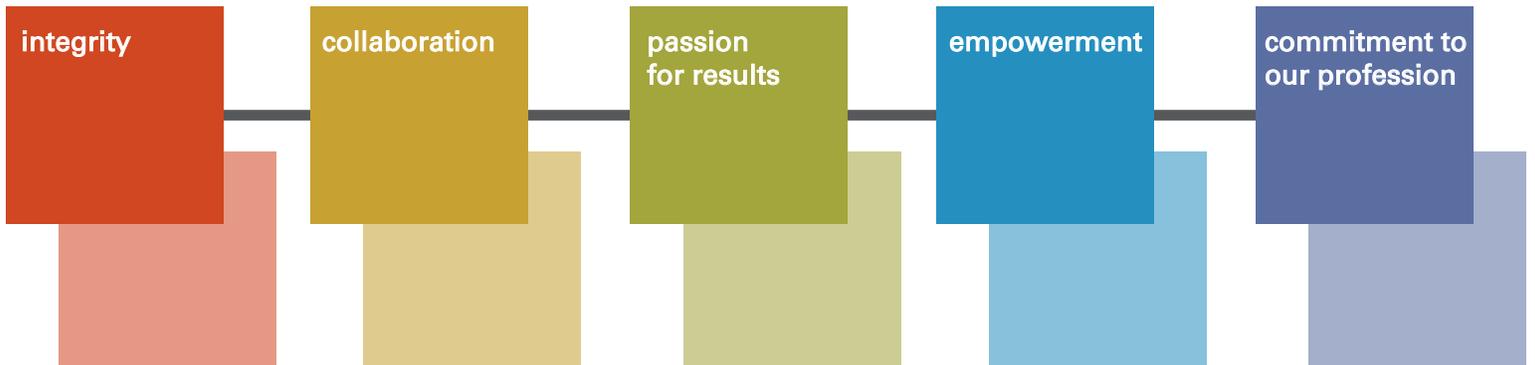


# Legg Mason

# Code of Conduct

Respecting Ethical Boundaries





## “No Chalk on Your Shoes”

Dear Fellow Employees:

I am placing my trust in your ability to carry out Legg Mason’s business in a responsible and ethical manner. Our corporate reputation is affected by the actions of every business unit and every employee. You can validate that trust each day by exercising good judgment in all your activities. Your personal integrity is vitally important to our reputation, which is the foundation on which our firm has been built.

As you know, “no chalk on your shoes” is our standard. “No chalk” is the shorthand phrase we have used for many years as a metaphor for ethical behavior — like an athlete competing on a playing field, we want you to stay well inside the boundary lines for ethical behavior so that you have “no chalk on your shoes.”

***If something doesn’t feel right, or smell right, don’t do it.***

Our fundamental beliefs are quite straightforward:

- You must deal with our clients fairly and in good faith
- You must never compromise your personal ethics or integrity, or even give the appearance that you may have done so.

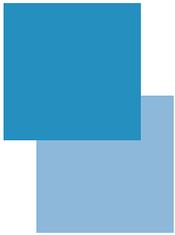
Our Board of Directors has developed this Code of Conduct, which sets out basic principles to guide the day-to-day business activities of all Legg Mason employees. It is intended to promote your awareness of your responsibilities on a variety of legal and ethical issues and to help you determine the appropriate course of action under a variety of circumstances.

I expect you to know, understand and follow all Legg Mason policies and procedures that apply to the specific work you do. Of course, no policy or procedure can anticipate every situation you may face. In the end, I am counting on your personal integrity to maintain our “no chalk” standard. If you have any questions, discuss the matter with your manager or the appropriate legal or compliance resource before taking any action.

Sincerely,

A handwritten signature in blue ink that reads "Thomas C. Merchant". The signature is written in a cursive style.

Thomas C. Merchant  
General Counsel



## Introduction

This Code of Conduct (the “Code”) sets out basic principles to guide the day-to-day business activities of Legg Mason employees. **This Code applies to all of us – every officer, director, or employee of Legg Mason and all of its Affiliates worldwide (together “Legg Mason” or the “Company”).** The overall policy underlying this Code is that Legg Mason expects that you will follow the highest standards of honest conduct and business ethics in all aspects of your activities on behalf of the Company and that you will not cheat, lie to or steal from the Company, its stockholders, clients, vendors or fellow directors, officers or employees. In addition, you are expected to comply with the letter and spirit of all applicable laws, regulations and Company policies. Your Affiliate, business unit or department may also have additional policies and procedures that you are expected to follow.

