

LEGG MASON INC  
Form 8-K  
October 25, 2005

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported)

October 25, 2005

-

LEGG MASON, INC.

(Exact name of registrant as specified in its charter)

|                               |         |
|-------------------------------|---------|
|                               | 401,719 |
|                               | 299,230 |
|                               | 34.3    |
| Distribution and servicing    |         |
|                               | 141,574 |
|                               | 118,983 |
|                               | 19.0    |
| Communications and technology |         |
|                               | 28,497  |
|                               | 22,547  |

|                                   |         |
|-----------------------------------|---------|
|                                   | 26.4    |
| Occupancy                         |         |
|                                   | 15,209  |
|                                   | 13,352  |
|                                   | 13.9    |
| Amortization of intangible assets |         |
|                                   | 11,689  |
|                                   | 10,274  |
|                                   | 13.8    |
| Litigation award settlement       |         |
|                                   | ( 8,150 |
| )                                 |         |
|                                   | -       |
|                                   | n/m     |

Maryland

1-8529

52-1200960

(State or Other Jurisdiction  
of Incorporation)

(Commission File  
No.)

(IRS Employer  
Identification No.)

|                             |         |         |         |
|-----------------------------|---------|---------|---------|
| Other                       | 34,720  | 36,352  | ( 4.5 ) |
|                             |         |         |         |
| Total non-interest expenses | 625,258 | 500,738 | 24.9    |
|                             |         |         |         |
|                             |         |         |         |
| Operating income            | 278,816 | 222,105 | 25.5    |
|                             |         |         |         |

Other income (expense)

|                  |            |            |         |
|------------------|------------|------------|---------|
| Interest income  | 21,704     | 7,293      | 197.6   |
| Interest expense | ( 20,723 ) | ( 22,359 ) | ( 7.3 ) |
| Other            | 10,021     | 664        | n/m     |

|                                    |        |            |       |
|------------------------------------|--------|------------|-------|
| Total other income (expenses), net | 11,002 | ( 14,402 ) | 176.4 |
|------------------------------------|--------|------------|-------|

Income from continuing operations

|                             |         |         |      |
|-----------------------------|---------|---------|------|
| before income tax provision | 289,818 | 207,703 | 39.5 |
|-----------------------------|---------|---------|------|

|                            |         |        |      |
|----------------------------|---------|--------|------|
| Provision for income taxes | 108,543 | 77,343 | 40.3 |
|----------------------------|---------|--------|------|

|                                   |         |         |      |
|-----------------------------------|---------|---------|------|
| Income from continuing operations | 181,275 | 130,360 | 39.1 |
|-----------------------------------|---------|---------|------|

|                                          |        |        |      |
|------------------------------------------|--------|--------|------|
| Income from discontinued operations, net | 52,536 | 47,716 | 10.1 |
|------------------------------------------|--------|--------|------|

|            |         |         |      |
|------------|---------|---------|------|
| Net income | 233,811 | 178,076 | 31.3 |
|------------|---------|---------|------|

n/m - Not meaningful

[continued on next page]

LEGG MASON, INC.  
 News Release - October 25, 2005  
 Page 7

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

|                              |                                     | For the Six Months Ended |                | Period to     |
|------------------------------|-------------------------------------|--------------------------|----------------|---------------|
|                              |                                     | September 2005           | September 2004 | Period Change |
| Net income per common share: |                                     |                          |                |               |
| Basic                        |                                     |                          |                |               |
|                              | Income from continuing operations   | \$ 1.64                  | \$ 1.28        | 28.1 %        |
|                              | Income from discontinued operations | 0.48                     | 0.47           | 2.1           |
|                              |                                     | <u>\$ 2.12</u>           | <u>\$ 1.75</u> | 21.1          |

100 Light Street,  
 Baltimore,  
 Maryland

21202

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(410) 539-0000

Not Applicable

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item                      Results of Operations and Financial Condition.  
2.02

On October 25, 2005 Legg Mason, Inc. announced its results of operations for the quarter and six months ended September 30, 2005. A copy of the related press release is attached hereto as Exhibit 99.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item                      Financial Statements and Exhibits.  
9.01

(c)                      Exhibits

Exhibit No.

Subject Matter

99

Press Release of Legg Mason, Inc. dated  
October 25, 2005

2

# SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LEGG MASON, INC.

(Registrant)

N=3

HEIGHT=16>

Diluted

|                                     |                |             |             |
|-------------------------------------|----------------|-------------|-------------|
| Income from continuing operations   | \$ 1.49        | 1\$5        | 29.6        |
| Income from discontinued operations | 0.43           | 0.42        | 2.4         |
|                                     | <u>\$ 1.92</u> | <u>1\$7</u> | <u>22.3</u> |

Weighted average number of common  
shares outstanding:

|         |         |        |
|---------|---------|--------|
| Basic   | 110,250 | 11,754 |
| Diluted | 122,804 | 15,181 |

Book value per common share \$ 23.75 16\$9

n/m - Not meaningful

LEGG MASON, INC.  
 News Release - October 25,  
 2005  
 Page 8

LEGG MASON, INC. AND SUBSIDIARIES  
 SELECTED FINANCIAL RESULTS OF DISCONTINUED OPERATIONS  
 (Dollar amounts in thousands)

|                                 | Quarters Ended |            |                | Period to Period Change |                   |
|---------------------------------|----------------|------------|----------------|-------------------------|-------------------|
|                                 |                |            |                | September 2005          | September 2005    |
|                                 |                |            |                | Compared                | Compared          |
|                                 | September 2005 | June 2005  | September 2004 | to June 2005            | to September 2004 |
| Revenues:                       |                |            |                |                         |                   |
| Private Client                  | \$ 211,893     | \$ 205,098 | \$ 177,216     | 3.3                     | 19.6 %            |
| Capital Markets                 | 65,075         | 64,611     | 71,198         | 0.7                     | ( 8.6 )           |
|                                 | 276,968        | 269,709    | 248,414        | 2.7                     | 11.5              |
| Reclassification <sup>(1)</sup> | ( 48,015 )     | ( 47,039 ) | ( 41,151 )     | 2.1                     | 16.7              |
| Discontinued Operations         | \$ 228,953     | \$ 222,670 | \$ 207,263     | 2.8                     | 10.5              |
| Net Revenues:                   |                |            |                |                         |                   |
| Private Client                  | \$ 189,868     | \$ 187,323 | \$ 171,151     | 1.4                     | 10.9              |
| Capital Markets                 | 63,548         | 63,187     | 71,056         | 0.6                     | ( 10.6 )          |
|                                 | 253,416        | 250,510    | 242,207        | 1.2                     | 4.6               |
| Reclassification <sup>(1)</sup> | ( 48,015 )     | ( 47,039 ) | ( 41,151 )     | 2.1                     | 16.7              |

Date: October 25, 2005 By:

/s/ Thomas P. Lemke  
 \_\_\_\_\_  
 Thomas P. Lemke  
 Senior Vice  
 President and  
 General  
 Counsel

LEGG MASON, INC.

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Subject Matter</u>                                    |
|--------------------|----------------------------------------------------------|
| 99                 | Press Release of Legg Mason, Inc. dated October 25, 2005 |