Growth Equity – 4Q 2009

LEGG MASON
CAPITAL MANAGEMENT

Robert G. Hagstrom, CFA
Portfolio Manager

Strategy: Large Cap Growth

Inception of Style: April 17, 1995

Assets Under Management: $2.9 billion *($10 MM account min.)*

Objective: Growth Equity seeks to provide investors with long-term growth of capital through ownership of a diversified portfolio of undervalued securities with market capitalizations generally greater than $5 billion at the time of purchase, targeting those companies that exhibit above average economic growth and possess a sustainable long-term competitive position.

A **concentrated, bottom-up, valuation-based approach** to investing in companies with secular growth characteristics.

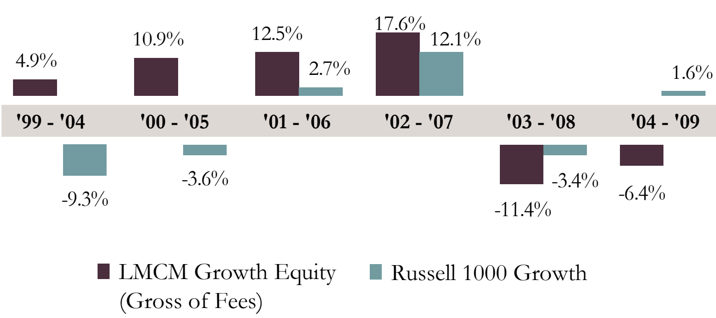
Morningstar named **Robert G. Hagstrom, CFA** to the **Honorable Mention** list for 2007's Domestic-Stock Fund Manager of the Year.[1]

Highlights: Outperformed the Russell 1000 Growth Index by 113 basis points on average per year since inception *(Gross of Fees).*

Growth Equity outperformed the Russell 1000 Growth Index 75% of rolling 5-year periods.[2]

Good Long-Term Results

Annualized Five-Year Rolling Performance[3]



Sector Breakdown

	LMCM Growth Equity	Russell 1000 Growth
Technology	37.88%	30.66%
Producer Durables	15.96%	10.54%
Health Care	11.57%	15.72%
Consumer Discretionary	10.20%	13.79%
Financial Services	10.19%	6.77%
Energy	5.95%	4.46%
Consumer Staples	5.02%	12.81%
Materials & Processing	1.82%	4.28%
Cash	1.41%	0.00%
Utilities	0.00%	0.97%

Performance

	4Q 2009	1 Year	3 Years	5 Years	10 Years	Since Inception
Growth Equity (Gross of Fees)	8.16%	44.17%	-12.33%	-6.38%	-0.91%	7.36%
Growth Equity (Net of Fees)	7.96%	43.12%	-12.99%	-7.09%	-1.63%	6.60%
Russell 1000 Growth	7.94%	37.21%	-1.89%	1.63%	-3.98%	6.23%

For more information, please contact:
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Top Ten Holdings By Issuer

American Express Company	4.90%
EMC Corporation	4.66%
Microsoft Corporation	4.59%
Amazon.com, Inc.	4.10%
Cisco Systems, Inc.	3.99%
Allergan, Inc.	3.96%
PepsiCo, Inc.	3.68%
Google Inc.	3.62%
Qualcomm Inc.	3.48%
Apple Inc.	3.44%

All data as of December 31, 2009. Please see the disclosure on the back for more information. Returns greater than one year are annualized. The portfolio information is based on a representative Growth Equity account and is provided as supplemental information. It may not be disclosed or distributed without the prior written consent of Legg Mason Capital Management. [1]Morningstar, 2007. [2]Percentage of rolling monthly five-year periods from 05/01/95 through 12/31/09, in which the Growth Equity Composite outperformed the Russell 1000 Growth Index, gross of fees. [3]All five-year rolling returns are for periods ending December 31.

