

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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## FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-13459

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### **Affiliated Managers Group, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**04-3218510**

(IRS Employer Identification Number)

**777 South Flagler Drive, West Palm Beach, Florida 33401**

(Address of principal executive offices)

**(800) 345-1100**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller  
reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 53,872,047 shares of the registrant's common stock outstanding on August 1, 2016.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Revenue	\$ 646.6	\$ 554.1	\$ 1,281.6	\$ 1,099.5
Operating expenses:				
Compensation and related expenses	292.2	232.1	544.9	458.7
Selling, general and administrative	114.3	96.6	223.0	192.5
Intangible amortization and impairments	28.1	28.6	55.9	55.3
Depreciation and other amortization	4.6	5.0	9.0	10.0
Other operating expenses	12.2	10.0	22.1	22.5
	451.4	372.3	854.9	739.0
Operating income	195.2	181.8	426.7	360.5
Income from equity method investments	60.1	65.2	113.2	133.2
Other non-operating (income) and expenses:				
Investment and other income	(16.0)	(11.6)	(16.7)	(15.6)
Interest expense	22.5	21.9	44.7	44.0
Imputed interest expense and contingent payment arrangements	(13.2)	0.8	(40.4)	(1.1)
	(6.7)	11.1	(12.4)	27.3
Income before income taxes	262.0	235.9	552.3	466.4
Income taxes	72.1	53.2	141.7	109.7
Net income	189.9	182.7	410.6	356.7
Net income (non-controlling interests)	(61.2)	(75.3)	(153.9)	(144.7)
Net income (controlling interest)	\$ 128.7	\$ 107.4	\$ 256.7	\$ 212.0
Average shares outstanding (basic)	54.6	53.8	54.7	53.9
Average shares outstanding (diluted)	57.5	56.5	57.7	56.5
Earnings per share (basic)	\$ 2.36	\$ 2.00	\$ 4.70	\$ 3.93
Earnings per share (diluted)	\$ 2.31	\$ 1.97	\$ 4.58	\$ 3.89

The accompanying notes are an integral part of the Consolidated Financial Statements.

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(in millions)

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Net income	\$ 189.9	\$ 182.7	\$ 410.6	\$ 356.7
Other comprehensive income (loss):				
Foreign currency translation adjustment	48.5	(53.9)	(11.6)	(55.9)
Change in net realized and unrealized gain (loss) on derivative securities, net of tax	(0.7)	0.3	2.0	(0.8)
Change in net unrealized gain (loss) on investment securities, net of tax	47.9	(14.0)	56.6	(24.8)
Other comprehensive income (loss)	95.7	(67.6)	47.0	(81.5)
Comprehensive income	285.6	115.1	457.6	275.2
Comprehensive income (non-controlling interests)	(44.4)	(57.3)	(151.2)	(121.4)
Comprehensive income (controlling interest)	\$ 241.2	\$ 57.8	\$ 306.4	\$ 153.8

The accompanying notes are an integral part of the Consolidated Financial Statements.

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED BALANCE SHEETS**

(in millions)

(unaudited)

	December 31, 2015	June 30, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 563.8	\$ 360.4
Receivables	391.2	471.8
Investments in marketable securities	199.9	203.6
Other investments	149.3	142.5
Fixed assets, net	114.1	112.1
Goodwill	2,668.4	2,653.5
Acquired client relationships, net	1,686.4	1,584.4
Equity method investments in Affiliates	1,937.1	2,450.4
Other assets	59.2	56.0
Total assets	\$ 7,769.4	\$ 8,034.7
<b>Liabilities and Equity</b>		
Payables and accrued liabilities	\$ 729.4	\$ 578.1
Senior bank debt	643.3	898.4
Senior notes	937.1	938.2
Convertible securities	299.0	300.3
Deferred income taxes	565.7	610.5
Other liabilities	213.3	179.7
Total liabilities	3,387.8	3,505.2
Commitments and contingencies (Note 8)		
Redeemable non-controlling interests	612.5	745.0
Equity:		
Common stock	0.6	0.6
Additional paid-in capital	597.2	527.7
Accumulated other comprehensive loss	(18.1)	(76.3)
Retained earnings	2,679.3	2,891.3
	3,259.0	3,343.3
Less: Treasury stock, at cost	(421.9)	(424.6)
Total stockholders' equity	2,837.1	2,918.7
Non-controlling interests	932.0	865.8
Total equity	3,769.1	3,784.5
Total liabilities and equity	\$ 7,769.4	\$ 8,034.7

The accompanying notes are an integral part of the Consolidated Financial Statements.

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(in millions)

(unaudited)

	Total Stockholders' Equity								Total Equity
	Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock at Cost	Non- controlling Interests		
<b>December 31, 2014</b>	55.8	\$ 0.6	\$ 672.2	\$ 31.8	\$ 2,163.3	\$ (240.9)	\$ 1,016.2	\$ 3,643.2	
Net income	—	—	—	—	256.7	—	153.9	410.6	
Other comprehensive income	—	—	—	44.3	—	—	2.7	47.0	
Share-based compensation	—	—	17.0	—	—	—	—	17.0	
Common stock issued under share-based incentive plans	—	—	(123.4)	—	—	172.7	—	49.3	
Tax benefit from share-based incentive plans	—	—	42.3	—	—	—	—	42.3	
Share repurchases	—	—	—	—	—	(278.7)	—	(278.7)	
Investments in Affiliates	—	—	—	—	—	—	15.3	15.3	
Affiliate equity activity:									
Affiliate equity expense	—	—	4.1	—	—	—	43.3	47.4	
Issuances	—	—	2.1	—	—	—	0.6	2.7	
Repurchases	—	—	24.3	—	—	—	—	24.3	
Changes in Redemption value of Redeemable non-controlling interests	—	—	(137.3)	—	—	—	—	(137.3)	
Transfers to Redeemable non-controlling interests	—	—	—	—	—	—	(22.8)	(22.8)	
Capital Contributions by Affiliate equity holders	—	—	—	—	—	—	6.5	6.5	
Distributions to non-controlling interests	—	—	—	—	—	—	(230.0)	(230.0)	
<b>June 30, 2015</b>	<u>55.8</u>	<u>\$ 0.6</u>	<u>\$ 501.3</u>	<u>\$ 76.1</u>	<u>\$ 2,420.0</u>	<u>\$ (346.9)</u>	<u>\$ 985.7</u>	<u>\$ 3,636.8</u>	

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)**

(in millions)

(unaudited)

	Total Stockholders' Equity							
	Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock at Cost	Non- controlling Interests	Total Equity
<b>December 31, 2015</b>	55.8	\$ 0.6	\$ 597.2	\$ (18.1)	\$ 2,679.3	\$ (421.9)	\$ 932.0	\$ 3,769.1
Net income	—	—	—	—	212.0	—	144.7	356.7
Other comprehensive loss	—	—	—	(58.2)	—	—	(23.3)	(81.5)
Share-based compensation	—	—	20.0	—	—	—	—	20.0
Common stock issued under share-based incentive plans	—	—	(29.6)	—	—	30.7	—	1.1
Tax benefit from share-based incentive plans	—	—	0.4	—	—	—	—	0.4
Share repurchases	—	—	—	—	—	(33.4)	—	(33.4)
Issuance costs and other	—	—	(1.0)	—	—	—	—	(1.0)
<b>Affiliate equity activity:</b>								
Affiliate equity expense	—	—	2.8	—	—	—	8.7	11.5
Issuances	—	—	(6.0)	—	—	—	11.5	5.5
Repurchases	—	—	12.6	—	—	—	0.5	13.1
Changes in Redemption value of Redeemable non-controlling interests	—	—	(68.7)	—	—	—	—	(68.7)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	—	(20.3)	(20.3)
Capital Contributions by Affiliate equity holders	—	—	—	—	—	—	1.0	1.0
Distributions to non-controlling interests	—	—	—	—	—	—	(189.0)	(189.0)
<b>June 30, 2016</b>	<b>55.8</b>	<b>\$ 0.6</b>	<b>\$ 527.7</b>	<b>\$ (76.3)</b>	<b>\$ 2,891.3</b>	<b>\$ (424.6)</b>	<b>\$ 865.8</b>	<b>\$ 3,784.5</b>

The accompanying notes are an integral part of the Consolidated Financial Statements.

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions)

(unaudited)

	<b>For the Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2016</b>
<b>Cash flow from (used in) operating activities:</b>		
Net income	\$ 410.6	\$ 356.7
Adjustments to reconcile Net income to net Cash flow from operating activities:		
Intangible amortization and impairments	55.9	55.3
Depreciation and other amortization	9.0	10.0
Deferred income tax provision	59.7	50.4
Imputed interest expense and contingent payment arrangements	(40.4)	(1.1)
Income from equity method investments, net of amortization	(113.2)	(133.2)
Distributions received from equity method investments	222.7	205.1
Amortization of issuance costs	4.0	2.4
Share-based compensation and Affiliate equity expense	67.1	33.2
Other non-cash items	(6.6)	(3.9)
Changes in assets and liabilities:		
Increase in receivables	(54.3)	(50.0)
Increase in other assets	(5.2)	(47.6)
Decrease in payables, accrued liabilities and other liabilities	(138.8)	(136.2)
Cash flow from operating activities	<u>470.5</u>	<u>341.1</u>
<b>Cash flow from (used in) investing activities:</b>		
Investments in Affiliates	(32.0)	(551.4)
Purchase of fixed assets	(11.7)	(8.6)
Purchase of investment securities	(4.8)	(8.0)
Sale of investment securities	18.2	28.0
Cash flow used in investing activities	<u>(30.3)</u>	<u>(540.0)</u>
<b>Cash flow from (used in) financing activities:</b>		
Borrowings of senior debt	523.3	585.0
Repayments of senior debt and convertible securities	(556.0)	(330.0)
Issuance of common stock	53.2	7.7
Repurchase of common stock	(314.8)	(33.4)
Note and contingent payments	9.4	3.0
Distributions to non-controlling interests	(230.0)	(189.0)
Affiliate equity issuances and repurchases	(25.1)	(71.7)
Excess tax benefit from share-based compensation	42.3	0.4
Other financing items	(3.3)	13.9
Cash flow from (used in) financing activities	<u>(501.0)</u>	<u>(14.1)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	(1.3)	(15.7)
Net decrease in cash and cash equivalents	(62.1)	(228.7)
Cash and cash equivalents at beginning of period	550.6	563.8
Cash assumed upon consolidation of Affiliate sponsored investment products	—	25.3
<b>Cash and cash equivalents at end of period</b>	<u>\$ 488.5</u>	<u>\$ 360.4</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**1. Basis of Presentation and Use of Estimates**

The Consolidated Financial Statements of Affiliated Managers Group, Inc. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the results have been included. All intercompany balances and transactions have been eliminated. Certain reclassifications have been made to the prior period’s financial statements to conform to the current period’s presentation. Operating results for interim periods are not necessarily indicative of the results that may be expected for any other period or for the full year. The Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 includes additional information about its operations, financial position and accounting policies, and should be read in conjunction with this Quarterly Report on Form 10-Q.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

All amounts in these notes, except per share data in the text and tables herein, are stated in millions unless otherwise indicated.

**2. Recent Accounting Developments**

On January 1, 2016, the Company adopted several updates to accounting standards as follows:

- Accounting Standards Update (“ASU”) 2015-02, Consolidation: Amendments to the Consolidation Analysis (“ASU 2015-02: Consolidation”);
- ASU 2015-03, Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs;
- ASU 2015-07, Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent); and
- ASU 2015-16, Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments.

The adoption of these updates did not have a significant impact on the Company’s Consolidated Financial Statements.

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued ASU 2014-09, Revenue from Contracts with Customers, as amended. The new standard provides a comprehensive model for revenue recognition. The standard is effective for interim and fiscal periods beginning after December 15, 2017. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-01, Fair Value: Recognition and Measurement of Financial Assets and Liabilities. Under the new standard, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. The standard is effective for interim and fiscal periods beginning after December 15, 2017. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize assets and liabilities arising from most operating leases on the statement of financial position. The standard is effective for interim and fiscal periods beginning after December 15, 2018. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for share-based payment transactions, including the income tax consequences, classification of awards and classification in the statement of cash flows. The standard is effective for interim and fiscal periods beginning after December 15, 2016. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-07, Investments - Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting, which simplifies the equity method of accounting by eliminating the need to apply the equity method retroactively to an investment that subsequently qualifies for such accounting treatment. The standard

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

is effective for interim and fiscal periods beginning after December 15, 2016. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

### 3. Principles of Consolidation

The Company assesses consolidation requirements pursuant to ASU 2015-02: Consolidation, which was adopted using the modified retrospective method and resulted in an effective date of adoption of January 1, 2016.

In evaluating whether an investment must be consolidated, the Company evaluates the risk, rewards, and significant terms of each of its Affiliate and other investments to determine if its investments are considered a voting rights entity ("VRE") or a variable interest entity ("VIE"). An entity is a VRE when the total equity investment at risk is sufficient to enable the entity to finance its activities independently and when the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to direct the activities of the entity that most significantly impact its economic performance. An entity is a VIE when it lacks one or more of the characteristics of a VRE. Assessing whether an entity is a VRE or VIE involves judgment. Upon the occurrence of certain events, management reviews and reconsiders its previous conclusion regarding the status of an entity as a VRE or a VIE.

The Company consolidates VREs when it has control over significant operating, financial and investing decisions of the investment or holds the majority voting interest. The Company consolidates VIEs when it has a controlling financial interest, which is defined as having the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of or the right to receive benefits from the entity that could potentially be significant to the VIE.

#### Investments in Affiliates

For the Company's consolidated Affiliates, the portion of the Owners' Allocation allocated to Affiliate management is included in Net income (non-controlling interests) in the Consolidated Statements of Income. Non-controlling interests on the Consolidated Balance Sheets include capital and undistributed Operating and Owners' Allocation owned by Affiliate management of the Company's consolidated Affiliates. The effect of any changes in the Company's equity interests in its consolidated Affiliates resulting from the issuance or repurchase of an Affiliate's equity by the Company or one of its Affiliates is included as a component of stockholders' equity, net of the related income tax effect in the period of the change. The current redemption value of non-controlling interests has been presented as Redeemable non-controlling interests on the Consolidated Balance Sheets.

AMG applies the equity method of accounting to investments where AMG does not hold a controlling equity interest but has the ability to exercise significant influence over operating and financial matters. Other investments in which AMG owns less than a 20% interest and does not exercise significant influence are accounted for under the cost method. Under the cost method, income is recognized as dividends when, and if, declared.

#### Affiliate Sponsored Investment Products

The Company's consolidated Affiliates sponsor various investment products where they also act as the investment advisor, and in some cases these products are considered VIEs. These investment products are typically owned primarily by third-party investors; however, certain products are capitalized with seed capital investments from Affiliates.

