

AMENDMENT NO. 5

AMENDMENT NO. 5 (this "Amendment No. 5") dated as of November 21, 2008 among LEGG MASON, INC. (the "Borrower"), the Lenders executing this Amendment No. 5 on the signature pages hereto and Citibank, N.A., in its capacity as administrative agent (the "Administrative Agent") under the Credit Agreement referred to below.

WHEREAS, the Borrower, the Lenders party thereto and the Administrative Agent are parties to a 5-Year Revolving Credit Agreement dated as of October 14, 2005 (as amended by Amendments No. 1, No. 2, No. 3 and No. 4 thereto, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for revolving credit loans to the Borrower.

NOW THEREFORE, the parties hereto wish now to amend the Credit Agreement in certain respects, and, accordingly, the parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Amendment No. 5, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the satisfaction of the conditions precedent specified in Section 4 below, but effective as of the date hereof, the Credit Agreement shall be amended as follows:

2.01. References Generally. References in the Credit Agreement (including references to the Credit Agreement as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein" and "hereof") shall be deemed to be references to the Credit Agreement as amended hereby.

2.02. Certain Defined Terms. Section 1.01 of the Credit Agreement is hereby amended by (i) deleting the definition of "AB Exposure", (ii) amending the following definitions to read in their entirety as follows (to the extent already included in said Section 1.01) and (iii) adding the following definitions in the appropriate alphabetical location (to the extent not already included in said Section 1.01):

"Additional Margin" means, as of any date on which (a) the aggregate principal amount of Loans outstanding is less than $33\frac{1}{3}\%$ of the aggregate Commitments, 0% per annum, (b) the aggregate principal amount of Loans outstanding is greater than or equal to $33\frac{1}{3}\%$ but less than $66\frac{2}{3}\%$ of the aggregate Commitments, 0.50% per annum or (c) the aggregate principal amount of Loans outstanding is greater than or equal to $66\frac{2}{3}\%$ of the aggregate Commitments, 0.75% per annum.

"Applicable Facility Fee Rate" means, while any particular Rating Level applies, the rate per annum set forth below opposite the reference to such Rating Level:

<u>Rating Level</u>	<u>Applicable Facility Fee Rate</u>
Rating Level 1	0.15%
Rating Level 2	0.175%
Rating Level 3	0.20%
Rating Level 4	0.225%
Rating Level 5	0.25%

provided that if at any time the Debt Ratings of Moody's and S&P would lead to different Rating Levels, the "Applicable Facility Fee Rate" will be determined based on

the Rating Level one above the lower Rating Level (Rating Level 1 being the highest and Rating Level 5 being the lowest). Each change in the Applicable Facility Fee Rate resulting from a Rating Level Change shall be effective on the date on which such Rating Level Change is first announced by Moody's or S&P, as the case may be.

"Applicable Margin" means for any Loan of any Type and while any particular Rating Level applies, the rate per annum set forth below opposite the reference to the relevant Rating Level for Loans of such Type:

Rating Level	Applicable Margin	
	Base Rate Loan	Eurodollar Rate Loan
Rating Level 1	0.00%	0.85%
Rating Level 2	0.25%	1.075%
Rating Level 3	0.75%	1.55%
Rating Level 4	1.00%	1.775%
Rating Level 5	1.25%	2.00%

provided that if at any time the Debt Ratings of Moody's and S&P would lead to different Rating Levels, the "Applicable Margin" will be determined based on the Rating Level one above the lower Rating Level (Rating Level 1 being the highest and Rating Level 5 being the lowest). Each change in the Applicable Margin resulting from a Rating Level Change shall be effective on the date on which such Rating Level Change is first announced by Moody's or S&P, as the case may be.

"Consolidated EBITDA" means, for any period, for the Borrower and its Consolidated Subsidiaries on a Consolidated basis, Consolidated net income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated net income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or writeoff of debt discount with respect to Indebtedness (including the Loans), (c) depreciation and amortization expense, (d) amortization of intangibles (including, but not limited to, goodwill) and organization costs, (e) any extraordinary expenses or losses (including, whether or not otherwise includable as a separate item in the statement of such Consolidated net income for such period, losses on sales of assets outside of the ordinary course of business), and (f) any other non-cash charges, and minus, to the extent included in the statement of such Consolidated net income for such period, the sum of (a) any extraordinary income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated net income for such period, gains on the sales of assets outside of the ordinary course of business) and (b) any other non-cash income, all as determined without duplication on a Consolidated basis in accordance with GAAP, in each case exclusive of the cumulative effect of foreign currency gains or losses. For the purposes of calculating Consolidated EBITDA for any period in connection with any determination of the Leverage Ratio, if during such period the Borrower or any Subsidiary shall have made an acquisition or incurred or assumed any Indebtedness (without duplication of any Indebtedness incurred to refinance such assumed Indebtedness), Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such acquisition occurred and such Indebtedness had been incurred or assumed or refinanced on the first day of such period. Notwithstanding the foregoing, "Consolidated EBITDA" shall exclude the effect of cash charges (a) arising from purchases and sales by the Borrower or any of its Consolidated Subsidiaries of, and/or (b) on account of total return swaps, letters of credit, Guarantees, loans, equity contributions, capital support or any other support in connection with, asset-backed commercial paper, medium term notes or other securities or investments, in each case issued by any Person listed on Annex I or any Affiliate of any such Person, or any other securities or investments into which any such asset-backed commercial paper, medium term notes or other securities or investments may be converted or resulting from the replacement, exchange or restructuring in