The Code operates with all other Legg Mason policies and procedures. You must become familiar with the requirements of the Code

and with all other Company policies and procedures that apply to your Affiliate business unit or department. Refer to these policies and contact your assigned legal and compliance resources for additional guidance in these areas. Many Affiliates and Legg Mason business units have adopted policies and procedures on topics covered by the Code that may be different from and, in some cases, may be more restrictive than the Code. When this Code conflicts with another Company policy or procedure, you must comply with the more restrictive provision.

**This Code is not intended to cover every ethical issue that you may confront while working for Legg Mason, but it sets out basic principles designed to guide you in your conduct.** You are also expected to use sound judgment and act in accordance with the highest ethical standards when confronted with ethical issues that are not covered by this Code, other applicable Company policies and procedures or any law or regulation.

## Questions to Ask Yourself

While this Code of Conduct provides a basic framework for appropriate business conduct of Legg Mason employees, it cannot cover or provide answers to every situation that raises ethical issues. The following questions may be helpful when facing difficult business decisions:

- Does a proposed action make you uncomfortable because it appears to conflict with the law, the Code of Conduct, or a Legg Mason policy?
- Is a proposed action one that you would not want to see reported in the media?
- Could you justify a proposed action to your friends and family?
- Have you been asked to misrepresent information, deviate from normal procedure without explanation, or keep an action quiet for no apparent reason?
- Are you comfortable that the proposed action is consistent with our “no chalk” standard?



## Resources for Seeking Advice and Reporting Concerns

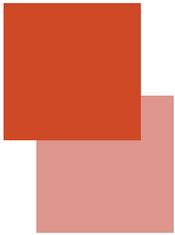
If at any point you are unsure about whether a planned course of action may violate the Code, you should **seek advice**. Contact your assigned legal and compliance resources to obtain guidance or to report concerns about an actual or suspected Code or other policy violation.

**Questionable or unethical activities can also be reported to your manager, human resources or the Employee Hotline.** The Employee Hotline can be accessed 24 hours a day by calling a toll-free number available on our intranet site. Where allowed by local law, you can report matters to the Employee Hotline confidentially and anonymously. Hotline representatives will document the concerns you raise and report the situation to the appropriate channels for review.

Remember, Legg Mason does not tolerate retaliation against someone for reporting a concern in good faith or for participating in an investigation of a report.



**If you are ever in doubt about whether your actions may violate the Code, Legg Mason policies or the law, do not make the decision alone. Instead, *seek advice*.**



## Summary of the Code

The Code is divided into sections that correspond with several of the risk areas that we may encounter in our business. Each section is designed to help you identify risks and to guide you in avoiding or mitigating those risks. The principles covered in the Code are summarized on this page. You can find more information about each topic in the corresponding sections of the Code.

- 1. Comply with laws, regulations and Legg Mason policies and procedures:** You are individually responsible for complying with the letter, not just the spirit of laws, regulations and Legg Mason policies and procedures.
- 2. Avoid conflicts of interest:** You are responsible for avoiding conflicts of interest.
- 3. Advance the interests of Legg Mason:** If you learn of a financial opportunity as a result of your relationship with Legg Mason, that opportunity belongs, in the first place, to the Company.
- 4. Use caution when you give or accept gifts and entertainment:** You must not offer, give or accept inappropriate gifts or benefits to or from third parties.
- 5. Reject bribery and corruption:** You must not give or accept bribes nor engage in any form of corruption.
- 6. Treat client and Company information confidentially:** Do not disclose or misuse personal information belonging to clients or confidential information about the Company.
- 7. Do not trade securities of any company while in possession of inside information:** You must not trade securities of Legg Mason or any other company based on important information about the company that is not publicly known.
- 8. Deal fairly with others:** You must deal fairly and honestly with clients, vendors, competitors and fellow employees.
- 9. Protect Legg Mason assets and property:** You are responsible for protecting the assets and property of Legg Mason that are under your control.
- 10. Ensure records you maintain or create are complete and accurate:** You are responsible to ensure that any records, reports or business information that you create, or are under your control, are complete and accurate.
- 11. Report information honestly and accurately to the public:** If you are involved in the preparation or review of information that will be provided to regulators or stockholders, you are responsible to ensure the information is honest and accurate.
- 12. Treat people fairly and with respect:** All Legg Mason employees are entitled to a workplace free of bias, harassment, discrimination and violence. You must treat your fellow employees and others fairly and with respect, and respect the diversity of our own employees.
- 13. Comply with the Code:** You are responsible for your own compliance with this Code. If you know of, or suspect, a violation of this Code, you are encouraged to report it to your manager, your assigned legal and compliance resources, human resources or call the Employee Hotline.