Investors are generally entitled to substantially all of the economics of these VIEs, except for the management and performance fees earned by Affiliates or any gains or losses attributable to Affiliates' investments in these products. As a result, Affiliates do not generally consolidate these VIEs unless the Affiliate's interest in the product is considered substantial. When consolidating these VIEs, the Company retains the specialized investment company accounting principles of the underlying products, and all of the underlying investments are carried at fair value in Investments in marketable securities in the Consolidated Balance Sheets with corresponding changes in the investments' fair values reflected in Other operating expenses in the Consolidated Statements of Income. Purchases and sales of securities are presented within Decrease in payables, accrued liabilities and other liabilities and Increase in other assets, respectively, in the Consolidated Statements of Cash Flows. When Affiliates no longer control these products, due to a reduction in ownership or other reasons, the products are deconsolidated.

### 4. Investments in Marketable Securities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Investments in marketable securities at December 31, 2015 and June 30, 2016 were \$199.9 million and \$203.6 million, respectively. The following is a summary of the cost, gross unrealized gains and losses and fair value of investments classified as available-for-sale and trading:

	Available-for-Sale		Trading	
	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016
Cost	\$ 104.7	\$ 73.1	\$ 19.8	\$ 96.8
Unrealized Gains	77.6	36.0	1.9	5.2
Unrealized Losses	(1.8)	(1.5)	(2.3)	(6.0)
Fair Value	\$ 180.5	\$ 107.6	\$ 19.4	\$ 96.0

In the six months ended June 30, 2015, the Company realized gains on investments classified as available-for-sale of \$7.9 million, all of which occurred in the three months ended June 30, 2015. In the three and six months ended June 30, 2016, the Company realized gains on investments classified as available-for-sale of \$7.5 million and \$9.2 million, respectively. These gains were recorded in Investment and other income. There were no significant realized gains or losses on investments classified as trading in the three and six months ended June 30, 2015 and 2016.

**5. Variable Interest Entities**

The Company's consolidated Affiliates act as investment managers for certain investment entities that are considered VIEs, and in connection with the adoption of ASU 2015-02: Consolidation, certain investment entities previously accounted for as VIEs no longer met the criteria for being a VIE and certain VREs became VIEs and were either consolidated or disclosed as VIEs.

The Company's Affiliates' involvement with unconsolidated VIEs is generally limited to that of a service provider, and their investment, if any, represents an insignificant interest in the relevant investment entities' assets under management. The Company's Affiliates' exposure to risk in these entities is generally limited to any capital contribution it has made or is required to make and any earned but uncollected management fees. The Company has not issued any investment performance guarantees to these VIEs or their investors.

The net assets and liabilities of unconsolidated VIEs and the Company's maximum risk of loss were as follows:

Category of Investment	December 31, 2015		June 30, 2016	
	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss
Affiliate sponsored investment products	\$ 6,688.9	\$ 1.4	\$ 1,550.0	\$ 1.1

In addition, several of the Company's Affiliates accounted for under the equity method are considered VIEs. The unconsolidated assets, net of liabilities and non-controlling interests, of these Affiliates were approximately \$1.2 billion and \$1.3 billion as of December 31, 2015 and June 30, 2016, respectively. The Company's carrying value and maximum exposure to loss for these Affiliates was approximately \$1.9 billion and \$2.4 billion as of December 31, 2015 and June 30, 2016, respectively.

**6. Debt**

Senior Bank Debt

The Company has a senior unsecured multicurrency revolving credit facility (the "revolver") and a senior unsecured term loan facility (the "term loan" and, together with the revolver, the "credit facilities"). In June 2016, the Company amended the revolver to increase commitments from \$1.3 billion to \$1.45 billion, and amended the term loan to increase borrowings from \$350.0 million to \$385.0 million. Subject to certain conditions, the Company may further increase the commitments under the revolver by up to \$350.0 million and borrow up to an additional \$65.0 million under the term loan. The credit facilities both mature on September 30, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The credit facilities contain financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on priority indebtedness, asset dispositions and fundamental corporate changes, and certain customary events of default.

**7. Forward Equity and Equity Distribution Program**

In June 2016, the Company entered into an agreement to sell approximately 2.9 million shares of the Company's common stock at a price of \$167.25 per share (a "forward equity agreement"). The Company has the option to cash or net share settle all or a portion of the agreement in one or more transactions over the next twelve months. As of June 30, 2016, no portion of this forward equity agreement had been settled.

Separately, the Company entered into equity distribution and forward equity agreements with several major securities firms under which the Company, from time to time, may issue and sell shares (immediately or on a forward basis) having an aggregate sales price of up to \$500.0 million. These agreements replaced the Company's previous forward equity program. As of June 30, 2016, no sales have occurred under these agreements.

**8. Commitments and Contingencies**

From time to time, the Company and its Affiliates may be subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Any such matters are subject to various uncertainties, and it is possible that some of these matters may be resolved in a manner unfavorable to the Company or its Affiliates. The Company and its Affiliates establish accruals, as necessary, for matters for which the outcome is probable and the amount of the liability can be reasonably estimated. The Company and its consolidated Affiliates have no significant accruals as of June 30, 2016.

Third Avenue Management LLC ("Third Avenue"), one of the Company's consolidated Affiliates, has been named as a defendant in various legal actions relating to the liquidation and closure of the Third Avenue Focused Credit Fund. The Company has been named as a co-defendant in one of these actions, as a purported control person. Third Avenue and the Company believe that the claims in these actions are without merit and intend to defend against them vigorously.

The Company and certain Affiliates operate under regulatory authorities that require that they maintain minimum financial or capital requirements. Management is not aware of any significant violations of such requirements.

The Company has committed to co-invest in certain Affiliate sponsored investment products. As of June 30, 2016, these unfunded commitments were \$87.5 million and may be called in future periods. In connection with a past acquisition agreement, the Company is contractually entitled to reimbursement from a prior owner of one of the Company's Affiliates for \$15.3 million of these commitments if they are called.

As of June 30, 2016, the Company was contingently liable, upon achievement by certain Affiliates of specified financial targets, to make payments through 2019 of up to \$84.9 million associated with its consolidated Affiliates and \$316.5 million associated with its equity method Affiliates. As of June 30, 2016, the Company expects to make payments of \$10.3 million (none in 2016) of the \$84.9 million related to consolidated Affiliates and no payments in 2016 related to its equity method Affiliates.

Affiliate equity interests provide holders with a conditional right to put their interests to the Company over time (see Note 14). In addition, in connection with an investment in an Affiliate accounted for under the equity method, the Company entered into an arrangement with a minority owner of the Affiliate that gives such owner the right to sell a portion of its ownership interest in the Affiliate to the Company annually beginning in 2018. The purchase price of these conditional purchases will be at fair market value on the date of the transaction.

**9. Fair Value Measurements**

The following tables summarize the Company's financial assets and liabilities that are measured at fair value on a recurring basis:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	December 31, 2015	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<b>Financial Assets</b>				
Cash equivalents	\$ 65.9	\$ 65.9	\$ —	\$ —
Investments in marketable securities <sup>(1)</sup>				
Trading securities	19.4	19.4	—	—
Available-for-sale securities	180.5	180.5	—	—
Other investments <sup>(2)</sup>	23.3	20.7	2.6	—
<b>Financial Liabilities</b>				
Contingent payment arrangements <sup>(3)</sup>	\$ 10.2	\$ —	\$ —	\$ 10.2
Affiliate equity obligations <sup>(3)(4)</sup>	62.3	—	—	62.3

	June 30, 2016	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<b>Financial Assets</b>				
Cash equivalents	\$ 27.3	\$ 27.3	\$ —	\$ —
Investments in marketable securities <sup>(1)</sup>				
Trading securities	96.0	96.0	—	—
Available-for-sale securities	107.6	107.6	—	—
Other investments <sup>(2)</sup>	6.4	4.0	2.4	—
<b>Financial Liabilities</b>				
Contingent payment arrangements <sup>(3)</sup>	\$ 8.0	\$ —	\$ —	\$ 8.0
Affiliate equity obligations <sup>(3)(4)</sup>	27.0	—	—	27.0
Foreign currency forward contracts <sup>(3)</sup>	0.8	—	0.8	—

(1) Principally investments in equity securities.

(2) The Company adopted ASU 2015-07 and no longer includes \$126.0 million and \$136.1 million as of December 31, 2015 and June 30, 2016, respectively, of investments in certain entities for which fair value was measured using net asset value (“NAV”) as a practical expedient.

(3) Amounts are presented within Other liabilities.

(4) The Company adopted ASU 2015-07 and no longer includes \$75.0 million and \$73.2 million as of December 31, 2015 and June 30, 2016, respectively, of liabilities for which fair value was measured using NAV as a practical expedient. These liabilities were previously included in Obligations to related parties and upon removal, the remaining liabilities were re-labeled Affiliate equity obligations.

The following are descriptions of the significant financial assets and liabilities measured at fair value and the fair value methodologies used.

*Cash equivalents* consist primarily of highly liquid investments in daily redeeming money market funds, which are classified as Level 1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

*Investments in marketable securities* consist primarily of investments in publicly traded securities and in funds advised by Affiliates that are valued using NAV. Publicly traded securities and investments in daily redeeming funds that calculate NAVs are classified as Level 1.

*Other investments* consist primarily of funds advised by Affiliates that are valued using NAV. Investments in daily redeeming funds that calculate NAVs are classified as Level 1. Investments in funds that permit redemptions monthly or quarterly are classified as Level 2.

*Contingent payment arrangements* represent the present value of the expected future settlement of contingent payment arrangements related to the Company's investments in consolidated Affiliates. The significant unobservable inputs that are used in the fair value measurement of these obligations are growth and discount rates. Increases in the growth rate result in a higher obligation while an increase in the discount rate results in a lower obligation.

*Affiliate equity obligations* include agreements to repurchase Affiliate equity. The significant unobservable inputs that are used in the fair value measurement of the agreements to repurchase Affiliate equity are growth and discount rates. Increases in the growth rate result in a higher obligation while an increase in the discount rate results in a lower obligation.

*Foreign currency forward contracts* use model-derived valuations in which all significant inputs are observable in active markets to determine fair value.

It is the Company's policy to value financial assets or liabilities transferred as of the beginning of the period in which the transfer occurs. There were no significant transfers of financial assets or liabilities between Level 1 and Level 2 in the three months ended June 30, 2015 and 2016.

Level 3 Financial Assets and Liabilities

The following tables present the changes in Level 3 liabilities:

	For the Three Months Ended June 30,			
	2015		2016	
	Contingent Payment Arrangements	Affiliate Equity Obligations	Contingent Payment Arrangements	Affiliate Equity Obligations
Balance, beginning of period	\$ 31.5	\$ 16.8	\$ 7.8	\$ 35.6
Net (gains) losses	(13.8) <sup>(1)</sup>	—	0.2 <sup>(1)</sup>	—
Purchases and issuances	6.5	49.6	—	9.7
Settlements and reductions	(17.5)	(8.1)	—	(18.3)
Balance, end of period	<u>\$ 6.7</u>	<u>\$ 58.3</u>	<u>\$ 8.0</u>	<u>\$ 27.0</u>
Net change in unrealized (gains) losses relating to instruments still held at the reporting date	\$ (13.8) <sup>(1)</sup>	\$ —	\$ 0.2 <sup>(1)</sup>	\$ —

	2016			
	Contingent Payment Arrangements	Affiliate Equity Obligations	Contingent Payment Arrangements	Affiliate Equity Obligations
	Balance, beginning of period	\$ 59.3	\$ 21.5	\$ 10.2
Net gains/losses	(41.6) <sup>(1)</sup>	—	(2.2) <sup>(1)</sup>	—
Purchases and issuances	6.5	65.0	—	39.8
Settlements and reductions	(17.5)	(28.2)	—	(75.1)
Balance, end of period	<u>\$ 6.7</u>	<u>\$ 58.3</u>	<u>\$ 8.0</u>	<u>\$ 27.0</u>
Net change in unrealized (gains) losses relating to instruments still held at the reporting date	\$ (41.6) <sup>(1)</sup>	\$ —	\$ (2.2) <sup>(1)</sup>	\$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(1) Accretion and changes to the Company's contingent payment arrangements are recorded in Imputed interest expense and contingent payment arrangements.

The following table presents certain quantitative information about the significant unobservable inputs used in valuing the Company's Level 3 financial liabilities:

Quantitative Information About Level 3 Fair Value Measurements						
	Valuation Techniques	Unobservable Input	Fair Value at December 31, 2015	Range at December 31, 2015	Fair Value at June 30, 2016	Range at June 30, 2016
Contingent payment arrangements	Discounted cash flow	Growth rates	\$ 10.2	3% - 8%	\$ 8.0	6% - 8%
		Discount rates		15%		15%
Affiliate equity obligations	Discounted cash flow	Growth rates	62.3	1% - 9%	27.0	4% - 12%
		Discount rates		14% - 15%		12% - 16%

Investments in Certain Entities that Calculate Net Asset Value

The Company uses the NAV of certain investments as their fair value. The NAVs that have been provided by the investees have been derived from the fair values of the underlying assets and liabilities as of the measurement dates. The following table summarizes the nature of these investments and any related liquidity restrictions or other factors that may impact the ultimate value realized:

Category of Investment	December 31, 2015		June 30, 2016	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private equity funds <sup>(1)</sup>	\$ 126.0	\$ 76.8	\$ 136.1	\$ 87.5
Other funds <sup>(2)</sup>	72.3	—	33.5	—
	<u>\$ 198.3</u>	<u>\$ 76.8</u>	<u>\$ 169.6</u>	<u>\$ 87.5</u>

(1) These funds primarily invest in a broad range of private equity funds, as well as make direct investments. Distributions will be received as the underlying assets are liquidated over the life of the funds, which is generally up to 15 years.

(2) These are multi-disciplinary funds that invest across various asset classes and strategies, including long/short equity, credit and real estate. Investments are generally redeemable on a daily, monthly or quarterly basis.

Other Financial Assets and Liabilities Not Carried at Fair Value

The carrying amount of Cash and cash equivalents, Receivables, and Payables and accrued liabilities approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable approximates fair value because interest rates and other terms are at market rates. The carrying value of Senior bank debt approximates fair value because the debt has variable interest based on selected short-term rates. The following table summarizes the Company's other financial liabilities not carried at fair value:

	December 31, 2015		June 30, 2016		Fair Value Hierarchy
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Senior notes	\$ 944.6	\$ 966.3	\$ 944.9	\$ 982.4	Level 2
Convertible securities	305.2	483.6	306.3	470.7	Level 2

**10. Intangible Assets**

Consolidated Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The following tables present the change in Goodwill and components of Acquired client relationships, net for the Company's consolidated Affiliates:

	Goodwill			
	Institutional	Mutual Fund	High Net Worth	Total
Balance, as of December 31, 2015	\$ 1,141.3	\$ 1,119.5	\$ 407.6	\$ 2,668.4
Foreign currency translation	2.1	(21.4)	4.4	(14.9)
Balance, as of June 30, 2016	\$ 1,143.4	\$ 1,098.1	\$ 412.0	\$ 2,653.5

	Acquired Client Relationships				
	Gross Book Value	Definite-lived		Indefinite-lived	Total
		Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Balance, as of December 31, 2015	\$ 1,301.8	\$ (680.4)	\$ 621.4	\$ 1,065.0	\$ 1,686.4
Intangible amortization and impairments	—	(53.4)	(53.4)	(1.9)	(55.3)
Foreign currency translation	(7.0)	—	(7.0)	(39.7)	(46.7)
Balance, as of June 30, 2016	\$ 1,294.8	\$ (733.8)	\$ 561.0	\$ 1,023.4	\$ 1,584.4

Definite-lived acquired client relationships are amortized over their expected useful lives. As of June 30, 2016, these relationships were being amortized over a weighted average life of approximately ten years. The Company recognized amortization expense for these relationships of \$28.1 million and \$55.9 million for the three and six months ended June 30, 2015, respectively, as compared to \$26.7 million and \$53.4 million for the three and six months ended June 30, 2016, respectively. Based on relationships existing as of June 30, 2016, the Company estimates that its consolidated annual amortization expense will be approximately \$110 million for each of the next five years.

