

LEGG MASON INC
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June 22, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

LEGG MASON, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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100 Light Street

Baltimore, Maryland 21202

June 22, 2009

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders which will be held at The Center Club, 100 Light Street, 16th Floor, Baltimore, Maryland at 10:00 a.m. on Tuesday, July 28, 2009. On the following pages you will find the Notice of Annual Meeting and Proxy Statement.

Whether or not you plan to attend, it is important that your shares be represented and voted at the meeting. Please grant a proxy to vote your shares in one of three ways: via the Internet, telephone or mail. Instructions regarding Internet and telephone voting are included on the proxy card.

I hope that you will attend the meeting, and I look forward to seeing you there.

Sincerely,

MARK R. FETTING

Chairman of the Board, President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Tuesday, July 28, 2009

To the Stockholders of

LEGG MASON, INC.:

The Annual Meeting of Stockholders of Legg Mason, Inc., a Maryland corporation, will be held at The Center Club, 100 Light Street, 16th Floor, Baltimore, Maryland, on Tuesday, July 28, 2009 at 10:00 a.m. to consider and vote upon:

- (1) The election of five directors for the three-year term ending in 2012;
- (2) Amendment of the Legg Mason, Inc. 1996 Equity Incentive Plan and approval to issue additional 1,000,000 shares currently covered by the Plan;
- (3) Ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for the fiscal year ending March 31, 2010;
- (4) Two stockholder proposals; and
- (5) Any other matter that may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on May 29, 2009 as the date for determining stockholders of record entitled to notice of and to vote at the Annual Meeting.

Your attention is directed to the accompanying Proxy Statement and 2009 Annual Report to Stockholders.

By order of the Board of Directors,

THOMAS C. MERCHANT
Secretary

June 22, 2009

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100 Light Street

Baltimore, Maryland 21202

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

Tuesday, July 28, 2009

The Board of Directors of Legg Mason, Inc. is soliciting the enclosed proxy from its stockholders. If you grant the enclosed proxy, you may revoke it at any time before we exercise it. We are soliciting proxies by mail and MacKenzie Partners, our proxy solicitors, and our officers, directors and other employees may also solicit proxies by telephone or any other means of communication. We will bear the cost of soliciting proxies, including a fee of \$25,000, plus expenses, paid to MacKenzie Partners for their services. We may reimburse brokers, banks, custodians, nominees and other fiduciaries for their reasonable out-of-pocket expenses in forwarding proxy materials to their principals. We are first sending this proxy material to our stockholders on or about June 22, 2009.

To be entitled to notice of and to vote at the meeting, you must have been a stockholder of record at the close of business on May 29, 2009. As of the close of business on that date, we had outstanding and entitled to vote (1) 141,892,508 shares of our common stock, \$.10 par value, each of which is entitled to one vote, and (2) 1,206,573 exchangeable shares, no par value, of one of our Canadian subsidiaries, each of which is exchangeable into one share of common stock and is entitled to one vote. The holders of common stock and exchangeable shares will vote together as a single class at the meeting.

You may vote your shares in one of four ways:

- By Internet: Go to www.voteproxy.com and follow the instructions. You will need your proxy card to vote your shares this way.
- By telephone: Call 1.800.PROXIES (1-800-776-9437) and follow the voice prompts. You will need your proxy card to vote your shares this way.
- By mail: Mark your vote, sign your name exactly as it appears on your proxy card, date your proxy card and return it in the envelope provided.

- In person: If you are a stockholder as of May 29, 2009, you may vote in person at the meeting. Submitting a proxy will not prevent a stockholder from attending the Annual Meeting.

We must have a quorum of stockholders (at least 50% of all stockholders entitled to vote) present at the meeting either in person or represented by proxy in order for any business to be conducted. Directors are elected by a plurality of the votes cast by the holders of shares of common stock and exchangeable shares present in person or represented by proxy at the meeting. Abstentions and broker non-votes will not affect the plurality vote for the election of directors. The amendment to the Legg Mason, Inc. 1996 Equity Incentive Plan and approval to issue additional shares will be approved if it receives the affirmative vote of a majority of the votes cast on the proposal and the total votes cast on the proposal represent over 50% of all securities entitled to vote on the proposal. Therefore, if holders of more than 50% in interest of all securities entitled to vote on the proposal cast votes, abstentions and broker non-votes will not have any effect on the result of the vote. On the other hand, if holders of less than 50% in interest of all securities entitled to vote on the proposal cast votes, abstentions and broker non-votes will have the effect of a vote against the proposal. Each stockholder proposal will be approved if it receives the affirmative vote of a majority of the votes cast on the proposal. Abstentions and broker non-votes will not affect the majority vote for the stockholder proposals.