## SECTION 1. Compliance with Laws and Regulations

We work in a highly regulated industry. As a participant in the financial services industry, Legg Mason is subject to many laws and regulations of government agencies, regulators and other entities. Being aware of and complying with both the letter and spirit of all applicable laws and regulations is critical to the Company's ability to accomplish its objectives. In everything that you do on behalf of Legg Mason, you must use care not to violate any law or regulation. You are responsible to know, understand and follow the laws and regulations that apply to your responsibilities on behalf of the Company. **While you are not expected to be an expert on all applicable laws and regulations, you are expected to know the laws and regulations well enough to recognize when an issue arises and to seek the advice of your assigned legal and compliance resources.**

## SECTION 2. Conflicts of Interest

You must act in the best interests of Legg Mason, its stockholders and its clients. You are responsible for avoiding activities or relationships that might affect your objectivity in making decisions as a Legg Mason employee. You must not allow personal considerations or relationships to influence you in any way when representing Legg Mason in business dealings.

### What is a conflict of interest?

A **"conflict of interest"** may occur when your personal interests interfere in any way — or even appear to interfere — with the interests of Legg Mason, its stockholders or its clients. Similarly, a conflict of interest may also occur when your personal interests interfere with your ability to objectively and effectively perform your job. **The overarching principle is that your personal interests must not be placed improperly before the interests of Legg Mason, its stockholders or its clients.**

### Q. What about different laws in different countries?

A. Legg Mason is a global asset management firm with offices in 19 countries. Since we do business globally, each of us is responsible for knowing and following not only the Code, but also the laws that apply to us where we work or conduct business.



### It would be a Conflict of Interest if you:

- Improperly cause the Company to take action, or fail to take action, for your personal benefit rather than for the benefit of Legg Mason, its stockholders or its clients
- Improperly use your position with Legg Mason, or information that belongs to the Company or its clients, for personal gain
- Use personal influence or personal relationships to improperly influence financial reporting by the Company
- Bind Legg Mason to any agreement or arrangement with an entity in which you, directly or through family members, have any significant economic interest

Identifying a conflict of interest may not always be clear cut. If you are ever in doubt, seek advice from your manager or assigned legal and compliance resources. Wherever possible, you should try to avoid situations in which a conflict of interest exists, or appears to exist. You should also avoid activities, interests or associations outside the Company that could interfere with your ability to work objectively and effectively, or that could even create the appearance of such a situation. Where a conflict of interest cannot be avoided, you must disclose the situation to your manager. You should also tell your manager any situation in which Legg Mason is entering into an arrangement or agreement with another entity in which you, either directly or through family members, have any significant economic interest.



#### DID YOU KNOW...

The appearance of a conflict of interest may be just as harmful to our reputation as an actual conflict.

