FOR IMMEDIATE RELEASE

Investor Relations:

Alan Magleby 410-454-5246

Media:

MaryAthridge

LEGG MASON REPORTS RESULTS FOR FIRST FISCAL QUARTER

- -- First Quarter Net Income of \$49.4 Million, or \$0.54 per Diluted Share
 i/mcludes Strategic Restructuring and Merger Related Charges of \$30.9 Million, or \$0.24 per Diluted Share
 - i Achieved \$104 Million of Annualized Run-Rate Expense Savings
- -- Adjusted Net Income of \$65.4 Million, or \$0.71 per Diluted Share
- -- Assets Under Management of \$783.4 Billion
- -- Long-T erm Net Outflows of \$4.6 Billion

Baltimore, Maryland - July 27, 2020 - Legg Mason, Inc. (NYSE: LM) today reported its operating results for the first fiscal quarter ended June 30, 2020.

Financial Results		Jun	1	Mar		Jun
(Amounts in millions, except per share amounts)		2020	2	2020		2019
Operating Revenues	\$	666.2	\$	719.6	\$	705.4
Operating Expenses		598.5		553.3		621.4
Operating Income		67.7		166.3		83.9
Net Incomé		49.4		64.2		45.4
Net Income Per Share - Diluted		0.54		0.70		0.51
Adjusted Net Income	\$	65.4	\$	93.2	\$	67.0
Adjusted Earnings Per Share - Dilut ² d		0.71		1.02		0.75
(1) Net Income Attributable to Legg Mason, Inc.						
(2) See "Use of Supplemental Non-GAAPFinancial Information".						

Joseph A. Sullivan, Chairman and CEO of Legg Mason stated, i. Leggs Mason be the significant market volatility and related redemption activity primarily related to the COVID-19 pandemic. While average UM and revenues declined this quarter continued to manage our costs well, and I am pleased to announce that we achieved annual run-rate expense savings of \$104 million related to the Strategic Restructuring initiative that we launched last the strategic restructuring initiative that we strategic restructuring restructuri

￉As the merger with Fræmklimeton is set to close in four days, this will be Legg Marsahiquarterly earnings announcement as a public compaïn‰ I am extremely proud of all current and legacy Legg Marsimatend employees and their contributions to the benefit of our clients, shareholders, employees and our communities over course of our history and I wish the combined Franklimeton team much success in the future.￉

� Assets Under Management of \$783.4 Billion

Assets Under Management were \$783.4 billion at June 30, 2020 compared with \$730.8 billion at March 31, 2020, the change resulting from \$59.7 billion in positive market performance and positive foreign exchange of \$2.9 billion partially diset by \$5.2 billion in liquidity outflows, \$4.6 billion in long-term outflows and \$0.2 billion in realizations

	Quarter Ended June 30, 2020									
Assets Under Management (\$ in billions)		AUM	Flo	ows	Operating Revenue Yield ¹					
Equity	\$	192.4	\$	(2.0)	55 bps					
Fixed Income		447.0		(3.1)	25 bps					
Alternative		73.7		0.5 2	56 bps					
Long-TermAssets		713.1		(4.6)						
Liquidity		70.3		(5. <i>2</i>)	15 bps					
Total	\$	783.4	\$	(9.8)	34 bps					
(1) Operating revenue yield equals total operating revenue	ues les	s performan	ce fees	divided by Adull	a∕rage					
(2) Excludes realizations of \$0.2 billion										

At June 30, 2020, fixed income represented 57% while equity represented 25%, alternative represented 9% and liquidity represented 9%.

By geography 73% of AUM was from clients domiciled in the United States and 27% from non-US domiciled clients.

Average AUM during the quarter was \$764.4 billion compared to \$782.4 billion in the prior quarter and \$765.9 billion the first quarter of fiscal year 2020 long-ter AUM was \$690.1 billion compared to \$716.4 billion in the prior quarter and \$699.0 billion in the first quarter of fiscal year 2020.

Quarterly Performance				
	1-Year	3-Year	5-Year	10-Year
% of Strateg&UM beating Benchmark	57%	68%	67%	85%
% of Long-Erm U.S. FundAssets Beating Lipper CategoAyerage	59%	63%	74%	69%
(3) See ￉Supplemental Data Regarding Quarterly Performance.￉				

Of Legg Masors it Mag-term U.S. mutual fund assets, 65% were in funds rated 4 or 5 stars by Morningstar

Operating Results - Comparison to the Fourth Quarter of Fiscal Year 2020

Adjusted net income was \$65.4 million, or \$0.71 per diluted share, compared to adjusted net income of \$93.2 million, or \$1.02 per diluted share decrease in adjusted earnings was driven by lower investment advisory fees reflecting lower averaged and changes in the product mix, as well a \$5.0 million decrease in non-pass through performance fees.

Net income was \$49.4 million, or \$0.54 per diluted share, compared to net income of \$64.2 million, or \$0.70 per diluted share, in the fourth quarter of fiscal year **2020** hange was impacted by the items described below

- **Operating revenues** of \$666.2 million were down 7% from \$719.6 million in the prior quarter reflecting:
 - ï¿%A decrease in separate account and fund advisory fee revenues of \$40.6 million, or 6%, reflecting lower average AUM.
 - i¿%In addition, non-pass through performance fees decreased by \$5.0 million and pass through performance fees decreased \$1.5 million.

Operating expenses of \$598.5 million increased 8% from \$553.3 million in the prior representating:

- i¿%Higher compensation of \$48.9 million driven by a gain of \$20.0 million in the market value of deferred compensation and seed investments, with fixethin non-operating income, as compared to a loss of \$32.5 million in the prior quarter
- Ti2%An increase in communications and technology expenses of \$3.3 million reflecting the printing, filing and mailing costs for the proxy voting related to the Fitamhibiteton merger
- � An increase in occupancy expenses of \$6.5 million which included \$6.4 million in strategic restructuring cos ￉A decrease in other expenses of \$4.7 million reflected lower ￉business as usual expense聚烷‰ related to advertising and conference of \$13.0 million, which more than an increase in merger related costs of \$8.4 million is primarily due to proxy solicitation costs associated with the fraphletion merger
- Non-operating income was \$1.3 million, as compared to \$65.3 million in expense in the prior quarter reflecting: i¿%Gains on corporate investments, notset in compensation, were \$10.6 million compared with losses of \$12.6 million in the prior quarter
 - ï¿%Gains on funded deferred compensation and seed investments, as described above.
 - ï¿%A \$1.7 million loss associated with the consolidation of sponsored investment vehicles compared to a \$4.1 million gain in the prior quartære consolidation of sponsored investment vehicles has no impact on net income as the &€cts of consolidation are fully attributable to noncontrolling interests.

