U.S. Department of Justice

United States Attorney
Eastern District of New York

271 Cadman Plaza East
Brooklyn, New York 11201

Criminal Division
Fraud Section

Bond Building
1400 New York Ave., NW
Washington, DC 20005

June 4, 2018

John F. Savarese, Esq.
Jonathan M. Moses, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019

Re: Legg Mason, Inc. Criminal Investigation

Dear Messrs. Savarese and Moses:

The United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices") and Legg Mason, Inc. (the "Company") enter into this Non-Prosecution Agreement ("Agreement"). On the understandings specified below, the Offices will not criminally prosecute the Company, or any of its direct or indirect subsidiaries, for any crimes (except for criminal tax violations, as to which the Offices do not make any agreement) relating to any of the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts") or as further specified below. To the extent there is conduct disclosed by the Company that does not relate to any of the conduct described in the attached Statement of Facts, such conduct will not be exempt from prosecution and is not within the scope of or relevant to this Agreement. The Company, pursuant to authority granted by the Company's Board of Directors reflected in the attached Board of Directors' resolution, agrees to the terms and obligations of the Agreement as described below.

The Offices enter into this Agreement based on the individual facts and circumstances presented by this case and the Company, including:

(a) the Company did not receive voluntary disclosure credit because it did not voluntarily and timely disclose to the Offices the conduct described in the attached Statement of Facts;

(b) the Company received full credit for its cooperation with the Offices' investigation, including credit for conducting a thorough and robust internal investigation; proactively bringing information to the Offices' attention; making factual presentations to the

Offices; timely and fully producing all requested documents; voluntarily making foreign-based employees available for interviews in the United States and facilitating their occurrence; entering into agreements tolling relevant statutes of limitations; and collecting, analyzing, and organizing voluminous evidence and information for the Offices;

(c) the Company provided to the Offices all relevant facts known to it, including information about the individuals involved in the conduct described in the attached Statement of Facts and conduct disclosed to the Offices prior to the Agreement;

(d) the Company implemented remedial measures, including adding full-time legal and compliance employees, along with a designated anti-corruption officer; initiating internal audit reviews of its policies in this area; enhancing and regularizing employee training, including routine in-person training handled and quarterly external training; and instituting compliance oversight across a broad category of business expenditures;

(e) the Company has enhanced and committed to continuing to enhance its compliance program and internal controls, including by ensuring that its compliance programs satisfy the minimum elements set forth in Attachment B to this Agreement ("Corporate Compliance Program");

(f) the mitigating factors present in this case, including that the misconduct in the attached Statement of Facts involved only two mid-to-lower level employees of a subsidiary of the Company and was not pervasive throughout the Company; that the employees are no longer employed by the subsidiary and have not been for at least four years; that the Company's co-conspirator – and not the Company itself – maintained the relationship with the intermediary and was responsible for originating and leading the scheme; that the profits earned by the Company in connection with the corrupt transactions described in the attached Statement of Facts were less than one-tenth of the profits earned by the Company's co-conspirator; and that the Company has no history of similar misconduct;

(g) the nature and seriousness of the offense conduct, including that the Company, through the actions of employees of its subsidiary, participated in a scheme to pass on bribes to high-level Libyan officials to secure lucrative placements with various Libyan-owned and controlled sovereign wealth funds; and

(h) the Company (on behalf of itself and any of its legacy subsidiaries and affiliates that were involved in the actions described in the attached Statement of Facts (including any current subsidiary or affiliate whose predecessor entity was involved in such actions) (the "Covered Subsidiaries and Affiliates")) has agreed to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Company, its subsidiaries and affiliates and their respective officers, directors, employees, agents, business partners, and consultants related to corrupt payments, false books and records, failure to implement adequate internal accounting controls, and circumvention of internal controls;

(i) accordingly, after considering (a) through (h) above, the Offices believe that the appropriate resolution of this case is a non-prosecution agreement with the Company, a criminal

penalty with an aggregate discount of 25% off of the bottom of the U.S. Sentencing Guidelines fine range, and disgorgement of the illicit gains. Based on the Company's remediation and the state of its compliance program, and the Company's agreement to report to the Offices as set forth in Attachment C to this Agreement (Corporate Compliance Reporting), the Offices determined that an independent compliance monitor was unnecessary.

The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as set forth in the attached Statement of Facts, and that the facts described therein are true and accurate. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, or agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Facts. The Company agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult the Offices to determine: (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Company; and (b) whether the Offices have any objection to the release.

The Company's obligations under this Agreement shall have a term of three years from the date on which the Agreement is executed (the "Term"). The Company agrees, however, that, in the event the Offices determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of the Company's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in the breach provisions of this Agreement below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Attachment C, for an equivalent period. Conversely, in the event the Offices finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement in Attachment C, and that the other provisions of this Agreement have been satisfied, the Agreement may be terminated early.