**Q. Maria needs to hire a printer for a Legg Mason marketing brochure as soon as possible. She learns her cousin, who owns a printing company, is applying for the contract. Maria knows she must go through the proper selection process before hiring any company. Is it proper to even consider hiring her cousin's company?**

**A. Most likely, yes, but Maria should disclose this potential conflict of interest to her manager or to her assigned legal and compliance resources. She may need to remove herself from the vendor selection process to avoid giving the appearance that she is engaging in favoritism.**



## SECTION 3. Corporate Opportunities

You are required to advance the interests of Legg Mason. **When you become aware of a financial opportunity as a result of your relationship with Legg Mason, your position at Legg Mason or through your use of Legg Mason property, that opportunity belongs, in the first place, to Legg Mason.** You may not take any opportunity for the sale or purchase of goods, services or interests that belongs to the Company without the prior written approval of Legg Mason's General Counsel. Similarly, if you are presented with an investment opportunity, as a result of your relationship with the Company, you may personally take advantage of the opportunity only if the investment is approved in writing by Legg Mason's General Counsel.

## SECTION 4. Gifts and Entertainment Related to Company Business

The purpose of gifts and entertainment in a business setting is to create good will and sound working relationships, not to gain an unfair advantage with clients, vendors and other third parties. **You should not give, request or accept gifts or entertainment that could influence your business judgment.**

### Accepting Gifts

Accepting a gift (including business meals and entertainment) from anyone who has a current or potential business relationship with Legg Mason can create a situation in which your personal interests may conflict, or appear to conflict, with the interests of the Company. Because of this, you must use caution in accepting gifts from clients, vendors or other third parties that have, or are seeking to have, a business relationship with the Company. While accepting gifts from these parties is not prohibited, you may not accept gifts that exceed what is "reasonable and customary" under the circumstances of the business relationship.

### What is "reasonable and customary"?

Reasonable and customary generally means something that is:

- appropriate under the circumstances
- consistent with acceptable business practices in your industry and geographic location
- not lavish or extravagant

What is a reasonable and customary gift will vary under the circumstances, but you must use good judgment in evaluating whether a gift is reasonable and customary and, when in doubt, you should be conservative in exercising your judgment or consult with your manager. In no case may you accept a gift if you feel that you are obligated to repay the donor with corporate business. In addition, as a general matter, you should accept gifts infrequently or after having notified your manager of the nature or purpose of the gift.

### Questions to ask yourself before giving or accepting a gift or entertainment

- What is the market value?
- Would public disclosure embarrass me or the Company?
- Do I feel any obligation connected to it?
- What are the intentions of the gift or entertainment? Are they appropriate?
- Does my Affiliate, business unit or department have specific gift or entertainment limits? Does this gift or entertainment meet with those standards?



If you were to request a gift (including business meals and entertainment) from anyone as a condition to that party receiving a benefit from the Company, it would violate the Code requirement that you not use your position at the Company for personal gain. In addition, in many situations such an action may violate the law. Accordingly, you may not request any payment, contribution, gift or favor that may influence a business decision. In addition, you may not accept a gift if you believe that the donor feels he or she must provide the gift in order to obtain, or continue to receive, business from or with the Company.

## Giving Gifts

If you give a gift (including business meals and entertainment) to anyone who has a current or potential business relationship with Legg Mason, the gift may be viewed as being given to improperly influence that person to further Legg Mason's interests in the relationship. While giving gifts is not prohibited, you may not give any gifts to anyone who has, or seeks to have, a business relationship with the Company if the gifts exceed what is reasonable and customary under the circumstances of the business relationship, or is prohibited by law or regulation. As is further discussed in the Anti-Corruption section of this Code, you must exercise particular caution before giving a gift to a government official. **In no event may you give, or participate in giving, any gifts (including payments) intended to cause or improperly influence an individual, company or government official to act in a way that gives the Company an advantage in seeking business or otherwise.** Any such gift or payment would constitute a violation of this Code and may violate laws or regulations. In addition, as a general matter, you should give gifts infrequently or after having notified your manager of the nature and purpose of the gift.



### DID YOU KNOW...

Many of Legg Mason's asset management and broker dealer subsidiaries and other business units have policies with specific dollar limits relating to gift giving and receiving and that may in other ways be more restrictive than Legg Mason's policy. You are responsible for knowing if there is a specific gift and entertainment policy that applies to you. Make sure to consult your Affiliate, business unit or department gifts policies before giving or receiving gifts.

