

For Immediate Release

Contact Information:

Media: Legg Mason

Tatyana Klauzner
(852) 3652 3038
TJKlauzner@leggmason.com

Media: Ryan Communications

Jenny Lai
(852) 3655 0520
jenny@ryancommunication.com

Legg Mason Announces Combination of EnTrust Capital and Permal Group

EnTrust, a leading hedge fund investor, to be combined with Permal to create one of the largest global alternative asset management firms

EnTrustPermal will have over US\$26 billion in pro-forma AUM and total assets of US\$29 billion

Hong Kong, — January 25, 2016 — Legg Mason, Inc. (NYSE:LM) today announced it has entered into a definitive agreement to combine Permal, Legg Mason's existing hedge fund platform, with EnTrust Capital. EnTrust is a leading independent hedge fund investor and alternative asset manager headquartered in New York with approximately US\$12 billion in total assets and complementary investment strategies, investor base and business mix to Permal. The business combination will create a new global alternatives firm with over US\$26 billion in pro-forma AUM¹ and total assets of US\$29 billion². The firm will have a diverse offering of proprietary investment products with a significant number of institutional and high net worth investors. As a result of the combination, Legg Mason will own 65% of the new entity, branded EnTrustPermal, with 35% being owned by Gregg S. Hymowitz, EnTrust's Co-founder and Managing Partner.

EnTrustPermal will be led by Mr. Hymowitz, who will become the Chairman and Chief Executive Officer of EnTrustPermal. Key investment and business professionals from both firms will continue to serve the investors of the new organization. EnTrustPermal will have the global infrastructure, resources, investment professionals and underlying investment managers to source, research and structure investment opportunities worldwide on behalf of its international client base.

The combination creates a platform with the necessary scale and leadership team to significantly expand and evolve its multi-alternative capabilities and offerings. The expanded investment capabilities include:

- A combined team of over 55 investment professionals, with key leaders from both firms signing contracts
- Over 150 unique investment offerings across 18 different investment-strategies
- A materially larger investment platform, ranging from opportunistic co-investments with longer duration locked-up capital, tail-risk hedging strategies and bespoke customized investment solutions
- A more rapid evolution of innovative, alternative products and lines of business, including direct hedge funds and private debt offerings

¹ Excludes Permal Capital Management AUM of approximately US\$2 billion, which will be separated from EnTrustPermal.

² Total assets include AUM, assets under advisory and unfunded contractually committed assets.

- Increased sources of proprietary investment opportunities
- Ability to broaden the organization's innovative existing Managed Account Platform

Joseph A. Sullivan, Chairman and CEO of Legg Mason, said, "The combined EnTrustPermal brings together two leading names in the alternative space, creating a significant potential growth engine for Legg Mason. The team at EnTrust has a proven track record for driving significant organic growth through product innovation, with over 20% growth annually since the financial crisis. We see meaningful opportunities to combine this innovation with Permal's blue chip client base, product offering and global footprint."

Gregg S. Hymowitz, Managing Partner of EnTrust, said, "The combination of EnTrust and Permal creates a powerful organization in the hedge fund universe. EnTrustPermal's scale, resources and global investment talent will be able to deliver market differentiated proprietary investments to our over 700 combined institutional accounts and significant number of high-net worth investors. The complementary nature of our investment strategies, geographies and global investor/partner base dramatically springboards us over our competition. The EnTrust and Permal teams are eager to start delivering for our loyal investor base."

Omar Kodmani, Permal Group Chief Executive Officer, said, "The future of our industry is about offering alternative investment solutions on multiple fronts. To achieve this, you need scale and talent and EnTrustPermal combines both. We currently have one of the best resourced investment teams in the industry and which, when paired with EnTrust offers more to our clients and strengthens our business."

The combination is expected to close in mid-2016. The transaction is expected to be modestly accretive to Legg Mason's earnings in the first year, after giving effect to estimated cost savings achieved that year and excluding restructuring and transition charges. Legg Mason expects EnTrustPermal to achieve cost savings of approximately US\$35-US\$40 million per year. In connection with the combination of the businesses, Legg Mason expects to incur restructuring and transition costs of approximately US\$100 million, beginning in the Company's 4th Fiscal Quarter of 2016 and continuing throughout Fiscal Year 2017.

Morgan Stanley & Co. LLC has acted as financial advisor to Legg Mason in connection with this transaction. Goldman Sachs acted as the financial advisor to EnTrust with respect to the transaction.

#

About EnTrust

EnTrust Capital is a leading alternative asset management firm with approximately US\$12 billion in total assets as of December 2015. EnTrust manages assets for over 450 institutional accounts and has over US\$4 billion in customized strategic partnerships with institutional investors, including over US\$5 billion in longer duration opportunistic capital. EnTrust is headquartered in New York City.

About Legg Mason

Legg Mason is a global asset management firm with US\$671.5 billion in assets under management as of December 31, 2015. 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).

The aforementioned products are currently not authorised by the Securities and Futures Commission in Hong Kong, thus, they are not available to the investors in Hong Kong.

Source: Legg Mason Global Asset Management. This document is for information only and nothing contained herein constitutes investment advice. **Investment involves risks. Past performance is not indicative of future performance.** All charts, data, opinions, estimates and other information are provided as of the date of this document and may be subject to change without notice. Investment returns are denominated in the Fund's base currency. This document does not constitute an offer or solicitation to buy or sell any units or shares in any fund and the distribution of this document in jurisdictions other than Hong Kong may be restricted. Any person coming into possession of this document should seek advice for details of, and observe such restrictions (if any). This document has not been reviewed by the Hong Kong Securities and Futures Commission.

Issuer of this document: Legg Mason Asset Management Hong Kong Limited.