whatever form of any such asset-backed commercial paper, medium term notes or other securities and investments, whether now or heretofore owned or hereafter acquired (all such asset-backed commercial paper, medium term notes, securities, investments and other securities or investments being referred to herein as “Investments”), except that (i) upon such sale by the Company or any of its Consolidated Subsidiaries of any such Investment and (ii) upon the incurrence of any cash charges by the Company or any of its Consolidated Subsidiaries on account of total return swaps, letters of credit, Guarantees, loans, equity contributions, capital support or any other support in connection with any such Investment, Consolidated EBITDA for such period shall be reduced (but not increased) by an amount (the “Net AB Charge Amount”) equal to the total amount of cash charges, net of the total amount of cash gains, borne by the Company and its Consolidated Subsidiaries from the purchase and sale of such Investment and/or on account of total return swaps, letters of credit, Guarantees, loans, equity contributions, capital support or any other support in connection with any such Investment, to the extent that the aggregate (calculated without duplication) Net AB Charge Amount for all such purchases and sales and/or on account of total return swaps, letters of credit, Guarantees, loans, equity contributions, capital support or any other support in connection with any such Investment for such period and all prior periods exceeds \$2,750,000,000.

2.03 Ordinary Interest. Section 2.06(a) is hereby amended to read as follows:

“(a) Ordinary Interest. The Borrower agrees to pay interest on the unpaid principal amount of each Loan, from the date of such Loan until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Loans. While such Loan is a Base Rate Loan, a rate per annum equal to the Base Rate in effect from time to time plus the sum of (x) the Applicable Margin for Base Rate Loans as in effect from time to time and (y) the Additional Margin, if applicable, payable quarterly in arrears on the last Business Day of each March, June, September and December and on the date such Base Rate Loan shall be Converted or paid in full.

(ii) Eurodollar Rate Loans. While such Loan is a Eurodollar Rate Loan, a rate per annum for each Interest Period for such Loan equal to the sum of the Eurodollar Rate for such Interest Period plus the sum of (x) the Applicable Margin for Eurodollar Rate Loans as in effect from time to time and (y) the Additional Margin, if applicable, payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day prior to the last day of such Interest Period that occurs at intervals of three months after the first day of such Interest Period, and on each date on which such Eurodollar Rate Loan shall be Continued, Converted or paid in full.”

2.04. Incurrence of Indebtedness. A new Section 5.02(d) is added to the Credit Agreement reading as follows:

“(d) Incurrence of Indebtedness. It shall at all times comply with Section 5.7(a) of the Note Purchase Agreement dated as of January 14, 2008 between it, KKR I-L Limited, Credit Suisse International, HSBC Bank USA, National Association and Kohlberg Kravis Roberts & Co., L.P., as amended on January 30, 2008, as further modified, waived and supplemented on May 5, 2008, and as further amended, modified, supplemented, waived and from time to time in effect.”

2.05. Maximum Leverage Ratio. Section 5.03(a) of the Credit Agreement is hereby amended to read as follows:

“(a) Maximum Leverage Ratio. The Borrower will not permit the Leverage Ratio, as of the last day of any fiscal quarter of the Borrower, to exceed 3.0:1.0.”

2.06. Annex I. The Credit Agreement is hereby amended by adding at the end thereof an Annex I to read as Annex I hereof.

Section 3. Representations and Warranties. The Borrower represents and warrants to the Lenders and the Administrative Agent, as to itself and each of its subsidiaries, that (a) the representations and warranties set forth in Article IV of the Credit Agreement (except (x) to the extent relating to the class action litigations described in the Form 10-K of the Borrower for the fiscal year ended March 31, 2008, Section 4.01(f)(i) thereof, and (y) to the extent relating to the Transaction Agreement and the transactions contemplated thereby, Section 4.01(f)(ii) thereof, and provided that for purposes of this Section 3, the date referred to in the last sentence of Section 4.01(e) thereof shall be deemed to be March 31, 2008 instead of March 31, 2005), and in each of the other Loan Documents, are true and correct in all material respects on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct in all material respects as of such specific date) and as if each reference in said Article IV to “this Agreement” included reference to this Amendment No. 5 and (b) no Default or Event of Default has occurred and is continuing.