The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct related to corrupt payments, false books and records, failure to implement adequate internal accounting controls, and circumvention of internal controls under investigation by the Offices, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded or the end of the Term of the Agreement. At the request of the Offices, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies as well as the Multilateral Development Banks ("MDBs") in any investigation of the Company, its subsidiaries, its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the Statement of Facts, and other conduct related to corrupt payments, false books and records, failure to implement adequate internal accounting controls, and circumvention of internal

controls under investigation by the Offices. The Company agrees that its cooperation shall include, but not be limited to, the following:

(a) The Company shall, subject to applicable law and regulation, truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or attorney work-product doctrine with respect to its activities, those of its subsidiaries or affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Company has any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Company.

(b) Upon request of the Offices, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Offices the information and materials described above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

(c) The Company shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents, and consultants of the Company and its subsidiaries and affiliates. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

(d) With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as MDBs, of such materials as the Offices, in their sole discretion, shall deem appropriate.

In addition, during the Term of the Agreement, should the Company learn of any evidence or allegation of actual or potentially corrupt payments, false books, records, and accounts, or the failure to implement adequate internal accounting controls, the Company shall promptly report such evidence or allegation to the Offices. On the date that the Term expires, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Offices that the Company has met its disclosure obligations pursuant to this Agreement. Each certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001.

The Company represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including those of its subsidiaries, affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose

responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption, including, but not limited to, the minimum elements set forth in Attachment B. In addition, the Company agrees that it will report to the Offices annually during the Term regarding remediation and implementation of the compliance measures described in Attachment B. These reports will be prepared in accordance with Attachment C.

In order to address any deficiencies in its internal accounting controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. Where necessary and appropriate, the Company agrees to adopt a new compliance program, or to modify its existing programs, including internal controls, compliance policies, and procedures in order to ensure that the Company maintains: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws. The compliance program, including the internal accounting controls system will include, but not be limited to, the minimum elements set forth in Attachment B.

The Company agrees to pay a monetary penalty in the amount of $32,625,000.00 to the United States Treasury no later than five business days after the Agreement is fully executed, and to pay $31,617,891.90 in disgorgement of profits no later than one year after the Agreement is fully executed. The monetary penalty is based upon profits of at least $31,617,891.90 as a result of the offense conduct, and reflects a discount of 25% off of the bottom of the U.S. Sentencing Guidelines fine range. The Offices will credit any disgorgement paid by the Company to another law enforcement authority in connection with the resolution of this matter, so long as such disgorgement is paid within one year of the execution of this Agreement. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of this $32,625,000.00 penalty. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the penalty or disgorgement amounts that the Company pays pursuant to this Agreement or any other agreement entered into with an enforcement authority or regulator concerning the conduct set forth in the Statement of Facts.

The Offices agree, except as provided herein, that they will not bring any criminal or civil case (except for criminal tax violations, as to which the Offices do not make any agreement) against the Company or any of its present or former parents or subsidiaries, relating to any of the conduct described in the Statement of Facts. To the extent there is conduct disclosed by the Company that does not relate to any of the conduct described in the attached Statement of Facts, such conduct will not be exempt from prosecution and is not within the scope of or relevant to this Agreement. The Offices, however, may use any information related to the conduct described in the Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding

relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by the Company or any of its present or former parents or subsidiaries. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company or any of its present or former parents or subsidiaries.

If, during the Term of this Agreement, the Company or the Covered Subsidiaries and Affiliates: (a) commit any felony under U.S. federal law; (b) provide in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) fail to cooperate as set forth in this Agreement; (d) fail to implement a compliance program as set forth in this Agreement and Attachment C; (e) commit any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fail to completely perform or fulfill each of its obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term of the Agreement is complete, the Company and the Covered Subsidiaries and Affiliates shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the Statement of Facts, which may be pursued by the Offices in the U.S. District Court for the Eastern District of New York or any other appropriate venue. Determination of whether the Company breached the Agreement and whether to pursue prosecution of the Company and the Covered Subsidiaries and Affiliates shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Company or its personnel. Any such prosecution relating to the conduct described in the Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company or the Covered Subsidiaries and Affiliates, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company and the Covered Subsidiaries and Affiliates agree that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees, on behalf of itself and the Covered Subsidiaries and Affiliates, that the statute of limitations as to any violation of U.S. federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

In the event the Offices determine that the Company has breached this Agreement, the Offices agree to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Company shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of the Company or its subsidiaries or affiliates.

In the event that the Offices determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company or its subsidiaries or affiliates to the Offices or to the Court, including the Statement of Facts, and any testimony given by the Company or its subsidiaries or affiliates before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Company or its subsidiaries or affiliates; and (b) the Company or its subsidiaries or affiliates shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that any such statements or testimony made by or on behalf of the Company or its subsidiaries or affiliates prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of the Company or its subsidiaries or affiliates will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Offices.

Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the attached Statement of Facts, as they exist as of the date of this Agreement, whether such change is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest must also agree in writing that the Offices' ability to determine there has been a breach under this Agreement is applicable in full force to that entity. The Company agrees that the failure to include this Agreement's breach provisions in the transaction will make any such transaction null and void. The Company shall provide notice to the Offices at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form. The Offices shall notify the Company prior to such transaction (or series of transactions) if it determines that the transaction(s) will have the effect of circumventing or frustrating the enforcement purposes of this Agreement. If at any time during the Term the Company engages in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, the Offices may deem it a breach of this Agreement pursuant to the breach provisions of this Agreement. Nothing herein shall restrict the Company from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the Offices.

