

LMM Opportunity Equity Historical Performance



Annualized One-Year Performance

LMM Opportunity Equity			
Period	Gross of Fees	Net of Fees	S&P 500
2014	12.26%	11.72%	13.69%
2013	70.13%	66.77%	32.39%
2012	42.51%	39.61%	16.00%
2011	-33.63%	-34.94%	2.11%
2010	18.90%	16.61%	15.06%
2009	87.05%	83.14%	26.46%
2008	-64.67%	-65.49%	-37.00%
2007	0.65%	-1.57%	5.49%

LMM Opportunity Equity			
Period	Gross of Fees	Net of Fees	S&P 500
2006	15.84%	13.41%	15.80%
2005	8.70%	6.70%	4.91%
2004	15.90%	13.80%	10.88%
2003	71.11%	67.95%	28.69%
2002	-13.86%	-15.52%	-22.10%
2001	3.89%	1.94%	-11.88%
2000	0.35%	-1.68%	-9.11%
1999*	0.01%	0.00%	0.40%

*Represents a partial period. Strategy inception on 12/30/1999
Past performance is no guarantee of future results.

Opportunity Equity Composite Performance Disclosure

Period Ending December 31	Composite Assets		Total Firm Assets at Period End (millions)	Accounts at Period End	Asset-Weighted Annual Returns		S&P 500 Index	Composite Dispersion ²	3 Year Standard Deviation	
	U.S. Dollars (millions)	Percentage of Total Firm Assets			Gross of Fees	Net of Fees			Opportunity Equity Composite ³	S&P 500 Index ³
2014 ¹	2,267	84%	2,700	Five or fewer	12.26%	11.72%	13.69%	0.32%	17.35%	9.10%
2013	1,964	87%	2,245	Five or fewer	70.13%	66.77%	32.39%	N.A.	23.87%	12.11%
2012	1,000	15%	6,838	Five or fewer	42.51%	39.61%	16.00%	N.A.	28.25%	15.30%
2011	873	10%	8,397	Five or fewer	-33.63%	-34.94%	2.11%	N.A.	35.30%	18.97%
2010	1,957	12%	15,838	Five or fewer	18.90%	16.61%	15.06%	N.A.	40.68%	22.16%
2009	1,965	11%	17,169	Five or fewer	87.05%	83.14%	26.46%	N.A.	N.A.	N.A.
2008	1,240	8%	14,903	Five or fewer	-64.67%	-65.49%	-37.00%	N.A.	N.A.	N.A.
2007	7,331	12%	59,679	Five or fewer	0.65%	-1.57%	5.49%	N.A.	N.A.	N.A.
2006	6,772	10%	67,923	Five or fewer	15.84%	13.41%	15.80%	N.A.	N.A.	N.A.
2005	5,033	8%	60,232	Five or fewer	8.70%	6.70%	4.91%	N.A.	N.A.	N.A.

¹As of 12/31/2014

²N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

³N.A. - Information is not required for periods prior to 2011. LMMCM implemented this requirement as of 12/31/10.

- The Opportunity Equity composite is comprised of all discretionary accounts with no material investment restrictions, which are not restrained by investment style, type of security, industry/sector, location, size or market cap; it invests primarily in U.S. common stocks. Clients should be aware of the possibility of high portfolio turnover with few restrictions on the type of investment contained in the composite. Investments in derivatives and short sales are permitted in this style, and portfolios may be leveraged from time-to-time to increase equity market exposure. The composite only contains accounts with a minimum market value of \$25 million. No balanced portfolio segments are included in this composite.
- Gross and net of fee performance results: (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. "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. Portfolio returns are calculated daily using the Modified Dietz method. Additional information regarding policies for valuing portfolios, calculating and reporting returns are available upon request.
- 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 and withholding taxes. The "net" of fees performance figures reflect the deduction of trading commissions, withholding taxes, and represent the highest investment advisory fee payable by Opportunity 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 an Opportunity Equity separate account: 1.00% on the first \$100 million under management, and 0.75% for remaining amounts over \$100 million under management. Non-fee paying accounts are excluded from the composite.
- The primary index is the S&P 500 Index which represents the large-cap segment of the U.S. equity markets and consists of approximately 500 leading companies in leading industries of the U.S. economy. Criteria evaluated include: market capitalization, financial viability, liquidity, public float, sector representation, and corporate structure. An index constituent must also be considered a U.S. company.
- 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.
- The Opportunity Equity composite was created May 1, 2006.
- Prior to June 1, 2013, the Firm included both LMM LLC and Legg Mason Capital Management, LLC ("LMMCM"), an affiliate, and such firms conducted their investment advisory businesses in coordination with each other. Effective June 1, 2013, LMM LLC and LMMCM no longer conduct business in coordination and the Firm has been redefined to include only LMM LLC. This piece is intended solely for current or prospective investment management clients of LMM, 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 LMM.
- The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm was independently verified for the periods January 1, 2010 through December 31, 2012 by McGladrey & Pullen, LLP, periods January 1, 2004 through December 31, 2009 by Ernst & Young LLP and periods January 1, 1988 through December 31, 2003 by Ashland Partners & Company LLP. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- Net of Fees returns from composite inception through October 2013 were calculated by applying the one twelfth of the management fee to the gross return on a monthly basis. (Net Return = Gross Return - Fee Rate / 12). From November 2013 forward the net return was calculated by applying the twelfth root of the fee to the gross return on a monthly basis. (Net Return = Gross Return - (((1 + Fee Rate)^(1/12))-1)).