

Contacts | Morrison Shafrath | CSG/PR | (720) 470-3653
 Mary K. Athridge | Western Asset | (212) 805-6035

GRAIL ADVISORS ADDS WESTERN ASSET MANAGEMENT TO GROWING LIST OF STRATEGIC PARTNERS

Premier Fixed Income Manager Signs On For Actively-Managed Fixed Income ETF

SAN FRANCISCO – May 17, 2010 – Grail Advisors, an innovator in the development and distribution of actively-managed exchange traded funds (ETFs), today announced the firm has formed a strategic partnership with Western Asset Management Company. Grail Advisors has filed registration for an actively-managed ETF—the Grail Western Asset Enhanced Liquidity ETF—that will employ Western Asset’s management capabilities in the short-term fixed income space.

With more than \$478 billion in assets under management as of March 31, 2010, Western Asset is recognized as one of the industry’s largest fixed income managers. The Pasadena, California-based firm is affiliated with Legg Mason Global Asset Management.

“This partnership with Western Asset Management Company represents an important addition for us as we work to bring active fund managers and strategies to the ETF marketplace,” said William M. Thomas, CEO of Grail Advisors LLC. “Having a manager of their caliber on board adds meaningful potential to our entire actively-managed ETF lineup.”

Western Asset, with offices in Pasadena, Hong Kong, London, Melbourne, New York, São Paulo, Singapore, and Tokyo, provides investment services for a wide variety of global clients across an equally wide variety of mandates. By devoting all of its resources to fixed income, the firm can provide a full commitment to clients of all types.

“Over the years, we’ve applied our active approach in a variety of fixed income products with varying risk disciplines,” said James W. Hirschmann, CEO of Western Asset. “The opportunity to demonstrate our commitment to investment excellence in the low-cost fee structure of the Grail Advisor ETFs is particularly exciting.”¹

Thomas initially plans to tap in to Western Asset’s bond and credit expertise to produce a transparent² and low-cost¹ ETF that aims to provide maximum current income, consistent with preservation of capital and daily liquidity³. And by virtue of his firm’s pioneering work in actively-managed ETFs—Grail Advisors launched its first product in May 2009—Thomas believes the Grail Advisors offering will benefit from a relatively unencumbered investment approach.

Grail Advisors’ most recent launches—the Grail McDonnell Intermediate Municipal Bond ETF (GMMB) and the Grail McDonnell Core Taxable Bond ETF (GMTB)—went live on the New York Stock Exchange in January. Thomas says the firm is ongoing discussions with a number of leading financial institutions and asset managers, and expects to launch more customized, actively-managed ETFs that will provide full, daily disclosure on all holdings.

About Grail Advisors LLC

Grail Advisors is a San Francisco-based investment advisor created specifically to build and distribute actively-managed Exchange Traded Funds to the global investment community. Known as an innovator in the marketplace, Grail combines the features of the ETF format with the experience of established active investment managers traditionally found in mutual funds and separate accounts. More information is available at www.grailadvisors.com.

About Western Asset Management Company

Western Asset Management Company is one of the world’s largest fixed income managers with over \$478.6 billion (March 31, 2010) under management. With offices in the United States, London, Tokyo, Singapore, Hong Kong, Melbourne, and Sao Paulo, the company offers clients a full range of local and cross-border fixed income products. By devoting all of its resources to fixed income, Western Asset can provide a full commitment to clients in every area. This focused approach has generated positive long-term returns in a variety of products with varying risk disciplines. Western Asset’s long performance track record and global presence has positioned the company to continue its commitment to excellence in fixed income investment management and client service.

About Legg Mason

Legg Mason is a global asset management firm, with \$684.5 billion in assets under management as of March 31, 2010. The company provides active asset management in many major investment centers throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

¹ Ordinary Brokerage Fees Apply.

² ETFs are transparent because holdings are disclosed daily.

³ ETFs are considered to have continuous liquidity because they allow for an individual to trade throughout the day.

William M. Thomas is a registered representative of ALPS Distributors, Inc.

Shares are not individually redeemable. Investors buy and sell shares on a secondary market. Only market makers and “authorized participants” may trade directly with the Fund(s), typically in blocks of 50,000 shares.

There are risks involved with investing including possible loss of principal. The ETFs will be actively managed and the Shares may trade above or below their net asset value. The trading price of Shares may deviate significantly from net asset value during periods of market volatility. Shares will not be FDIC insured, may lose value, and will have no bank guarantee.

Investors in any bond fund are subject to fluctuations in price due to issuer and credit quality, rising interest rates, inflation and call risks associated with the underlying bonds owned by the fund.

The Grail McDonnell ETFs are new and have limited operating history.

The Grail Western Asset Enhanced Liquidity ETF has no operating history.

The information in the Prospectus is not complete and may be changed. The Grail Western Asset Enhanced Liquidity ETF may not sell their Shares until the registration statement filed with the Securities and Exchange Commission is effective. The Prospectus is not an offer to sell the ETFs’ Shares, and the ETFs are not soliciting an offer to buy their Shares in any jurisdiction where the offer or sale is permitted.

An investor should consider investment objectives, risks, charges, and expenses carefully before investing. The Prospectus contains this and other information. For more complete information about the Grail McDonnell ETFs or to obtain a Prospectus, call 415-677-5870. Please read the Prospectus carefully before investing.

ALPS Distributors, Inc. is not affiliated with Western Asset or Legg Mason.

The ETFs are distributed by ALPS Distributors, Inc.