As of June 30, 2016, the fair values of the indefinite-lived intangible assets at two of the Company's Affiliates, both managers of global equity funds, have recently experienced declines, and further declines in the fair values of these assets could result in future impairments.

Equity Method Investments in Affiliates

The Company completed minority investments in Systematica Investments L.P. and Baring Private Equity Asia ("Baring") on January 4, 2016 for \$551.4 million in the aggregate. The Company's purchase price allocations were measured using financial models that include assumptions of expected market performance, net client flows and discount rates. The consideration paid to Baring will be deductible for U.S. tax purposes over a 15-year life.

The intangible assets at the Company's equity method Affiliates consist of definite-lived and indefinite-lived acquired client relationships and goodwill. As of June 30, 2016, the definite-lived relationships were being amortized over a weighted average life of approximately twelve years. The Company recognized amortization expense for these relationships of \$8.7 million and \$17.5 million for the three and six months ended June 30, 2015, respectively, as compared to \$14.8 million and \$29.0 million for the three and six months ended June 30, 2016, respectively. Based on relationships existing as of June 30, 2016, the Company estimates the annual amortization expense will be approximately \$60 million for each of the next five years.

**11. Related Party Transactions**

A prior owner of one of the Company's Affiliates retained an interest in certain of the Affiliate's private equity investment partnerships. The prior owner's interest is presented in the Company's Consolidated Balance Sheets as either a liability in Other liabilities or as Non-controlling interests, depending on the structure of the prior owner's investments in the partnerships. The total liability was \$75.0 million and \$73.2 million at December 31, 2015 and June 30, 2016, respectively. The total non-controlling interest was \$5.1 million and \$4.0 million at December 31, 2015 and June 30, 2016, respectively.

In certain cases, Affiliate management owners and Company officers may serve as trustees or directors of certain mutual funds from which the Affiliate earns advisory fee revenue.

The Company had liabilities to related parties for contingent payment arrangements in connection with certain business combinations. The total payable was \$10.2 million and \$8.0 million as of December 31, 2015 and June 30, 2016, respectively, and was included in Other liabilities. For the three months ended June 30, 2015, the Company made payments of \$17.5 million



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

associated with these liabilities. In 2016, no such payments have been made. For the three and six months ended June 30, 2015, the Company adjusted its estimate of its contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of \$15.0 million and \$44.7 million, respectively. For the six months ended June 30, 2016, the Company adjusted its estimates of its contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of \$2.8 million, all of which occurred in the three months ended March 31, 2016. These amounts are included in Imputed interest expense and contingent payment arrangements in the Consolidated Statements of Income.

See Notes 13 and 14 for information on transactions in Affiliate equity.

**12. Share-Based Compensation**

The following is a summary of share-based compensation expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Share-based compensation	\$ 9.1	\$ 10.8	\$ 17.0	\$ 20.0
Tax benefit	3.5	4.2	6.6	7.7

The Company has \$70.6 million and \$94.1 million of unrecognized share-based compensation as of December 31, 2015 and June 30, 2016, respectively, which will be recognized over a weighted average period of approximately three years (assuming no forfeitures).

Stock Options

The following table summarizes the transactions of the Company's stock options:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Unexercised options outstanding - December 31, 2015	1.4	\$ 96.18	
Options granted	0.4	122.40	
Options exercised	(0.1)	77.77	
Unexercised options outstanding - June 30, 2016	1.7	103.78	2.9
Exercisable at June 30, 2016	1.2	95.93	1.7

For the six months ended June 30, 2015 and 2016, the Company granted stock options with fair values of \$0.5 million and \$16.0 million, respectively. Stock options generally vest over a period of three to four years and expire seven years after the grant date. All options have been granted with exercise prices equal to the closing price of the Company's common stock on the grant date. In certain circumstances, option awards also require certain performance conditions to be satisfied in order for the options to be exercised.

The fair value of options granted was estimated using the Black-Scholes option pricing model. For the six months ended June 30, 2015 and 2016, the weighted average fair value of options granted was \$54.13 and \$38.90, per option, respectively, based on the weighted-average grant date assumptions stated below.

	For the Six Months Ended June 30,	
	2015	2016
Dividend yield	—%	—%
Expected volatility <sup>(1)</sup>	27.9%	30.6%
Risk-free interest rate <sup>(2)</sup>	1.3%	1.6%
Expected life of options (in years) <sup>(3)</sup>	5.0	5.7
Forfeiture rate	—%	—%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

- (1) Expected volatility is based on historical and implied volatility.
- (2) Risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of the grant.
- (3) Expected life of options (in years) is based on the Company's historical data and expected exercise behavior.

Restricted Stock

The following table summarizes the transactions of the Company's restricted stock units:

	Restricted Stock Units	Weighted Average Grant Date Value
Unvested units - December 31, 2015	0.6	\$ 192.04
Units granted	0.2	122.43
Units vested	(0.1)	176.59
Units forfeited	(0.1)	180.30
Unvested units - June 30, 2016	<u>0.6</u>	<u>169.40</u>

For the six months ended June 30, 2015 and 2016, the Company granted awards with fair values of \$48.6 million and \$27.7 million, respectively. These awards were valued based on the closing price of the Company's common stock on the date of grant and contain vesting conditions requiring service over a period of four years. In certain circumstances, awards also require certain performance conditions to be satisfied, and the Company may elect to settle the awards in shares of the Company's common stock or cash.

**13. Redeemable Non-Controlling Interests**

Affiliate equity interests provide holders with a ratable portion of ownership in one of the Company's Affiliates. Affiliate equity holders generally have a conditional right to put their interests to the Company at certain intervals (between five and fifteen years from the date the equity interest is received or on an annual basis following an Affiliate equity holder's departure). The current redemption value of the Company's Affiliate equity interests is presented as Redeemable non-controlling interests on the Consolidated Balance Sheets. Changes in the current redemption value are recorded to Additional paid-in capital. The following table presents the changes in Redeemable non-controlling interests:

	Redeemable Non- controlling Interests
Balance, as of December 31, 2015	\$ 612.5
Increase attributable to consolidated products	81.4
Repurchases of redeemable Affiliate equity	(37.9)
Transfers from Non-controlling interests	20.3
Changes in redemption value	68.7
Balance, as of June 30, 2016	<u>\$ 745.0</u>

**14. Affiliate Equity**

The Company's Affiliates generally pay quarterly distributions to Affiliate equity holders. For the six months ended June 30, 2015 and 2016, distributions paid to Affiliate equity holders were \$230.0 million and \$189.0 million, respectively.

Sales and repurchases of Affiliate equity generally occur at fair value; however, the Company also grants Affiliate equity to its Affiliate partners, employees and officers as a form of compensation. If the equity is issued for consideration below the fair value of the equity or repurchased for consideration above the fair value of the equity, then such difference is recorded as compensation expense over the service period.

The following is a summary of Affiliate equity expense:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Controlling interest	\$ 2.8	\$ 2.4	\$ 6.7	\$ 4.5
Tax benefit	(1.1)	(0.9)	(2.6)	(1.7)
Controlling interest, net	1.7	1.5	4.1	2.8
Non-controlling interests	37.9	4.8	43.3	8.7
Total	\$ 39.6	\$ 6.3	\$ 47.4	\$ 11.5

The following is a summary of unrecognized Affiliate equity expense:

Period	Controlling Interest	Remaining Life	Non-controlling Interests	Remaining Life
December 31, 2015	\$ 22.4	3 years	\$ 51.9	5 years
June 30, 2016	30.5	4 years	72.7	6 years

The Company periodically issues Affiliate equity interests to and repurchases Affiliate equity interests from Affiliate equity holders. For the six months end June 30, 2015 and 2016, the amount of cash paid for repurchases was \$31.1 million and \$75.3 million, respectively. For the six months ended June 30, 2015 and 2016, the total amount of cash received for issuances was \$6.0 million and \$3.6 million, respectively.

The Company records amounts receivable from and payable to Affiliate equity holders in connection with the transfer of Affiliate equity interests that have not settled at the end of the period. The total receivable was \$22.6 million and \$16.9 million at December 31, 2015 and June 30, 2016, respectively, and was included in Other assets. The total payable was \$62.3 million and \$27.0 million as of December 31, 2015 and June 30, 2016, respectively, and was included in Other liabilities.

Effects of Changes in the Company's Ownership in Affiliates

The Company periodically acquires interests from, and transfers interests to, Affiliate equity holders. Because these transactions do not result in a change of control, any gain or loss related to these transactions is recorded to Additional paid-in capital, which increases or decreases the controlling interest's equity. No gain or loss related to these transactions is recognized in the Company's Consolidated Statements of Income or Comprehensive Income.

While the Company presents the current redemption value of Affiliate equity within Redeemable Non-Controlling Interests with changes in the current redemption value increasing or decreasing the controlling interest's equity over time, the following table discloses the cumulative effect that ownership changes had on the controlling interest's equity related only to Affiliate equity transactions that settled during the periods:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Net income (controlling interest)	\$ 128.7	\$ 107.4	\$ 256.7	\$ 212.0
Increase in controlling interest paid-in capital from purchases and sales of Affiliate equity issuances	0.5	(2.5)	1.0	(3.4)
Decrease in controlling interest paid-in capital related to Affiliate equity repurchases	(29.1)	(3.8)	(32.6)	(21.3)
Net income attributable to controlling interest and transfers (to) or from Non-controlling interests	\$ 100.1	\$ 101.1	\$ 225.1	\$ 187.3

**15. Income Taxes**

The consolidated income tax provision includes taxes attributable to the controlling interest and, to a lesser extent, taxes attributable to non-controlling interests as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
<b>Controlling interest:</b>				
Current tax	\$ 43.4	\$ 28.1	\$ 75.4	\$ 55.1
Intangible-related deferred taxes	20.7	21.3	41.1	43.4
Other deferred taxes	5.1	1.8	18.9	7.3
<b>Total controlling interest</b>	<b>69.2</b>	<b>51.2</b>	<b>135.4</b>	<b>105.8</b>
<b>Non-controlling interests:</b>				
Current tax	\$ 3.1	\$ 2.2	\$ 6.6	\$ 4.2
Deferred taxes	(0.2)	(0.2)	(0.3)	(0.3)
<b>Total non-controlling interests</b>	<b>2.9</b>	<b>2.0</b>	<b>6.3</b>	<b>3.9</b>
Provision for income taxes	\$ 72.1	\$ 53.2	\$ 141.7	\$ 109.7
Income before income taxes (controlling interest)	\$ 197.9	\$ 158.7	\$ 392.1	\$ 317.8
Effective tax rate attributable to controlling interest <sup>(1)</sup>	35.0%	32.3%	34.5%	33.3%

<sup>(1)</sup> Taxes attributable to the controlling interest divided by Income before income taxes (controlling interest).

The Effective tax rate attributable to the controlling interest was 35.0% and 34.5% for the three and six months ended June 30, 2015, respectively, as compared to 32.3% and 33.3% for the three and six months ended June 30, 2016, respectively. The decrease resulted primarily from a decrease in Income before income taxes attributable to the controlling interest as well as the effect of foreign operations.

Income tax expense for the three months ended June 30, 2015 and 2016 each included the benefit of indefinite deferrals of foreign earnings of \$6.3 million. Income tax expense for the six months ended June 30, 2015 and 2016 each included the benefit of indefinite deferrals of foreign earnings of \$12.5 million.

As of December 31, 2015 and June 30, 2016, the Company carried a liability for uncertain tax positions of \$26.9 million and \$26.6 million, respectively. Included in these amounts was \$1.8 million and \$1.6 million as of December 31, 2015 and June 30, 2016, respectively, for interest and related charges. At December 31, 2015 and June 30, 2016, this liability also included \$25.3 million and \$25.4 million, respectively, for tax positions that, if recognized, would affect the Company's effective tax rate.

The Company periodically has tax examinations in the U.S. and foreign jurisdictions. Examination outcomes, and any related settlements, are subject to significant uncertainty. The completion of examinations may result in the payment of additional taxes and/or the recognition of tax benefits.

## 16. Earnings Per Share

The calculation of basic earnings per share is based on the weighted average number of shares of the Company's common stock outstanding during the period. Diluted earnings per share is similar to basic earnings per share, but adjusts for the dilutive effect of the potential issuance of incremental shares of the Company's common stock. The following is a reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share available to common stockholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
<b>Numerator</b>				
Net income (controlling interest)	\$ 128.7	\$ 107.4	\$ 256.7	\$ 212.0
Convertible securities interest expense, net	3.8	3.9	7.6	7.7
Net income (controlling interest), as adjusted	<u>\$ 132.5</u>	<u>\$ 111.3</u>	<u>\$ 264.3</u>	<u>\$ 219.7</u>
<b>Denominator</b>				
Average shares outstanding (basic)	54.6	53.8	54.7	53.9
Effect of dilutive instruments:				
Stock options and restricted stock	0.7	0.5	0.8	0.4
Junior convertible securities	2.2	2.2	2.2	2.2
Average shares outstanding (diluted)	<u>57.5</u>	<u>56.5</u>	<u>57.7</u>	<u>56.5</u>

For the three months ended March 31, 2016, the Company repurchased 0.2 million shares of common stock, at an average share price of \$161.16, under a share repurchase program approved by the Company's Board of Directors.

