Legg Mason Receives Charter From OTS For Trust Services

WASHINGTON, D.C., May 21, 1999 - Legg Mason, Inc., the Baltimore financial services firm, received approval today from the Office of Thrift Supervision (OTS) to establish a federal thrift institution and merge its existing state-chartered trust bank into the new thrift. Legg Mason becomes a unitary thrift holding company.

Legg Mason Trust Bank will operate out of corporate headquarters in Baltimore as a special purpose savings institution engaged in offering trust services to clients of Legg Mason Wood & Walker, the full-service brokerage and investment banking subsidiary of the corporation. Specific trust services will include acting as trustee for personal trusts and serving as executor or personal representative of estates and other custodial activities.

In approving the charter application, OTS imposed a number of conditions. Any major changes to the thrift’s business plan require OTS approval. Before the thrift begins operations, the holding company must obtain OTS approval of a comprehensive oversight program covering the audit function, risk management and compliance with consumer protection laws and regulations. Once in operation, the thrift and holding company must abide by anti-tying laws.

At least 40 percent of the thrift's directors must be members who are not officers or employees of the holding company or affiliates, and at least one member must be independent of the holding company, affiliates and the thrift.

Operations of the thrift and any securities-brokerage affiliate are to be separate and appropriate disclosure made regarding insured and non-insured products. If the thrift uses discretionary trust authority, any purchase of securities through a Legg Mason affiliate has to have the approval of a majority of directors who are not affiliated with any of the Legg Mason entities.
Officers and directors of the thrift must adhere to OTS regulations governing conflicts of interest and corporate opportunity. The thrift also has to comply with interagency guidelines on Year 2000 readiness.

The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at http://www.ots.treas.gov.