LEGG MASON, INC.
Form 424B5
March 09, 2016
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-209616

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.375% Junior Subordinated Notes due 2056	$250,000,000	100.00%	$250,000,000	$25,175

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933

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PROSPECTUS SUPPLEMENT

(To Prospectus dated February 19, 2016)

$250,000,000

6.375% Junior Subordinated Notes due 2056

We are offering $250,000,000 aggregate principal amount of our 6.375% Junior Subordinated Notes due 2056 (the Notes). The Notes will bear interest at a fixed rate of 6.375% per year. Interest will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2016, subject to our right to defer interest payments as described below. The Notes will be issued in registered form and in denominations of $25.00 and integral multiples of $25.00 in excess thereof. The Notes will mature on March 15, 2056.

We may defer interest payments on the Notes on one or more occasions for up to 20 consecutive quarterly periods per deferral period as described in this prospectus supplement. Deferred interest payments will accrue additional interest at a rate equal to the interest rate then applicable to the Notes, compounded quarterly, to the extent permitted by applicable law.

We may redeem the Notes at our option at the times and the prices described in this prospectus supplement.

The Notes will be our unsecured, junior subordinated obligations and will rank junior and subordinate in right of payment to all our current and future senior indebtedness on the terms set forth in the indenture pursuant to which the Notes will be issued. The Notes are a new issue of securities with no established trading market. We intend to apply to list the Notes on the New York Stock Exchange. If the application is approved, we expect trading in the Notes to begin within 30 days after the date that the Notes are first issued.

Investing in the Notes involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement and in our other reports filed with the Securities and Exchange Commission (the SEC) pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act), and which we incorporate by reference herein.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying base prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Initial public offering price(1)	100.00%	$ 250,000,000
Underwriting discount	3.15%	$ 7,875,000

Proceeds to Legg Mason, Inc. (before expenses)	96.85%	$ 242,125,000

(1) Plus accrued interest from and including March 14, 2016, if settlement occurs after that date.

Delivery of the Notes in book-entry only form will be made through the facilities of The Depository Trust Company (DTC) and its participants, including Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V. on or about March 14, 2016.

Joint Book-Running Managers

Morgan Stanley **BofA Merrill Lynch** **Citigroup** **J.P. Morgan** **Wells Fargo Securities**

March 7, 2016

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Prospectus Supplement

Prospectus

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus prepared by us or incorporated by reference herein or therein. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by us do not

constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement, the accompanying base prospectus or any free writing prospectus prepared by us nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the Notes and also adds to and updates the information contained in the accompanying base prospectus and the documents incorporated by reference into the accompanying base prospectus. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to the Notes. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying base prospectus or any document that has previously been filed, on the other hand, the information in this prospectus supplement shall control.

Unless provided otherwise or the context otherwise requires, references in this prospectus supplement to the Company, Legg Mason, we, us and our are to Legg Mason, Inc. and to its predecessors and subsidiaries.

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FORWARD-LOOKING INFORMATION

This prospectus supplement, the accompanying base prospectus and any documents incorporated by reference contain forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Exchange Act. Statements that are not historical facts, including statements about beliefs and expectations, are forward-looking statements. These statements discuss potential risks and uncertainties and, therefore, actual results may differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Legg Mason does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Such forward-looking statements may include, without limitation, statements relating to the following:

- projections of revenues, margins, income, earnings per share, capital expenditures, dividends, capital structure or other financial measures;
- anticipated future net client cash flows and uses for free cash;
- anticipated changes in our business or in the amount of client assets under management (AUM) or assets under advisement (AUA);
- anticipated expense levels, changes in expenses and expectations regarding financial market conditions;
- anticipated investment performance of, or levels of asset flows to, asset management products we manage;
- anticipated future investment performance of our affiliates;
- anticipated future transactions such as acquisitions;
- anticipated performance of recent, pending and future acquisitions;
- descriptions of anticipated plans or objectives of management for operations, products or services;
- forecasts of performance, including expected earnings per share in future periods; and
- assumptions regarding any of the foregoing.