Average shares outstanding (diluted) in the table above exclude the anti-dilutive effect of the following items:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Stock options and restricted stock units	0.1	0.2	0.1	0.3
Shares subject to forward sale agreement	—	2.9	—	2.9

17. Comprehensive Income

The following tables show the tax effects allocated to each component of Other comprehensive income:

	For the Three Months Ended June 30,					
	2015			2016		
	Pre-Tax	Tax Benefit (Expense)	Net of Tax	Pre-Tax	Tax Benefit (Expense)	Net of Tax
Foreign currency translation adjustment	\$ 48.5	\$ —	\$ 48.5	\$ (53.9)	\$ —	\$ (53.9)
Change in net realized and unrealized gain (loss) on derivative securities	(0.6)	(0.1)	(0.7)	0.3	(0.0)	0.3
Change in net unrealized gain (loss) on investment securities	76.5	(28.6)	47.9	(23.0)	9.0	(14.0)
Other comprehensive income (loss)	<u>\$ 124.4</u>	<u>\$ (28.7)</u>	<u>\$ 95.7</u>	<u>\$ (76.6)</u>	<u>\$ 9.0</u>	<u>\$ (67.6)</u>

	For the Six Months Ended June 30,					
	2015			2016		
	Pre-Tax	Tax Benefit (Expense)	Net of Tax	Pre-Tax	Tax Benefit (Expense)	Net of Tax
Foreign currency translation adjustment	\$ (11.6)	\$ —	\$ (11.6)	\$ (55.9)	\$ —	\$ (55.9)
Change in net realized and unrealized gain (loss) on derivative securities	2.2	(0.2)	2.0	(0.8)	(0.0)	(0.8)
Change in net unrealized gain (loss) on investment securities	90.7	(34.1)	56.6	(40.4)	15.6	(24.8)
Other comprehensive income (loss)	<u>\$ 81.3</u>	<u>\$ (34.3)</u>	<u>\$ 47.0</u>	<u>\$ (97.1)</u>	<u>\$ 15.6</u>	<u>\$ (81.5)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The components of accumulated other comprehensive income (loss), net of taxes, attributable to the controlling interest and non-controlling interests are as follows:

	Foreign Currency Translation Adjustment	Realized and Unrealized Gains (Losses) on Derivative Securities	Unrealized Gains (Losses) on Investment Securities <sup>(1)</sup>	Total
Balance, as of December 31, 2015	\$ (98.6)	\$ 0.3	\$ 45.0	\$ (53.3)
Other comprehensive loss before reclassifications	(55.9)	(0.4)	(34.4)	(90.7)
Amounts reclassified	—	(0.4)	9.6	9.2
Net other comprehensive loss	(55.9)	(0.8)	(24.8)	(81.5)
Balance, as of June 30, 2016	\$ (154.5)	\$ (0.5)	\$ 20.2	\$ (134.8)

<sup>(1)</sup> See Note 4 for amounts reclassified from Other comprehensive income.

**18. Segment Information**

Management has determined that the Company operates in three business segments representing the Company's three principal distribution channels: Institutional, Mutual Fund and High Net Worth, each of which has different client relationships. The following tables summarize the Company's financial results for each of its business segments:

	For the Three Months Ended June 30,			
	2015		2016	
	Revenue	Net income (controlling interest)	Revenue	Net income (controlling interest)
Institutional	\$ 255.4	\$ 59.6	\$ 220.1	\$ 51.1
Mutual Fund	323.0	56.1	264.9	44.8
High Net Worth	68.2	13.0	69.1	11.5
Total	\$ 646.6	\$ 128.7	\$ 554.1	\$ 107.4

	For the Six Months Ended June 30,			
	2015		2016	
	Revenue	Net income (controlling interest)	Revenue	Net income (controlling interest)
Institutional	\$ 508.3	\$ 108.3	\$ 447.4	\$ 111.0
Mutual Fund	641.3	123.8	515.2	78.1
High Net Worth	132.0	24.6	136.9	22.9
Total	\$ 1,281.6	\$ 256.7	\$ 1,099.5	\$ 212.0

	Total Assets	
	December 31, 2015	June 30, 2016
	Institutional	\$ 3,717.1
Mutual Fund	3,070.5	3,362.8
High Net Worth	981.8	995.8
Total	\$ 7,769.4	\$ 8,034.7

**19. Subsequent Events**

On July 1, 2016, the Company completed minority investments in Capula Investment Management LLP, Mount Lucas Management LP and CapeView Capital LLP for approximately \$310 million in the aggregate. The Company's previously announced acquisitions of minority investments in Winton Capital Group Ltd. and Partner Fund Management, L.P. are expected to close by December 31, 2016.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

*Certain matters discussed in this Quarterly Report on Form 10-Q, in our other filings with the Securities and Exchange Commission, in our press releases and in oral statements made with the approval of an executive officer may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements, and may be prefaced with words such as "outlook," "guidance," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "projects," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such statements are subject to certain risks and uncertainties, including, among others, the factors discussed under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015.*

*These factors (among others) could affect our financial performance and cause actual results to differ materially from historical earnings and those presently anticipated and projected. Forward-looking statements speak only as of the date they are made, and we will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of events, whether or not anticipated. In that respect, we caution readers not to place undue reliance on any such forward-looking statements.*

*Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements and the notes thereto contained elsewhere in this Quarterly Report on Form 10-Q.*

### Executive Overview

We are a global asset management company with equity investments in leading boutique investment management firms, which we refer to as our "Affiliates." Our innovative partnership approach allows each Affiliate's management team to own significant equity in their firm and maintain operational autonomy. Our strategy is to generate shareholder value through the growth of existing Affiliates, as well as through investments in new and additional investments in existing Affiliates. In addition, we provide centralized assistance to our Affiliates in strategic matters, marketing, distribution, product development and operations. As of June 30, 2016, our aggregate assets under management were \$647.6 billion (approximately \$700 billion pro forma for pending investments and investments that have since closed), in more than 500 investment products across a broad range of active return-oriented strategies and distribution channels.

We hold meaningful equity interests in each of our Affiliates. In certain cases, we own a majority interest while in other cases we own a minority interest. In all cases, Affiliate management retains a significant equity interest in their own firm. Affiliate management equity ownership (along with our ownership) aligns our interests, enhances Affiliate management equity incentives and preserves Affiliate management's opportunity to participate directly in the long-term future growth of their firms. Our innovative partnership approach provides Affiliate management with a degree of liquidity and financial diversification and ensures that our Affiliates maintain investment and operational autonomy in managing their businesses, as well as their unique entrepreneurial culture and independence.

Given our permanent partnership approach, when we own a majority of the equity interests, we address the ongoing succession planning issues facing the Affiliate's principal owners as they transition incentives to future generations by facilitating the transfer of equity over time to the next generation of Affiliate management. In cases in which we own a minority of the equity interests, we typically do not have an obligation to repurchase Affiliate equity interests, but may make additional investments to further facilitate Affiliate ownership transition.

On July 1, 2016, we completed minority investments in Capula Investment Management LLP, Mount Lucas Management LP and CapeView Capital LLP, all of which are accounted for under the equity method of accounting. Following the close of these transactions, Affiliate management continues to hold a significant portion of the equity in their respective businesses and direct their day-to-day operations. Our previously announced acquisitions of minority investments in Winton Capital Group Ltd. and Partner Fund Management, L.P. are expected to close by year-end 2016.

For the three and six months ended June 30, 2016, Net income (controlling interest) was \$107.4 million and \$212.0 million, respectively, compared to \$128.7 million and \$256.7 million for the three and six months ended June 30, 2015, respectively. For the three and six months ended June 30, 2016, Earnings per share (diluted) was \$1.97 and \$3.89, respectively, compared to \$2.31 and \$4.58 for the three and six months ended June 30, 2015, respectively.



For the three and six months ended June 30, 2016, EBITDA (controlling interest) was \$220.3 million and \$436.1 million, respectively, Economic net income (controlling interest) was \$166.5 million and \$326.4 million, respectively, and Economic earnings per share was \$3.06 and \$6.01, respectively. For the three and six months ended June 30, 2015, EBITDA (controlling interest) was \$239.2 million and \$460.1 million, respectively. Economic net income (controlling interest) was \$171.4 million and \$333.5 million, respectively, and Economic earnings per share was \$3.08 and \$5.99, respectively. EBITDA (controlling interest) and Economic net income (controlling interest), including Economic earnings per share, are non-GAAP performance measures and are discussed in “Supplemental Performance Measures.”

For the twelve months ended June 30, 2016, our assets under management increased 1% to \$647.6 billion. The increase was primarily the result of \$32.6 billion from investments in new Affiliates, partially offset by a \$10.1 billion decrease from changes in markets, a \$9.9 billion decrease from changes in foreign exchange rates and a \$6.6 billion decrease from net client cash flows.

The table below summarizes our financial highlights:

<i>(in millions, except as noted and per share data)</i>	As of and for the Three Months Ended June 30,			As of and for the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Assets under management <i>(at period end, in billions)</i>	\$ 642.7	\$ 647.6	1%	\$ 642.7	\$ 647.6	1 %
Average assets under management <i>(in billions)</i>	646.9	646.3	(0)%	635.2	636.4	0 %
Revenue	646.6	554.1	(14)%	1,281.6	1,099.5	(14)%
Income from equity method investments	60.1	65.2	8%	113.2	133.2	18 %
Net income (controlling interest)	128.7	107.4	(17)%	256.7	212.0	(17)%
Earnings per share (diluted)	2.31	1.97	(15)%	4.58	3.89	(15)%
EBITDA (controlling interest) <sup>(1)</sup>	239.2	220.3	(8)%	460.1	436.1	(5)%
Economic net income (controlling interest) <sup>(1)</sup>	171.4	166.5	(3)%	333.5	326.4	(2)%
Economic earnings per share <sup>(1)</sup>	3.08	3.06	(1)%	5.99	6.01	0 %

<sup>(1)</sup> EBITDA (controlling interest) and Economic net income (controlling interest), including Economic earnings per share, are non-GAAP performance measures and are discussed in “Supplemental Performance Measures.”

We continue to see positive net client cash flows in alternative strategies, as we believe investors are seeking returns that are less correlated to traditional equity and fixed income markets. We expect client demand for alternative strategies to continue, and believe we are well-positioned to benefit from this trend. Most of our alternative strategies are at our equity method Affiliates.

We believe many boutique investment management firms will continue to seek a permanent partner with global scale and a long track record of success. We are well positioned to execute upon investment opportunities in leading traditional and alternative firms around the world, and believe that the transaction environment remains favorable.

## Supplemental Performance Measures

### EBITDA (controlling interest)

As supplemental information, we provide a non-GAAP measure referred to as EBITDA (controlling interest). EBITDA (controlling interest) represents the controlling interest’s operating performance before our share of interest expense, income taxes, depreciation and amortization. We believe that many investors use this information when comparing the financial performance of companies in the investment management industry. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. This non-GAAP performance measure is provided in addition to, but not as a substitute for, other GAAP measures of financial performance or liquidity, such as Net income (controlling interest).

The following table provides a reconciliation of Net income (controlling interest) to EBITDA (controlling interest):

<i>(in millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Net income (controlling interest)	\$ 128.7	\$ 107.4	\$ 256.7	\$ 212.0
Interest expense	22.5	21.9	44.7	44.0
Imputed interest expense and contingent payment arrangements <sup>(1)</sup>	(13.2)	0.8	(40.4)	(1.1)
Income taxes	69.2	51.2	135.4	105.8
Depreciation and other amortization	2.0	2.0	3.9	4.0
Intangible amortization and impairments <sup>(2)</sup>	30.0	37.0	59.8	71.4
EBITDA (controlling interest)	\$ 239.2	\$ 220.3	\$ 460.1	\$ 436.1

(1) For the three and six months ended June 30, 2015, we adjusted our estimates of contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of \$15.0 million and \$44.7 million, respectively. For the six months ended June 30, 2016, we adjusted our estimates of contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of \$2.8 million, all of which occurred in the three months ended March 31, 2016.

(2) Our reported intangible amortization includes amortization attributable to our non-controlling interests, amounts not added back to Net income (controlling interest) to measure our Economic net income (controlling interest). Further, for our equity method Affiliates, we do not separately report revenue or expenses (including intangible amortization) in our Consolidated Statements of Income. Our share of these Affiliates' amortization is reported in Income from equity method investments.

The following table summarizes the Intangible amortization and impairments shown above:

<i>(in millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
Reported Intangible amortization and impairments	\$ 28.1	\$ 28.6	\$ 55.9	\$ 55.3
Intangible amortization (non-controlling interests)	(6.8)	(6.4)	(13.6)	(12.9)
Equity method intangible amortization	8.7	14.8	17.5	29.0
Total	\$ 30.0	\$ 37.0	\$ 59.8	\$ 71.4

#### Economic Net Income (controlling interest)

As supplemental information, we also provide non-GAAP performance measures that we refer to as Economic net income (controlling interest) and Economic earnings per share. We consider Economic net income (controlling interest) an important measure of our financial performance, as we believe it best represents our operating performance before our share of non-cash expenses relating to our acquisition of interests in our Affiliates. Economic net income (controlling interest) and Economic earnings per share are used by our management and Board of Directors as our principal performance benchmarks, including as one of the measures for aligning executive compensation with stockholder value. These measures are provided in addition to, but not as substitutes for, other GAAP measures of financial performance or liquidity, such as Net income (controlling interest) and Earnings per share (diluted).

Under our Economic net income (controlling interest) definition, we add to Net income (controlling interest) our share of pre-tax intangible amortization and impairments (including the portion attributable to equity investments in Affiliates), deferred taxes related to intangible assets, and other economic items, which include non-cash imputed interest (principally related to the accounting for convertible securities and contingent payment arrangements) and certain Affiliate equity expenses. We add back intangible amortization and impairments attributable to acquired client relationships because these expenses do not correspond to the changes in value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) is added back because we believe it is unlikely these accruals will be used to settle material tax obligations. We add back non-cash imputed interest expenses and reductions or increases in contingent payment arrangements because it better reflects our contractual interest obligations. We add back non-cash expenses relating to certain transfers of equity between Affiliate partners when these transfers have no dilutive effect to shareholders.

Economic earnings per share represents Economic net income (controlling interest) divided by the average shares outstanding (adjusted diluted). In this calculation, the potential share issuance in connection with our convertible securities is measured using a "treasury stock" method. Under this method, only the net number of shares of common stock equal to the

value of these securities in excess of par, if any, is deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion.

The following table provides a reconciliation of Net income (controlling interest) to Economic net income (controlling interest):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2016	2015	2016
<i>(in millions, except per share data)</i>				
Net income (controlling interest)	\$ 128.7	\$ 107.4	\$ 256.7	\$ 212.0
Intangible amortization and impairments <sup>(1)</sup>	30.0	37.0	59.8	71.4
Intangible-related deferred taxes	20.7	21.3	41.1	43.4
Other economic items <sup>(2)(3)</sup>	(8.0)	0.8	(24.1)	(0.4)
Economic net income (controlling interest)	\$ 171.4	\$ 166.5	\$ 333.5	\$ 326.4
Average shares outstanding (diluted)	57.5	56.5	57.7	56.5
Assumed issuance of junior convertible securities shares	(2.2)	(2.2)	(2.2)	(2.2)
Dilutive impact of junior convertible securities shares	0.3	—	0.2	—
Average shares outstanding (adjusted diluted)	55.6	54.3	55.7	54.3
Economic earnings per share	\$ 3.08	\$ 3.06	\$ 5.99	\$ 6.01

<sup>(1)</sup> See note (2) to the table in “EBITDA (controlling interest).”

