zero coupon due 30/04/2010	11,893,886	Dutch Treasury Certificate, zero coupon due 30/04/2010	11,899,934
French Discount Treasury Bill, zero coupon due 08/07/2010	11,241,617	French Discount Treasury Bill, zero coupon due 08/07/2010	11,245,232
Dutch Treasury Certificate, zero coupon due 30/11/2009	9,998,917	Dutch Treasury Certificate, zero coupon due 30/11/2009	10,000,000
Dutch Treasury Certificate, zero coupon due 13/11/2009	9,996,801	Finnish Treasury Bill, zero coupon due 13/07/2010	9,399,592
Finnish Treasury Bill, zero coupon due 13/07/2010	9,393,382	French Discount Treasury Bill, zero coupon due 15/10/2009	8,000,000
Nycredit Bank, 0.380% due 09/09/2010	8,994,114	French Treasury Bill, zero coupon due 04/03/2010	7,499,993
French Treasury Bill, zero coupon due 04/03/2010	7,495,802	French Treasury Bill, zero coupon due 20/05/2010	7,399,708
French Treasury Bill, zero coupon due 20/05/2010	7,389,538	French Treasury Bill, zero coupon due 07/01/2010	7,100,000
French Treasury Bill, zero coupon due 07/01/2010	7,096,901	German Treasury Bill, zero coupon due 18/11/2009	6,999,921
German Treasury Bill, zero coupon due 18/11/2009	6,998,011	French Treasury Bill, zero coupon due 26/11/2009	6,950,000
French Treasury Bill, zero coupon due 26/11/2009	6,948,085	French Discount Treasury Bill, zero coupon due 11/03/2010	6,800,000
French Discount Treasury Bill, zero coupon due 11/03/2010	6,799,669	France O.A.T., 4.000% due 25/10/2009	6,500,000

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Statements of Portfolio Changes for the year ended 31 August 2010 (unaudited) - (continued)

WESTERN ASSET EURO GOVERNMENT LIQUIDITY FUND[^] - (continued)

MAJOR PURCHASES - (continued)	COST (€)	MAJOR SALES - (continued)	PROCEEDS (€)
France O.A.T., 4.000% due 25/10/2009	6,511,050	German Treasury Bill, zero coupon due 30/09/2009	6,000,000
French Treasury Bill, zero coupon due 11/02/2010	5,796,788	French Treasury Bill, zero coupon due 11/02/2010	5,799,968
German Treasury Bill, zero coupon due 18/11/2009	5,498,760	French Treasury Bill, zero coupon due 14/04/2010	5,500,000
French Treasury Bill, zero coupon due 15/04/2010	5,497,938	German Treasury Bill, zero coupon due 18/11/2009	5,500,000
German Treasury Bill, zero coupon due 13/01/2010	5,098,433	French Treasury Bill, zero coupon due 10/12/2009	5,100,000
French Treasury Bill, zero coupon due 10/12/2009	5,097,059	German Treasury Bill, zero coupon due 13/01/2010	5,100,000
Danske Bank, 1.000% due 30/09/2010	4,996,192	French Treasury Bill, zero coupon due 10/09/2009	5,000,000
Finnish Treasury Bill, zero coupon due 13/04/2010	4,995,754	French Treasury Bill, zero coupon due 24/09/2009	5,000,000
French Treasury Bill, zero coupon due 24/12/2009	4,995,076	German Treasury Bill, zero coupon due 09/12/2009	4,999,988
French Discount Bill, zero coupon due 28/10/2010	4,994,444	Finnish Treasury Bill, zero coupon due 13/04/2010	4,999,747
German Treasury Bill, zero coupon due 19/05/2010	4,699,734	French Treasury Bill, zero coupon due 24/12/2009	4,999,947
German Treasury Bill, zero coupon due 16/12/2009	4,298,429	Dutch Treasury Certificate, zero coupon due 30/10/2009	4,749,998
		German Treasury Bill, zero coupon due 19/05/2010	4,700,000
		German Treasury Bill, zero coupon due 16/12/2009	4,299,936
		French Discount Treasury Bill, zero coupon due 08/10/2009	4,000,000
		German Treasury Bill, zero coupon due 28/04/2010	3,999,876

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10 Year Disclosure for Hong Kong Registered Funds (unaudited)

The following table sets out the Highest Issue Price and the Lowest Redemption Price for the Western Asset US Dollar Liquidity Fund for the most recent ten financial periods ending 31 August.

Financial Period Ending	The Highest Issue Price	The Lowest Redemption Price
Class C		
August 2001	\$101.0353	\$106.4436
August 2002	\$106.4851	\$108.7614
August 2003	\$108.7664	\$110.1468
August 2004	\$110.1497	\$111.3097
August 2005	\$111.3141	\$114.0938
August 2006	\$114.1048	\$119.2057
August 2007	\$119.2746	\$125.6773
August 2008	\$125.6952	\$130.4912
August 2009	\$130.5007	\$132.4341
August 2010	\$132.6936	\$132.4353
Class P		
August 2006	\$100.0375	\$101.6454
August 2007	\$101.7008	\$106.9309
August 2008	\$106.9459	\$110.7412
August 2009	\$110.7487	\$112.1832
August 2010	\$112.2402	\$112.1838

Class D, Class S and Class WA shares have a constant NAV of \$1.00 throughout the period since their inception.