Because these statements involve anticipated events or conditions, forward looking statements often include words such as anticipate, believe, can, continue, could, estimate, expect, intend, may, plan, potential, target, will, would or similar expressions, including the negative of those terms.

By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward looking statements will not be achieved. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements. Such factors are, but are not limited to:

- the volatility and general level of securities prices and interest rates;
- the competitive nature of the asset management industry;
- changes in investor sentiment and confidence;
- changes in domestic and foreign economic and market conditions;
- changes in our total AUM, AUA or their composition due to investment performance, client withdrawals or inflows, market conditions, competitive pressures or other reasons;

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- the mix of our AUM or AUA among our affiliates and the revenue yield of our AUM or AUA;
- the relative investment performance of company sponsored investment funds and other asset management products both in absolute terms and relative to competing offerings and market indices;
- our ability to maintain investment management and administrative fees at current levels;
- the loss of key employees or principals of our current or future operating subsidiaries;
- fluctuations in operating expenses due to variations in levels of compensation expense incurred as a result of changes in the number of total employees, competitive factors, changes in the percentages of revenues paid as compensation or other reasons;
- the effect of current and future federal, state and foreign regulation of the asset management industry, including potential liability under applicable securities laws;
- market, credit and liquidity risks associated with our investment management activities;
- variations in expenses and capital costs, including depreciation, amortization and other non-cash charges incurred by us to maintain our administrative infrastructure;
- the impairment of acquired intangible assets and goodwill diluted earnings per common share;
- costs associated with any credit support activities we engage in with regard to funds managed by our subsidiaries;
- potential restrictions on the business of, and withdrawal of capital from, certain of our subsidiaries due to net capital requirements;
- unanticipated costs that may be incurred by Legg Mason from time to time to protect client goodwill, to otherwise support investment products or in connection with litigation or regulatory proceedings; and
- the effect of any acquisitions and dispositions, including prior acquisitions.

Actual results may differ materially from those in forward-looking information as a result of various factors, some of which are beyond our control, including but not limited to those discussed above, and elsewhere herein, under the heading Risk Factors and elsewhere in our Annual Report on Form 10-K for the year ended March 31, 2015, our

Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2015, September 30, 2015 and December 31, 2015 and in our other public filings, press releases and statements by our management. Due to such risks, uncertainties and other factors, do not unduly rely on forward-looking statements. They represent our expectations about the future and are not guarantees. Forward-looking statements are only as of the date they are made, and, except as required by law, might not be updated to reflect changes as they occur after the forward-looking statements are made. We urge you to review Legg Mason s filings with the SEC for any updates to our forward-looking statements.

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SUMMARY

This summary highlights selected information contained or incorporated by reference in the prospectus supplement and the accompanying base prospectus. You should read this entire prospectus supplement, the accompanying base prospectus and the documents incorporated by reference carefully before investing. You should also review Risk Factors to determine whether an investment in the Notes is appropriate for you.

Legg Mason, Inc.

Legg Mason is a global asset management company. Acting through our subsidiaries, we provide investment management and related services to institutional and individual clients, company-sponsored mutual funds and other pooled investment vehicles. We offer these products and services directly and through various financial intermediaries. We have operations principally in the United States of America and the United Kingdom and also have offices in Australia, Bahamas, Brazil, Canada, Chile, China, Dubai, France, Germany, Italy, Japan, Poland, Singapore, Spain, Switzerland and Taiwan.

Legg Mason, Inc. was incorporated in Maryland in 1981 to serve as a holding company for its various subsidiaries. The predecessor companies to Legg Mason trace back to Legg & Co., a Maryland-based broker dealer formed in 1899. Our subsequent growth has occurred primarily through internal expansion and the acquisition of asset management and broker dealer firms. In December 2005, Legg Mason completed a transaction in which it sold its primary broker dealer businesses to concentrate on the asset management industry.