<sup>(2)</sup> For the three months ended June 30, 2015 and 2016, Other economic items were net of income taxes of \$4.9 million and \$0.4 million, respectively. For the six months ended June 30, 2015 and 2016, Other economic items were net of income taxes of \$14.7 million and \$0.2 million, respectively.

<sup>(3)</sup> For the three and six months ended June 30, 2015, we adjusted our estimates of contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of \$15.0 million and \$44.7 million, respectively. For the six months ended June 30, 2016, we adjusted our estimates of contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of \$2.8 million, all of which occurred in the three months ended March 31, 2016. These amounts are included in Imputed interest expense and contingent payment arrangements in the Consolidated Statements of Income.

#### Assets under Management

The following tables present changes in our reported assets under management by distribution channel:

##### Statement of Changes-Quarter to Date

<i>(in billions)</i>	Institutional	Mutual Fund	High Net Worth	Total
March 31, 2016	\$ 369.5	\$ 181.7	\$ 90.8	\$ 642.0
Client cash inflows and commitments	8.8	13.3	4.5	26.6
Client cash outflows and realizations	(11.7)	(11.5)	(2.8)	(26.0)
Net client cash flows	(2.9)	1.8	1.7	0.6
Market changes	3.7	3.8	0.9	8.4
Foreign exchange <sup>(1)</sup>	(0.6)	(2.8)	0.1	(3.3)
Other	(0.1)	—	—	(0.1)
June 30, 2016	\$ 369.6	\$ 184.5	\$ 93.5	\$ 647.6

##### Statement of Changes-Year to Date

<i>(in billions)</i>	<b>Institutional</b>	<b>Mutual Fund</b>	<b>High Net Worth</b>	<b>Total</b>
December 31, 2015	\$ 347.5	\$ 175.8	\$ 88.0	\$ 611.3
Client cash inflows and commitments	19.2	30.1	9.2	58.5
Client cash outflows and realizations	(21.8)	(24.9)	(6.1)	(52.8)
Net client cash flows	(2.6)	5.2	3.1	5.7
New Investments	16.0	0.3	0.9	17.2
Market changes	7.9	6.6	1.0	15.5
Foreign exchange	0.9	(3.4)	0.6	(1.9)
Other	(0.1)	—	(0.1)	(0.2)
June 30, 2016	<u>\$ 369.6</u>	<u>\$ 184.5</u>	<u>\$ 93.5</u>	<u>\$ 647.6</u>

<sup>(1)</sup> Foreign exchange reflects the impact of translating non-U.S. dollar denominated assets under management into U.S. dollars for reporting purposes.

The following table presents changes in our average assets under management, Net income (controlling interest) and EBITDA (controlling interest) by distribution channel:

<i>(in millions, except as noted)</i>	<b>For the Three Months Ended June 30,</b>			<b>For the Six Months Ended June 30,</b>		
	<b>2015</b>	<b>2016</b>	<b>% Change</b>	<b>2015</b>	<b>2016</b>	<b>% Change</b>
<b>Average Assets under Management (in billions)</b>						
<b>Including equity method Affiliates</b>						
Institutional	\$ 366.2	\$ 370.7	1%	\$ 360.5	\$ 366.8	2%
Mutual Fund	195.7	183.8	(6)%	193.2	178.3	(8)%
High Net Worth	85.0	91.8	8%	81.5	91.3	12%
Total	<u>\$ 646.9</u>	<u>\$ 646.3</u>	(0)%	<u>\$ 635.2</u>	<u>\$ 636.4</u>	0%
<b>Net income (controlling interest)</b>						
Institutional	\$ 59.6	\$ 51.1	(14)%	\$ 108.3	\$ 111.0	2%
Mutual Fund	56.1	44.8	(20)%	123.8	78.1	(37)%
High Net Worth	13.0	11.5	(12)%	24.6	22.9	(7)%
Total	<u>\$ 128.7</u>	<u>\$ 107.4</u>	(17)%	<u>\$ 256.7</u>	<u>\$ 212.0</u>	(17)%
<b>EBITDA (controlling interest)<sup>(1)</sup></b>						
Institutional	\$ 122.0	\$ 114.3	(6)%	\$ 230.8	\$ 231.6	0%
Mutual Fund	92.4	81.5	(12)%	182.5	157.0	(14)%
High Net Worth	24.8	24.5	(1)%	46.8	47.5	1%
Total	<u>\$ 239.2</u>	<u>\$ 220.3</u>	(8)%	<u>\$ 460.1</u>	<u>\$ 436.1</u>	(5)%

<sup>(1)</sup> EBITDA (controlling interest) is a non-GAAP performance measure and is discussed in “Supplemental Performance Measures.”

## Results of Operations

The contractual structures of our investments vary from Affiliate to Affiliate, reflecting our tailored partnership approach. When we own a majority of the equity interests of an Affiliate, we consolidate the Affiliate’s financial results in our revenue, operating expenses and other non-operating income and expenses, and primarily use structured partnership interests in which we share in the Affiliate’s revenue without regard to expenses. When we own a minority interest, we use the equity method of accounting and our share of the Affiliate’s financial results is reported (net of intangible amortization) in Income from equity method investments. For these equity method Affiliates, we either share in the Affiliate’s revenue without regard to expenses or share in the Affiliate’s revenue less certain agreed-upon expenses. Additional investments in existing or new Affiliates will

generally impact our financial results in the year of investment and, depending upon the timing, in the following year when the full-year financial results of the Affiliate investment are reflected in our financial statements.

### Revenue

We derive most of our revenue from asset-based and performance fees from investment management services. Asset-based fees are typically determined as a percentage fee charged on the value of a client's assets under management. Performance fees are billed based upon investment performance, typically on an absolute basis or relative to a benchmark.

Performance fees are typically billed less frequently than asset-based fees and, although performance fees inherently depend on investment performance and will vary from period to period, we anticipate performance fees will be a recurring component of our revenue.

Our revenue is generally determined by the level of our average assets under management and the composition of our assets across our distribution channels and active return-oriented strategies within our distribution channels, which realize different fee rates. Our ratio of asset-based fees to average assets under management ("ratio of average fee rates") is calculated as asset-based fees divided by average assets under management and may change as a result of new investments, client cash flows, market changes, foreign exchange rate changes, or changes in contractual fees. Therefore, changes in this ratio should not necessarily be viewed as an indicator of changes in contractual fee rates billed by our Affiliates to their clients.

Average assets under management reflect the particular billing patterns of products and client accounts. Therefore, we believe average assets under management more closely correlates to the billing cycle of each distribution channel and, as such, provides a more meaningful relationship to revenue. In the Mutual Fund distribution channel, average assets under management generally represent an average of the daily net assets under management. For the Institutional and High Net Worth distribution channels, an account that bills in advance is included in the calculation of average assets under management on the basis of beginning of period assets under management, while an account that bills in arrears is reflected on the basis of end of period assets under management. Assets under management attributable to investments in new Affiliates are generally included on a weighted average basis for the period from the closing date of the respective new investment.

The following tables summarize our consolidated Affiliates' average assets under management and revenue in total and by distribution channel. These amounts do not include average assets under management at equity method Affiliates, which are summarized separately in "Income from equity method investments":

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	\$ 414.6	\$ 373.5	(10)%	\$ 409.9	\$ 368.7	(10)%
Revenue (in millions)	\$ 646.6	\$ 554.1	(14)%	\$ 1,281.6	\$ 1,099.5	(14)%

Our revenue decreased \$92.5 million or 14% in the three months ended June 30, 2016. This decrease was due primarily to a 12% decline in average assets under management at existing Affiliates, which reduced asset-based fees \$72.4 million or 11%, and a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees \$26.8 million. These decreases were partially offset by increases in revenue from our 2015 investments in new Affiliates of \$4.2 million and performance and other fees at existing Affiliates of \$2.5 million, or in the aggregate 1%. The decline in average assets under management at existing Affiliates was primarily the result of decreases in market changes and foreign exchange as well as net client cash outflows. The decline in our ratio of average fee rates was due to changes in the composition of our assets under management across our distribution channels, primarily from decreases in assets under management in the Mutual Fund and Institutional distribution channels, which realize comparatively higher fee rates, partially offset by increases in assets under management in the High Net Worth distribution channel, which realize comparatively lower fee rates.

Our revenue decreased \$182.1 million or 14% in the six months ended June 30, 2016. This decrease was due primarily to a 13% decline in average assets under management at existing Affiliates, which reduced asset-based fees \$156.7 million or 12%, and a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees \$41.7 million or 3%. These decreases were partially offset by increases in revenue from our 2015 investments in new Affiliates of \$11.9 million and performance and other fees at existing Affiliates of \$4.4 million, or in aggregate 1%. The decline in average assets under management and our ratio of average fee rates was due to the previously discussed changes for the three months ended June 30, 2016.

The following discusses the changes in our revenue by distribution channel.

### *Institutional Distribution Channel*

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	\$ 195.8	\$ 174.6	(11)%	\$ 194.6	\$ 172.4	(11)%
Revenue (in millions)	\$ 255.4	\$ 220.1	(14)%	\$ 508.3	\$ 447.4	(12)%

Our revenue in the Institutional distribution channel decreased \$35.3 million or 14% in the three months ended June 30, 2016. This decrease was due primarily to a 12% decrease in average assets under management at existing Affiliates, which reduced asset-based fees \$28.8 million or 11%, and a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees \$5.9 million or 2%. The decrease was also the result of a decrease in performance and other fees at existing Affiliates of \$1.6 million or 1%. These decreases were partially offset by an increase in fees from our 2015 investments in new Affiliates of \$1.0 million. The decline in average assets under management at existing Affiliates was primarily the result of decreases in market changes and foreign exchange as well as net client cash outflows. The decline in our ratio of average fee rates was due to changes in the composition of our assets under management within the distribution channel, primarily from decreases in assets under management in products which realize comparatively higher fee rates, partially offset by increases in assets under management in products which realize comparatively lower fee rates.

Our revenue in the Institutional distribution channel decreased \$60.9 million or 12% in the six months ended June 30, 2016. This decrease was due primarily to a 12% decrease in average assets under management at existing Affiliates, which reduced asset-based fees \$61.2 million or 12%, and a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees \$4.6 million or 1%. These decreases were partially offset by an increase in performance and other fees at existing Affiliates of \$2.9 million and an increase in fees from our 2015 investments in new Affiliates of \$2.0 million or in the aggregate 1%. The decline in average assets under management and our ratio of average fee rates was due to the previously discussed changes for the three months ended June 30, 2016.

### *Mutual Fund Distribution Channel*

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	\$ 150.8	\$ 124.5	(17)%	\$ 150.5	\$ 122.3	(19)%
Revenue (in millions)	\$ 323.0	\$ 264.9	(18)%	\$ 641.3	\$ 515.2	(20)%

Our revenue in the Mutual Fund distribution channel decreased \$58.1 million or 18% in the three months ended June 30, 2016. This decrease was due primarily to a 17% decrease in average assets under management, which reduced asset-based fees \$54.6 million or 17% and a decline in our ratio of average fee rates, which reduced asset-based fees \$7.3 million or 2%. These decreases were partially offset by an increase in performance and other fees of \$3.8 million or 1%. The decline in average assets under management at existing Affiliates was primarily the result of decreases in market changes and foreign exchange as well as net client cash outflows. The decline in our ratio of average fee rates was due to changes in the composition of our assets under management within the distribution channel, primarily from decreases in assets under management in products which realize comparatively higher fee rates, partially offset by increases in assets under management in products which realize comparatively lower fee rates.

Our revenue in the Mutual Fund distribution channel decreased \$126.1 million or 20% in the six months ended June 30, 2016. This decrease was due primarily to a 19% decrease in average assets under management, which reduced asset-based fees \$116.3 million or 18% and a decline in our ratio of average fee rates, which reduced asset-based fees \$11.1 million or 2%. These decreases were partially offset by an increase in performance and other fees of \$1.3 million. The decline in average assets under management and our ratio of average fee rates was due to the previously discussed changes for the three months ended June 30, 2016.

### *High Net Worth Distribution Channel*

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	\$ 68.0	\$ 74.4	9%	\$ 64.8	\$ 74.0	14%
Revenue (in millions)	\$ 68.2	\$ 69.1	1%	\$ 132.0	\$ 136.9	4%

Our revenue in the High Net Worth distribution channel increased \$0.9 million or 1% in the three months ended June 30, 2016. This increase was primarily the result of an increase in fees from our 2015 investments in new Affiliates of \$3.3 million or 5%. The increase was also the result of a 2% increase in average assets under management at existing Affiliates, which increased asset-based fees \$1.1 million or 2% and an increase in performance and other fees at existing Affiliates of \$0.4 million or 1%. These increases were partially offset by a decrease in asset-based fees of \$3.9 million or 6% due to a decrease in our ratio of average fee rates at existing Affiliates. The decline in our ratio of average fee rates was due to our 2015 investments in new Affiliates, which have comparatively lower fee rates than existing Affiliates.

Our revenue in the High Net Worth distribution channel increased \$4.9 million or 4% in the six months ended June 30, 2016. This increase was primarily the result of an increase in fees from our 2015 investments in new Affiliates of \$9.9 million or 8%. The increase was also the result of a 1% increase in average assets under management at existing Affiliates, which increased asset-based fees \$1.6 million and an increase in performance and other fees at existing Affiliates of \$0.2 million, or in the aggregate 1%. These increases were partially offset by a decrease in assets-based fees of \$6.9 million or 5% due to a decrease in our ratio of average fee rates at existing Affiliates. The decline in our ratio of average fee rates was due to the previously discussed changes for the three months ended June 30, 2016.

### Operating Expenses

The following table summarizes our consolidated operating expenses:

(in millions)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Compensation and related expenses	\$ 292.2	\$ 232.1	(21)%	\$ 544.9	\$ 458.7	(16)%
Selling, general and administrative	114.3	96.6	(15)%	223.0	192.5	(14)%
Intangible amortization and impairments	28.1	28.6	2%	55.9	55.3	(1)%
Depreciation and other amortization	4.6	5.0	9%	9.0	10.0	11%
Other operating expenses	12.2	10.0	(18)%	22.1	22.5	2%
Total operating expenses	\$ 451.4	\$ 372.3	(18)%	\$ 854.9	\$ 739.0	(14)%

A substantial portion of our operating expenses was incurred by our consolidated Affiliates, the substantial majority of which was incurred by Affiliates through which we share in revenue without regard to expenses. For these Affiliates, the Affiliate's Operating Allocation percentage generally determines its operating expenses. Accordingly, our operating expenses are impacted by increases or decreases in each Affiliate's revenue and corresponding increases or decreases in their respective Operating Allocation.

Compensation and related expenses decreased \$60.1 million or 21% in the three months ended June 30, 2016, primarily as a result of decreases in compensation expense associated with Affiliate equity transactions of \$35.3 million and compensation expenses at existing Affiliates of \$27.4 million. These decreases were partially offset by an increase in compensation expense from our 2015 investments in new Affiliates of \$1.9 million. These changes primarily relate to the non-controlling interests.