Operating margin was 10.2% compared to 23.1% in the prior qualkdjursted operating marginwas 22.1%, as compared to 25.8% in the prior quarter

Net income attributable to noncontrolling interests, excluding consolidated investment vehicles, was \$4.9 million compared to \$7.3 million in the prior quantimorphism related to Clarion, Emulst Global and Royce.

(1) See "Use of Supplemental Non-GAAPFinancial Information."

Comparison to the First Quarter of Fiscal Year 2020

Adjusted net income was \$65.4 million, \$0.71 per diluted share, compared to adjusted net income of \$67.0 million, or \$0.75 per diluted share, in the prior year quanted ecrease was driven by lower operating revenues reflecting a decrease in investment advisory fees due to lower average load Meand changes in the product mix, partially of the impact of savings from the strategic restructuring and lower it who be a usuality of the impact of savings from the strategic restructuring and lower it is a usuality when the strategic restructuring and

Net income was \$49.4 million, or \$0.54 per diluted share, compared to net income of \$45.4, or \$0.51 per diluted share, in the first quarter of fiscal year **20**@change was impacted by the items described below

Operating revenues of \$666.2 million were down 6% compared with \$705.4 million in the prior year quarter reflecting:

ii, 1/2 A decrease in advisory fee revenues of \$33.9 million reflecting lower average loady term

i¿%Partially offset by an increase in performance fees of \$4.6 million, including an increase of \$5.8 million in pass through performance fees partiallise by a \$1.2 million decrease in non-pass through performance fees.

Operating expenses of \$598.5 million were down 4% compared with \$621.4 million in the prior year quarter reflecting:

- ï¿%Compensation decreased by \$26.6 million, or 7% driven by lower strategic restructuring costs, lower revenues, savings from strategic restructuring, partfs#y by an increase of \$13.0 million in the market value of deferred compensation and seed investments and higher pass through performance fees
- i¿%Communications and technology expenses increased by \$7.1 million due to higher technology spend primarily at revenue sharingfiliates and the printing, filing and mailing costs for the proxy voting related to the FranklinTempleton merger
- $\"{\it i}\ \& O ccupancy\ expenses\ increased\ by\ \$6.4\ million\ reflecting\ higher\ strategic\ restructuring\ costs.$
- ī¿%Other expenses increased by \$1.6 million as increases in merger related costs mor**esthalowe**r i¿%business as usuali¿‰ expenses and savings from the strategic restructuring.
- Non-operating income was \$1.3 million, compared to a loss of \$4.3 million in the prior year quarter reflecting: i¿%Gains on corporate investments, notset in compensation, were \$10.6 million compared with gains of \$3.1 million in the prior year quarter
 - ï¿%Gains on funded deferred compensation and seed investments as described above.
 - ï¿%A \$1.7 million loss associated with the consolidation of sponsored investment vehicles, as compared to a ga of \$10.1 million in the prior year quafflee consolidation of sponsored investment vehicles has no impact on net income as thefects of consolidation are fully attributable to noncontrolling interests.

Operating margin was 10.2%, as compared to 9% in the prior year quantædjusted operating margin was 22.1%, as compared to 21.6% in the prior year quarter

Net income attributable to noncontrolling interests, excluding consolidated investment vehicles, was \$4.9 million, compared to \$9.7 million in the prior year quartincipally related to Clarion, Emulst Global and Royce.

Quarterly Business Developments and Recent Announcements

17.1/2

- ī¿½ On May 28, 2020, ClearBridge launched Legg Mason's first exchange-traded fund (ETF) using the semi-transparent technology of Precidian Investments ActiveShares ፣ The ClearBridge Focus ង lue ETF (CFCV), is a series of Legg Mason AsctiveShares ፣ ১% ETI fust
- i¿½ On July 17, 2020, Franklifempleton and Legg Mason announced that all conditions to the closing of its merger with Franklin Resources, Inc. have been satisfied and is scheduled to close on July 31, 2020.

Balance Sheet

At June 30, 2020, Legg Masson Masson position was \$0.9 billion taked by was \$2.2 billion, and stockholders' equity was \$3.9 billion. To be at the price of total debt to total capital was 37%, compared to 35% in the price on the credit facility reducing total debt by \$250 million. On July 21, 2020, Legg Mason repaid the outstanding balance on the credit facility reducing total debt by \$250 million.

Presentation Slides

The Fiscal first quarter presentation slides will be available on the Investor Relations section of the Legg Mason website shortly after the release of the financial results.

About Legg Mason

Guided by a mission of Investing to Improve Lives. Legg Mason helps investors globally achieve better financial outcomes by expanding choice across investment strategies, vehicles and investor access through independent investment managers with diverse expertise in equiver income, alternative and liquidity investments. Legg Mason sets under management are \$783.4 billion as of June 30, 2002 Majore, visit our bit our bit

This release contains forward-looking statements subject to risks, uncertainties and other factors that may cause actual results to differ materially. For a discussion of these risks and uncertainties, see "Risk Factors" and "¿¼ManagemænDistussion and Analysis of Financial Condition and Results of Operations"; ¼ in Legg Masor Manual report on Form 10-K for the fiscal year ended March 31, 2020 and, in the Company yaya unarterly reports on Form 10-Q.

Supplemental Data Regarding Quarterly Performance

Strategy Performance

For purposes of investment performance comparisons, strategies are an aggregation of discretionary portfolios (separate accounts, investment funds, and other products) into a single group that represents a particular investment objective. In the case of separate accounts, the investment performance of the account is based upon the performance of the strategy to which the account has been assigned. Each of our asset managers has its own specific guidelines for including portfolios in their strategies. For those managers which manage both separate accounts and investment funds in the same strategy performance comparison for all of the assets is based upon the performance of the separate account.