Recent Developments

On January 21, 2016, Legg Mason agreed to acquire (the Clarion Acquisition) a majority equity interest in Clarion Partners, a diversified real estate investment firm based in New York. Under the terms of the acquisition agreement, Legg Mason agreed to acquire an 83% ownership stake in Clarion Partners for $585 million. In addition, Legg Mason agreed to pay for certain co-investments on a dollar for dollar basis, estimated at $16 million as of December 31, 2015. The management team will retain 17% of the outstanding equity in Clarion Partners, with the Company s ownership percentage and the purchase price being adjusted lower if the management team elects before the closing to retain more than 17% (not exceeding 20%).

On January 22, 2016, Legg Mason entered into a transaction agreement (the EnTrust Transaction Agreement) by and among EnTrustPermal Group Holdings, LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of Legg Mason (the Permal Contributor), EnTrustPermal LLC, a Delaware limited liability company and a direct wholly owned subsidiary of the Permal Contributor (EnTrustPermal), GH EP Holdings LLC, a Delaware limited liability company controlled by Mr. Gregg Hymowitz (the EnTrust Contributor), EP Partners Holdings, LLC, a Delaware limited liability company, and Gregg Hymowitz. Pursuant to the EnTrust Transaction Agreement, the Permal Contributor, which immediately prior to the closing of the transactions contemplated by the EnTrust Transaction Agreement, will be the direct owner of the Permal Group Ltd. and its subsidiaries and affiliates (the Permal Business), will contribute the Permal Business to its subsidiary, EnTrustPermal. Following this, in a series of transactions, the EnTrust Contributor will contribute all of the entities comprising its business to EnTrustPermal in exchange for consideration of $400 million in cash and a 35% equity interest in EnTrustPermal. Following these transactions (the EnTrust Transactions), Legg Mason will indirectly, and the Permal Contributor will directly own 65% of the equity interests of EnTrustPermal and the EnTrust Contributor will own 35% of the equity interests of EnTrustPermal.

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The closing of the EnTrust Transactions is expected in the first or second quarter of fiscal year 2017. The closing of the Clarion Acquisition is expected in the first quarter of fiscal year 2017. However, the consummation of the EnTrust Transactions and the Clarion Acquisition are subject to customary closing conditions, including, among other things, regulatory approvals in the United States and certain other countries, including expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the EnTrust Transactions.

This offering is not conditioned upon, and is not expected to close concurrently with, the closing of the Clarion Acquisition or the closing of the EnTrust Transactions. In addition, neither the closing of the Clarion Acquisition nor the closing of the EnTrust Transactions is conditioned upon the closing of this offering of the Notes or any future financing in connection with the Clarion Acquisition or the EnTrust Transactions.

Including the Notes offered hereby, subject to market conditions and other factors, we currently expect to obtain total financing to fund the Acquisitions and related fees and expenses in an aggregate principal amount equal to approximately $1.2 billion. Financing (other than the Notes offered hereby) may include issuance of senior debt securities (including foreign debt securities), one or more borrowings under our existing revolving credit facility (the Revolving Credit Facility) and/or one or more term loans.

We refer in this prospectus supplement to the Clarion Acquisition and the EnTrust Transactions collectively as the Acquisitions.

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The Offering

The summary below sets forth some of the principal terms of the Notes. Please read the Description of Notes section in this prospectus supplement and the Description of Debt Securities Junior Subordinated Debt Securities section in the accompanying base prospectus for a more detailed description of the terms and conditions of the Notes.