Legg Mason Capital Management
Growth Equity Composite
Performance Disclosure

Period Ending December 31	Composite Assets: U.S. Dollars (millions)	Composite Assets: % of Legg Mason Capital Management Assets	Total Firm Assets at Period End (millions)	Accounts at Period End	Asset-Weighted Annual Returns: Gross of Fees	Asset-Weighted Annual Returns: Net of Fees	Russell 1000 Growth Index	Composite Dispersion
2009	$1,761	10%	$17,169	18	44.17%	43.12%	37.21%	0.58%
2008	1,885	13%	14,903	23	-59.70%	-60.03%	-38.44%	0.34%
2007	4,582	8%	59,679	21	15.99%	15.13%	11.81%	0.14%
2006	3,934	6%	67,911	18	2.21%	1.44%	9.07%	0.18%
2005	2,759	5%	60,232	10	4.41%	3.63%	5.26%	N.A.
2004	752	2%	48,856	Five or fewer	9.43%	8.67%	6.30%	N.A.
2003	331	<1%	35,179	Five or fewer	66.34%	65.20%	29.75%	N.A.
2002	135	<1%	20,362	Five or fewer	-7.31%	-7.96%	-27.88%	N.A.
2001	135	<1%	23,971	Five or fewer	-4.77%	-5.44%	-20.42%	N.A.
2000	172	<1%	22,866	Five or fewer	-21.04%	-21.60%	-22.42%	N.A.
1999	275	1%	23,975	Five or fewer	20.85%	20.01%	33.16%	N.A.

N.A. – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

1. The Growth Equity composite is comprised of discretionary accounts with no material investment restrictions, which invest primarily in domestic equity securities with market capitalizations generally greater than $5 billion at the time of purchase, targeting those companies that exhibit above average economic growth and possess a sustainable long-term competitive position. As of October 1, 2005, the composite includes accounts with a minimum market value of $10 million. From May 1, 2004 through September 30, 2005, the composite contains only accounts with a minimum market value of $25 million. Prior to that date, the composite did not maintain a minimum market value requirement. Neither leverage nor derivatives are used in this composite. No balanced portfolio segments are included in this composite.

2. Gross and net of fee performance results for Growth Equity: (a) include the reinvestment of all dividends, interest, and capital gains; and (b) were computed on a trade date (as opposed to a settlement date) basis. Prior to January 1, 2005, accounts in the Growth Equity composite were under management for at least three full months before being included. New discretionary accounts starting after January 1, 2005 are eligible to join the composite after one full month of performance. "Weighted" performance measures the average performance of all portfolios in the composite weighted by size. The U.S. dollar is the currency used to express performance. Effective August 1, 2005, portfolio returns are calculated daily using the Modified Dietz method. Previously, portfolio returns were calculated monthly using the Modified Dietz method. Additional information regarding policies for calculating and reporting returns is available upon request.

3. The "gross" of fees performance figures reflect the day-weighted performance of assets (including cash reserves) managed for the period and do not reflect the deduction of our advisory fees, but do reflect the deduction of trading commissions, custodial fees, and withholding taxes. The "net" of fees performance figures reflect the deduction of trading commissions, custodial fees, and withholding taxes and, as of January 2005, represent the highest investment advisory fee payable by Growth Equity separate accounts according to our fee schedule. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The following is our graduated fee schedule for a Growth Equity separate account: 0.75% on the first $25 million under management; 0.65% on the next $25 million under management; 0.45% on the next $50 million under management; 0.40% on the next $50 million under management; 0.35% on the next $50 million under management; 0.30% for remaining amounts over $200 million under management. Non-fee paying accounts are excluded from the composite.

4. Growth Equity's benchmark is the **Russell 1000® Growth Index**. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The **Russell®** indices are trademark services of the Frank Russell Company. **Russell™** is a trademark of the Frank Russell Company.

5. The dispersion of annual returns is measured by the standard deviation of asset-weighted portfolio returns represented within the composite for the full calendar year.

6. The Growth Equity composite was created May 1, 2004. Prior to that date, returns of the Legg Mason Growth Fund are used. Although the Growth Equity style incepted in 1995, it was not under management by Legg Mason Capital Management until June 1998. At that time, the portfolio manager of the Growth Equity style joined Legg Mason Capital Management.

7. Legg Mason Capital Management ("LMCM" or "the Firm") consists of two legal entities doing business under the LMCM name: Legg Mason Capital Management, Inc. ("LMCI") and LMM LLC ("LMM"). LMCI and LMM are subsidiaries of Legg Mason, Inc. This piece is intended solely for current or prospective investment management clients of LMCM, is for informational purposes only, and should not be construed as a research report, a recommendation, or an offer to buy or sell any security referred to herein, including any mutual fund managed by LMCM.

8. Legg Mason Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS ®). Legg Mason Capital Management has been verified for the periods January 1, 2004 through December 31, 2008 by Ernst & Young LLP. A copy of the verification report is available upon request. Legg Mason Capital Management has been verified for the periods January 1, 1988 through December 31, 2003 by Ashland Partners & Company LLP. A copy of the verification report is available upon request. Past investment results are not indicative of future investment results. To receive a complete list and description of Legg Mason Capital Management's composites, please contact Christine Peregoy Waters at 1-866-410-5500, via email at cwaters@lmcm.com, or write to Legg Mason Capital Management, 100 International Drive, Baltimore, Maryland 21202.