

LEGG MASON, INC.  
Form 10-Q  
February 07, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-8529

LEGG MASON, INC.  
(Exact name of registrant as specified in its charter)

MARYLAND  
(State or other jurisdiction of incorporation or organization)

52-1200960  
(I.R.S. Employer Identification No.)

100 International Drive - Baltimore, MD  
(Address of principal executive offices)

21202  
(Zip code)

(410) 539-0000  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

139,728,793 shares of common stock as of the close of business on February 2, 2012.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## LEGG MASON, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	December 31, 2011	March 31, 2011
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$1,232,594	\$1,375,918
Cash and cash equivalents of consolidated investment vehicles	27,205	37,153
Restricted cash	6,393	9,253
Receivables:		
Investment advisory and related fees	310,514	366,571
Other	53,802	29,466
Investment securities	415,267	400,510
Investment securities of consolidated investment vehicles	36,890	82,829
Deferred income taxes	85,656	82,174
Other	56,642	59,700
Other current assets of consolidated investment vehicles	6,583	2,982
Total current assets	2,231,546	2,446,556
Fixed assets, net	246,331	286,705
Intangible assets, net	3,860,587	3,876,775
Goodwill	1,279,319	1,311,652
Investments of consolidated investment vehicles	290,653	312,765
Deferred income taxes	201,580	232,394
Other	259,698	239,210
Other assets of consolidated investment vehicles	1,348	1,699
Total Assets	\$8,371,062	\$8,707,756
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Current Liabilities		
Accrued compensation	\$337,099	\$368,164
Accounts payable and accrued expenses	210,698	207,870
Short-term borrowings	250,000	250,000
Current portion of long-term debt	1,266	792
Other	92,460	87,393
Other current liabilities of consolidated investment vehicles	9,415	54,753
Total current liabilities	900,938	968,972
Deferred compensation	55,754	92,487
Deferred income taxes	247,936	266,193
Other	145,395	90,059
Other liabilities of consolidated investment vehicles	3,998	3,553
Long-term debt	1,125,775	1,201,076
Long-term debt of consolidated investment vehicles	265,478	278,320
Total Liabilities	2,745,274	2,900,660

Commitments and Contingencies (Note 8)

Redeemable Noncontrolling Interests	28,816	36,712
Stockholders' Equity		
Common stock, par value \$.10; authorized 500,000,000 shares; issued 139,771,172 shares and 150,218,810 shares, respectively	13,977	15,022
Additional paid-in capital	3,855,743	4,111,095
Employee stock trust	(34,702)	(34,466)
Deferred compensation employee stock trust	34,702	34,466
Retained earnings	1,650,713	1,539,984
Appropriated retained earnings of consolidated investment vehicle	12,277	10,922
Accumulated other comprehensive income, net	64,262	93,361
Total Stockholders' Equity	5,596,972	5,770,384
Total Liabilities and Stockholders' Equity	\$8,371,062	\$8,707,756
See Notes to Consolidated Financial Statements		

LEGG MASON, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF INCOME  
 (In thousands, except per share amounts)  
 (Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2011	2010	2011	2010
Operating Revenues				
Investment advisory fees				
Separate accounts	\$187,570	\$206,180	\$588,382	\$611,366
Funds	351,598	384,341	1,128,577	