This Agreement is binding on the Company and the Offices but specifically does not bind any other component of the United States Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agency, or any other authorities, although the Offices will bring the cooperation of the Company and its compliance with its obligations

under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

It is further understood that the Company and the Offices may disclose this Agreement to the public.

This Agreement sets forth all the terms of the agreement between the Company and the Offices. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company, and a duly authorized representative of the Company.

Sincerely,

RICHARD P. DONOGHUE
United States Attorney
Eastern District of New York

BY: _____
David C. Pitluck
James P. McDonald
Assistant U.S. Attorneys

Date: June 4, 2018

SANDRA L. MOSER
Acting Chief, Fraud Section
Criminal Division
United States Department of Justice

BY: _____
Dennis R. Kihm
Gerald M. Moody, Jr.

Date: June 4, 2018

AGREED AND CONSENTED TO:

LEGG MASON, INC.

Date: JUNE 4, 2018

By: _____
Thomas C. Merchant
General Counsel and Secretary

Date: June 4, 2018

By: _____
John F. Savarese, Esq.
Jonathan M. Moses, Esq.
Counsel for Legg Mason, Inc.

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the non-prosecution agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section, the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices") and Legg Mason, Inc. ("Legg Mason" or the "Company"). Legg Mason hereby agrees and stipulates that the following information is true and accurate. Legg Mason admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below.

Relevant Entities and Individuals

1. Legg Mason was an investment management firm headquartered in Baltimore, Maryland. At all times relevant to the conduct described herein, shares of Legg Mason's stock traded on the New York Stock Exchange, and the Company was required to file periodic reports with the U.S. Securities and Exchange Commission ("SEC") pursuant to Section 15(d) of the Securities Exchange Act of 1934, Title 15, United States Code, Section 78o(d). Legg Mason was therefore an "issuer" within the meaning of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-1.

2. Permal Group Ltd. ("Permal") was a U.S.-headquartered investment management firm within Legg Mason's International Division. Beginning in 2005, Permal was a majority, and later wholly, owned and controlled subsidiary of Legg Mason

through which Legg Mason conducted business as an asset manager, and acted for and on behalf of Legg Mason. Permal's financial statements were consolidated into Legg Mason's financial statements and they participated in a net revenue sharing arrangement, and all employees of Permal were subject to Legg Mason's code of conduct. Permal was an "agent" of an issuer within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a). Permal was also a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1). In or about 2016, Permal's interests in the asset management businesses were contributed to a new entity and Legg Mason is responsible for legacy Permal's liabilities for the historical conduct set forth in this Statement of Facts.

3. "Permal Employee 1," an individual whose identity is known to the United States and the Company, was an employee of Permal from 1997 to 2008. From 2005 to 2008, Permal Employee 1 was the head of Permal's four-person Dubai office. During the relevant time period, Permal Employee 1 was an employee of a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and an "agent" of an issuer, Legg Mason, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

4. "Permal Employee 2," an individual whose identity is known to the United States and the Company, was an employee of Permal from 2002 to 2014. From 2008 to 2014, Permal Employee 2 was the head of Permal's Dubai office. During the relevant time period, Permal Employee 2 was an employee of a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1) , and an

"agent" of an issuer, Legg Mason, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

5. Société Générale S.A. ("Société Générale"), which has been charged separately, was a financial institution and global financial services company headquartered in Paris, France. Société Générale was a "person" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(a) and (f)(1).

6. "Société Générale Employee 1," an individual whose identity is known to the United States and the Company, was an employee of Société Générale. Société Générale Employee 1 was a "person" and an "agent" of a "person," as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-3(a) and (f)(1).

7. "Société Générale Employee 2," an individual whose identity is known to the United States and the Company, was an employee of Société Générale. Société Générale Employee 2 was a "person" and an "agent" of a "person," as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-3(a) and (f)(1).

8. The "Libyan Intermediary," an individual whose identity is known to the United States and the Company, was a dual Libyan and Italian national who resided in Dubai and London during the relevant period. The Libyan Intermediary traveled to the United States and was a "person" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(a) and (f)(1).

9. The "Panamanian Company," an entity whose identity is known to the United States and the Company, was a company incorporated under the laws of Panama and controlled by the Libyan Intermediary.

10. The Central Bank of Libya ("CBL") was a Libyan state-owned financial and regulatory institution responsible for, among other things, managing the country's official monetary and foreign reserves and regulating its financial system. The CBL performed a government function on behalf of Libya and was an investor in Société Générale structured financial products for which Permal managed certain assets. The CBL was an "agency" and "instrumentality" of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

11. The Libyan Arab Foreign Bank ("LAFB"), also known as the Libyan Foreign Bank, was a Libyan bank that was owned and controlled by the CBL. The LAFB performed a government function on behalf of Libya and was an investor in Société Générale structured financial products for which Permal managed certain assets. The LAFB was an "agency" and "instrumentality" of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