Approximately 88% of to Add is included in strategy of sof June 30, 2020, although not all strategies have three-, five-, and ten-year histori trategy of includes liquidity assets. Certain assets are not included in reported performance comparisor been include: accounts that are not managed in accordance with the guidelines outlined above; accounts in strategies not marketed to potential clients; accounts that have not yet been assigned strategy; and certain smaller products at some officiant exf.

Past performance is not indicative of future resultable. Whinfounded in institutional and retail separate accounts and investment funds managed in the same strategy as separate accounts, performance comparisons are based on gross-of-fee performance. For investment funds which are not managed in a separate account format, performance comparisons are based on net-of-fee performance. Funds-of-hedge funds generally do not have specified benchmarks. For purposes of this comparison, performance of those products is net of fees, and is compared to the relevant HFRX index. These performance comparisons do not reflect the actual performance of any specific separate account or investment fund; individual separate account and investment fund performance manager manag

At June 30, 2020:	1-Year	3-Year	5-Year	10-Year
% of StrategyAUM beating Benchmark				
Fixed Income	62%	76%	78%	98%
Equity	62%	62%	70%	56%
Alternatives	78%	90%	79%	99%

Long-term US Fund Assets Beating Lipper Category Average

Long-term US fund assets include open-end, closed end, and variable annuity **Theds**.performance comparisons do not reflect the actual performance of any specific fund; individual fund performance performance is not a guarantee of future results. Source: Lipper Inc.

1-Year	3-Year	5-Year	10-Year
75%	76%	76%	80%
41%	48%	72%	55%
77%	77%	n/a	n/a
	75% 41%	75% 76% 41% 48%	75% 76% 76% 41% 48% 72%

LEGG MASON, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (Amounts in thousands) (Unaudited)

	Quarters Ended						
		June 2020	March 2020		June 2019		
Operating Revenues:							
Investment advisory fees:							
Separate accounts	\$	245,459 \$	260,477	\$	260,441		
Funds		347,876	373,453		366,812		
Performance fees		11,414	17,884		6,861		
Distribution and service fees		59,859	65,763		69,937		
Other		1,578	2,010		1,309		
Total operating revenues		666,186	719,587		705,360		
Operating Expenses:							
Compensation and benefits		353,208	304,331		379,828		
Distribution and servicing		91,349	99,828		103,906		
Communications and technology		62,358	59,060		55,274		
Occupancy		32,007	25,504		25,624		
Amortization of intangible assets		5,505	5,636		5,457		
Contingent consideration fair value adjustments		‰خï	250		(1,165)		
Other		54,051	58,724		52,501		
Total operating expenses		598,478	553,333		621,425		
Operating Income		67,708	166,254		83,935		
Non-Operating Income (Expense):							
Interest income		915	2,755		4,005		
Interest expense		(28,58)	(27,02)		(28,48)3		
Other income (expense), net		31,120	(42,37\$		10,599		
Non-operating income (expense) of							
consolidated investment vehicles, net		(2,158)	1,358		9,561		
Total non-operating income (expense)		1,296	(65,28)		(4,318)		
Income Before Income Tax Provision		69,004	100,965		79,617		
Income tax provision		13,930	25,582		18,048		
Net Income		55,074	75,383		61,569		
Less: Net income attributable		F / F 0	11 00 4		1/ 010		
to noncontrolling interests		5,652	11,224		16,219		
Net Income Attributable to Legg Mason, Inc.	\$	49,422 \$	64,159	\$	45,350		

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

			Qua	arters Ended	
	June 2020		March 2020		June 2019
Net Income Attributable to Legg Mason, Inc.	\$	49,422	\$	64,159	\$ 45,350
Less: Earnings (distributed and undistributed) allocated to participating securifies		904		1,955	 1,510
Net Income (Distributed and Undistributed) Allocated to Shareholders (Excluding Participating Securities)	\$	48,518	\$	62,204	\$ 43,840
Net Income per Share Attributable to Legg Mason, Inc. Shareholders:					
Basic	\$	0.54	\$	0.71	\$ 0.51
Diluted	\$	0.54	\$	0.70	\$ 0.51
Weighted-Average Number of Shares Outstanding:					
Basic		89,823		87,329	86,297
Diluted		90,199		88,534	86,494

⁽¹⁾ Participating securities excluded from weighted-average number of shares outstanding were 1,971, 2,779, and 2,852 for the quarters ended June 2020, March 2020, and June 2019, respectively

	Quarters Ended									
		June		March		June				
Strategic Restructuring		2020		2020		2019				
Strategic restructuring cost savings:										
Compensation	\$	8,377	\$	11,516	\$	2,850				
Occupancy		502		262		240				
Other		3,026		11,164		6,894				
Total strategic restructuring cost savings	\$	11,905	\$	22,942	\$	9,984				
Strategic restructuring costs:										
Compensation and benefits	\$	1,128	\$	3,936	\$	28,694				
Occupancy		6,420		(27)		%خ:				
Other		474		(172)		4,204				
Total strategic restructuring costs	\$	8,022	\$	3,737	\$	32,898				
Merger Related Charges										
Compensation and benefits	\$	71	\$	3	\$	%خ:				
Communications and technology		3,252		3		%خ:				
Other		19,587		13,292		%خ:				
Total merger related charges	\$	22,910	\$	13,298	\$	￉				

LEGG MASON, INC. AND SUBSIDIARIES SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO LEGG MASON, INC. TO ADJUSTED NET INCOME AND RECONCILIATION OF NET INCOME PER DILUTED SHARE ATTRIBUTABLE TO LEGG MASON, INC. SHAREHOLDERS TO ADJUSTED EARNINGS PER DILUTED SHARE⁽¹⁾

(Amounts in thousands, except per share amounts) (Unaudited)