**Q. Over the holidays, a vendor sent me a case of wine as a gift. I know that if I purchased the wine, it would be expensive. May I accept the gift?**

**A.** Before accepting any gift, you should check with your assigned legal and compliance resources to see if there are specific gift limits that apply to you. Generally, however, you may only accept gifts (including business meals and entertainment) if the value of the gift is reasonable and customary under the circumstances and the gift will not create or appear to create any obligation by you to the donor. This gift of an entire case of expensive wine exceeds what is "reasonable and customary" under the Code and should not be accepted. If declining the gift would present an issue, consult with your manager as there may be circumstances under which you could donate a gift to charity.

## SECTION 5. Anti-Corruption

The United States and other jurisdictions have strict laws prohibiting corruption and bribery, and in particular bribery of government officials. Government officials include any employee of a government, government agency or government controlled enterprise. The Company prohibits all types of bribes, including giving or receiving bribes directly or indirectly to anyone, not just government officials. A bribe includes anything of value, such as cash payments, charitable donations, loans, travel expenses, lavish gifts, excessive entertainment, or job placements, given to either the individual or his or her immediate family, with the intent to improperly influence a business decision. If you were to violate these laws, the penalties could be severe for Legg Mason and you individually. Additional information regarding anti-corruption can be found in the Company's [Anti-Corruption Policy](#). In addition to these responsibilities, also remember that a number of Legg Mason's Affiliates have specific policies and procedures relating to the prevention of money laundering. You must know and comply with any policies and procedures that apply to you.

### DID YOU KNOW...

**The Company cannot protect you if you commit an act of bribery or corruption. If regulators see a robust anti-corruption compliance program in place, they can choose to charge you individually rather than the Company. You can go to prison and or be personally fined for violating anti-corruption laws.**

## SECTION 6. Confidential Information

As an employee of Legg Mason, you may have access to confidential information of clients, employees, vendors and the Company. You are responsible for understanding and complying with all policies protecting the privacy, confidentiality and security of this information. You must protect all confidential information, regardless of its form or format, from the time of creation or receipt until its authorized disposal.

**Q. My business contact at the Post Office Pension Fund company hinted that an all expenses paid trip to New York for him and his family would help seal the deal with a new account. I know there are limits in providing gifts and entertainment, so I paid for his family to come to New York out of my own pocket. Is this ok since I paid for the trip myself?**

**A. No, and here is why. Regardless of how the trip was paid for, your intent was to use this trip as an improper payment to secure a business advantage. This act is considered a bribe. In addition, your business contact is a government official which is held to stricter anti-corruption laws in the US.**



**Types of confidential information to which you may have access as part of your job duties:**

- Client Information
  - Account holdings, trading activities and identifying information of individual clients such as name, date of birth and personal identifier (e.g., social security number)
  - Business financial and strategic information of corporate clients
- Legg Mason Information
  - Business strategies and impending new products
  - Financial information about the Company
- OtherThird-Party Information
  - Non-public information about pending transactions and pricing information from suppliers

**Protecting Confidential Information Belonging to Others**

A number of laws and regulations prohibit or otherwise restrict your ability to disclose confidential information of clients or others. Protecting the confidentiality of this information is critical to Legg Mason’s relationships with its clients and its ability to compete in the marketplace.

**Protecting Confidential Information Belonging to Legg Mason**

In addition to confidential information of third parties, you may have access to information about the Company that is sensitive and not known by the general public, including information about the Company’s financial condition or results, business strategies and business products, services or other employees. Disclosure of confidential Company information could cause severe harm to Legg Mason, including its ability to compete effectively in the marketplace.

**Q. I just received a call from someone who said she works for a government agency requesting information on a number of clients, including account information and transaction history. Should I provide the requested information?**

**A. No, and here’s why. Before providing information to regulators, you should consult your assigned legal and compliance resources. Although we always seek to cooperate fully with regulatory and law enforcement investigations, we must also ensure that the person is really who he or she claims to be and that we adhere to other provisions, including our privacy policies, to protect client information.**



You may not disclose or misuse confidential information to which you gain access through your relationship with the Company, except when disclosure is permitted by the Company or the person to whom the information belongs, or is required by law. In addition, you generally should not disclose confidential information about the Company or its clients to other employees of the Company unless the other employees have a need to know the information in connection with their jobs.