12. The Economic and Social Development Fund ("ESDF") was a Libyan state-owned financial institution that managed assets in Libya for the purpose of investing in major economic projects that supported the overall development of Libya and the distribution of its wealth. The ESDF performed a state government function on behalf of Libya and was an investor in Société Générale structured financial products for which Permal managed certain assets. The ESDF was an "agency" and "instrumentality" of a

foreign government, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

13. The Libyan Investment Authority (the "LIA" and, together with the LAFB, ESDF, and CBL, the "Libyan State Agencies") was a Libyan government entity formed in 2006 to serve as a Libyan sovereign wealth fund, with a focus on investing and managing oil revenues on behalf of the Libyan government. The LIA was overseen by senior Libyan government officials, was controlled by the Libyan government, and performed a government function on behalf of Libya. The LIA was an investor in Société Générale structured financial products for which Permal managed certain assets. The LIA was an "agency" and "instrumentality" of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

14. "Libyan Official 1," an individual whose identity is known to the United States and the Company, was a close relative of then-Libyan dictator Muammar Gaddafi. Although Libyan Official 1 did not hold a formal title within the Libyan government, Libyan Official 1 possessed and used a Libyan diplomatic passport and conducted high-profile foreign and domestic affairs for, and on behalf of, the Libyan government. Libyan Official 1 made administrative and investment decisions for the LIA, including through proxies. Libyan Official 1 was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

15. "Libyan Official 2," an individual whose identity is known to the United States and the Company, was an official at several of the Libyan State Agencies, including the LAFB, the ESDF, and the LIA. Libyan Official 2 was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

16. "Libyan Official 3," an individual whose identity is known to the United States and the Company, was a senior official at the LIA and was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

17. "Libyan Official 4," an individual whose identity is known to the United States and the Company, was a senior official at the LAFB and was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1), 78dd-2(h)(2), and 78dd-3(f)(2)(A).

18. "Dubai Banker," an individual whose identity is known to the United States and the Company, was employed by a large Swiss financial institution, an entity whose identity is known to the United States and the Company, and was, among other things, a relationship manager for the Libyan Intermediary's bank accounts at the Swiss financial institution. Dubai Banker traveled repeatedly to the United States and was a "person" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(a) and (f)(1).

OVERVIEW OF THE SCHEME

19. Between in or about 2005 and in or about 2011, following the lifting of broad economic sanctions, the Libyan State Agencies sought to place substantial funds with financial institutions for investment purposes. These placements were heavily sought after by a number of financial institutions, including Permal and Société Générale, as well as at least eight U.S.-based financial institutions. By at least 2006, two Permal employees and several Société Générale employees, together with their co-conspirators, knew that the Libyan Intermediary was paying bribes and providing other improper financial benefits to Libyan government officials in order to secure financial investments for Société Générale, and willfully agreed to continue to use the Libyan Intermediary despite that knowledge. In providing bribes and other improper benefits on behalf of Permal and Société Générale, and taking other acts in furtherance thereof, the Libyan Intermediary acted as an "agent" of Permal and Société Générale as that term is understood under U.S. law. Société Générale employees also concealed the bribes through payments to the Libyan Intermediary for purported "introduction" services. During this time period, Société Générale sold the Libyan State Agencies seven structured notes that were linked to funds managed in whole, or in part, by Permal. The total value of these notes was approximately $950 million. Permal earned net revenues of approximately $31.6 million in connection with these transactions. For each of these seven transactions, Société Générale, on behalf of itself and Permal, paid the Libyan Intermediary's Panamanian Company a commission of between one and a half and three percent of the nominal amount of the investments made by the Libyan State Agencies. In

connection with these seven transactions, from approximately 2005 to 2008, Société Générale paid the Libyan Intermediary approximately $26.25 million for supposed "introductory" services. Société Générale engaged in six other transactions with the Libyan State Agencies that did not involve Permal.

20. During the course of the scheme, two Permal employees and several Société Générale employees, including Permal Employee 1, Société Générale Employee 1, Société Générale Employee 2, and another Société Générale employee, discussed their belief and understanding that, in order to secure deals for Permal and Société Générale, the Libyan Intermediary was using some portion of the commissions from Société Générale to pay Libyan officials, including Libyan Official 1, and was providing smaller payments and improper benefits, such as free travel and entertainment, to Libyan Official 2, Libyan Official 3, and other Libyan officials.

21. Some employees of Permal and Société Générale also used coded language in furtherance of the scheme, including discussing when the Libyan Intermediary had "cooked" various Libyan officials, which was used to connote that the Libyan Intermediary had established control over the official, whether through bribery or other means.

22. Several Société Générale employees, including Société Générale Employee 1 and Société Générale Employee 2, also undertook to hide the commission payments to the Libyan Intermediary's Panamanian Company from certain officials of the Libyan State Agencies who were either unaware of or unconnected to the bribery scheme. Permal Employee 1 was aware that Société Générale employees were taking

steps to hide the Libyan Intermediary's commission payments from the Libyan State Agencies.

23. Société Générale partnered with Permal and others to issue, market, and sell structured notes to the Libyan State Agencies. In these transactions, Société Générale acted as the "structuring bank," receiving the money invested by the Libyan State Agencies in consideration for the issuance of the structured notes. The structured notes were issued by Société Générale subsidiaries. Société Générale agreed with Permal that, for certain of the products, the money invested by the Libyan State Agencies would be placed in funds managed by Permal. As the structuring bank, however, Société Générale made the ultimate determination over how investments from the Libyan State Agencies would be allocated among several potential underlying funds. Permal recognized these investments as part of its assets under management and earned fees on the amount of funds received.