June March 2020 2020 Net Income Attributable to Legg Mason, Inc. \$ 49,422 \$ 64,159 \$ Plus (less): * 49,422 \$ 64,159 \$	June 2019 45,350 32,898
Net Income Attributable to Legg Mason, Inc. \$ 49,422 \$ 64,159 \$	45,350
Divis (loss).	32,898
Plus (less):	32,898
Restructuring costs:	32,898
Strategic restructuring and merger related 30,932 17,035	
Affiliate charges 494 737	1,203
Amortization of intangible assets 5,505 5,636	5,457
Gains and losses on seed and other investments	
not offset by compensation or hedges (8,07) 12,545	(6,411)
Acquisition and transition-related costs 557 ￉	￉
Contingent consideration fair value adjustments	(1,165)
Income tax adjustments:	
Impacts of non-GAAPadjustments (8,27) (9,66)	(8,635)
Other tax items (5,173) 2,477	(1,700)
Adjusted Net Income \$ 65,386 \$ 93,173 \$	66,997
Net Income Per Diluted Share Attributable to	
Legg Mason, Inc. Shareholders\$0.54\$0.70\$	0.51
Plus (less), net of tax impacts:	
Restructuring costs:	
Strategic restructuring and merger related 0.24 0.14	0.27
Affiliate charges	0.01
Amortization of intangible assets 0.04 0.05	0.04
Gains and losses on seed and other investments	
not offset by compensation or hedges (0.0) 0.10	(0.05)
Acquisition and transition-related costs 0.01 ￉	￉
Contingent consideration fair value adjustments ￉ ￉	(0.01)
Other tax items (0.0) 0.03	(0.02)
Adjusted Earnings per Diluted Share \$ 0.71 \$ 1.02 \$	0.75

⁽¹⁾ See explanations for "Use of Supplemental Non-GAMPancial Information."

⁽²⁾The non-GAAP effective tax rates for the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019 were 28.0%, 24.6%, and 27.0% respectively

LEGG MASON, INC. AND SUBSIDIARIES SUPPLEMENTAL DATA

RECONCILIATION OF GAAP BASIS OPERATING MARGIN TO ADJUSTED OPERATING MARGIN (1)

(Amounts in thousands) (Unaudited)

	Quarters Ended								
		June 2020		March 2020	June 2019				
Operating Revenues, GAAP basis	\$	666,186	\$	719,587	\$	705,360			
Plus (less): Pass through performance fees Operating revenues eliminated upon		(6,809		(8,30)		(1,03 0)			
consolidation of investment vehicles		46		52		125			
Distribution and servicing fees Investment advisory fees		(59,85) (31,61 2		(65,76) (34,03)		(69,93) (33,95))			
Adjusted Operating Revenues	\$	567,952	\$	611,532	\$	600,568			
Operating Income, GAAP basis	\$	67,708	\$	166,254	\$	83,935			
Plus (less): Restructuring costs:									
Strategic restructuring and merger related		30,932		17,035		32,898			
Affiliate charges		633		737		1,203			
Amortization of intangible assets Gains (losses) on deferred compensation		5,505		5,636		5,457			
and seed investments, net		20,029		(32,54))		7,014			
Acquisition and transition-related costs		557		￉		￉			
Contingent consideration fair value adjustments		%خ"		250		(1,165)			
Operating loss of consolidated investment		· ·							
vehicles, net		(41)		165		259			
Adjusted Operating Income	\$	125,323	\$	157,537	\$	129,601			
Operating Margin, GAAPbasis		10.2 %	, 0	23.1 %	,	11.9			
Adjusted Operating Margin		22.1		25.8		21.6			

 $^{^{(1)}}$ See explanations for "Use of Supplemental Non-GAMP ancial Information."

LEGG MASON, INC. AND SUBSIDIARIES SUPPLEMENTAL DATA RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES

TO ADJUSTED EBITDA (1)

(Amounts in thousands) (Unaudited)

	Quarters Ended								
Cash provided by (used in) operating activities, GAAP basis	June 2020			March 2020	June 2019				
	\$	(211,492)	\$	183,472	\$	(187,57 7)			
Plus (less):									
Interest expense, net of accretion and amortization									
of debt discounts and premiums		28,154		26,601		28,375			
Current tax expense (benefit)		4,904		179		(4,24)			
Net change in assets and liabilities		378,185		(43,41)		303,077			
Net change in assets and liabilities									
of consolidated investment vehicles		(101,352)		31,095		(13,012)			
Net income attributable to noncontrolling interests		(5,652)		(11,224)		(16,219)			
Net gains (losses) and earnings on investments		(11,830)		19,551		6,748			
Net gains (losses) on consolidated investment vehicles		(2,158)		1,358		9,561			
Other		24		(95)		(343			
Adjusted EBITDA	\$	78,783	\$	207,523	\$	126,364			

 $^{^{\}rm (1)}$ See explanations for "Use of Supplemental Non-GAAPhancial Information."

LEGG MASON, INC. AND SUBSIDIARIES (Amounts in billions) (Unaudited)