Compensation and related expenses decreased \$86.2 million or 16% in the six months ended June 30, 2016, primarily as a result of decreases in compensation expenses at existing Affiliates of \$56.5 million and compensation expenses associated with Affiliate equity transactions of \$37.4 million. These decreases were partially offset by an increase in compensation expense from our 2015 investments in new Affiliates of \$5.5 million. These changes primarily relate to the non-controlling interests.

Selling, general and administrative expenses decreased \$17.7 million or 15% in the three months ended June 30, 2016, primarily from a decrease in sub-advisory and distribution expenses of \$16.8 million at Affiliates in the Mutual Fund distribution channel.

Selling, general and administrative expenses decreased \$30.5 million or 14% in the six months ended June 30, 2016, primarily from a decrease in sub-advisory and distribution expenses of \$33.2 million at Affiliates in the Mutual Fund



distribution channel. This decrease was partially offset by an increase in selling, general and administrative expenses from our 2015 investments in new Affiliates of \$1.0 million.

#### Income from Equity Method Investments

When we own a minority interest in an Affiliate, we either share in the Affiliate's revenue without regard to expenses or share in the Affiliate's revenue less certain agreed-upon expenses. When we share in the Affiliate's revenue without regard to expenses, we are allocated a set percentage of revenue, with the remaining revenue available to the Affiliate to fund its operating expenses and distributions to Affiliate management. When we share in the Affiliate's revenue less certain agreed-upon expenses, our distributions are calculated by reference to the Affiliate's revenue net of the agreed-upon categories of expenses.

For our minority investments, we are required to use the equity method of accounting. Under the equity method of accounting, we only recognize our share of the Affiliate's revenue less certain agreed-upon expenses, net of equity method intangible amortization.

Our equity method Affiliates derive most of their revenue from asset-based and performance fees from investment management services. Asset-based fees are typically determined as a percentage fee charged on the value of a client's assets under management. Performance fees are billed based upon investment performance, typically on an absolute basis or relative to a benchmark, primarily on our liquid and illiquid alternative and equity products.

Performance fees are typically billed less frequently than asset-based fees and, although performance fees inherently depend on investment performance and will vary from period to period, we anticipate performance fees will be a recurring component of our Income from equity method investments.

Average assets under management reflect the particular billing patterns of Affiliate products and client accounts. Therefore, we believe average assets under management more closely correlates to product and client account billing cycles and, as such, provides a more meaningful relationship to equity method earnings. Average assets under management at equity method Affiliates are calculated consistent with our average assets under management at consolidated Affiliates. Our equity method Affiliates operate primarily in the Institutional distribution channel.

The following table summarizes our equity method Affiliates' average assets under management, equity method earnings and equity method amortization:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
<b>Average Assets under Management (in billions)</b>	\$ 232.3	\$ 272.8	17%	\$ 225.3	\$ 267.7	19%
<b>Income from equity method investments (in millions)</b>						
Equity method earnings	\$ 68.8	\$ 80.0	16%	\$ 130.7	\$ 162.2	24%
Equity method intangible amortization	8.7	14.8	70%	17.5	29.0	66%
<b>Total</b>	<b>\$ 60.1</b>	<b>\$ 65.2</b>	<b>8%</b>	<b>\$ 113.2</b>	<b>\$ 133.2</b>	<b>18%</b>

Equity method earnings increased \$11.2 million or 16% in the three months ended June 30, 2016, primarily from an increase in earnings from our 2015 and 2016 investments in new Affiliates of \$13.5 million or 20%. This increase was partially offset by a decrease in performance fees at existing Affiliates of \$2.5 million or 4%. Equity method intangible amortization increased \$6.1 million or 70% in the three months ended June 30, 2016, primarily as a result of amortization on our 2015 and 2016 investments in new Affiliates of \$5.7 million, and an increase in amortization for existing affiliates of \$1.2 million, partially offset by a decrease of \$0.8 million due to certain assets being fully amortized.

Equity method earnings increased \$31.5 million or 24% in the six months ended June 30, 2016, primarily from an increase in earnings from our 2015 and 2016 investments in new Affiliates of \$27.0 million or 21% and an increase in asset-based and performance fees at existing Affiliates of \$4.5 million or 3%. Equity method intangible amortization increased \$11.5 million or 66% in the six months ended June 30, 2016, primarily as a result of amortization on our 2015 and 2016 investments in new Affiliates of \$9.7 million, and an increase in amortization for existing affiliates of \$3.3 million, partially offset by a decrease of \$1.5 million due to certain assets being fully amortized.

#### Other Non-Operating (Income) and Expenses



The following table summarizes Other non-operating (income) and expenses:

<i>(in millions)</i>	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Investment and other income	\$ (16.0)	\$ (11.6)	(28)%	\$ (16.7)	\$ (15.6)	(7)%
Interest expense	22.5	21.9	(3)%	44.7	44.0	(2)%
Imputed interest expense and contingent payment arrangements	(13.2)	0.8	106 %	(40.4)	(1.1)	97 %
Income taxes	72.1	53.2	(26)%	141.7	109.7	(23)%

Investment and other income decreased \$4.4 million or 28% in the three months ended June 30, 2016, principally as a result of decreases in the fair value of investments of \$3.8 million and decreases in dividend income of \$1.5 million. These decreases were partially offset by foreign exchange gains of \$0.9 million.

Investment and other income decreased \$1.1 million or 7% in the six months ended June 30, 2016, principally as a result of decreases in dividend income of \$1.5 million. These decreases were partially offset by foreign exchange gains of \$0.7 million.

Imputed interest expense and contingent payment arrangements increased \$14.0 million in the three months ended June 30, 2016. This increase was primarily a result of a \$15.0 million reduction in gains on the revaluation of contingent payment arrangements.

Imputed interest expense and contingent payment arrangements increased \$39.3 million in the six months ended June 30, 2016. This increase was primarily a result of a \$44.7 million reduction in gains on the revaluation of contingent payment arrangements.

Income tax expense decreased \$18.9 million or 26% and \$32.0 million or 23% in the three and six months ended June 30, 2016, respectively, principally from a decrease in Income before income taxes attributable to the controlling interest.

### Net Income

The previously discussed changes in revenue, expenses and Income from equity method investments had the following effect on Net income:

<i>(in millions)</i>	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2016	% Change	2015	2016	% Change
Net income	\$ 189.9	\$ 182.7	(4)%	\$ 410.6	\$ 356.7	(13)%
Net income (non-controlling interests)	61.2	75.3	23 %	153.9	144.7	(6)%
Net income (controlling interest)	128.7	107.4	(17)%	256.7	212.0	(17)%

### **Liquidity and Capital Resources**

During the six months ended June 30, 2016, we met our cash requirements primarily through cash generated by operating activities and net borrowings under our credit facilities. Our principal uses of cash were to make investments in new Affiliates, make distributions to Affiliate equity holders and general working capital purposes.

We expect that our principal uses of cash for the foreseeable future will be for investments in new and existing Affiliates, distributions to Affiliate equity holders, payment of principal and interest on outstanding debt, share repurchases and general working capital purposes. We anticipate that cash flows from operations, together with borrowings under our revolver and proceeds from any forward equity agreements, will be sufficient to support our cash flow needs for the foreseeable future.

Cash and cash equivalents were \$563.8 million and \$360.4 million at December 31, 2015 and June 30, 2016, respectively, including \$98.6 million and \$24.9 million, respectively, in our wholly-owned foreign subsidiaries. If we repatriated foreign cash and cash equivalents from our wholly-owned foreign subsidiaries, we do not anticipate that we would need to accrue or pay any significant U.S. taxes.

The following summarizes our cash flow activities:

<i>(in millions)</i>	For the Six Months Ended June 30,	
	2015	2016
Operating cash flow	\$ 470.5	\$ 341.1
Investing cash flow	(30.3)	(540.0)
Financing cash flow	(501.0)	(14.1)

#### Operating Cash Flow

The decrease in cash flows from operations in the six months ended June 30, 2016 resulted principally from a \$53.9 million decrease in net income, a \$37.6 million decrease in net distributions from equity method investments and a \$42.4 million increase in cash flows for other assets, primarily due to a \$41.8 million increase in purchases of trading securities by consolidated Affiliate sponsored investment products.

#### Investing Cash Flow

Net cash flow used in investing activities increased \$509.7 million in the six months ended June 30, 2016, primarily due to an increase in investments in Affiliates of \$519.4 million.

#### Financing Cash Flow

Net cash flow from financing activities increased \$486.9 million in the six months ended June 30, 2016, due to a \$287.7 million increase in net borrowings of senior debt, a \$281.4 million decrease in repurchases of common stock and a \$41.0 million decrease in distributions to non-controlling interests. These increases in financing cash flows were partially offset by a \$46.6 million decrease in net payments for affiliate equity issuances and repurchases, a \$45.5 million decrease in issuances of common stock, and a \$41.9 million decrease in excess tax benefits from share-based compensation.

The following table summarizes certain key financial data relating to our outstanding indebtedness:

<i>(in millions)</i>	December 31, 2015	June 30, 2016
Senior bank debt	\$ 643.3	\$ 898.4
Senior notes	937.1	938.2
Convertible securities	299.0	300.3

#### Senior Bank Debt

We have a senior unsecured multicurrency revolving credit facility (the “revolver”) and a senior unsecured term loan facility (the “term loan” and, together with the revolver, the “credit facilities”). In June 2016, we amended the revolver to increase commitments from \$1.3 billion to \$1.45 billion, and amended the term loan to increase borrowings from \$350.0 million to \$385.0 million. Subject to certain conditions, we may further increase the commitments under the revolver by up to \$350.0 million and borrow up to an additional \$65.0 million under the term loan. The credit facilities both mature on September 30, 2020.

A portion of the proceeds from the increase in the term loan was used to repay the revolver and for other general corporate purposes.

The credit facilities contain financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on priority indebtedness, asset dispositions and fundamental corporate changes, and certain customary events of default. As of June 30, 2016, we were in compliance with all terms of our credit facilities. As of June 30, 2016, we had approximately \$900 million of remaining capacity under our revolver, and could borrow all such capacity and remain in compliance with our credit facilities.

We are currently rated A3 by Moody’s Investors Service and BBB+ by S&P Global Ratings. A downgrade of our credit rating, including a downgrade to below investment grade, would not trigger a default or have any other significant impact on the terms of our existing credit facilities. A reduction in our credit rating could, however, increase our borrowing costs. Additionally, a downgrade of our credit rating below investment grade and a change in control would require us to make a repurchase offer on certain of our senior notes.

### Forward Equity and Equity Distribution Program

In June 2016, we entered into an agreement to sell approximately 2.9 million shares of our common stock at a price of \$167.25 per share (a “forward equity agreement”). We have the option to cash or net share settle all or a portion of the agreement in one or more transactions over the next twelve months. As of June 30, 2016, no portion of this forward equity agreement had been settled. We expect to settle all or a significant portion of the forward equity agreement by December 31, 2016 and assuming full physical settlement, net proceeds to us would be approximately \$480 million.

Separately, we entered into equity distribution and forward equity agreements with several major securities firms under which we, from time to time, may issue and sell shares (immediately or on a forward basis) having an aggregate sales price of up to \$500.0 million. These agreements replaced our previous forward equity program. As of June 30, 2016, no sales have occurred under these agreements.

### Affiliate Equity

Many of our agreements provide us with a conditional right to call and Affiliate management, other owners and our officers with the conditional right to put their Affiliate equity interests to us at certain intervals. In cases where we own a minority interest in an Affiliate, we do not typically have such put and call arrangements. The purchase price of these conditional purchases is generally calculated based upon a multiple of the Affiliate’s cash flow distributions, which is intended to represent fair value. Affiliate equity holders are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to our approval or other restrictions.

Our current redemption value of \$745.0 million for these interests has been presented as Redeemable non-controlling interests on our Consolidated Balance Sheets. Although the timing and amounts of these purchases are difficult to predict, we repurchased \$37.9 million of Affiliate equity during the six months ended June 30, 2016, and expect to repurchase approximately \$100 million in 2016. In the event of a repurchase, we become the owner of the cash flow associated with the repurchased equity.

### Commitments

We have committed to co-invest in certain investment partnerships. As of June 30, 2016, these unfunded commitments totaled \$87.5 million and may be called in future periods. In connection with a past acquisition agreement, we are contractually entitled to reimbursement from a prior owner of one of the Company’s Affiliates for \$15.3 million of these commitments if they are called.

As of June 30, 2016, we were contingently liable, upon achievement by certain Affiliates of specified financial targets, to make payments through 2019 of up to \$84.9 million associated with our consolidated Affiliates and \$316.5 million associated with our equity method Affiliates. We expect to make payments of \$10.3 million (none in 2016) of the \$84.9 million related to our consolidated Affiliates and no payments in 2016 related to our equity method Affiliates.

Affiliate equity interests provide holders with a conditional right to put their interests to us over time. In addition, in connection with an investment in an Affiliate accounted for under the equity method, we entered into an arrangement with a minority owner of the Affiliate that gives such owner the right to sell a portion of its ownership interest in the Affiliate to us annually beginning in 2018. The purchase price of these conditional purchases will be at fair market value on the date of the transaction.

### Share Repurchases

Our Board of Directors has periodically authorized share repurchase programs, most recently in May 2015. In the six months ended June 30, 2016, we repurchased 0.2 million shares at an average price per share of \$161.16, all of which occurred in the first three months of the period. As of June 30, 2016, 2.1 million shares remained available for repurchase under the May 2015 program, which does not expire.

### **Contractual Obligations**

The following table summarizes our contractual obligations as of June 30, 2016. Contractual debt obligations include the cash payment of fixed interest.

(in millions)	Total	Payments Due			
		Remainder of 2016	2017-2018	2019-2020	Thereafter
<b>Contractual Obligations<sup>(1)</sup></b>					
Senior bank debt	\$ 900.0	\$ —	\$ —	\$ 900.0	\$ —
Senior notes	1,537.0	21.0	84.0	84.0	1,348.0
Junior convertible securities	907.9	11.1	44.4	44.4	808.0
Leases <sup>(2)</sup>	232.3	18.8	69.2	59.2	85.1
Affiliate equity	27.0	26.6	0.4	—	—
Total contractual obligations	\$ 3,604.2	\$ 77.5	\$ 198.0	\$ 1,087.6	\$ 2,241.1
<b>Contingent Obligations</b>					
Contingent payment obligations <sup>(3)</sup>	\$ 10.3	\$ —	\$ 8.6	\$ 1.7	\$ —

(1) This table does not include liabilities for commitments to co-invest in certain investment partnerships or uncertain tax positions of \$87.5 million and \$26.6 million, respectively, as we cannot predict when such obligations will be paid.

(2) The controlling interest portion is \$6.0 million through 2016, \$22.0 million in 2017-2018, \$20.5 million in 2019-2020 and \$22.3 million thereafter.

(3) The contingent payment obligations disclosed in the table represent our expected settlement amounts. The maximum settlement amount through 2016 is \$99.2 million, \$290.5 million in 2017-2018 and \$11.7 million in 2019-2020 and none thereafter.