24. Permal and Société Générale, together with their employees and agents, took a number of acts in the United States in furtherance of the scheme. This included, but was not limited to, Permal Employee 1 and Société Générale Employee 2 accompanying Libyan Official 2 on at least two trips to New York, where they discussed and planned the corrupt scheme. There, Société Générale Employee 2, at the direction of the Libyan Intermediary and Société Générale Employee 1, sought to prevent competitors of Société Générale and Permal from soliciting business from Libyan Official 2. Société Générale Employee 2 also paid for Libyan Official 2 to enjoy multiple days of entertainment in the United States, including paying for stays at expensive hotels,

expensive meals, nightlife excursions, and gifts of luxury goods. In addition, Société Générale, in connection with transactions it pursued with Permal, made a series of commission payments to the Libyan Intermediary totaling approximately $26.25 million, each of which cleared through Société Générale's New York branch. Two Permal employees and several Société Générale employees believed that the Libyan Intermediary was using some portion of the commissions for corrupt purposes.

THE CONSPIRACY

I. Permal Introduces the Libyan Intermediary to Société Générale

25. In or about May 2004, the Libyan Intermediary met with employees of Permal to discuss how the Libyan Intermediary could provide Permal access to investments in Libya. A New York-based employee of a Société Générale subsidiary attended this meeting, which occurred at Permal's London office. During the initial meeting, the Libyan Intermediary was accompanied by multiple close associates of Libyan Official 1, including Libyan Official 3, who at the time was employed by a fishing company owned by Libyan Official 1. The attendees further discussed the possibility that various Libyan state institutions would purchase products from Société Générale, and the products would be linked to funds managed by Permal. Following that meeting Permal understood that the Libyan Intermediary had connections in Libya that would make him an effective introducing broker for Permal in that country.

26. On or about November 5, 2004, Permal and the Libyan Intermediary entered into a "Master Exclusivity Agreement." The agreement provided that Permal would pay the Libyan Intermediary to "arrang[e]" for Libyan State Agencies and

institutional investors, such as the Central Bank of Libya, to purchase certain notes issued by Société Générale, and for which the returns on the investments were tied to the performance of funds managed by Permal. The agreement further provided that Permal would pay the Libyan Intermediary between one and a half and four percent of the value of each note sold to the Libyan investors and that Permal would work exclusively with the Libyan Intermediary. Ultimately, Permal never paid the Libyan Intermediary under this agreement because Permal and Société Générale jointly decided that Société Générale should make commission payments to the Libyan Intermediary.

27. In or about late 2004, Permal also agreed to pay Dubai Banker a commission for each investment that the Libyan State Agencies made with Société Générale. This agreement was not memorialized in writing. Permal also decided not to notify Dubai Banker's employer of this arrangement. Senior management of Permal at the time, who were based in New York, approved both the agreement with Dubai Banker and the decision not to notify his employer of the arrangement.

28. On or about February 23, 2005, Société Générale entered into an agreement with the Libyan Intermediary through the Panamanian Company. The agreement required the Libyan Intermediary to use his best efforts to introduce the bank to new clients in Libya. In return, Société Générale agreed to pay the Libyan Intermediary a three percent commission on the nominal amount of all financial products that Société Générale sold to the Libyan clients. Over the next four years, Société Générale and the Libyan Intermediary entered into substantially similar agreements in connection with the transactions discussed below, including, in certain instances, years

after Société Générale had already been introduced to the relevant Libyan State Agencies and its management personnel.

29. On or about March 10, 2005, Société Générale also entered into an exclusivity agreement with the Libyan Intermediary through the Panamanian Company. In the agreement, Société Générale agreed not to market or propose structured products directly to certain Libyan state institutions, including the LAFB. The agreement did not, however, require the Libyan Intermediary to work exclusively with Société Générale. Société Générale and the Libyan Intermediary extended this agreement on or about June 5, 2005 and on or about March 3, 2006.

30. In or about June 2005, Permal Employee 1, Société Générale Employee 1, and Société Générale Employee 2 began coordinating on structuring a note to sell to the LAFB. It was understood that there could be no deal with the LAFB unless Société Générale paid a fee to the Libyan Intermediary.

31. On or about December 20, 2005, the LAFB agreed to invest in two $50 million notes issued by a Société Générale subsidiary, linked to funds managed by Permal, among other managers.

32. Several weeks later, on or about January 13, 2006, Société Générale paid $3 million to the Panamanian Company's bank account at Société Générale in Zurich as an "introducing broker" fee for the first two LAFB transactions. The funds were cleared through Société Générale's New York branch.

33. In or about July 26, in a recorded phone call, Société Générale Employee 2 discussed with Permal Employee 2 Société Générale's connection to a Libyan with

close ties to Libyan Official 1, "is like the guy close to [Libyan Official 1] and he manages all different businesses, all in construction. He's a big, big guy. Everybody's afraid of that guy. And when I see that guy, I'm gonna ask for a meeting with the governor of the Central Bank, but I will never mention that I am already in contact with those guys at the Central Bank. Because these little guys, if they know the big guy is involved, they're gonna get scared."