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ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes. Each year, one class is elected to serve for a term of three years. Our stockholders will vote at this Annual Meeting for the election of five directors for the three-year term expiring at the Annual Meeting of Stockholders in 2012.

All nominees presently serve as directors. Our Board of Directors elected Mr. Huff as a director in June 2009 to fill a vacancy on the Board. Mr. Huff was assigned to the class of directors whose term expires in 2012. Under Maryland law, Mr. Huff must be elected by stockholders at this Annual Meeting in order to continue serving as a director.

Unless a stockholder withholds authority to vote, the persons named in the enclosed proxy will vote for the election of the nominees named. If any nominee is unable to serve, the persons named in the proxy may vote for a substitute nominee that they determine. Our Board of Directors has no reason to believe that any nominee will be unable to serve.

James E. Ukrop has been a director of Legg Mason since January 1985 and will continue to serve until the 2009 Annual Meeting of Stockholders.

The Board of Directors recommends a vote FOR the election of each nominated director.

Nominees for Director for the Term Expiring in 2012

Robert E. Angelica, age 62, has been a director of Legg Mason since February 2007 and is currently engaged in private investment activities. From 1999 through December 2006, Mr. Angelica served as the Chairman and Chief Executive Officer of the AT&T Investment Management Corporation, an asset management subsidiary of AT&T Inc.

Barry W. Huff, age 65, has been a director of Legg Mason since June 2009 and is currently engaged in private consulting. Since his retirement from Deloitte & Touche USA LLP (Deloitte), an accounting firm, in May 2008 until March 2009, Mr. Huff provided consulting services to Deloitte. From 1995 to May 2008, Mr. Huff served as Vice Chairman, Office of the Chief Executive Officer at Deloitte. Mr. Huff was recommended to the Nominating and Corporate Governance Committee by a non-management director of the Company and was one of a number of candidates considered by the Nominating and Corporate Governance Committee.

John E. Koerner III, age 66, has been a director of Legg Mason since October 1990. Since 1995, he has been the managing member of Koerner Capital, LLC, a private investment company, or the President of its predecessor, Koerner Capital Corporation. Mr. Koerner is a director of Lamar Advertising Company.

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Cheryl Gordon Krongard, age 53, has been a director of Legg Mason since January 2006 and is engaged in private investment activities. Ms. Krongard served as a senior partner of Apollo Management, L.P., a private investment company from January 2002 to December 2004. Ms. Krongard is a director of US Airways Group Inc.

Scott C. Nuttall, age 36, has been a director of Legg Mason since January 2008. Mr. Nuttall is a Member of the general partner of Kohlberg Kravis Roberts & Co. (KKR & Co.), a private equity firm, has been with KKR & Co. for over 12 years and is the head of KKR & Co.'s Global Capital and Asset Management Group. He is a director of Capmark Financial Group Inc., First Data Corporation, and KKR Financial Holdings LLC. Mr. Nuttall was nominated to serve on the Board pursuant to a

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Note Purchase Agreement under which we issued our 2.5% Senior Convertible Notes. Under the purchase agreement, KKR & Co. has the right to nominate one individual to the Board and the Compensation Committee for as long as KKR & Co. or its related parties own at least 50% of the outstanding notes and at least \$625 million in notes remains outstanding.

Directors Continuing in Office

Directors whose terms will expire in 2011

Harold L. Adams, age 70, has been a director of Legg Mason since January 1988. He has been the Chairman Emeritus of RTKL Associates, Inc., an international architecture, engineering and planning firm, since April 2003. He is a director of Lincoln Electric Holdings, Inc. and Commercial Metals Company.

Mark R. Fetting, age 54, has been a director of Legg Mason since January 2008. Mr. Fetting was elected President and Chief Executive Officer of Legg Mason in January 2008 and Chairman of the Board in December 2008. He served as Senior Executive Vice President of Legg Mason since July 2004 and as Executive Vice President from July 2001 to July 2004. Mr. Fetting is a director of 14 funds within the Legg Mason Funds mutual funds complex and 24 funds within The Royce Funds mutual funds complex.