### Recent Accounting Developments

See Note 2 of the Consolidated Financial Statements.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes to our Quantitative and Qualitative Disclosures About Market Risk in the three months ended June 30, 2016, except as noted below. Please refer to Item 7A in our 2015 Annual Report on Form 10-K.

#### Foreign Currency Exchange Risk

To illustrate the effect of possible changes in currency exchange rates, as of June 30, 2016, a 1% change in the pound sterling and Canadian dollar to U.S. dollar exchange rates would have resulted in changes to stockholders' equity of approximately \$3.8 million and \$2.1 million, respectively, and changes to income before income taxes of \$0.8 million and \$0.3 million, respectively.

### Item 4. Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures during the quarter covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the quarter covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective in ensuring that (i) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Our disclosure controls and procedures were designed to provide reasonable assurance of achieving their stated objectives, and our principal executive officer and principal financial officers concluded that our disclosure controls and procedures were effective at the reasonable assurance level. We review on an ongoing basis and document our disclosure controls and procedures, and our

internal control over financial reporting, and we may from time to time make changes in an effort to enhance their effectiveness and ensure that our systems evolve with our business.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

- (a) None.
- (b) None.
- (c) None.

**Item 6. Exhibits**

The exhibits are listed on the Exhibit Index and are included elsewhere in this Quarterly Report on Form 10-Q.

**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, thereunto duly authorized.

August 5, 2016

AFFILIATED MANAGERS GROUP, INC.  
(Registrant)

/s/ JAY C. HORGEN

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Jay C. Horgen  
*on behalf of the Registrant as Chief Financial Officer and Treasurer  
(and also as Principal Financial and Principal Accounting Officer)*

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
10.1	Form of Restricted Stock Unit Award Agreement pursuant to Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan.
10.2	Form of Stock Option Agreement pursuant to Affiliated Managers Group, Inc. Stock Option and Incentive Plan.
10.3	Commitment Increase Agreement, dated as of June 3, 2016, among Affiliated Managers Group, Inc., Bank of America, N.A., and certain lenders party thereto (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed June 6, 2016).
10.4	Commitment Increase and Joinder Agreement, dated as of June 3, 2016, among Affiliated Managers Group, Inc., Bank of America, N.A., and certain lenders party thereto (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed June 6, 2016).
10.5	Form of Equity Distribution Agreement, dated as of June 6, 2016 (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed June 6, 2016).
10.6	Form of Confirmation Letter Agreement, dated as of June 6, 2016 (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed June 6, 2016).
10.7	Confirmation Letter Agreement, dated as of June 6, 2016 (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed June 8, 2016).
31.1	Certification of Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Registrant's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Registrant's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 are filed herewith, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the three- and six-month periods ended June 30, 2016 and 2015, (ii) the Consolidated Balance Sheets at June 30, 2016 and December 31, 2015, (iii) the Consolidated Statements of Equity for the six-month periods ended June 30, 2016 and 2015, (iv) the Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2016 and 2015, and (v) the Notes to the Consolidated Financial Statements.



[PART I—FINANCIAL INFORMATION](#)

[Item 1. Financial Statements](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENTS OF INCOME \(in millions, except per share data\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED BALANCE SHEETS \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS \(in millions\) \(unaudited\)](#)

[AFFILIATED MANAGERS GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 3. Quantitative and Qualitative Disclosures About Market Risk](#)

[Item 4. Controls and Procedures](#)

[PART II—OTHER INFORMATION](#)

[Item 2. Unregistered Sales of Equity Securities and Use of Proceeds](#)

[Item 6. Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

**FORM OF  
RESTRICTED STOCK UNIT AWARD AGREEMENT  
PURSUANT TO AFFILIATED MANAGERS GROUP, INC.  
2013 INCENTIVE STOCK AWARD PLAN**

Pursuant to the Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan, as amended and/or restated from time to time (the “Plan”), and subject to the terms of this agreement (the “Agreement”), Affiliated Managers Group, Inc. (the “Company”) hereby grants to the grantee named on Exhibit A hereto (the “Grantee”) an Award (the “Award”) of restricted stock units (each a “Unit,” and together, the “Units”), consisting of the right to receive a distribution of the number of shares of common stock, par value \$0.01 per share, of the Company (the “Shares”) specified on Exhibit A, to be issued and distributed to the Grantee according to the terms set forth herein and in the Plan, and the vesting schedule and performance requirements (if any) set forth herein.

1. Vesting and Performance Measure.

(a) Vesting. Subject to the discretion of the Administrator to accelerate the vesting schedule, the Units shall vest in the amounts and on the dates indicated on Exhibit A; provided that, Grantee’s Employment is through the applicable vesting date set forth on Exhibit A. In addition, if this Award is subject to a Performance Measure (but not otherwise), Section 1(b) shall apply. For the avoidance of doubt, the vesting of the Award may be accelerated automatically in certain circumstances described herein.

(b) Performance Measure. The Units, if subject to a Performance Measure (as defined herein), shall be eligible to vest in accordance with Section 1(a) only if the Compensation Committee has certified the attainment of the Performance Measure with respect to all or any portion thereof; it being understood that if vesting of the Units is accelerated pursuant to Sections 1(c)(y) or 3(a)(ii) hereof, such vested Units shall remain subject to the attainment of the Performance Measure and no Shares shall be issued and distributed in respect of such Units unless and until the Compensation Committee has certified that the Performance Measure has been attained. If such Performance Measure remains in effect and the Compensation Committee certifies that it has *not* been attained with respect to all or any portion of the Units (including any Units that have vested pursuant to Sections 1(c)(y) or 3(a)(ii) hereof), this Award shall terminate immediately and be of no further force or effect with respect to all of the Units or such portion thereof, as applicable.

(c) Change of Control. Notwithstanding anything to the contrary herein or in the Plan, in the event of termination of Grantee’s Employment (i) by the Company without Cause or (ii) by the Grantee for Good Reason, in either case occurring within the two-year period following a Change of Control, the Units subject to this Award shall automatically fully vest at the time of such termination; provided that, if subject to a Performance Measure, the Units subject to this Award shall only vest pursuant to this Section 1(c) if (x) the Compensation Committee has certified that the Performance Measure has been attained on or before the date of termination, and in such case shall vest at the time of such termination in the amount indicated on Exhibit A, or (y) the attainment of the Performance Measure is not yet determinable as of such date, and in such case shall fully vest at the time of such termination but the vested Units shall remain subject to the attainment of the Performance Measure and no Shares shall be issued and distributed unless and until the Compensation Committee has certified that the Performance Measure has been attained (and shall be issued and distributed at the time of such certification (if any) in the amount indicated on Exhibit A). (For the avoidance of doubt, *if* the Units subject to this Award (including any Units that vested pursuant to sub-clause (y) above) are subject to a Performance Measure that the Compensation Committee has certified has *not* been attained with respect to all or any portion thereof, this Award shall terminate with respect to all of the Units or such portion thereof, as applicable, in accordance with Section 1(b) hereof.)

2. Definitions. Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the Plan, as applicable and as may be amended from time to time. For purposes of this Agreement, as applicable, the following terms shall have the following meanings:

- (a) “*Administrator*” shall be defined as the Compensation Committee and, as applicable, any permitted delegate thereof.
- (b) “*Cause*” means any of the following:

- (i) the Grantee's engagement in any criminal act which is or involves a serious felony offense, a violation of federal or state securities laws (or equivalent laws of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, or theft or any other crime involving dishonesty;
- (ii) the Grantee's willful or grossly negligent failure to perform duties owed to the Company or an Affiliate;
- (iii) the Grantee's willful violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its subsidiaries or Affiliates is a member; or
- (iv) the Grantee's willful violation of any Company policy or any applicable policy of any of its subsidiaries or Affiliates concerning confidential or proprietary information, or material violation of any other Company or applicable subsidiary or Affiliate policy or written agreement as in effect from time to time.

The determination as to whether "Cause" has occurred shall be made by the Administrator. The Administrator shall also have the authority to waive the consequences under the Plan of the existence or occurrence of any of the events, acts or omissions constituting "Cause". If, subsequent to the Grantee's termination of Employment for other than Cause, it is determined that the Grantee's Employment could have been terminated for Cause, the Grantee's Employment shall be deemed to have been terminated for Cause retroactively to the date the events giving rise to such Cause occurred. Notwithstanding the foregoing, if Grantee is party to an employment, severance-benefit, change of control or similar agreement with the Company that contains a definition of "Cause" (or a correlative term), such definition will apply (in the case of such Grantee for purposes of this Agreement) in lieu of the definition set forth above during the term of such agreement.

(c) "Client" shall mean all Past Clients, Present Clients and Potential Clients, subject to the following general rules:

(i) with respect to each Client, the term "Client" shall also include any Persons who are Affiliates of such Client and, to the extent known by the Grantee to have such connection with such Client (and the Grantee shall be deemed to have such knowledge if the Grantee would reasonably have been expected to have such knowledge in the ordinary course of the Grantee's duties while the Grantee was employed by the Company and its subsidiaries and Affiliates), directors, officers or employees of such Client or any such subsidiaries or Affiliates thereof, or Persons who are members of the immediate family of such Client or any of the other foregoing Persons or Affiliates of any of them;

(ii) with respect to any Present Client or Past Client (as applicable) that is a Fund, the term "Client" shall also include (x) the sponsor of such Client, and any other Fund sponsored by such Person or its Affiliates, and (y) any investor in such Client (provided that, except to the extent the Grantee had knowledge of the identity of an investor therein while the Grantee was employed by the Company and its subsidiaries and Affiliates (and the Grantee shall be deemed to have had such knowledge if the Grantee would reasonably have been expected to have had such knowledge in the ordinary course of the Grantee's duties while the Grantee was employed by the Company and its subsidiaries and Affiliates), in the case of any Fund, an investor therein shall not be deemed a Present Client or Past Client (as applicable) hereunder);

(iii) with respect to any Client that is a trust or similar entity, the term "Client" shall include the settlor and, to the extent such beneficiary is known to the Grantee to be such a beneficiary (and the Grantee shall be deemed to have had such knowledge if the Grantee would reasonably have been expected to have had such knowledge in the ordinary course of the Grantee's duties while the Grantee was employed by the Company and its subsidiaries and Affiliates), any Person who is a beneficiary of such Client and the Affiliates and immediate family members of any such Persons;

(iv) with respect to so-called "wrap programs," "SMA programs" or similar programs, the term "Client" shall include (x) the sponsor of such program, and (y) the underlying participants in such program (provided that, except to the extent the Grantee had knowledge of the identity of a participant therein while the Grantee was employed by the Company and its subsidiaries and Affiliates (and the Grantee shall be deemed to have had such knowledge if the Grantee would reasonably have been expected to have had such knowledge in the ordinary course of the Grantee's duties while the Grantee was employed by the Company and its subsidiaries and Affiliates), a participant therein shall not be deemed a Present Client or Past Client (as applicable) hereunder); and

(v) with respect to each Client, the term "Client" shall also include any Persons who (x) in U.S. retail markets, serve as intermediaries, including, but not limited to, broker-dealers and financial advisers, and, (y) in

all other markets, serve as an intermediary with discretion as to whether or not to make Affiliate products available to their underlying clients.

(d) “*Fund*” shall mean any collective investment vehicle (whether open-ended or closed-ended), including, without limitation, an investment company (whether or not registered under the Investment Company Act of 1940, as amended), a general or limited partnership, a trust or a commingled fund, in any such case organized (or otherwise formed) in any jurisdiction.

(e) “*Good Reason*” shall mean any of the following events or conditions occurring without the Grantee’s express written consent, provided that the Grantee shall have given notice of such event or condition within 90 days of the initial existence of such event or condition and the Company shall not have remedied such event or condition within 30 days after receipt of such notice:

(i) a materially adverse alteration in the nature or status of the Grantee’s duties or responsibilities;

(ii) a material reduction in the Grantee’s annual base salary or any target bonus, other than an across-the-board reduction that applies to the Grantee and similarly-situated employees; or

(iii) a change of 50 miles or more in the Grantee’s principal place of Employment, except for required travel on business to an extent substantially consistent with the Grantee’s business travel obligations.

Notwithstanding the foregoing, if the Grantee is party to an employment, severance-benefit, change of control or similar agreement with the Company or any subsidiary thereof that contains a definition of “*Good Reason*” (or a correlative term), such definition will apply (in the case of the Grantee for purposes of this Agreement) in lieu of the definition set forth above during the term of such agreement.

(f) “*Investment Management Services*” shall mean any services which involve: (i) the management of an investment account or Fund (or portions thereof or a group of investment accounts or Funds); (ii) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds); or (iii) otherwise acting as an “investment adviser” within the meaning of the Investment Advisers Act of 1940, as amended, including, without limitation, in each of the foregoing cases, performing activities related or incidental thereto.

(g) “*Past Client*” shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who at any point prior to such time of determination had been, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts (or acted) as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of, or otherwise a recipient of Investment Management Services from, (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any of its subsidiaries or Affiliates, but at such time is not an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Grantee or his department had material, direct interaction with and/or with respect to which Grantee had access to proprietary or confidential information; provided, however, that, from and after the termination of Grantee’s Employment, the term “*Past Client*” shall thereafter be limited (solely with respect to the Grantee) to those Past Clients who were (directly or indirectly) advisees or investment advisory customers or clients of, or recipients of Investment Management Services from, the Company or any subsidiary or Affiliate thereof, or any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, at any time during the two (2) years immediately preceding the date of such termination.

(h) “*Performance Measure*” (a Performance Criteria under the Plan) shall mean the target for the Performance Period (each as set forth on Exhibit A, as applicable), as established by the Compensation Committee.

(i) “*Person*” shall mean any individual, partnership (limited or general), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or other entity.

(j) “*Potential Client*” shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) to whom (x) the Company or any subsidiary or Affiliate thereof, and/or (y)

any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, acting on behalf of the Company or any subsidiary or Affiliate thereof in any such case has within one (1) year prior to such time of determination offered (whether by means of a personal meeting, telephone call, letter, written proposal or otherwise) to serve as investment adviser or otherwise provide Investment Management Services, but who is not at such time an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Grantee or his department had material, direct interaction with and/or with respect to which Grantee had access to proprietary or confidential information; provided, however, that, from and after the termination of Grantee's Employment, the term "Potential Client" shall thereafter be limited (solely with respect to the Grantee) to those Potential Clients to whom such an offer to provide Investment Management Services was made at any time during the one (1) year immediately preceding the date of such termination. The preceding sentence is meant to exclude advertising, if any, through mass media in which the offer, if any, is available to the general public, such as magazines, newspapers and sponsorships of public events.

(k) "*Present Client*" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who is at such time of determination, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor, or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) (x) the Company or any subsidiary or Affiliate thereof and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any subsidiary or Affiliate thereof, and (ii) with which Grantee or his department had material, direct interaction with and/or with respect to which Grantee had access to proprietary or confidential information.