34. Throughout the conspiracy, Société Générale Employee 2 understood from the Libyan Intermediary and Société Générale Employee 1 that one of his duties was to ensure that Libyan Official 2 did not associate with competitors of Société Générale, in order to maximize the amount of business that Libyan Official 2 helped direct to Société Générale and the Libyan Intermediary. Société Générale Employee 2 communicated this instruction to others, including Permal Employee 1. For example, on or about April 4, 2006, Permal Employee 1 contacted Société Générale Employee 2 concerning an upcoming conference in New York that Libyan Official 2 would be attending. Société Générale Employee 2 responded to Permal Employee 1 that it was important to prevent Libyan Official 2 from meeting with other investment firms because Société Générale and Permal were working on obtaining additional investments from the Libyan State Agencies.

35. On or about April 21, 2006, Libyan Official 2 flew to John F. Kennedy International Airport in Queens, New York, to attend a meeting at a Permal investor conference in New York. Along with other conference attendees, Permal arranged for a four-night stay for Libyan Official 2 at the Waldorf Astoria Hotel in New York.

36. On or about August 29, 2006, Société Générale Employee 2 had a telephone call with Permal Employee 1 to discuss the LAFB investment proposals Société Générale and Permal had developed. Société Générale Employee 2 assured Permal Employee 1 that Libyan Official 4 would not ask any questions about the proposal because of something Société Générale Employee 2 could not discuss on the phone.

37. On or about September 5, 2006, the Libyan Intermediary transferred approximately $75,000 to a relative of Libyan Official 2. The Libyan Intermediary used the term "cooking" to describe his ability to cause Libyan government officials to invest with Société Générale and Permal by any means necessary, including bribes, threats, and intimidation. That same day, the Libyan Intermediary placed a telephone call, which was recorded, to Société Générale Employee 2, during which he stated about Libyan Official 2: "I cooked him . . . Only we have to go there, start the fire, have a barbecue." During another telephone call the same day with Permal Employee 1, Société Générale Employee 2 stated: "[Libyan Official 2] is coming, for your information, at my place this weekend. . . I'm going to cook the guy, cook him very hot to make sure everything is clean. . . let's make sure by working on [Libyan Official 2], by working on him that we get back on these transactions, done at least 100 on each fund . . . [Libyan Intermediary] is saying the proposals you're going to do for the Libya-Africa, he'll do the same one for the Economic Social Development Fund."

38. Approximately one week later, Permal Employee 1 sent Libyan Official 2 a proposal for the LAFB to purchase a note issued by Société Générale, linked to a fund

managed by Permal. On or about September 19, 2006, Société Générale Employee 2 told a senior employee of Permal by email that Société Générale Employee 2 had "cooked" Libyan Official 2 and that Société Générale Employee 2 was confident that Permal would be included in the upcoming deals.

39. On or about September 20, 2006, Société Générale Employee 2 informed Permal Employee 1 that because of a recent regulatory change he was being required to include the disclosure of the remuneration to the Panamanian Company in the term sheets for the LAFB. Société Générale Employee 2 and Permal Employee 1 then discussed ways to hide the disclosure of the payment to the Libyan Intermediary from the LAFB, including by falsely replacing the Libyan Intermediary with Permal and having Permal then pass the payment onto the Libyan Intermediary. Société Générale Employee 2 informed Permal Employee 1 that Société Générale put the disclosure of the Panamanian Company on the "last page disclaimer with a lot of information" and that this way was "clean for everybody. It's even clean for [Permal] if this goes like this. It is clean, anyway."

40. On or about March 27, 2007, the LAFB and the ESDF jointly invested in three structured notes totaling $500 million issued by a Société Générale subsidiary: (1) a $200 million note called the "Eco-Soc Serenity Fund linked Notes 2012"; (2) a $150 million five-year note (externally issued by another European bank) linked to the performance of certain funds managed by Permal; and (3) a $150 million note linked to the performance of certain funds, including a fund managed by Permal. On or about April 11, 2007, Société Générale paid, in connection with the March 2007 transactions, a

total of $15 million to the Libyan Intermediary via the Panamanian Company's account at Société Générale in Zurich. These payments were cleared through Société Générale's New York branch.

II. CBL Transactions in Mid-2007

41. On or about June 21, 2007, Société Générale sold to the CBL a $150 million, three-year structured note issued by a Société Générale subsidiary, linked to funds managed by both Permal and Société Générale. Certain Société Générale employees prepared and transmitted the term sheet and deal documents for the CBL, incorporating Permal's logo and information in the materials.

42. On or about July 25, 2007, Société Générale closed a second deal with the CBL. In this transaction, the CBL purchased a $100 million, five-year structured note issued by a Société Générale subsidiary, linked to funds managed by Permal.

43. On or about and between August 10, 2007 and March 19, 2009, Société Générale paid a total of approximately $5.25 million to the Libyan Intermediary via the Panamanian Company's account at Société Générale in Zurich in connection with these two CBL transactions. The payments were cleared through Société Générale's New York branch.

III. LIA Transaction

44. By in or about September 2007, Permal had begun pursuing a direct investment by the LIA into a fund managed by Permal, instead of through a Société Générale structured note. Ultimately, however, the LIA purchased a structured note issued by a Société Générale subsidiary, linked to funds managed by Permal.