Section 4. Conditions Precedent. The amendments set forth in Section 2 hereof shall become effective, as of the date hereof, upon satisfaction of the following conditions:

4.01. Execution. The Administrative Agent shall have received counterparts of this Amendment No. 5 executed by the Borrower and the Lenders party to the Credit Agreement constituting the Majority Lenders.

4.02. Amendment Fee. The Administrative Agent shall have received for the account of each Lender that, not later than 6:00 p.m. New York City time on November 19, 2008, shall have executed a counterpart of this Amendment No. 5 and delivered the same to the Administrative Agent, an amendment fee in such amount as shall have been previously disclosed to the Lenders by the Borrower.


4.03. Fee and Expenses. The Borrower shall have paid in full the costs, expenses and fees as set forth in Section 8.04(a) of the Credit Agreement and the Fee Letter dated as of November 10, 2008 among Citigroup Global Markets Inc. and the Borrower.

4.04. Opinion of Counsel to Borrower. The Administrative Agent shall have received favorable opinions of counsel for the Borrower (which counsel shall be reasonably satisfactory to the Administrative Agent), in form and substance reasonably satisfactory to the Administrative Agent and covering such matters (including as to the enforceability of this Amendment No. 5 and the Credit Agreement as amended hereby, the valid organization, good standing and due authorization of the Borrower, and the lack of any conflicts of the Borrower (including with respect to any material agreements)) as the Administrative Agent shall reasonably request.

4.05. Corporate Documents. The Administrative Agent shall have received certified copies of the charter and by-laws of the Borrower and of all corporate authority for the Borrower (including, without limitation, board of director resolutions and evidence of the incumbency of officers for the Borrower) with respect to the execution, delivery and performance of this Amendment No. 5 and the Credit Agreement as amended hereby (and the Administrative Agent and each Lender may conclusively rely on such certificate until it receives notice in writing from the Borrower to the contrary).

IN WITNESS WHEREOF, the parties have hereunto caused their hand and seal to be
affixed, and by their respective authorized officers, on the day and year first above written.

LEGG MASON, INC.

By: 
Name
Title

CHIRANK, N.A.
As Administrative Agent

By:
Name
Title


unchanged and in full force and effect. This Amendment No. 5 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 5 by signing any such counterpart. Delivery of a counterpart by electronic transmission shall be effective as delivery of a manually executed counterpart hereof. This Amendment No. 5 shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 5 to be duly executed by their respective authorized officers as of the day and year first above written.

LEGG MASON, INC.

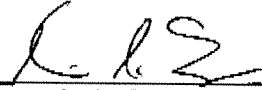
By: _____
Name:
Title:

CITIBANK, N.A.,
as Administrative Agent

By:  _____
Name: Kevin Ege
Title: Vice President

LENDERS

CITIBANK, N.A.

By: 
Name: Kevin Ege
Title: Vice President

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK

By: _____
Name: _____
Title: _____

DEUTSCHE BANK AG NEW YORK BRANCH

By: _____
Name: _____
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By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, N.A.

By: _____
Name: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY


By: _____
Name: _____
Title: _____

LENDERS

CITIBANK, N.A.

By: _____
Name:
Title:

BANK OF AMERICA, N.A.

By:  _____
Name: Hichem Kerma
Title: Assistant Vice President

THE BANK OF NEW YORK

By: _____
Name:
Title:

DEUTSCHE BANK AG NEW YORK BRANCH

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By: _____
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BANK OF AMERICA, N.A.

By: _____
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THE BANK OF NEW YORK

By: _____
Name:
Title:

DEUTSCHE BANK AG NEW YORK BRANCH

By: Kathleen Bowers
Name: Kathleen Bowers
Title: Director

By: Michael Campites
Name: Michael Campites
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

STATE STREET BANK AND TRUST COMPANY

By: _____
Name:
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LENDERS

CITIBANK, N.A.

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BANK OF AMERICA, N.A.

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THE BANK OF NEW YORK

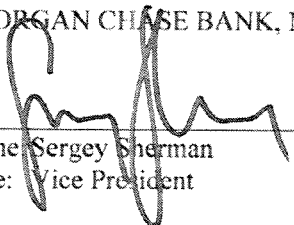
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DEUTSCHE BANK AG NEW YORK BRANCH

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By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, N.A.

By:  _____
Name: Sergey Sherman
Title: Vice President

STATE STREET BANK AND TRUST COMPANY

By: _____
Name: _____
Title: _____

LENDERS

CITIBANK, N.A.