Assets Under Management

By sestedases June 2020 March 2020 Jecember 2019 September 2019 June 2019 Equity \$ 1924 \$ 161.0 \$ 21.03 203.0 \$ 205.0 Fixed Income 447.0 428.0 451.8 442.7 438.0 Alternative 73.7 74.3 74.3 75.2 75.0 Liquidity 73.73 75.2 65.5 740.1 718.6 76.2 Total \$ 73.34 \$ 73.00 80.05 \$ 781.8 6.65 Total \$ 73.00 \$ 73.00 \$ 80.00 \$ 781.8 \$ 73.00 Total \$ 100 € 200 March 2020 \$ 200.00 \$ 200.0 \$ 200.0 Flexify \$ 181.3 193.0 \$ 200.0 \$ 200.0 \$ 200.0 \$ 200.0 Floutify \$ 23.0 447.5 \$ 200.0 \$ 200.0 \$ 200.0 \$ 200.0 Liquidity \$ 74.3 \$ 60.0 \$ 200.0 \$ 75.0 \$ 30.0 Total \$ 200.0 \$ 200.0 \$ 200.0 \$ 200.					Qua	rters Ended				
Fixed Income 447.0 420.2 451.8 442.7 438.0 Alternative 73.7 74.3 74.3 72.6 70.1 Long-FermAssets 713.1 655.7 740.1 718.6 713.7 Liquidity 70.3 75.1 63.4 63.2 66.5 Total 783.4 730.8 80.35 781.8 780.2 By asset class (average): June 2020 March 2020 December 2019 September 2019 June 2019 Equity 181.3 193.9 209.3 \$ 204.2 \$ 202.7 Fixed Income 435.0 447.5 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.5 69.3 Liquidity 74.3 66.0 5.20 5.27.9 716.6 69.0 Liquidity 74.3 80.0 72.1 77.5 69.3 Liquidity 74.3 80.0 72.9 716.6 69.0 Liquidity 74.3 <th>By asset class:</th> <th>Ju</th> <th>ne 2020</th> <th>March 2020</th> <th>Dec</th> <th>ember 2019</th> <th>Septe</th> <th>mber 2019</th> <th>June 2019</th>	By asset class:	Ju	ne 2020	March 2020	Dec	ember 2019	Septe	mber 2019	June 2019	
Alternative 73.7 74.3 74.3 74.3 72.6 70.1 Loug-TermAssets 713.1 655.5 740.1 718.6 713.7 Loug-TermAssets 770.3 775.1 634.3 63.2 66.6 Total 8783.4 8730.9 8803.5 781.8 8780.2 December 2019 September 2019 7800.2 Equity \$ 181.3 190.2 90.00 90.00 90.00 90.00 100.00 <t< td=""><td>Equity</td><td>\$</td><td>192.4</td><td>\$ 161.2</td><td>\$</td><td>214.0</td><td>\$</td><td>203.3</td><td>\$ 205.6</td></t<>	Equity	\$	192.4	\$ 161.2	\$	214.0	\$	203.3	\$ 205.6	
Ling-TermAssets 713.1 655.7 740.1 718.6 713.7 Liquidity 70.3 75.1 63.4 63.2 66.5 Total 8 783.4 8 80.35 8 78.2 780.2 Quarters Ended Quarters Ended Equity \$ 181.3 193.9 209.3 2 pet mber 2019 June 2019 Equity \$ 181.3 193.9 209.3 2 pet mber 2019 June 2019 Alternative 435.0 447.5 447.3 40.0 427.0 Alternative 73.8 75.0 73.1 71.5 69.3 Liquidity 74.3 66.0 20 63.2 66.9 Total \$ 764.4 782.4 791.7 771.6 699.0 Liquidity 74.3 66.0 20 63.2 765.9 Total per cols a	Fixed Income		447.0	420.2		451.8		442.7	438.0	
Liquidity 70.3 75.1 63.4 63.2 66.5 Total \$ 783.4 \$ 730.8 803.5 781.8 780.2 By asset class (average): June 2020 March 2020 December 2019 September 2019 June 2019 Equity \$ 181.3 \$ 193.9 \$ 209.3 \$ 204.2 \$ 202.7 Fixed Income 435.0 447.5 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.6 699.0 Liquidity 74.3 60.0 62.0 63.2 66.9 Total 74.4 782.4 791.6 699.0 Total 74.4 782.4 791.7 716.6 699.0 Total 74.4 782.4 791.7 779.6 699.0 Total post in Asserts 80.7 781.8 780.2 780.0 Equity 2 780.0 80.0 781.8 780.0 780.0 Reginning of period 3 730.0 803.5	Alternative		73.7	74.3		74.3		72.6	70.1	
Total \$ 783.4 \$ 730.8 \$ 803.5 \$ 781.6 \$ 780.2 By asset class (average): June 2020 March 2020 December 2019 September 2019 June 2019 Equity \$ 181.3 1 93.9 209.3 September 2019 3 June 2019 Fixed Income 4 455. 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.5 693. Long-TermAssets 690.1 71.4 729.7 716.6 699.0 Loughdiffy 74.3 66.0 620.0 63.2 66.9 Total 76.44 782.4 791.0 779.8 779.8 765.0 Component Changes in Assets Under Serbert 803.5 2 791.0 2 90.0 3 10.0 2 90.0 Beginning of period \$ 730.8 803.5 803.5 781.8 780.2 9 10.0 2019 Reginning of period \$ 730.8 803.5 781.8 780.2 9 20.0 3 20.0 3 20.0 3 20.0 3 20.0	Long-TermAssets		713.1	655.7		740.1		718.6	713.7	
By asset class (average): June 2020 March 2020 December 2019 September 2019 June 2019 Equity \$ 181.3 \$ 193.9 200.3 \$ 204.2 \$ 202.7 Fixed Income 435.0 447.5 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.5 69.3 Long-TermAssets 690.1 716.4 729.7 716.6 699.0 Liquidity 74.3 66.0 62.0 63.2 66.9 Total 76.4 782.4 791.7 716.6 699.0 Component Changes in Assets Under March 74.3 66.0 62.0 63.2 66.9 Component Changes in Assets Under March March 2020 December 2019 September 2019 June 2019 Component Changes in Assets Under March March 2020 December 2019 September 2019 June 2019 Experiment Changes in Assets Under March 20.0 60.0 48.8 780.2 758.0 Equity (Liquidity		70.3	75.1		63.4		63.2	66.5	
By asset class (average): June 2020 March 2020 December 2019 September 2019 June 2019 Equity \$ 181.3 \$ 193.9 \$ 209.3 \$ 204.2 \$ 202.7 Fixed Income 435.0 447.5 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.5 6.93.0 Long-FermAssets 690.1 716.4 729.7 716.6 6.99.0 Liquidity 74.3 66.0 62.0 63.2 66.9 Total \$ 764.4 \$ 782.4 \$ 791.7 \$ 779.8 \$ 765.9 Component Changes in Assets Under Serber Sequence of Part Assets Under Serber Total \$ 760.4 \$ 803.5 \$ 781.8 \$ 780.2 \$ 765.9 Despining of period \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2 \$ 750.0 Sequity (2.0 (6.0 (4.8) (2.1) (3.6) Fixed Income (3.1) (8.4) 1.7 <t< td=""><td>Total</td><td>\$</td><td>783.4</td><td>\$ 730.8</td><td>\$</td><td>803.5</td><td>\$</td><td>781.8</td><td>\$ 780.2</td></t<>	Total	\$	783.4	\$ 730.8	\$	803.5	\$	781.8	\$ 780.2	
Equity \$ 181.3 193.9 209.3 204.2 202.7 Fixed Income 435.0 447.5 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.5 69.3 Long-TermAssets 690.1 716.4 729.7 716.6 699.0 Liquidity 74.3 66.0 62.0 63.2 66.9 Total \$ 764.4 782.4 791.7 779.8 765.9 Component Changes in Assets Under Maryerent Quarters Ended Quarters E					Qua	rters Ended				
Fixed Income 435.0 447.5 447.3 440.9 427.0 Alternative 73.8 75.0 73.1 71.5 69.3 Long-Term Assets 690.1 716.4 729.7 716.6 699.0 Liquidity 74.3 66.0 62.0 63.2 66.9 Total \$ 764.4 \$ 782.4 \$ 791.7 \$ 779.8 \$ 765.9 Component Changes in Assets Under Manuserment	By asset class (average):	Ju	ne 2020				Septe	ember 2019	June 2019	
Alternative Long-Term Assets 73.8 75.0 73.1 71.5 69.3 Long-Term Assets 690.1 716.4 729.7 716.6 699.0 Liquidity 74.3 66.0 62.0 63.2 66.9 Total 764.4 782.4 791.7 779.8 765.9 Component Changes in Assets Under waterward Quarters Ended Qu	Equity	\$	181.3	\$ 193.9	\$	209.3	\$	204.2	\$ 202.7	