Margaret Milner Richardson, age 66, has been a director of Legg Mason since November 2003. She is currently engaged in private consulting and investment activities. Ms. Richardson is a director of Jackson Hewitt Tax Service Inc.

Kurt L. Schmoke, age 59, has been a director of Legg Mason since January 2002. Mr. Schmoke has been Dean of the School of Law at Howard University since January 2003. He is a director of The McGraw-Hill Companies, Inc.

Directors whose terms will expire in 2010

Dennis R. Beresford, age 70, has been a director of Legg Mason since September 2002. He is currently a professor at the University of Georgia, a position he has held since 1997. Mr. Beresford is a director of Kimberly-Clark Corporation and Federal National Mortgage Association.

W. Allen Reed, age 62, has been a director of Legg Mason since April 2006. He is a Senior Advisor for Aetos Capital, Inc., a real estate and private equity asset management company, and is engaged in private investment activities. From January 2006 to March 2006, Mr. Reed served as Chairman of the Board of General Motors Asset Management Corporation (GMAMC), the investment management subsidiary of General Motors Corporation, where he served as Vice President until March 2006. He also served as Chairman of the Board and Chief Executive Officer of General Motors Trust Bank, N.A. until March 2006; as Chief Executive Officer and President of GMAMC and General Motors Investment Management Corporation until December 2005; and as Chairman of the Board and Chief Executive Officer of General Motors Trust Company until March 2005. Mr. Reed is a director of Temple-Inland Inc. and 180 mutual funds in the Morgan Stanley mutual funds complex.

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Nicholas J. St. George, age 70, has been a director of Legg Mason since July 1983. He is engaged in private investment activities.

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Roger W. Schipke, age 72, has been a director of Legg Mason since January 1991. He is engaged in private investment activities. Mr. Schipke was an Executive in Residence at the University of Louisville, College of Business and Public Administration from September 2002 to April 2008.

Committees of the Board Board Meetings

Our Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The current charters for these committees, as approved by our Board of Directors, are on, and may be printed from, our corporate website at www.leggmason.com under the *About Us Corporate Governance* section. We will provide a copy of these charters, without charge, to any stockholder who provides a written request for a copy. Requests for copies should be addressed to the Corporate Secretary, Legg Mason, Inc., 100 Light Street, Baltimore, Maryland 21202 prior to July 31, 2009 and to the Corporate Secretary, Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202 thereafter.

During the fiscal year ended March 31, 2009, our Board of Directors met 14 times, our Audit Committee met 5 times, our Compensation Committee met 5 times and our Nominating and Corporate Governance Committee met 5 times. While we have no formal policy on the matter, directors are generally expected to attend our Annual Meeting of Stockholders. All of our directors who were directors at the time attended our 2008 Annual Meeting of Stockholders. During fiscal year 2009, each of our directors attended at least 75% of the aggregate number of meetings of the Board of Directors and all Board committees on which he or she served that were held during the period in which he or she was a director except for Mr. Schmoke, who attended all regularly scheduled Board and committee meetings but was unable to attend several special meetings that were called on relatively short notice.

Audit Committee. Messrs. Beresford (Chairman), Angelica and Huff and Ms. Richardson are the members of our Audit Committee. The Audit Committee's primary purpose is to oversee our financial accounting and reporting to stockholders. Its duties include:

- selecting and compensating the independent registered public accounting firm (Independent Auditors);
- providing oversight of the work of the Independent Auditors and reviewing the scope and results of the audits conducted by them;
- reviewing the activities of our internal auditors;
- discussing with Independent Auditors, internal auditors and management the organization and scope of our internal system of accounting and financial controls; and
- reviewing and discussing certain matters that may have a material impact on our financial statements, including litigation and legal matters and critical accounting policies and estimates.

Our Board of Directors has determined that Mr. Beresford qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission (SEC). Our Board of Directors has also determined that all members of our Audit Committee are independent as defined in the New York Stock Exchange Listing Standards and the applicable SEC rules.

Compensation Committee. Messrs. Schipke (Chairman), Koerner, Nuttall and Schmoke and Ms. Krongard are the members of our Compensation Committee. The Compensation Committee's responsibilities include determining the compensation of our chief executive officer (subject to the approval of our non-employee directors), approving the compensation of our chief financial officer and

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our three other most highly compensated executive officers and recommending to our Board of Directors the compensation to be paid to our non-employee directors. The Compensation Committee also serves as the administrative committee of several of our employee benefit plans.