Issuer	Legg Mason, Inc.
Security Offered	We are offering $250,000,000 aggregate principal amount of our 6.375% Junior Subordinated Notes due 2056. The Notes will be issued in registered form and in denominations of $25.00 and integral multiples of $25.00 in excess thereof.
Maturity	The Notes will mature on March 15, 2056.
Interest Rate	The Notes will bear interest at a fixed rate of 6.375% per year.
Interest Payment Dates	Subject to our right to defer interest payments as described below, interest on the Notes will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (each, an Interest Payment Date), beginning on June 15, 2016.
Option to Defer Interest Payments	We may, on one or more occasions, defer payment of all or part of the current and accrued interest otherwise due on the Notes by extending the interest payment period for up to 20 consecutive quarterly periods (each period, commencing on the date that the first such interest payment would otherwise have been made, an Optional Deferral Period) for each Optional Deferral Period. In other words, we may declare at our discretion up to a five-year interest payment moratorium on the Notes and may choose to do so on more than one occasion. A deferral of interest payments may not extend beyond the maturity date of the Notes or end on a day other than an Interest Payment Date.
	Any deferred interest on the Notes will accrue additional interest at a rate of 6.375% per year, compounded quarterly, to the extent permitted under applicable law. Once we pay all deferred interest payments on the Notes, including any additional interest accrued on the deferred interest, we can again defer interest payments on the Notes as described above, but not beyond the maturity date of the Notes.

We are required to provide to the Trustee (as defined herein) written notice of any optional deferral of interest at least 10 and not more than 60 Business Days prior to the earlier of (1) the next applicable Interest Payment Date or (2) the date, if any, upon which we are required to give notice of such Interest Payment Date or the record date therefor to the New York Stock Exchange or any applicable self-regulatory organization. The Trustee is required to promptly forward any such notice to each holder of record of the Notes.

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Certain Restrictions during Optional Deferral Period	During an Optional Deferral Period, we will not be permitted to do any of the following, with certain limited exceptions described below under Description of Notes Certain Limitations During an Optional Deferral Period declare or pay any dividend or make any distributions, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock; or make any payment of interest on, principal of or premium, if any, on or repay, repurchase or redeem any of our debt securities (including guarantees) that rank equally with or junior in right of payment to the Notes.
Optional Redemption	We may redeem the Notes at our option before their maturity: in whole or in part, on one or more occasions, on or after March 15, 2021 at 100% of their principal amount, plus any accrued and unpaid interest thereon; in whole, but not in part, before March 15, 2021 at 100% of their principal amount, plus any accrued and unpaid interest thereon, if certain changes in tax laws, regulations or interpretations occur; or in whole, but not in part, before March 15, 2021 at 102% of their principal amount, plus any accrued and unpaid interest thereon, if a rating agency makes certain changes in the equity credit criteria for securities such as the Notes. For a more complete description of the circumstances under and the redemption prices at which the Notes may be redeemed, see Description of Notes Optional Redemption, Description of Notes Right to Redeem Upon a Tax Event and Description of Notes Right to Redeem Upon a Rating Agency Event in this prospectus supplement.
Subordination; Ranking	Our obligations under the Notes are unsecured and rank junior in right of payment to all of our Senior Indebtedness, whether presently existing or from time to time hereafter incurred, created, assumed or existing, as defined under Description of the Debt Securities Junior Subordinated Debt Securities Subordination in the accompanying base prospectus. As

of December 31, 2015 (and prior to giving effect to any future financing for the Acquisitions that is Senior Indebtedness), our Senior Indebtedness, on an unconsolidated basis, aggregated approximately $1.1 billion.

Because we are a holding company, our right and, hence, the right of our creditors (including holders of the Notes) to participate in any distribution of the assets of any subsidiary of ours, whether upon liquidation, reorganization or otherwise, is structurally subordinated to claims of creditors and preferred and preference stockholders of each subsidiary. As of December 31, 2015, on a consolidated basis (and prior to giving effect to this offering of Notes and any future financing for the Acquisitions), we had approximately $1.05 billion of