Long-TermAssets 690.1 716.4 729.7 716.6 699.0 Liquidity 74.3 66.0 62.0 63.2 66.9 Total * 764.4 * 782.4 * 791.7 * 779.8 * 765.9 Component Changes in Assets Under Marsement Quarters Ended Beginning of period June 2020 March 2020 December 2019 September 2019 June 2019 Beginning of period * 730.8 * 803.5 * 781.8 * 780.2 * 758.0 Net client cash flows: Equity (2.0 (6.0) (4.8) (2.1) (3.0) Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 1.6 (3.7) (0.3) (0.3) Total net client cash flows (9.2) (0.2)	Fixed Income		435.0	447.5		447.3		440.9	427.0	
Liquidity Total 74.3 (s) 764.4 66.0 (s) 782.4 62.0 (s) 791.7 63.2 (s) 779.8 66.9 (s) 765.9 Component Changes in Assets Under Marseyment Quarters Ended Quarters Ended June 2020 March 2020 December 2019 September 2019 June 2019 Beginning of period \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2 \$ 750.0 Net client cash flows: Equity (2.0) (6.0) (4.8) 780.2 758.0 Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 12.6 (3.5) (1.6) Total net client cash flows (9.8) (0.2) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.4)	Alternative		73.8	75.0		73.1		71.5	69.3	
Total \$ 764.4 782.4 791.7 779.8 765.9 Component Changes in Assets Under Management Quarters Ended Quarters Ended Quarters Ended December 2019 September 2019 June 2019 Beginning of period \$ 730.8 \$ 803.5 781.8 \$ 780.2 \$ 758.0 Net client cash flows: \$ 730.8 \$ 803.5 781.8 \$ 780.2 \$ 758.0 Net client cash flows: \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2 \$ 758.0 Net client cash flows: \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2 \$ 758.0 Net client cash flows: \$ (2.0) \$ (6.0) \$ (4.8) \$ (2.1) \$ (3.6) \$ 3.9 Itigation flows: \$ (3.1) \$ (8.4) \$ 1.7 \$ (0.5) \$ (1.6) \$ (0.2) \$ (1.6) Itigation flows: \$ (9.8) \$ (0.5) \$ (1.6) \$ (3.5) \$ (0.2) Realizations flows: \$ (9.8) \$ (0.2) \$ (0.4) \$ (0.2)<	Long-TermAssets		690.1	716.4		729.7		716.6	699.0	
Component Changes in Assets Under Marsets Quarters Ended Quarters Ended June 2020 December 2019 September 2019 June 2019 Beginning of period \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2 \$ 758.0 Net client cash flows: Equity (6.0) (4.8) (2.1) (3.6) (4.8) (2.1) (3.6) (5.2) (6.0) (4.8) (2.1) (3.6) (3.6) (4.8) (2.1) (3.6) (3.6) (4.8) (1.1) (0.5) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) (3.6) <th colspa<="" td=""><td>Liquidity</td><td></td><td>74.3</td><td>66.0</td><td></td><td>62.0</td><td></td><td>63.2</td><td>66.9</td></th>	<td>Liquidity</td> <td></td> <td>74.3</td> <td>66.0</td> <td></td> <td>62.0</td> <td></td> <td>63.2</td> <td>66.9</td>	Liquidity		74.3	66.0		62.0		63.2	66.9
June 2020 March 2020 December 2019 September 2019 June 2019 Beginning of period 730.8 803.5 781.8 780.2 758.0 Net client cash flows: Equity (2.0) (6.0) (4.8) (2.1) (3.6) Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 1 €. (3.5) (1.6) Total net client cash flows (9.8) (0.9) (1.6) (3.7) (0.8) Realizations ⁽¹⁾ (0.2) (0.2) (0.4) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1.6 0.2 1.6 0.2 0.6 0.2	Total	\$	764.4	\$ 782.4	\$	791.7	\$	779.8	\$ 765.9	
Beginning of period June 2020 March 2020 December 2019 September 2019 June 2019 Beginning of period \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2 \$ 758.0 Net client cash flows: Equity (2.0) (6.0) (4.8) (2.1) (3.6) Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 1.6 (3.7) (0.5) Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1.0 0.2 1.6	Component Changes in Assets Under	r Management								
Beginning of period \$ 730.8 803.5 781.8 780.2 758.0 Net client cash flows: Equity (2.0) (6.0) (4.8) (2.1) (3.6) Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 1½% (3.5) (1.6) Total net client cash flows (9.8) (0.9) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1½% 0.2 1½% 1½% 0.6					Qua	rters Ended				
Net client cash flows: Equity (2.0) (6.0) (4.8) (2.1) (3.6) Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 1½% (3.5) (1.6) Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1 ½% 0.2 1 ½% 1 ½% 0.6		Ju			Dec		Septe			
Equity (2.0) (6.0) (4.8) (2.1) (3.6) Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 1/2 (3.5) (1.6) Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1 ¿% 0.2 1 ¿% 1 ¿% 1 ¿% 0.6	Beginning of period	\$	730.8	\$ 803.5	\$	781.8	\$	780.2	\$ 758.0	
Fixed Income (3.1) (8.4) 1.7 (0.5) 3.9 Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 ￉ (3.5) (1.6) Total net client cash flows (9.8) (0.9) (1.6) (3.7) (0.9) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition ￉ 0.2 ￉ ￉ ￉ 0.6	Net client cash flows:									
Alternative 0.5 2.3 1.5 2.4 0.8 Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 ī¿‰ (3.5) (1.6) Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1½‰ 0.2 1½‰ 1½‰ 0.6	Equity		(2.0)	(6.0)		(4.8)		(2.1)	(3.6)	
Long-Term flows (4.6) (12.1) (1.6) (0.2) 1.1 Liquidity (5.2) 11.6 ï¿% (3.5) (1.6) Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition ï¿% 0.2 ï¿% ï¿% 0.6	Fixed Income		(3.1)	(8.4)		1.7		(0.5)	3.9	
Liquidity (5.2) 11.6 ￉ (3.5) (1.6) Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition ￉ 0.2 ￉ ￉ 0.6	Alternative		0.5	 2.3		1.5		2.4	 0.8	
Total net client cash flows (9.8) (0.5) (1.6) (3.7) (0.5) Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1¿% 0.2 1¿% 1¿% 0.6	Long-Term flows	_	(4.6)	(12.1)		(1.6)		(0.2)	 1.1	
Realizations ⁽¹⁾ (0.2) (0.2) (0.6) (0.2) (0.4) Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition 1;2% 0.2 1;2% 1;2% 0.6	Liquidity		(5. <i>2</i>)	11.6		%خ"		(3.5)	(1.6)	
Market performance and other 59.7 (64.4) 20.9 8.7 21.9 Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition ï¿% 0.2 ï¿% ï¿% 0.6	Total net client cash flows		(9.8)	 (0.5)		(1.6)		(3.7)	 (0.5)	
Impact of foreign exchange 2.9 (7.8) 3.0 (3.2) 0.6 Acquisition ï¿% 0.2 ï¿% ï¿% 0.6	Realizations ⁽¹⁾		(0.2)	(0.2)		(0.6)		(0.2)	(O.4)	
Acquisition 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2	Market performance and other		59.7	(64. 4)		20.9		8.7	21.9	
	Impact of foreign exchange		2.9	(7.8)		3.0		(3.2)	0.6	
End of period \$ 783.4 \$ 730.8 \$ 803.5 \$ 781.8 \$ 780.2	Acquisition		%خ:	0.2		%خï		%خï	0.6	
	End of period	\$	783.4	\$ 730.8	\$	803.5	\$	781.8	\$ 780.2	