Our Board of Directors has determined that all of the members of our Compensation Committee are independent as defined in the New York Stock Exchange Listing Standards.

Nominating and Corporate Governance Committee. Messrs. Reed (Chairman), Adams, St. George and Ukrop (who is not standing for re-election) are the members of our Nominating and Corporate Governance Committee. This committee's responsibilities include identifying qualified director nominees, nominating director candidates, recommending director committee assignments and developing and recommending to our Board of Directors corporate governance principles and a corporate code of conduct.

Our Board of Directors has determined that all of the members of our Nominating and Corporate Governance Committee are independent as defined in the New York Stock Exchange Listing Standards.

Compensation of Directors

The Compensation Committee annually reviews and recommends to our Board of Directors the compensation of our non-employee directors. As part of this review, the Committee consults with McLagan, a compensation consulting and research firm, to determine the reasonableness and adequacy of our non-employee director compensation. The following table outlines the cash compensation that is paid to our non-employee directors.

Compensation Element	Amount of Compensation
Cash Retainers	
Annual Board Retainer	\$40,000
Audit Committee Chairman Retainer	\$15,000
Nominating and Compensation Committee Chairmen Retainers	\$7,500
Lead Independent Director Retainer	\$20,000
Audit Committee Member Retainer	\$20,000 (paid to all members including the Chair)
Nominating and Compensation Committee Member Retainers	\$15,000 (paid to all members including the Chair)
Meeting Fees	
Board Meeting Fees	\$2,000 per meeting attended beginning with the sixth meeting in the year
Committee Meeting Fees	\$2,000 per meeting attended beginning with the sixth meeting in the year

In addition to cash compensation, under the terms of the Legg Mason, Inc. Non-Employee Director Equity Plan, as amended (the Director Equity Plan), each of our non-employee directors receives, on the 31st day after he or she is first elected as a director, and on the date of each subsequent Annual Meeting of Stockholders, his or her choice of:

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- a grant of shares of common stock that have a market value, on the grant date, of \$125,000;
- a grant of shares of common stock that have a market value, on the grant date, of \$75,000, plus \$50,000 in cash; or
- a grant of a number of Restricted Stock Units equal to the number of shares that would be granted under the first bullet above.

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Restricted Stock Units granted under the Director Equity Plan are payable on a one-for-one basis in shares of common stock within 60 days of the date on which the recipient stops serving as a director of Legg Mason. The number of Restricted Stock Units credited to a director will be increased to reflect all dividends paid on common stock based on the market price of a share of common stock on the dividend payment date. The Director Equity Plan covers an aggregate of 625,000 shares of common stock.

Director Compensation Table

The following table provides information about the compensation earned by our non-employee directors in fiscal year 2009.

<u>Name</u>	<u>Fees Earned or Paid in Cash(1)</u>	<u>Stock Awards</u>	<u>All Other Compensation(2)</u>	<u>Total</u>
Harold L. Adams	\$ 123,000(3)	\$ 74,994(4)	\$ 6	\$ 198,000
Robert E. Angelica	128,000(3)	74,994(4)	6	203,000
Dennis R. Beresford	87,000	124,990(5)	10	212,000
John E. Koerner III	71,000	124,990(5)	10	196,000
Cheryl Gordon Krongard	69,000	124,990(5)	10	194,000
Scott C. Nuttall	69,000	124,990(5)	10	194,000
Edward I. O'Brien(6)	30,000			30,000
W. Allen Reed	96,875	124,990(5)	10	221,875
Margaret Milner Richardson	70,750	124,990(5)	10	195,750
Nicholas J. St. George	79,875	124,990(5)	10	204,875
Roger W. Schipke	80,500	124,990(5)	10	205,500
Kurt L. Schmoke	63,000	124,990(5)	10	188,000
James E. Ukrop	71,000	124,990(5)	10	196,000

- (1) In addition, non-employee directors receive reimbursement of expenses for attendance at meetings.
- (2) Represents cash paid in lieu of fractional shares in connection with grants of Restricted Stock Units or common stock pursuant to the Director Equity Plan during fiscal year 2009.
- (3) Includes \$50,000 paid as a portion of the annual award under the Director Equity Plan.
- (4) Represents value of 2,175 shares of common stock granted on July 22, 2008.
- (5) Represents value of 3,625 Restricted Stock Units or shares of common stock granted on July 22, 2008.
- (6) Mr. O'Brien was a director until his term expired on July 22, 2008. Mr. O'Brien's reported compensation reflects amounts received during fiscal year 2009 through the end of his term.