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	outstanding long-term debt (including securities due within one year), none of which was long-term debt (including securities due within one year) of our subsidiaries. In addition, as of December 31, 2015 (and prior to giving effect to any future financing for the Acquisitions that is short-term borrowings, including under our Revolving Credit Facility), we had approximately $40.0 million of short-term borrowings, none of which was short-term borrowings of our subsidiaries.
	There are no terms of the Notes that limit our ability to incur additional Senior Indebtedness, or that limit our subsidiaries ability to incur additional debt or other liabilities or issue preferred and preference stock.
Events of Default	The following are the Events of Default with respect to the Notes:
	failure to pay principal of, or premium, if any, on, or interest on, the Notes when due at maturity or earlier redemption;
	failure to pay interest on the Notes when due and payable (other than at maturity or upon earlier redemption) that continues for 30 days (subject to our right to optionally defer interest payments); or
	certain events of bankruptcy, insolvency or reorganization involving us.
Sinking Fund	None
Use of Proceeds	We estimate that the net proceeds from this offering of the Notes will be approximately $241,249,000, after deducting the underwriting discount and offering expenses.
	We expect to use the net proceeds of this offering together with the proceeds of future financings, which are currently expected to include issuances of senior debt securities (including foreign debt securities) and/or the incurrence of indebtedness under our Revolving Credit Facility or one or more term loans, to finance the purchase prices for the Acquisitions and to pay fees and expenses related to the Acquisitions, this offering of Notes or any future financing. However, the consummation of this offering is not conditioned upon, and is not expected to occur concurrently with, the completion of either of the Acquisitions or any future financing. If either of the Acquisitions is not

	consummated, we will retain broad discretion to use all or any of the net proceeds from this offering for general corporate purposes.
Listing	We intend to apply to list the Notes on the New York Stock Exchange. If the application is approved, we expect trading in the Notes to begin within 30 days after the date that the Notes are first issued.

Trustee and Paying Agent	The Bank of New York Mellon
Governing Law	New York law
Certain Risk Factors	An investment in the Notes involves risks. Please refer to the risk factors beginning on page S-11 of this prospectus supplement and the risk factors in the reports we file with the SEC pursuant to the Exchange Act which we incorporate by reference herein.
United States Federal Income Tax Considerations	Shearman & Sterling LLP, tax counsel to Legg Mason, is of the opinion that, under current law and assuming full compliance with the terms of the indenture governing the Notes and other relevant documents, the Notes will be classified for United States federal income tax purposes as indebtedness of Legg Mason upon their issuance. This opinion is not binding on the Internal Revenue Service (the IRS) or any court and there can be no assurance that the IRS or a court will agree with this opinion. See Material United States Federal Income Tax Considerations Classification of Notes as Indebtedness.
	Each holder of the Notes will, by accepting the Notes or a beneficial interest therein, be deemed to have agreed that the holder intends that the Notes constitute indebtedness and will treat the Notes as indebtedness for all United States federal, state and local tax purposes. In addition, we intend to treat the Notes as indebtedness for United States federal income tax purposes.
	If we elect to defer interest on the Notes for one or more Optional Deferral Periods, the holders of the Notes would be required to include amounts in income for United States federal income tax purposes during such period, regardless of such holder s method of accounting for United States federal income tax purposes and notwithstanding that no interest payments will be made on the Notes during such periods. See Material United States Federal Income Tax Considerations United States Holders.

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Summary Consolidated Financial Data

The following table sets forth summary consolidated financial data. We derived the summary operating results for the fiscal years ended March 31, 2015, 2014 and 2013, and the summary balance sheet data as of March 31, 2015 and 2014 from our audited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying base prospectus. The summary operating results for the fiscal years ended March 31, 2012 and 2011 and the balance sheet data as of March 31, 2013, 2012 and 2011 are derived from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement or the accompanying base prospectus. We derived the summary operating results for the nine months ended December 31, 2015 and 2014 and the summary balance sheet data as of December 31, 2015 from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying base prospectus. We derived the summary balance sheet data as of December 31, 2014 from unaudited consolidated financial statements not included or incorporated by reference in this prospectus supplement or accompanying base prospectus. These unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of our management, include all adjustments considered necessary for a fair presentation of the financial position and results of operations for such periods. This summary financial data is qualified by reference to, and should be read in conjunction with, our historical financial statements, including the notes thereto. Operating results for the nine months ended December 31, 2015 are not necessarily indicative of operating results that may be expected for the full fiscal year.