#### **What “forms” of information must be protected?**

Confidential information must be protected in all forms of communication, including:

- Electronic data and emails
- Paper/written documents
- Verbal communications: phone, cell phone conversations and informal conversations that you participate in or overhear

Remember to be mindful when disposing of confidential information. Consult your assigned legal and compliance resources to learn about safe disposal methods available in each location.

## SECTION 7. Insider Trading

Sometimes you may have confidential information about Legg Mason or its Affiliates, or about a company with which we do business, or about a company in which we may invest on behalf of clients that is not known to the investing public. **You may never trade, encourage others to trade, or recommend securities while in possession of “material non-public information” about a company.**

### How do you know if information is “material non-public”?

Material non-public information is often referred to as “**inside information**”. Information about a company is “**material**” if a reasonable investor would consider the information important in reaching an investment decision or the information could reasonably be expected to affect the company’s stock price. Information about a company is “**non-public**” if it has not been publicly disclosed or released. Under insider trading laws, a person or company that illegally trades in securities of a company while in possession of material, non-public information about that company may be subject to severe sanctions, including civil penalties, fines and imprisonment. In addition, sharing inside information with another person who buys or sells securities is known as “**tipping**” and is illegal, even if you don’t benefit personally.

To ensure that Legg Mason complies with its obligations with respect to insider trading, if you come into, or believe you have come into, possession of material, non-public information about a company, you should not trade or recommend any trades in the securities of that company without first consulting your assigned legal and compliance resources to determine whether the recommendation or trade may be allowed. This rule applies to trades in Legg Mason’s securities, as well as securities of any other company. Further, it applies to transactions for the account of the Company, for the account of any client or for your account or any spouse, child or others living in the same household as you (as well as any other account controlled by you). If you are an employee of an asset management or broker-dealer Affiliate of the Company, you will also be subject to insider trading policies of that Affiliate that are separate from, and may differ from, this Code.

**Q. I have become aware that we have exceeded our quarterly earnings estimates, but we have not yet made a public announcement. May I buy more shares of Legg Mason stock?**

**A. No.** What you are considering is insider trading. This is a violation of Legg Mason policy and a violation of applicable insider trading and securities laws. You may buy or sell Legg Mason stock only after the announcement is made public and after a period of time has elapsed to allow the financial markets to absorb this information.

**Q. During a meeting with a client, I learned that the company for which he works is going to be purchased by another company. I think the purchase will make the company stock go up, but the company hasn’t yet made a formal announcement about the purchase. Is it ok to buy the company’s stock or tell a portfolio manager the news?**

**A. No.** The information about the purchase of the company is non-public, as the company has not yet made a formal announcement. Because you have information that the general public does not have, if you or the portfolio manager with whom you shared this information buys or sells the company stock, it would be insider trading.

## SECTION 8. Fair Dealing

Legg Mason competes aggressively in each business in which it is engaged, but competes ethically, fairly and honestly. **Legg Mason seeks to succeed through superior performance, service, diligence, effort and knowledge, and not through unfair advantage.** To this end, the Company is committed to dealing fairly with its clients, customers, vendors, competitors and employees. You may not take unfair advantage of any other person or business through any unfair business practice, including through improper coercion, manipulation, concealment, abuse of privileged information or misrepresentation of material fact.

## SECTION 9. Safeguarding Assets and Property

Legg Mason's assets and properties represent a key portion of the Company's value and are very important to the Company's ability to conduct its business. The Company's assets and properties include both physical assets such as cash, securities, physical property and equipment, and intangible assets such as business strategies and plans, intellectual property, services and products. **You are responsible for safeguarding the Company's assets and properties that are under your control.** Theft of, or fraudulently obtaining Company assets or property is forbidden, and any suspected theft or misappropriation of Company assets or property should be reported to your assigned legal and compliance resources immediately for investigation. Furthermore, you should not misuse Company assets or property for your personal benefit. In addition to protecting the Company's assets and property from theft or misuse, you should be careful not to waste any Company assets or property.

As part of its business, Legg Mason may come into possession of property of clients, vendors and other third parties. It is important to the Company's business and reputation that you apply the same standard of care in safeguarding client and other third party property that comes into your possession that you would use to safeguard Company property.

