

Franklin Templeton to Buy Legg Mason for \$4.5 Billion

Franklin Resources Inc. (NYSE: BEN), a global investment management organization operating as Franklin Templeton with approximately \$688 billion in assets under management, plans to purchase Legg Mason Inc. (NYSE: LM) for \$50.00 per share of common stock in an all-cash transaction.

The \$4.5 billion consideration will be funded from Franklin Templeton's existing balance sheet cash, and the company will also assume approximately \$2 billion of Legg Mason's outstanding debt.

The transaction has been unanimously approved by the boards of both companies and is expected to close no later than the third calendar quarter of 2020.

The acquisition of Legg Mason and its multiple investment affiliates, which collectively manage more than \$806 billion in assets as of January 31, 2020, will establish Franklin Templeton as one of the world's largest independent global investment managers with a combined \$1.5 trillion in AUM.

Legg Mason's affiliates include Brandywine Global, Clarion Partners, ClearBridge Investments, Martin Currie, QS Investors, Royce Investment Partners, and Western Asset.

"The incredibly strong fit between our two organizations gives me the utmost confidence that this transaction will create meaningful long-term benefits for our clients and provide our shareholders with a compelling valuation for their investment," said Joseph Sullivan, chairman and CEO of Legg Mason. "By preserving the autonomy of each investment organization, the combination of Legg Mason and Franklin Templeton will quickly leverage our collective strengths, while minimizing the risk of disruption."

Following the closing of the transaction, Jenny Johnson will continue to serve as Franklin Templeton's president and chief executive officer, and Greg Johnson will continue as executive chairman of the board. There will be no changes to the senior management teams of Legg Mason's investment affiliates. Global headquarters will remain in San Mateo, California and the combined firm will operate as Franklin Templeton.

EnTrust Global, a Legg Mason affiliate that provides alternative investment services, and Franklin Templeton, jointly agreed that it was in their best interest that EnTrust repurchase its business, which will be acquired by its management at closing. EnTrust will maintain an ongoing relationship with Franklin Templeton, the company said.

Upon closing, Franklin Templeton expects pro forma gross debt to be approximately \$2.7 billion with remaining cash and investments of approximately \$5.3 billion.

Legg Mason stock shot up 24.4 percent to \$50.66 per share on Tuesday following the announcement, and Franklin Templeton stock increased 6.9 percent to \$26.05 per share.

Last February, [Franklin Templeton purchased](#) Benefit Street Partners LLC, an alternative credit manager with approximately \$26 billion in assets under management. Benefit Street affiliates serve as the advisers to Business Development Corporation of America (BDCA) and Benefit Street Partners Realty Trust (formerly Realty Finance Trust), a business development company and non-traded REIT, respectively, both formerly managed by AR Global.

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