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JPMORGAN CHASE BANK, N.A.

By: _____
Name: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY

By: _____
Name: James H. Reichert
Title: Vice President

MERRILL LYNCH BANK USA

By: 

Name: Louis Alder

Title: First Vice President

SUMITOMO MITSUI BANKING CORPORATION

By: _____

Name:

Title:

RBS CITIZENS, NATIONAL ASSOCIATION

By: _____

Name:

Title:

MANUFACTURERS & TRADERS TRUST CO.

By: _____

Name:

Title:

PNC BANK, NATIONAL ASSOCIATION

By: _____

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WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____

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HSBC BANK USA, NATIONAL ASSOCIATION

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MERRILL LYNCH BANK USA

By: _____
Name:
Title:

SUMITOMO MITSUI BANKING CORPORATION

By: _____
Name:
Title:

RBS CITIZENS, NATIONAL ASSOCIATION

By: Darcy Salinger
Name: Darcy Salinger
Title: Vice President

MANUFACTURERS & TRADERS TRUST CO.

By: _____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By: _____
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WELLS FARGO BANK, NATIONAL ASSOCIATION

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HSBC BANK USA, NATIONAL ASSOCIATION

By: _____
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MERRILL LYNCH BANK USA

By: _____
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SUMITOMO MITSUI BANKING CORPORATION

By: _____
Name:
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RBS CITIZENS, NATIONAL ASSOCIATION

By: _____
Name:
Title:

MANUFACTURERS & TRADERS TRUST CO.

By: *Lynn S. Mantz*
Name: *Lynn S. Mantz*
Title: *Ass't V. P.*

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION

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HSBC BANK USA, NATIONAL ASSOCIATION

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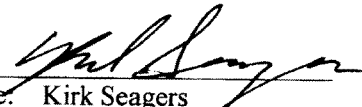
RBS CITIZENS, NATIONAL ASSOCIATION

By: _____
Name:
Title:

MANUFACTURERS & TRADERS TRUST CO.

By: _____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By: 
Name: Kirk Seagers
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION

By: _____
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MERRILL LYNCH BANK USA

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SUMITOMO MITSUI BANKING CORPORATION

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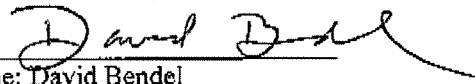
MANUFACTURERS & TRADERS TRUST CO.

By: _____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: 
Name: David Bendel
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: _____
Name:
Title:

MERRILL LYNCH BANK USA

By: _____
Name:
Title:

SUMITOMO MITSUI BANKING CORPORATION

By: _____
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MANUFACTURERS & TRADERS TRUST CO.

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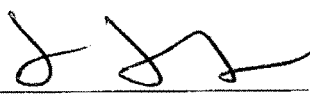
PNC BANK, NATIONAL ASSOCIATION

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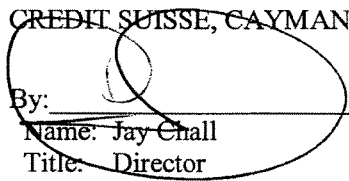
WELLS FARGO BANK, NATIONAL ASSOCIATION

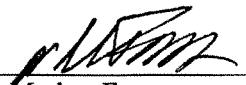
By: _____
Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION

By:  _____
Name:
Title: JAY LIPMAN
VICE PRESIDENT

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: 
Name: Jay Chall
Title: Director

By: 
Name: Markus Frenzen
Title: Assistant Vice President

FIFTH THIRD BANK

By: _____
Name:
Title:

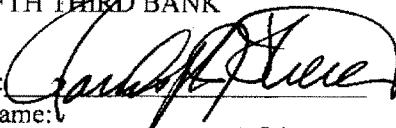
SOCIETE GENERALE

By: _____
Name:
Title:

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: _____
Name:
Title:

FIFTH THIRD BANK

By: 
Name:
Title: **Randolph J. Stierer**
Vice President
Fifth Third Bank

SOCIETE GENERALE

By: _____
Name:
Title:

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: _____
Name:
Title:

FIFTH THIRD BANK

By: _____
Name:
Title:

SOCIETE GENERALE

By: Edith Hornick
Name: Edith Hornick
Title: Managing Director

THE BANK OF NEW YORK MELLON

By: 

Name: Michael Pensari

Title: V.P.

Annex I

Axon Financial Fund LTD
Atlantic East Funding LLC
Five Finance Inc.
K2 (USA) LLC
Issuer Entity LLC
Whistlejacket Capital Limited
White Pine Finance LLC
Orion Finance (USA) LLC
Cheyne Finance, LLC
Gryphon Funding Limited
Ironstone Trust
Rocket Trust
Aurora Trust
Comet Trust
Planet Trust
Slate Trust