You are responsible for safeguarding the properties belonging to Legg Mason, its clients, vendors and others, that are under your control.



## SECTION 10. Accuracy of Books and Records

As a publicly traded company that engages in various business activities, Legg Mason is subject to numerous laws regarding its books and business records. These laws require that Legg Mason maintain accurate and complete business records, books and data in a timely manner.

**You are responsible to ensure the accuracy and completeness of any business information, reports and records under your control.** You may not intentionally make false or misleading entries in any of the Company's books and records. In providing information to be included in Legg Mason's books and records, you must be honest and accurate. Maintaining accurate books and records is the first step in ensuring that Legg Mason's financial statements are prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, the financial condition and results of operations of the Company.



### DID YOU KNOW...

Many of Legg Mason's Affiliates, business units and departments also are subject to specific document retention rules and regulations. Make sure to review your local policies and procedures.

## SECTION 11. Accurate Public Disclosure and Reporting

Legg Mason has a responsibility to report information accurately and honestly to stockholders, investors and regulators. If Legg Mason were to engage in fraudulent or misleading public reporting, it could cause severe damage to the Company's reputation and to its stockholders, and could result in civil and criminal penalties to Legg Mason, the individuals involved or both.

**Therefore, if you are involved in preparation or review of materials that are disseminated to the public, you must use caution to ensure that the information in the materials is truthful and accurate in all material respects.** You may not knowingly misrepresent, or knowingly cause others to misrepresent, facts about Legg Mason in Company communications with the public. If you become aware of any materially inaccurate or misleading statement in a public communication from the Company, you should report it immediately to Legg Mason's General Counsel. If the Company does not respond to the report in a timely manner, or if you believe that reporting to the General Counsel would be ineffective, you may report it to the Employee Hotline.

**Q. Without any explanation, Joseph's manager tells him to delay sending an invoice to accounts payable until next quarter. Should he follow his manager's request?**

**A. No.** Goods and services generally should be accounted for in the period incurred. Joseph should ask his manager for an explanation. If he doesn't get a satisfactory response, he should report the situation to his assigned legal and compliance resources.

**Reporting accurate, complete and understandable information about Legg Mason's business, earnings, and financial condition is one of the Company's key responsibilities.**

## SECTION 12. Treatment of Others

**You must treat all persons with whom you come into contact, including other employees, clients and vendors, fairly and with respect.** Each employee is entitled to work in an environment that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, the Company expects that all relationships among persons in the workplace will be professional and free of bias, harassment or violence. If you violate laws or Company policies requiring fairness and respectful treatment of others, you may be subject to disciplinary action by the Company and, potentially, civil or criminal liability. You are encouraged to report to Legg Mason's Director of Human Resources, or to your local human resources personnel, any violations of these laws or policies of which you become aware.

Legg Mason is committed to the diversity of its workforce in order to help achieve growth and success for the organization. The Company strives to provide an environment that promotes respect, integrity, teamwork, achievement and acceptance regardless of race, gender, age, national origin, or any other factor that makes people unique. While all representatives of the Company share the common goal of responsiveness to clients and each other, at the same time they should embrace and value the differences in employees.

## SECTION 13. Compliance with and Violations of the Code

**You are required to ensure that you do not violate this Code. You are expected to use good judgment in recognizing situations where a violation of this Code may occur and to ensure that no violation occurs.** In situations where it is unclear whether this Code applies, you should consult with your manager, your assigned legal and compliance resources or the Legg Mason Legal and Compliance Departments before taking any action.

Legg Mason may take disciplinary action against you if you violate this Code. Disciplinary actions may include reprimand, loss of discretionary compensation, suspension, dismissal or civil action by Legg Mason. Furthermore, if a violation of this Code also constitutes a violation of law or regulations, you may be subject to legal penalties, including the loss of any professional license, fines and other penalties.

In addition to ensuring you do not violate this Code, you are encouraged to report known or suspected violations of this Code by others by telephone, e-mail or in writing to Legg Mason's General Counsel. **Legg Mason also offers an Employee Hotline that you may use to report known or suspected violations of this Code.** Information on accessing the Employee Hotline is available on the Company intranet.