⁽¹⁾ Realizations represent investment manager-driven distributions primarily related to the sale of assets. Realizations are specific to our alternative managers and do not inclu client-driven distributions (e.g. client requested redemptions, liquidations or asset transfers).

Use of Supplemental Non-GAAP Financial Information

As supplementalnformationweare providing performance measures for "Adjusted Net Income"; "Adjusted Earnings per Diluted Share" ("i; % Adjusted i; % Adjusted rating Margin"; Along with a liquidity measure for "Adjusted EBITDA", each of which are based on methodologies other than generally accepted accounting principles ("non-GAAP"). Effective with the quarterended June 30, 2019, we began disclosing Adjusted Operating Margin, which revises our prior disclosure of Operating Margin, as Adjusted to include adjust ments for restructuring osts and acquisition expenses and transition-related between the state of the supplementation activities each of which is further described below

Our managementuses the performancemeasures as benchmarks to evaluate and compare our period-to-period operating performance. We believe that these performancemeasures provide useful information about the operating results of our core asset management business and facilitate omparison of our results to other asset management firms and period-to-periode sults. We are also providing a non-GAAP liquidity measure for Adjusted EBITDA, which our managementuses as a benchmark in evaluating and comparing our period-to-period quidity. We believe that this measure is useful to investors as it provides additional information with regard to our ability to meet working capital requirements service our debt, and return capital to our stockholders.

Adjusted Net Income and Adjusted Earnings per Diluted Share

Adjusted Net Income and Adjusted EPS only include adjustmentsfor certain items that relate to operating performance and therefore are most readily reconcilable to Net Income (Loss) Attributable Legg Mason, Inc. and Net Income (Loss) per Diluted Share Attributable Legg Mason, Inc. Shareholders, determined under generally accepted accounting principles ("GAAP"), respectively

We define Adjusted Net Income as Net Income (Loss) Attributable Legg Mason, Inc. adjusted to exclude the following:

ï¿%Restructurincosts,including:

 $Corporate charges related to the ongoing strategic estructurin \cite{a}{m}{d} merger related costs and other costs aving and business initiative sincluding severance, lease and other costs; and$

Affiliatecharges, including affiliaterestructuring and severance costs, and certain one-timecharges arising from the issuance of management equity plan awards

ï¿%Amortizationofintangibleassets

ï¿%Gains and losses on seed and otherinvestment that are not offset by compensation or hedges

ï¿%Acquisition expenses and transition-relatectosts for integrationactivities, including certain related professional fees and costs associated with the transition and acquisition of acquired businesses

ï¿%Impairmentsofintangibleassets

ï¿%Contingentconsiderationairvalue adjustments

ï¿%Charges (credits) related to significant it igation or regulatory matters

iz %Income tax expense (benefit) adjustments o provide an effective non-GAAP tax rate commensurate with our expected annual pre-tax Adjusted Net Income, including:

The impacton income tax expense (benefit) of the above non-GAAP adjustments and Other tax items, including deferred tax asset and liability adjustments associated with statutory at changes, the impact of other aspects of recent U.S. tax reform, and shortfalls (and windfalls) associated with stock-based compensation

Adjustmentsfor restructuringosts, gains and losses on seed and other investmentsthat are not offset by compensation rhedges, and thein cometax expense (benefit) tems described above are included in the calculation because these items are not reflective four coreasset management business of providing investment management and related product and services. We adjust for acquisition-related tems, including a mortization fint angible assets, impairments of intangible assets, and contingent on sideration fair value adjustments to make it easier to identify trends affecting our underlying business that are not related to acquisitions to facilitate omparison of our operating results with the results of other asset management firms that have not engaged in significant acquisitions. We adjust for charges (credits) related to significant it igation or regulator matters pet of any insurance proceeds and revenue share adjustment specause these matters do not reflect the underlying operation and performance four business.

