

LEGG MASON, INC.
BOARD OF DIRECTORS
COMPENSATION COMMITTEE

CHARTER

I. PURPOSE

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Legg Mason, Inc. (the "Company") shall determine, subject to the approval of the Company's independent directors, the compensation of the Company's Chief Executive Officer ("CEO") and approve the compensation of the Company's other executive officers, as that term is defined in Rule 3b-7 under the Securities Exchange Act of 1934 ("Executive Officers"); review the Company's compensation discussion and analysis ("CD&A") in each annual proxy statement; issue an annual Compensation Committee Report for inclusion in the Company's proxy statements; administer the Company's incentive compensation plans, deferred compensation plans, and equity based plans (including employee stock purchase plans) as set forth in the respective plans' instruments, and supervise the delegation of authority to administer such plans to the extent permitted by plan instruments; and recommend to the Board equity based compensation plans and compensation for non-employee directors.

II. MEMBERSHIP

The Committee shall consist of at least three directors and shall be composed solely of "independent" directors. The Nominating & Corporate Governance Committee of the Board shall nominate directors to serve as the Chairman and members of the Committee and the Board shall appoint the Chairman and members of the Committee. The Chairman and each member of the Committee shall serve at the pleasure of the Board and may be removed at any time and for any reason by majority vote of the Board members present at a meeting at which a quorum is present.

The "independence" of Committee members shall be determined by the Board in accordance with the Federal securities laws, rules and regulations of the Securities and Exchange Commission ("SEC"), listing standards of the New York Stock Exchange, Inc. ("NYSE") and standards adopted by the Board. The Committee members must meet the independence requirements for compensation committee members promulgated by the SEC and the NYSE.

III. DUTIES & RESPONSIBILITIES

The Committee shall:

- Review and approve corporate goals and objectives relevant to the compensation of the Company's CEO; evaluate the CEO's performance based on those goals and objectives and determine the CEO's compensation, subject, in each case, to approval by the "independent" directors;
- Review and, if satisfactory, approve the CEO's recommendations for the amount and components of compensation to be paid to the Company's Executive Officers;
- Oversee the risks arising from the Company's Executive Officer compensation policies and practices;
- Review the Company's CD&A annually and recommend whether or not the CD&A should be included in the Company's proxy statement;
- Review and approve for inclusion in the Company's proxy statement the annual Compensation Committee report;
- Review and recommend to the Board at least annually the compensation to be paid to the Company's non-employee directors;
- Review and, if satisfactory, approve the total amount of the discretionary corporate bonus pool for each fiscal year;
- Make recommendations to the Board with respect to the Company's equity based compensation plans;
- Administer incentive compensation plans, deferred compensation plans, and equity based plans (including employee stock purchase plans) as set forth in the respective plans' instruments, including establishing award pools, granting equity awards, establishing performance requirements and determining payouts, and supervise the delegation of authority to administer such plans to the extent permitted by plan instruments;
- Regularly report on its activities to the Board;
- Review this Charter at least annually and recommend any proposed changes to the Board; and
- Conduct an annual self-evaluation of the performance of the Committee.

IV. ADMINISTRATION

(a) Meetings

The Committee shall normally meet quarterly in conjunction with the regularly scheduled meetings of the Board. The Committee shall hold one other meeting each year to review the Company's CD&A. The Chairman of the Committee may call special meetings of the Committee as circumstances warrant by providing written or telephonic notice to the other members of the Committee. Members of the Committee may attend meetings telephonically when they are unable to attend the meetings in person. In lieu of a meeting, the Committee may act by unanimous written consent of all Committee members. The Chairman shall preside at each meeting. In the event the Chairman is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

(b) Quorum

A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The action of a majority of the Committee members present at a meeting at which a quorum is present shall constitute the action of the Committee.

(c) Retention of Experts

To assist the Committee in fulfilling its duties and responsibilities, the Committee shall have the authority, in its sole discretion, to retain or obtain the advice of a compensation consultant, independent legal counsel and other adviser, to negotiate and approve the fees and other engagement terms of such experts, and to direct the payment of fees to such experts. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser that the Committee retains.

The Committee may select a compensation consultant, legal counsel or other adviser to the Committee (other than in-house legal counsel or any compensation consultant, legal counsel or adviser whose role is limited to the activities that do not require disclosure under Item 407(e)(3)(iii) of Regulation S-K) only after taking into consideration all factors relevant to that person's independence from management, including the following:

(A) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(B) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(C) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(D) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;

(E) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(F) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Company will provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Committee.

(d) Subcommittees

The Committee may form and delegate authority to subcommittees as it deems appropriate.

(e) Minutes

The Committee shall maintain written minutes of its meetings and file them with the Company's books and records.

Adopted by the Board on 4/20/04; and amended by the Board on 4/24/07, 10/27/09, 10/26/10, 10/23/12, 4/23/13, 1/28/14 and 10/28/14.