45. On or about October 17, 2007, Permal Employee 1 sent an email to Libyan Official 2 informing him that an LIA investment with Permal would be managed out of the New York office. On or about October 26, 2007, Permal Employee 1 sent an email to a then senior executive at Permal asking to set up a meeting between the Libyan Intermediary and Permal's then Chief Executive Officer and Chairman.

46. On or about November 28, 2007, the LIA purchased from Société Générale $300 million worth of notes issued by a Société Générale subsidiary, linked to funds managed by Permal. According to the term sheet, which was prepared by Société Générale employees but had Permal's logo on the cover, Permal would be the investment adviser of the reference fund to which the performance of the note was linked. Although Permal had originally pitched the deal to the LIA without the assistance of the Libyan Intermediary, and the Libyan Intermediary had played no role in negotiating or structuring the deal, the term sheet stated that the Panamanian Company had collaborated with Société Générale in providing the investment solution and was remunerated for its services.

47. On or about January 21, 2008, Société Générale Employee 2 prepared a $9 million invoice for the Libyan Intermediary to send to Société Générale. On or about February 2, 2008, Société Générale paid $9 million to the Panamanian Company's account at Société Générale in Zurich in connection with the November 2007 transaction. This payment was cleared through Société Générale's New York branch.

48. On or about April 27, 2008, Société Générale Employee 2 learned from the Libyan Intermediary that the LIA would be requiring financial firms doing business

with the LIA to disclose whether the firms were using intermediaries or third parties in connection with soliciting investments. The Libyan Intermediary informed Société Générale Employee 2 that this obligation would require any financial firm presently using an intermediary to disclose the identity of that intermediary. Upon receiving a letter from the LIA to this effect, Société Générale Employee 1, Société Générale Employee 2, and other employees at Société Générale worked with the Libyan Intermediary, Libyan Official 2, and Libyan Official 3 to prevent the disclosure of the Libyan Intermediary and the fee arrangement. Certain Société Générale employees and the Libyan Intermediary agreed on a temporary solution to prevent disclosure of the Libyan Intermediary's name and the "introducing broker" fees he earned from a prior transaction (which had not yet been paid). They agreed that the Libyan Intermediary would seek to have the LIA rewrite its letter so that it only applied to future transactions with the LIA, and that Société Générale would pay the Libyan Intermediary all outstanding fees so there would be no future arrangements to disclose. Société Générale Employee 2 later notified Société Générale Employee 1, and other senior Société Générale employees that the LIA would adopt the change. On or about April 28, 2008, Libyan Official 2 sent an email to Société Générale Employee 2 and explained that the requirement to disclose intermediaries was forward looking only.

49. On or about April 28, 2008, Société Générale Employee 2 had a telephone call with the Libyan Intermediary and complained that Société Générale Employee 2 had asked for a new letter, not an email. Later that day, Libyan Official 2 called Société Générale Employee 2 and said that a letter was forthcoming. Shortly thereafter, Libyan

Official 2 emailed Société Générale Employee 2 a new letter, signed by Libyan Official 3— but not by the head of the LIA, as the original letter had been—making clear that the disclosure of intermediaries applied only to future deals. Société Générale Employee 2 forwarded this letter to Société Générale Employee 1 and other Société Générale employees.

50. Also on or about April 28, 2008, Société Générale Employee 2 and Permal Employee 2 spoke by phone. During that recorded phone call, Société Générale Employee 2 described the LIA letter requiring the disclosure of agents as a "Libyan bomb." Permal Employee 2 responded, "I know, man. I know the can of worms opened." Société Générale Employee 2 stated that Société Générale had to respond in a way where they answered the questions but without doing any harm.

51. On or about and between May 4, 2008 and May 9, 2008, Permal Employee 1 and Libyan Official 2 traveled together to Boston, Massachusetts, where Permal provided Libyan Official 2 with a course in negotiations at a university, as well as luxury hotel accommodations and entertainment. Libyan Official 2 and Permal Employee 1 then traveled from Boston to New York.

52. On or about and between May 9, 2008 and May 12, 2008, Société Générale Employee 2 and the Libyan Intermediary traveled to New York through John F. Kennedy International Airport in order to meet Libyan Official 2, pitch him on a transaction, and provide him with entertainment in New York. While in New York, Société Générale Employee 2 also discussed with Libyan Official 2 the prospect of Société Générale securing approximately $4 billion worth of additional investments from

the LIA. Société Générale Employee 2 also provided Libyan Official 2 and the Libyan Intermediary with multiple days of entertainment in New York, including stays at a luxury hotel and extravagant meals and nightlife entertainment, as well as gifts of luxury goods.

53. Permal continued to earn management fees in connection with all or some of the transactions described herein until 2012. All of the seven transactions involving Permal were terminated no later than 2012.

ATTACHMENT B

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance codes, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Legg Mason, Inc. (the "Company") on behalf of itself and its subsidiaries and affiliates, agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Company agrees to adopt new, or to modify its existing, compliance programs, including internal controls, compliance policies, and procedures in order to ensure that it maintains: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable foreign law counterparts (collectively, the "anti-corruption laws"). At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company's existing internal controls, compliance codes, policies, and procedures:

High-Level Commitment

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policies against violations of the anti-corruption laws and its compliance codes.

2. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the anti-corruption laws, which policy shall be memorialized in a written compliance code or codes.

3. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company's compliance code, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). The Company shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the Company. Such policies and procedures shall address:

a) hiring;
b) gifts;
c) hospitality, entertainment, and expenses;
d) customer travel;
e) political contributions;
f) charitable donations and sponsorships;
g) facilitation payments; and
h) solicitation and extortion.

4. The Company will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a) transactions are executed in accordance with management's general or specific authorization;
b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
c) access to assets is permitted only in accordance with management's general or specific authorization; and
d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Periodic Risk-Based Review

5. The Company will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Company, in particular the foreign bribery risks facing the Company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Company operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Company shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

7. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance codes, policies, and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the

Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

8. The Company will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Company, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's anti-corruption compliance codes, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

Internal Reporting and Investigation

10. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the

anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

11. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

Enforcement and Discipline

12. The Company will implement mechanisms designed to effectively enforce its compliance codes, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's anti-corruption compliance codes, policies, and procedures by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance codes, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Relationships

14. The Company will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's anti-corruption compliance code, policies, and procedures; and

c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Company will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Company's compliance code, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

16. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on

potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. The Company will ensure that its compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Company and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Company's compliance code, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

18. The Company will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Company's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT C

CORPORATE COMPLIANCE REPORTING

Legg Mason, Inc. (the "Company") agrees that it will report to the Offices periodically, at no less than twelve-month intervals during a three-year term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment B. During this three-year period, the Company shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two follow-up reviews and reports, as described below:

a. By no later than one year from the date this Agreement is executed, the Company shall submit to the Offices a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the Company's internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Deputy Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 20530 and Chief, Business and Securities Fraud Section, United States Attorney's Office for the Eastern District of New York, 271 Cadman Plaza East, Brooklyn, NY 11201. The Company may extend the time period for issuance of the report with prior written approval of the Offices.

b. The Company shall undertake at least two follow-up reviews and reports, incorporating the Offices' views on the Company's prior reviews and reports, to further monitor and assess whether the Company's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c. The first follow-up review and report shall be completed by no later than one year after the initial report is submitted to the Offices. The second follow-up review and report shall be completed and delivered to the Offices no later than thirty (30) days before the end of the Term.

d. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

e. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Offices.

EXHIBIT A

RESOLUTIONS OF THE BOARD OF DIRECTORS OF LEGG MASON, INC.

WHEREAS, Legg Mason, Inc. (the "Company"), together with its legal counsel, has been in discussions with the United States Department of Justice, Criminal Division, Fraud Section (the "DOJ") and the U.S. Attorney's Office for the Eastern District of New York (together with the DOJ, the "Offices") regarding the resolution of a Foreign Corrupt Practices investigation (the "DOJ Investigation") relating to the activities of the Company's former Permal business in connection with managing assets of Libyan governmental entities in structures established by a third-party financial institution, including through the entry by the Company into a Non-Prosecution Agreement with the Offices, substantially in the form that was provided to the Board of Directors of the Company (the "Board") on the date hereof (the "Agreement");

WHEREAS, the Company's General Counsel, Thomas C. Merchant, together with outside counsel for the Company, have advised the Board of the terms of the Agreement and the consequences of entering into the Agreement; and

WHEREAS, the Board has determined that it is in the best interests of the Company for the Company to enter into the Agreement;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves the Agreement and authorizes any officer of the Company (the "Authorized Officers") and outside counsel representing the Company to execute and deliver the Agreement on behalf of the Company and for them, with such changes as the Authorized Officers or outside counsel may approve, such approval to be conclusively evidenced by the execution of the changed Agreement;

RESOLVED, that the Authorized Officers and such persons as they respectively designate in writing are each authorized, in the name and on behalf of the Company, to take or cause to be taken any and all further actions, and to prepare, execute and deliver any and all further agreements, instruments, documents, certificates and filings, and to incur and pay all such fees, commissions and expenses as in the judgment of any of them shall be necessary, appropriate or advisable to carry out the intent and purpose of the foregoing resolutions;

RESOLVED, that the necessity, advisability and appropriateness of any action taken, any approval given or any amendment or change to any document or agreement made by any Authorized Officer pursuant to the authority granted under these resolutions shall be conclusively evidenced by the taking of any such action, or the execution, delivery or filing of any such document or agreement; and further

RESOLVED, that any and all actions heretofore taken by any Authorized Officer, or those acting at the direction of either of them, in connection with any matters referred to or contemplated by any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

LEGG MASON, INC.

CERTIFICATE OF CORPORATE SECRETARY

I, Thomas C. Merchant, do hereby certify that I am the duly elected and acting Secretary of Legg Mason, Inc., a Maryland corporation. I further certify that attached hereto as Exhibit A is a true, correct and complete copy of resolutions adopted by the Company's Board of Directors at a meeting duly called and held on June 3, 2018.

IN WITNESS WHEREOF, I have hereunto signed my name effective as of this 4th day of June, 2018.

Thomas C. Merchant
Secretary