

LEGG MASON, INC.
Form 10-Q
August 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

For the quarterly period ended June 30, 2013

OR

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

For the transition period from _____ to _____

Commission file number: 1-8529

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

MARYLAND 52-1200960
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

100 International Drive - Baltimore, MD 21202
(Address of principal executive offices) (Zip code)

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

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

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

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

123,374,773 shares of common stock as of the close of business on August 1, 2013.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LEGG MASON, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	June 30, 2013	March 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$667,280	\$933,036
Cash and cash equivalents of consolidated investment vehicles	42,148	46,541
Restricted cash	12,698	8,812
Receivables:		
Investment advisory and related fees	332,937	350,726
Other	72,834	72,392
Investment securities	387,667	371,080
Investment securities of consolidated investment vehicles	25,723	24,792
Deferred income taxes	80,434	85,257
Other	49,065	48,239
Other assets of consolidated investment vehicles	—	1,987
Total Current Assets	1,670,786	1,942,862
Fixed assets, net	199,923	201,819
Intangible assets, net	3,173,034	3,177,562
Goodwill	1,252,543	1,269,165
Investments of consolidated investment vehicles	158,103	210,553
Deferred income taxes	276,279	279,361
Other	185,747	187,274
Other assets of consolidated investment vehicles	739	1,064
Total Assets	\$6,917,154	\$7,269,660
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accrued compensation	\$179,874	\$351,965
Accounts payable and accrued expenses	216,011	214,803
Current portion of long-term debt	50,210	50,438
Other	97,098	74,940
Other liabilities of consolidated investment vehicles	6,404	10,320
Total Current Liabilities	549,597	702,466
Deferred compensation	49,393	56,809
Deferred income taxes	171,054	161,298
Other	179,835	204,446
Other liabilities of consolidated investment vehicles	2,573	2,930
Long-term debt	1,044,757	1,094,516
Long-term debt of consolidated investment vehicles	153,676	207,835
Total Liabilities	2,150,885	2,430,300

Commitments and Contingencies (Note 9)

Redeemable Noncontrolling Interests	20,482	21,009
Stockholders' Equity		
Common stock, par value \$.10; authorized 500,000,000 shares; issued 123,747,787 shares in June 2013 and 125,341,361 shares in March 2013	12,375	12,534
Additional paid-in capital	3,370,376	3,449,190
Employee stock trust	(31,407) (32,623
Deferred compensation employee stock trust	31,407	32,623
Retained earnings	1,335,846	1,304,259
Appropriated retained earnings for consolidated investment vehicle	5,227	4,829
Accumulated other comprehensive income, net	21,963	47,539
Total Stockholders' Equity	4,745,787	4,818,351
Total Liabilities and Stockholders' Equity	\$6,917,154	\$7,269,660

See Notes to Consolidated Financial Statements

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

	Three Months Ended June 30,	
	2013	2012
Operating Revenues		
Investment advisory fees:		
Separate accounts	\$191,034	\$182,436
Funds	370,471	356,474
Performance fees	22,021	8,566
Distribution and service fees	84,879	81,623
Other	2,012	1,593
Total Operating Revenues	670,417	630,692
Operating Expenses		
Compensation and benefits	296,111	