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As of March 31, 2009, our non-employee directors held the following unexercised stock options, all of which had exercise prices that were at or above the market price of our common stock, and Restricted Stock Units:

<u>Name</u>	<u>Unexercised Options(#)</u>	<u>Restricted Stock Units(#)</u>
Harold L. Adams	47,827	
Robert E. Angelica		
Dennis R. Beresford	22,500	7,577
John E. Koerner III	56,827	5,003
Cheryl Gordon Krongard	6,744	
Scott C. Nuttall		
W. Allen Reed		
Margaret Milner Richardson	20,827	5,003
Nicholas J. St. George	40,500	7,577
Roger W. Schipke		7,577
Kurt L. Schmoke	38,827	1,292
James E. Ukrop	56,827	5,003

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CORPORATE GOVERNANCE

Corporate Governance Principles

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has adopted Corporate Governance Principles for our company. These Corporate Governance Principles address, among other things, the following key corporate governance topics: director qualification standards; director responsibilities; director access to management and, as necessary and appropriate, independent advisors; director compensation; director orientation and continuing education; management succession; and an annual performance evaluation of the Board of Directors. A copy of these Corporate Governance Principles is available on our corporate website at www.leggmason.com under the *About Us Corporate Governance* section. We will provide a copy of the Corporate Governance Principles, without charge, to any stockholder who provides a written request for a copy. Requests for copies should be addressed to the Corporate Secretary, Legg Mason, Inc., 100 Light Street, Baltimore, Maryland 21202 prior to July 31, 2009 and to the Corporate Secretary, Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202 thereafter.

Code of Conduct

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has adopted a corporate Code of Conduct that applies to all directors, officers and employees of Legg Mason and its subsidiaries. A copy of the Code of Conduct is available on our corporate website at www.leggmason.com under the *About Us Corporate Governance* section. We intend to satisfy any disclosure requirement regarding any amendment to, or waiver of, our Code of Conduct by posting the information on our corporate website. We will provide a copy of the Code of Conduct, without charge, to any stockholder who provides a written request for a copy. Requests for copies should be addressed to the Corporate Secretary, Legg Mason, Inc., 100 Light Street, Baltimore, Maryland 21202 prior to July 31, 2009 and to the Corporate Secretary, Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202 thereafter.

Independent Directors

The Board of Directors has made determinations as to the independence of each of our non-employee directors and concluded that Mses. Krongard and Richardson and Messrs. Adams, Angelica, Beresford, Huff, Koerner, Nuttall, Reed, St. George, Schipke, Schmoke and Ukrop qualify as independent directors under the standards promulgated by the New York Stock Exchange (NYSE). In reaching these conclusions, the Board applied our Policy Regarding Director Independence Determinations as adopted by the Board in accordance with the rules of the NYSE. A copy of the Policy Regarding Director Independence Determinations is available on our corporate website at www.leggmason.com under the *About Us Corporate Governance* section.

In determining Mr. Huff's independence, the Board reviewed his relationship as a former partner of a public accounting firm to which we, and certain funds managed by our subsidiaries, made payments in the ordinary course of business during fiscal year 2009 for providing consulting, tax and compliance services to us, and audit services to the funds. Mr. Huff was not personally involved in any of the services provided to us or the funds.

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Director Nomination Process

The Nominating and Corporate Governance Committee will consider all qualified candidates for seats on our Board of Directors identified by members of the Committee, by other members of the Board of Directors, by our management and by our stockholders.

The Board of Directors has set minimum qualification requirements for director nominees in our Corporate Governance Principles. Director nominees are required to possess a broad range of skills, expertise, industry or other knowledge and business or other experience that will be useful to the company. The Nominating and Corporate Governance Committee will review each candidate's biographical information and determine whether the candidate meets these minimum qualification requirements. The Nominating and Corporate Governance Committee may retain, and pay fees to, a firm to identify potential directors and will typically retain, and pay fees to, a firm to conduct background investigations of candidates under consideration.