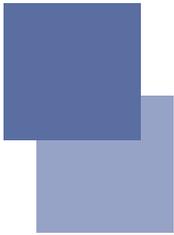
No officer, director or employee of Legg Mason may retaliate in any fashion against you if you report a suspected or actual violation of this Code in good faith. Making a report in "**good faith**" generally means that you have a reasonable and genuine belief that the information you are providing relates to a possible violation of law or this Code, regardless of whether the report turns out to be founded.

Legg Mason expects all employees to deal fairly with coworkers, to treat them with respect and dignity and to never take advantage of them.



**Q. Why should I report concerns and what can happen to me if I do?**

A. It allows Legg Mason to investigate and stop misconduct. It's normal to be concerned about retaliation, but Legg Mason prohibits retaliation against anyone who raises a good faith concern.



## Miscellaneous

### Compensation Clawback

As part of the Company's compensation philosophy, Legg Mason believes that employees who engage in serious misconduct that causes the Company to issue restated financial results should forfeit and return to the Company previously received incentive compensation (whether in the form of cash or equity awards) that would not have been paid or awarded based on the restated financial results. Accordingly, in the event the Company is required to restate its financial results to correct a material error, and the Company's Board of Directors reasonably determines that an employee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement, then, to the extent permitted by applicable law, the Company may "clawback" the amount of such employee's incentive compensation (whether paid or still outstanding, vested or unvested, restricted or unrestricted) that the Board of Directors, in its discretion, determines would not have been paid based on the restated financial results. Nothing herein shall be interpreted to limit in any way the Company's other rights or remedies against any such employee.

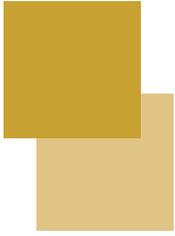
### Additional Responsibilities of Certain Officers

The Chief Executive Officer, the Principal Financial Officer, the Principal Accounting Officer, the Controller and the General Counsel of Legg Mason are also subject to the following additional requirements. These officers must:

- Be generally aware of the disclosure requirements applicable to Legg Mason under the Securities Act of 1933 and the Securities Exchange Act of 1934; and
- Not knowingly misrepresent, or knowingly cause others to misrepresent, facts about Legg Mason in disclosure reports filed with, or furnished to, the Securities and Exchange Commission (the "SEC") or to other governmental regulators and self-regulatory organizations; and
- To the extent appropriate within his or her area of responsibility, consult with other officers and employees of Legg Mason and its advisers with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and documents Legg Mason files with, or submits to, the SEC and in other public communications made by Legg Mason.

### Amendments and Waivers

This Code has been approved by Legg Mason's Board of Directors and applies to every employee, officer and director of Legg Mason. This Code may be amended only by a majority vote of the Board of Directors. Waivers of any provisions of this Code may be granted in writing by Legg Mason's General Counsel, except that a waiver requested by a director or executive officer of Legg Mason, Inc. may be granted only by the Nominating & Corporate Governance Committee of the Board of Directors. Any changes to or waivers of this Code for executive officers or directors will be promptly disclosed to the extent required by law or stock exchange regulation.



## Closing Thoughts

This Code has been developed to help guide you in your day-to-day activities. It cannot cover every ethical dilemma that you could encounter. If you are ever in doubt about an action or conduct, seek advice from your manager, legal and compliance resources or human resources. In addition to the Code, you should be aware that Legg Mason has adopted other policies and procedures that apply to you which are not part of this Code.

### KEY LEGG MASON POLICIES INCLUDE:

**Trading in Legg Mason securities**

**Compliance with copyrights of third parties**

**Equal Employment Opportunity**

**Diversity**

**Serving as a director of a publicly traded company**

**Harassment and Discrimination**

**Workplace Violence**

**Anti-Corruption**

The Code does not constitute a contract between you and the Company and does not, and shall not be interpreted to, create any rights for any person or entity other than the Company. Nothing in this Code shall be interpreted as altering the employment relationship between you and the Company or as granting you employment for any set period of time.

*Adopted by the Company's Board of Directors on 4/20/04; amended by the Board on 7/18/06, 10/27/09, 10/26/10, 7/26/11 and 1/29/13.*