

For Immediate Release

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Legg Mason Announces Strategic Investment in Precidian Investments

*Minority investment in leading creator of innovative ETF intellectual property
with potential to purchase majority ownership*

Hong Kong,— January 25, 2016 — Legg Mason, Inc. [NYSE: LM], today announced that it has acquired a minority equity position in Precidian Investments, a firm specializing in creating innovative products and solutions and solving market structure issues, particularly with regard to the ETF marketplace. Precidian leverages its patented intellectual property to both power its own ETF products subadvised by unaffiliated managers and to work with financial services firms to jointly develop solutions, structures and products to meet investor needs.

Under the terms of the transaction, Legg Mason purchased a new class of preferred equity, entitling Legg Mason to the rights of a holder of 19.9% of common equity, with the option to acquire a majority interest in the common equity. Other terms of the transactions were not disclosed.

Joseph A. Sullivan, Chairman and CEO of Legg Mason, said, “Precidian is a firm that is well known for its continuous innovation and its management team is widely recognized for their deep capital markets and trading expertise. We believe their ActiveShares process for active ETFs is the best ETF solution for the active management industry. They are the perfect partner to work with Legg Mason on product development in fast growing areas of the ETF market. Investors increasingly demand outcome oriented strategies in complex and interconnected global markets, and we believe Precidian’s products and solutions are well positioned to meet that need.”

Precidian has a number of attractive opportunities. Its ActiveShares mechanism, subject to regulatory approvals, will allow active managers to deliver their strategies within the ETF structure without disclosing the underlying portfolio holdings daily to market participants, preserving the integrity of the process for their clients. The firm is seeking approval for use of ActiveShares from the SEC. Precidian has also developed other promising products focused on currency hedging and tax efficient delivery of income distribution. The principals of Precidian helped provide the intellectual capital and execution of the first gold ETF in 2004, considered a groundbreaking launch at the time.

Dan McCabe, Chief Executive Officer of Precidian, said, “We are thrilled to find a partner in Legg Mason that is as committed to innovating on behalf of the investor as we have always been. Legg Mason’s portfolio of independent investment affiliates and global distribution reach provides attractive opportunities for us to deliver state-of-the-art investment solutions to its clients while we also continue to license our products to industry participants across a range of investor needs. Our management team looks forward to continuing to build our business, and to retain equity in our firm, aligning our interests with Legg Mason clients and shareholders.”

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About Precidian Investments

Precidian Investments is a leader in the creation of innovative financial products, specializing in exchange-traded fund (ETF) and mutual fund development, and associated trading and pricing technologies. The firm designs and develops next-generation tools for the mutual fund industry, ETF providers and leading financial services institutions to meet the needs of today's more sophisticated investors. Precidian Investments[®] expertise in product development, trading, clearance, sales, technology, and securities law enables the firm to more efficiently design and build cutting-edge financial instruments.

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.

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