	Nine Months Ended December 31, (unaudited)		Years Ended March 31,				
	2015	2014	2015	2014	2013	2012	2011
	(Dollars in thousands, unless otherwise noted)						
OPERATING RESULTS							
Operating revenues	$ 2,041,293	$ 2,116,760	$ 2,819,106	$ 2,741,757	$ 2,612,650	$ 2,662,574	$ 2,784,317
Operating expenses, excluding impairment	1,653,365	1,747,491	2,320,887	2,310,864	2,313,149	2,323,821	2,397,509
Impairment of intangible assets and goodwill	371,000				734,000		
Operating income (loss)	16,928	369,269	498,219	430,893	(434,499)	338,753	386,808
Other non-operating expense, net	(45,188)	(132,798)	(136,114)	(13,726)	(73,287)	(54,006)	(23,315)
Other non-operating income (loss) of consolidated	(3,406)	4,687	5,888	2,474	(2,821)	18,336	1,704

investment vehicles, net							
Income (loss) before income tax provision (benefit)	(31,666)	241,158	367,993	419,641	(510,607)	303,083	365,197
Income tax provision (benefit)	(50,914)	82,477	125,284	137,805	(150,859)	72,052	119,434
Net income (loss)	19,248	158,681	242,709	281,836	(359,748)	231,031	245,763
Less: net income (loss) attributable to non-controlling interests	(993)	4,560	5,629	(2,948)	(6,421)	10,214	(8,160)
Net income (loss) attributable to Legg Mason, Inc.	$ 20,241	$ 154,121	$ 237,080	$ 284,784	$ (353,327)	$ 220,817	$ 253,923

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	Nine Months Ended December 31, (unaudited)		Years Ended March 31,				
	2015	2014	2015	2014	2013	2012	2011
	(Dollars in thousands, unless otherwise noted)						
BALANCE SHEET							
Total assets	$ 6,838,473	$ 7,043,230	$ 7,073,977	$ 7,111,349	$ 7,269,660	$ 8,555,747	$ 8,707,756
Long-term debt(1)	1,056,759	1,056,215	1,058,089	1,039,264	1,144,954	1,136,892	1,201,868
Total stockholders equity	4,285,257	4,540,646	4,484,901	4,724,724	4,818,351	5,677,291	5,770,384
UNAUDITED FINANCIAL RATIOS AND OTHER DATA							
Total debt to total capital(2)	20.4%	18.9%	19.1%	18.0%	19.2%	19.6%	20.1%
Assets under management (in millions) at period end	$ 671,475	$ 709,086	$ 702,724	$ 701,774	$ 664,609	$ 643,318	$ 677,646

(1) Includes current portion of long-term debt. Net of any unamortized original issue discount.

(2) Calculated based on total debt as a percentage of total capital (total stockholders equity plus total debt).

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RISK FACTORS

An investment in the Notes involves various material risks. Before making your investment decision, you should carefully review the following risk factors and the risks discussed under the caption Risk Factors in our Annual Report on Form 10-K filed with the SEC on May 22, 2015, as updated by the risk factor in Part II, Item 1A in our Quarterly Report on Form 10-Q filed on February 2, 2016, which is incorporated by reference in this prospectus supplement and the accompanying base prospectus, or any similar caption in the documents that we subsequently file with the SEC that are deemed to be incorporated by reference in this prospectus supplement, and the accompanying base prospectus, and in any pricing term sheet that we provide you in connection with the offering of Notes pursuant to this prospectus supplement. You should also carefully review the other risks and uncertainties discussed in this prospectus supplement and the accompanying base prospectus, the documents incorporated and deemed to be incorporated by reference and in any such pricing term sheet.

Risks Related to Our Asset Management Business

Poor Investment Performance Could Lead to a Loss of AUM and a Decline in Revenues

We believe that investment performance is one of the most important factors for the maintenance and growth of our AUM. Poor investment perfor