After the Nominating and Corporate Governance Committee has determined that a candidate meets the minimum qualification requirements, the Committee will determine whether to nominate the candidate to our Board of Directors. In making this determination, the Nominating and Corporate Governance Committee will consider a number of factors, including:

- the current size of the Board of Directors, and whether vacancies on the Board are anticipated;
- the candidate's judgment, character, expertise, skill, knowledge, experience and collegiality;
- the overall diversity of perspectives, backgrounds and experiences of the current directors;
- whether the candidate has special skills, expertise or a background that add to and complement the range of skills, expertise and background of the existing directors; and
- whether the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a director.

Application of these factors involves the exercise of judgment and cannot be measured in any mathematical or formulaic way.

Our Amended and Restated Bylaws provide written procedures by which stockholders may recommend nominees to our Board of Directors. The Nominating and Corporate Governance Committee will consider nominees recommended by our stockholders under the same procedure used for considering nominees recommended by other directors or management. The Nominating and Corporate Governance Committee will consider nominee recommendations from stockholders for the next annual meeting of stockholders if it receives the recommendation no later than the 120th day prior to the first anniversary of the mailing date of our prior year's proxy statement (i.e., by February 22, 2010 for a recommendation in 2010). Stockholders who would like to propose a director candidate for election to our Board of Directors at an annual meeting of stockholders must send written notice to our Corporate Secretary between the 150th day and 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the mailing date of our prior year's proxy statement (i.e., between January 22, 2010 and February 22, 2010 for nomination in 2010). If we advance or delay our annual meeting by more than 30 days from the first anniversary of the preceding year's annual meeting, notice must be delivered between the 150th day prior to the date of the annual meeting and 5:00 p.m., Eastern Time, on the later of the 120th day before the meeting or the tenth day following the day on which we publicly announce the date of the meeting. Notice from a stockholder nominating a

director must include the following:

- the name, age, business address and residence address of the recommending stockholder;

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- the class, series and number of all shares of stock of Legg Mason that the recommending stockholder beneficially owns;
- the date the shares were acquired and the investment intent behind the acquisition; and
- all other information about the candidate that is required to be disclosed in solicitations of proxies for election of directors in an election contest or is otherwise required pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (including the nominee's written consent to being named in the proxy as a nominee and to serve as a director if elected).

We may require that a proposed director nominee furnish other information to enable the Nominating and Corporate Governance Committee to determine the nominee's eligibility to serve. The Nominating and Corporate Governance Committee will consider a nomination as it deems appropriate in its discretion. However, a nomination that does not comply with requirements discussed above may not be considered. Any nominations should be addressed to the Corporate Secretary, Legg Mason, Inc., 100 Light Street, Baltimore, Maryland 21202 prior to July 31, 2009 and to the Corporate Secretary, Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202 thereafter.

Policies and Procedures Regarding Related Party Transactions

Under our written policies and procedures regarding related party transactions, the Nominating and Corporate Governance Committee must approve all related party transactions between us or one of our subsidiaries and a director, executive officer or immediate family member of a director or executive officer that would be required to be disclosed in our proxy statements. The policy also authorizes the Chair of the committee to approve, or reject, proposed related party transactions subject to ratification by the full committee at its next regularly scheduled meeting.

Executive Sessions

Executive sessions of our non-management directors are held in conjunction with each regular Board of Directors meeting and may be held at other times as circumstances warrant. Our independent directors annually elect a Lead Independent Director to chair these executive sessions. W. Allen Reed currently serves as the Lead Independent Director.

Communications

All interested parties who wish to communicate with our Board of Directors, the Lead Independent Director or our non-management directors as a group may do so by addressing their written correspondence to the director or directors, c/o Corporate Secretary, Legg Mason, Inc., 100 Light Street, Baltimore, Maryland 21202 prior to July 31, 2009 and c/o Corporate Secretary, Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202 thereafter. Our Corporate Secretary will forward all correspondence received from stockholders or other interested parties to the director or directors to whom it is addressed.

The Audit Committee has developed procedures for receiving and handling complaints or concerns about our financial statements, internal controls or other financial or accounting matters. Any such complaints or concerns should be sent by mail to the Chairman of the Audit

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Committee, c/o Legg Mason, Inc., 100 Light Street, Baltimore, Maryland 21202 prior to July 31, 2009 and c/o Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202 thereafter.

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SECURITY OWNERSHIP OF MANAGEMENT AND PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the ownership of Legg Mason common stock as of May 29, 2009 by each of our directors, each individual named in the Summary Compensation Table, all of our executive officers and directors as a group, and each person who, to the best of our knowledge, beneficially owned more than five percent of the