

Edgar Filing: LEGG MASON INC - Form 8-K

LEGG MASON INC
Form 8-K
August 15, 2001

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): August 1, 2001

LEGG MASON, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland	1-8529	52-1200960
(State or Other Jurisdiction of Incorporation)	(Commission File No.)	(IRS Employer Identification No.)

100 Light Street, Baltimore, Maryland	21202
(Address of Principal Executive Office)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (410) 539-0000

Not Applicable

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

Item 2. Acquisition or Disposition of Assets

On August 1, 2001, the Registrant acquired all of the ownership interests in Private Capital Management, L.P. and certain affiliated entities ("PCM") pursuant to a Purchase Agreement, dated as of May 29, 2001 (the "Purchase Agreement"). PCM is a leading high net worth manager based in Naples, Florida. The ownership interests in PCM were acquired from its co-founder, Miles Collier, and its two operating principals: Bruce S. Sherman, who co-

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founded the company with Mr. Collier in 1985 and serves as PCM's chairman and chief executive officer, and Gregg J. Powers, president. The Registrant generally intends to continue PCM's operations as they were conducted prior to the acquisition.

The aggregate consideration paid by the Registrant was \$682 million in cash. The Registrant also incurred acquisition costs of approximately \$1 million. In addition, the Purchase Agreement provides for the payment of two contingent cash payments after the third and fifth anniversaries of the closing based on PCM's revenue growth. The aggregate transaction price payable by the Registrant is capped at \$1.382 billion. The amount of consideration paid was determined by the Registrant as a result of negotiations between the Registrant and the sellers, taking into consideration, among other things, the revenue, profitability and growth rates of PCM.

The Registrant used funds from the following sources in making the initial payment for PCM: the proceeds of the issuance of the Registrant's Liquid Yield Option Notes due 2031 on June 6, 2001; the proceeds of the issuance of the Registrant's 6 3/4% Senior Notes due 2008 on July 2, 2001; and the Registrant's available cash.

The foregoing summary is qualified by reference to the full text of the Purchase Agreement, which is included as an exhibit hereto and is incorporated herein by reference.

Item 7. Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

- (i) Audited Combined Financial Statements of Private Capital Management, Inc. and Affiliates (A Carve-Out Entity), as of and for the six months ended June 29, 2000, incorporated herein by reference to Exhibit 99.1
- (ii) Audited Combined Financial Statements of Private Capital Management, L.P. and Affiliates (A Carve-Out Entity), as of and for the six months ended December 31, 2000, incorporated herein by reference to Exhibit 99.2
- (iii) Audited Financial Statements of Carnes Capital Corporation, as of and for the year ended December 31, 2000, incorporated herein by reference to Exhibit 99.3
- (iv) Unaudited Combined Financial Statements of Private Capital Management, L.P. and Affiliates (A Carve-Out Entity) as of and for the six months ended June 30, 2001, incorporated herein by reference to Exhibit 99.4
- (v) Unaudited Consolidated Financial Statements of Carnes Capital Corporation and Subsidiary as of and for the six months ended June 30, 2001, incorporated herein by reference to Exhibit 99.5

(b) Pro forma combined financial information. The following pro forma combined financial information is incorporated herein by reference to Exhibit 99.6

- (i) Unaudited Pro Forma Combined Balance Sheet as of June 30, 2001

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- (ii) Unaudited Pro Forma Combined Statement of Earnings for the year ended March 31, 2001
 - (iii) Unaudited Pro Forma Combined Statement of Earnings for the three months ended June 30, 2001
 - (iv) Notes to the Unaudited Pro Forma Combined Financial Statements
- (c) Exhibits.
- 10 Purchase Agreement as of May 29, 2001 by and among Legg Mason, Inc., Carnes Capital Corporation, Private Capital Management, L.P., PCM-G.P., Inc., MCC-PCM, Inc., Miles C. Collier, Bruce S. Sherman, and Gregg J. Powers (incorporated by reference to Legg Mason's Form 10-Q for the quarter ended June 30, 2001)
 - 23.1 Consent of PricewaterhouseCoopers LLP, independent accountants
 - 23.2 Consent of KPMG LLP, independent accountants
 - 99.1 Audited Combined Financial Statements of Private Capital Management, Inc. and Affiliates (A Carve-Out Entity), as of and for the six months ended June 29, 2000
 - 99.2 Audited Combined Financial Statements of Private Capital Management, L.P. and Affiliates (A Carve-Out Entity), as of and for the six months ended December 31, 2000
 - 99.3 Audited Financial Statements of Carnes Capital Corporation, as of and for the year ended December 31, 2000
 - 99.4 Unaudited Combined Financial Statements of Private Capital Management, L.P. and Affiliates (A Carve-Out Entity) as of and for the six months ended June 30, 2001
 - 99.5 Unaudited Consolidated Financial Statements of Carnes Capital Corporation and Subsidiary as of and for the six months ended June 30, 2001
 - 99.6 Unaudited Pro Forma Combined Financial Information

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.

Date: August 15, 2001

By: /s/ Robert F. Price

Robert F. Price
Senior Vice President, General Counsel and
Secretary

EXHIBIT INDEX

Exhibit

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