In calculatingAdjusted EPS, we adjust Net Income (Loss) per Diluted Share Attributableto Legg Mason, Inc. Shareholdersdeterminedunder GAAP for the per share impact of each adjustment(net of taxes) included in the calculation of Adjusted Net Income.

These measures are provided in addition to Net Income (Loss) Attributable o Legg Mason, Inc., and Net Income (Loss) per Diluted Share Attributable o Legg Mason, Inc. Shareholders, and are not substitute for these measures. These non-GAAP measures should not be considered in isolation and may not be comparable to non-GAAP performance measures, including measures of adjusted earnings or adjusted income, and adjusted earnings per share, of other companies, respectively Further Adjusted Net Income and Adjusted EPS are not liquidity measures and should not be used in place of cash flow measures determined under GAAP.

Adjusted Operating Margin

We calculate Adjusted Operating Margin, by dividing <code>i</code>¿%Adjust@plerating Income<code>i</code>¿‰, <code>i</code>¿%Adjust@plerating Revenues<code>i</code>¿&ach of which are furthed iscussed below. These measures only include adjust ments or certain items that relate to operating performance and therefore are most readily reconcilable to Operating Margin, Operating Income and Total Operating Revenues determined under GAAP, respectively Effective with the quarterended March 31, 2020, we have revised our definition of Adjusted Operating Revenues to exclude Distribution and service fees and a portion of Investmentad visory fees, rather than Distribution and servicing expenses. This revision did not change Adjusted Operating Revenues for any prior period and all periods presented have been revised to conform to the current definition.

We defineAdjustedOperatingRevenues as OperatingRevenues, adjustedto:

ï¿%Include:

Net investmentadvisory fees eliminated upon consolidation of investment vehicles

ï¿%Exclude:

Distribution and service fees and a portion of Investment advisory fees used to pay distribution and servicing costs to third party intermediaries based on contractuare lationships the third-party intermediaries have with the ultimate clients. The amount of Distribution and servicing fees and the portion of Investment advisory fees excluded approximate the direct costs of selling and servicing our products that are paid to third-party intermediaries based on contractuare rentages of the value of the related AUM

Performance est ha tare passed through as compensation expense or net income (loss) attributable to noncontrolling interests

These adjustments do not relate to items that impact Net Income (Loss) Attributable o Legg Mason, Inc. and they are included in one of the ways our management views and evaluates our business results.

We defineAdjustedOperatingIncome, as OperatingIncome, adjustedtoexclude the following:

ï¿%Restructuringcosts,including:

 $Corporate charges related to the ongoing strategic estructurin \emph{\textbf{g}} nd merger related costs and other costs aving and business initiatives including severance, lease and other costs; and$

Affiliatecharges, including affiliaterestructuring and severance costs, and certain one-timecharges arising from the issuance of management equity plan awards

ï¿%Amortizationofintangibleassets

ï¿%The impacton compensatiorexpense of:

Gains and losses on investments made to fund deferred compensation plans

Gains and losses on seed capitalinvestment by our affiliates under revenue sharing arrangements it. % Acquisition expenses and transition-related to state of the control o

professional fees and costs associated with the transition and acquisition of acquired businesses

ï¿%Jmpairmentsofintangibleassets

ï¿%Contingentconsiderationfairvalue adjustments

ï¿%Charges (credits) elated to significant equiatory matters

ï¿%Income (loss) of consolidated nvestment vehicles

In calculatingAdjustedOperatingIncome, we adjustforrestructuringostsbecause these items are not reflective of our core assetmanagement business of providing investment management and related products and services. We adjust for the impact on compensation expense of gains and losses on investments made to fund deferred compensation plans and on seed capital investments your affiliates under revenue sharing arrangements because they are offset by an equal amount in Non-operating income (expense), net, and thus have no impact on Net Income

Attributable o Legg Mason, Inc. We adjust for acquisition-relate items, including amortization of intangible assets, impairments of intangible assets, and contingent on sideration fair value adjust ments to make it easier to identify trends affecting our underlying business that are not related to acquisitions of a cilitate omparison of our operating results with the results of other asset management firms that have not engaged in significant acquisitions. We adjust for charges (credits) related to significant it igation or regulatory matters net of any insurance proceeds and revenue share adjust ments because the sematters to not reflect the underlying operations and performance four business. We adjust for income (loss) of consolidated investment vehicles because the consolidation of these investment vehicles does not have an impact on Net Income (Loss) Attributable o Legg Mason, Inc.

These measures are provided in addition to and are not substitute for our Operating Margin, Operating Revenues, and Operating Income calculated under GAAP. These non-GAAP measures should not be considered in isolation and may not be comparable to non-GAAP performance measures, including measures of adjusted margins, adjusted operating revenues, and adjusted operating income, of other companies. Further Adjusted Operating Margin, Adjusted Operating Revenues and Adjusted Operating Income are not liquidity measures and should not be used in place of cash flow measures determined under GAAP.

Adjusted EBITDA

We defineAdjustedEBITDA as cash provided by (used in) operating activities plus (minus):

ï¿%Interestexpense, net of accretiorand amortizationof debt discounts and premiums

i¿%Currentincome tax expense (benefit)

ï¿%Net change in assets and liabilities, which aligns with the Consolidated Statement of Cash Flows

i¿%Net (income)loss attributableononcontrollinenterests

i¿%Net gains (losses) and earnings on investments

i¿%Net gains (losses)on consolidatednvestment/ehicles

￉Other

 $Adjusted EBITDA\ is\ not reduced by\ equity-base \ downpensation expense, including management equity plan non-cash is suance-relate \ downpensation expense, including management equity plan units may be put to or called by Legg Mason for cash payment, although their terms do not require this to occur.$

This liquiditymeasure is provided in addition to Cash provided by operating activities and may not be comparable to non-GAAP performance measures or liquidity measures of the room panies, including the immeasures of EBITDA or Adjusted EBITDA. Further this measure is not to be confused with Net Income, Cash provided by operating activities prother measures of earnings or cash flows under GAAP, and is provided as a supplement to, and not in replacement of, GAAP measures.