

For Immediate Release

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LEGG MASON SAYS S&P 500 AND LARGE CAP EQUITIES WILL OFFER SOME OF THE BEST INVESTMENT OPPORTUNITIES FOR THE NEXT 10 YEARS

London – 16 September, 2009 – Legg Mason affiliate, Legg Mason Capital Management, believes that the S&P 500 and especially large cap equities are among the best places to invest for the next 10 years.

Mary Chris Gay, portfolio manager of the Legg Mason Value Fund, which year-to-date has grown by 32.06% versus the S&P 500 15.44%*, says that relative valuations for the largest companies in the US are at levels last seen in the 1980s.

Gay explains, “If you had the courage to invest in US equities in 1982 when unemployment peaked at 10.8%, the ten year Treasury was at 14.5% and the CPI year-over-year change was 8.3%, you would have benefited from the 1982 – 87 bull market, one of the best and most powerful ever. The economic environment and the characterisation of rising debt in the US were very similar to some of the conditions today. We believe this is an incredibly exciting time for US equities, especially given that the current conditions are less severe than those in the 1980s.”

Legg Mason Capital Management says that the current market recovery has further to go, and that because the decline was so severe, the market recovery may actually be well above average.

It believes that there are four conditions that are always in place at the beginning of a bull market, and all of these are currently present in the US. They are the bottoming of profits, a stabilising economy that is turning up, the Federal Reserve being accommodating and stimulating, and attractive valuations.

Gay continues, “The 9th March low may well mark the bottom of this period, and even though we have had a pretty dramatic rise both in our portfolio and in the overall markets since then, there is still a lot of growth to come because we are not back to where we were even nine months ago in terms of relative prices.”

The Legg Mason Value Fund is an actively managed strategy focusing on 30 – 50 stocks. It invests primarily in US large cap equities with a focus on companies that are trading at large discounts to intrinsic value. The fund is currently positioned for recovery with both secular and cyclical exposure and it has a current focus on technology, financials and consumer discretionary.

The fund’s performance since June 30th 2009 is 17.86% compared to the S&P 500 13.96%*.

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Notes to editors

*Bloomberg YTD September 14th 2009

About Legg Mason

Legg Mason is a global asset management firm, with \$657 billion in assets under management as of June 30, 2009. The Company provides active asset management in many major investment centres throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

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