3. Termination of Service. If the Grantee's Employment terminates, this Award may be subject to earlier termination or accelerated vesting as set forth below.

(a) Termination by Reason of Death or Disability. If the Grantee's Employment terminates by reason of death or disability, the Units subject to this Award shall automatically fully vest at the time of such termination; provided that, if subject to a Performance Measure, the Units subject to this Award shall only vest pursuant to this Section 3(a) if (i) the Compensation Committee has certified that the Performance Measure has been attained on or before the date of termination, and in such case shall vest at the time of such termination in the amount indicated on Exhibit A, or (ii) the attainment of the Performance Measure is not yet determinable as of such date, and in such case shall fully vest at the time of such termination but the vested Units shall remain subject to the attainment of the Performance Measure and no Shares shall be issued and distributed unless and until the Compensation Committee has certified that the Performance Measure has been attained (and shall be issued and distributed at the time of such certification (if any) in the amount indicated on Exhibit A). (For the avoidance of doubt, *if* the Units subject to this Award (including any Units that vested pursuant to sub-clause (ii) above) are subject to a Performance Measure that the Compensation Committee has certified has *not* been attained with respect to all or any portion thereof, this Award shall terminate with respect to all of the Units or any portion thereof, as applicable, in accordance with Section 1(b) hereof.)

(b) Other Termination. If the Grantee's Employment terminates for any reason other than death or disability or in connection with a Change of Control described in Section 1(c), this Award shall, to the extent not already vested as described herein, terminate immediately and be of no further force or effect; it being understood that this Award shall remain outstanding following the date of any termination due to death, disability or in connection with a Change of Control described in Section 1(c) with respect to any Units that have vested pursuant to Sections 1(c)(y) or 3(a)(ii) hereof until the Shares to be issued in respect thereof are issued and distributed or the Award is terminated in accordance with Section 1(c) or 3(a), as applicable.

The Administrator's determination of the reason that the Grantee's Employment has terminated shall be conclusive and binding on the Grantee and his or her representatives, legal guardians or legatees.

4. Vesting and Distribution. The Units shall be distributed only in Shares, such that the Grantee shall be entitled to receive one Share for each vested Unit following, if applicable, attainment of the Performance Measure. The Shares shall be issued and distributed to the Grantee pursuant to Section 1 hereof, and the vesting schedule and, if applicable, performance requirements set forth on Exhibit A, with such issuance and distribution of the Shares (whether the Shares are to be held by the Company on the Grantee's behalf pursuant to Section 13(b) hereof or issued directly to the Grantee) to occur, in

all cases, no later than March 15 of the year following the year in which the Units vest, in accordance with the short-term deferral exception under Code Section 409A and the regulations and guidance thereunder.

Any sales of Shares are subject to the Company's insider trading policy, equity ownership guidelines and other Company policies as may be in effect from time to time or otherwise established by the Administrator.

5. Dividends; Other Rights. This Award shall not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company or any subsidiary or Affiliate prior to the dates on which the Company delivers Shares to the Grantee. The Grantee is not entitled to vote any Shares by reason of the granting of this Award or to receive or be credited with any dividends declared and payable on any Share prior to the payment date with respect to such Share. The Grantee shall have no rights as a shareholder with respect to the Units, and shall have the rights of a shareholder only as to those Shares, if any, that are actually delivered under this Award.

6. Noncompetition, Intellectual Property and Confidentiality.

(a) During the term of the Grantee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates and for two (2) years thereafter, the Grantee: (i) will not, directly or indirectly, whether as owner, partner, shareholder, member, consultant, agent, employee, co-venturer or otherwise, engage, participate or invest in any Competing Business (as hereinafter defined) (provided, however, that nothing in this clause (i) shall prohibit the Grantee from acting as an agent for a Competing Business in the course of his or her employment (or other applicable service relationship) for a business which is not a Competing Business); (ii) will not, directly or indirectly, take any action to negotiate or discuss with any person or entity or solicit or entertain from any person or entity, any investment, purchase, proposal, offer or indication of interest regarding (A) any investment in any entity in which the Company or any of its subsidiaries or Affiliates holds any securities or other investment interests or (B) any investment in any other entity with whom the Company or any of its subsidiaries or Affiliates is or was discussing or negotiating any possible investment therein at any time during the one (1) year preceding the termination (if any) of the Grantee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates; and (iii) will refrain from directly or indirectly employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave Employment with the Company and its subsidiaries or Affiliates (other than terminations of Employment of subordinate employees undertaken in the course of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates).

For purposes of this Agreement, the term "Competing Business" shall mean a business or a division of a business, conducted anywhere in the world, which invests in or acquires boutique or specialist investment managers or advisers, or has adopted a strategy or developed a business plan to invest in or acquire multiple boutique or specialist investment managers or advisers. Notwithstanding the foregoing, the Grantee may own up to five percent (5%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with a Competing Business.

(b) In addition to (and not in limitation of) the provisions of Section 6(a) of this Agreement, the Grantee agrees, for the benefit of the Company and its subsidiaries and Affiliates, that the Grantee shall not, during the term of his or her Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates and for one (1) year thereafter, directly or indirectly (whether individually or as owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent, consultant or in any other capacity, on behalf of himself or any other Person (other than the Company or a subsidiary or Affiliate thereof while employed by the Company)):

(i) Provide Investment Management Services to any Person that is a Client (which includes Past Clients, Present Clients, and Potential Clients);

(ii) Solicit or induce (whether directly or indirectly) any Person for the purpose (which need not be the sole or primary purpose) of (A) causing any funds or accounts with respect to which the Company or any of its subsidiaries or Affiliates provides Investment Management Services to be withdrawn from such management or other services, or (B) causing any Client (including any Potential Client) not to engage the Company or any of its subsidiaries or Affiliates to provide Investment Management Services for any additional funds or accounts (or otherwise attempt to cause any of the foregoing to occur);

(iii) Otherwise divert or take away (or seek to divert or take away) any funds or investment accounts with respect to which the Company or any subsidiary or Affiliate thereof provides Investment Management Services; or

(iv) Contact or communicate with, whether directly or indirectly, any Past Clients,



Present Clients or Potential Clients in connection with providing Investment Management Services to such Persons;

provided, however, that this Section 6(b) shall not be applicable to Clients (including Potential Clients) who are also immediate family members of the Grantee.

(c) The Grantee understands that the restrictions set forth in Sections 6(a) and 6(b) of this Agreement are intended to protect the Company's and its subsidiaries' and Affiliates' interest in its confidential information and established employee and client relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose.

(d) The Grantee agrees and acknowledges that any and all presently existing business of the Company and its subsidiaries and Affiliates and all business developed by the Company, any of its subsidiaries or Affiliates, the Grantee and/or any other employee (or other service provider) of the Company and its subsidiaries and Affiliates, including without limitation all client lists, the Company's deal structures (as represented by the transactions it has completed, attempted or actually proposed), compensation records, agreements, and any other incident of any business developed by the Company or carried on by the Company and all trade names, service marks and logos under which the Company, its subsidiaries and its and their Affiliates do business, including without limitation "Affiliated Managers Group" and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Company or such subsidiary or Affiliate, as applicable, for its or their sole use, and (where applicable) amounts received in respect of the foregoing shall be payable directly to the Company or such subsidiary or Affiliate. The Grantee acknowledges that, in the course of performing services for the Company and otherwise, the Grantee will from time to time have access to information concerning the Company's, its subsidiaries' or its Affiliates' current or proposed businesses, technologies, business relationships, clients, personnel, processes, operations, strategies, plans, methods, investment recommendations, investment processes, investment methodologies, products, confidential records, manuals, data, client and contact lists, trade secrets or financial, corporate, marketing or personnel affairs, which the Company or such subsidiary or Affiliate has not released to the general public and all memoranda, notes, papers, items and tangible media related thereto (collectively, "Proprietary Information"). The Grantee agrees that Proprietary Information of the Company or any subsidiary or Affiliate thereof is and will be the exclusive property of the Company or such subsidiary or Affiliate, as the case may be, and further agrees to always keep secret and never (during the term of this Agreement or thereafter) publish, divulge, furnish, use or make accessible to anyone (other than in the regular business of the Company or any subsidiary or Affiliate thereof or otherwise at the Company's request) such Proprietary Information. Anything contained herein to the contrary notwithstanding, this Section 6(d) shall not (i) apply to any knowledge, information or property which (x) is generally known or available to the public or in the public domain, (y) has been previously disclosed or made available to the public, unless the Grantee knows or has reason to know that such disclosure or availability was the direct or indirect result of the violation or breach of a confidentiality or non-disclosure obligation, or (z) is required to be disclosed or delivered by any court, agency or other governmental authority or is otherwise required to be disclosed by law, or (ii) preclude the Grantee from cooperating with any governmental process, or any governmental or law enforcement agency in any investigation, or from making any other protected communications with a governmental agency.

(e) The Grantee will make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets and other works of authorship (collectively, "Developments"), whether or not patentable or copyrightable, that are created, made, conceived or reduced to practice by the Grantee (alone or jointly with others) or under Grantee's direction during Grantee's Employment. The Grantee acknowledges and confirms that the Grantee hereby assigns and transfers, and will assign and transfer, to the Company and its successors and assigns all the Grantee's right, title and interest in all Developments that (i) relate to the business of the Company, any subsidiary or Affiliate or any customer of or supplier to the Company or any of the products or services being researched, developed, manufactured, serviced, licensed or sold by the Company or which may be used with such products or services; or (ii) result from tasks assigned to the Grantee by the Company, a subsidiary or an Affiliate; or (iii) result from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, a subsidiary or an Affiliate ("Company-Related Developments"), and all related patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions ("Intellectual Property Rights").

(f) Upon termination of the Grantee's Employment for any reason, all Proprietary Information in the Grantee's possession or control shall be returned to the Company and remain in its possession. The Grantee will cooperate fully with the Company and its subsidiaries and Affiliates, both during Employment and following termination of Employment for any reason, in order for the Company and its subsidiaries and Affiliates to enforce and protect any of their rights and interests with respect to Proprietary Information, Company-Related Developments, and Intellectual Property Rights in Company-Related Developments, including, without limitation whatsoever, signing all papers, copyright applications, patent

applications, declarations, oaths, assignments of priority rights, and powers of attorney which the Company may deem necessary or desirable in order to protect such rights and interests.

7. Remedies Upon Breach. In the event that the Grantee breaches any of the provisions of Section 6 of this Agreement, including without limitation following the termination of the Grantee's Employment, the entire value of the vested Award (as of the date Grantee's Employment is terminated, whether or not paid, settled or distributed by the Company), shall be paid to or retained by the Company, as applicable, as liquidated damages (the "Liquidated Damages"). The parties agree that in the event of such breach by the Grantee it will be difficult to ascertain with certainty the amount of damages suffered by the Company and its subsidiaries and Affiliates. The amount of the Liquidated Damages represents a reasonable estimate of the damages expected to be suffered by the Company and its subsidiaries and Affiliates as a result of the Grantee's default and, in any such event, in addition to (and not in limitation of) such other remedies as the Company may have against the Grantee, until the Liquidated Damages are recovered in their entirety, (x) the Company shall be entitled to withhold any payments to which the Grantee otherwise would be entitled (whether pursuant to this Agreement or any other agreement, plan or policy, including without limitation distributions hereunder), and (y) the Grantee, at the request of the Company, shall return all or some incentive compensation (which shall include any compensation distributed or awarded to the Grantee other than base compensation); provided that, any amounts so withheld or returned shall be promptly released to the original payee to the extent it is determined (whether by settlement, judgment or arbitral decision) that such amounts are required to be so released, together with interest thereon as may be agreed or determined in connection with such settlement, judgment or decision. The Grantee agrees that the remedies provided in this Section 7 are reasonably related to anticipated losses that the Company and/or any of its subsidiaries or Affiliates would suffer upon a breach of such provisions by the Grantee. The Grantee recognizes and agrees that the Company's remedies at law for any breach, or threatened breach, of the provisions of this Agreement would be inadequate, and that for any breach or threatened breach of such provisions by the Grantee, the Company shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and enforcement of its rights by an action for specific performance to the extent permitted by law (and without having to post bond), and to an award of reasonable attorneys' fees and costs incurred in connection with securing any of its rights hereunder.

8. Notice of Termination.

(a) Grantee's Employment may be terminated at any time by the Company or, if different, any subsidiary or Affiliate of the Company that is the Grantee's employer (the "Grantee's employer"), or by the Grantee; provided that, the Grantee shall be required to provide at least six (6) months advance written notice of such termination. For the avoidance of doubt, for purposes of Section 6 of this Agreement, termination of Employment shall be deemed to occur upon delivery of notice of termination by the Grantee.

(b) Where notice of termination has been delivered by the Grantee, the Company and, if different, the Grantee's employer shall be under no obligation to provide any activities to Grantee to carry out on behalf of the Company or its subsidiaries or Affiliates, and may require him or her (i) not to attend any premises of the Company or any subsidiary or Affiliate thereof, (ii) to resign with immediate effect from any offices he or she holds with the Company or any subsidiary or Affiliate thereof (or any Client thereof), (iii) to refrain from any business contact with any Clients, partners or employees of the Company or any subsidiary or Affiliate thereof, and (iv) to take any leave time he or she has accrued under the policies of the Company or any subsidiary or Affiliate thereof.

(c) Notwithstanding the foregoing, if the Grantee is a party to an employment agreement with the Company or any subsidiary or Affiliate thereof, any terms of such employment agreement shall supersede and apply in precedence to the provisions of clauses (a) and (b) of this Section 8 and clauses (a) and (b) of this Section 8 shall not be taken to amend the related terms of such employment agreement.

(d) In connection with the termination of Grantee's Employment, the Grantee shall reasonably cooperate with the Company and, if different, the Grantee's employer, to prepare a communication plan regarding Grantee's departure, and Grantee shall not make any other public statement regarding his or her departure without the prior written consent of the Company.

9. Nondisparagement. In exchange for the consideration herein, the Grantee agrees that he/she will not make any disparaging, derogatory, damaging, and/or critical statements concerning the Company or any subsidiaries or any of their respective affiliates, partners, officers, directors, employees, services, products and/or activities.

10. Third-Party Agreements and Rights.

(a) The Grantee hereby confirms that he or she is not bound by the terms of any agreement with any



previous employer or other party which restricts in any way the Grantee's use or disclosure of information or the Grantee's engagement in any business. In the Grantee's work for the Company or any of its subsidiaries or Affiliates, the Grantee will not disclose or use any information in violation of any rights of any such previous employer or other party.

(b) The Grantee's employer, if different than the Company, is an intended third-party beneficiary under this Agreement and may enforce the terms of Sections 6, 7, 8, 9, 12 and 13 of this Agreement. This right is subject to (i) the rights of the parties hereto to rescind or vary this Agreement without the consent of any such subsidiary or Affiliate and (ii) the other terms and conditions of this Agreement and the Plan.

11. Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution or as permitted by the Administrator (or its delegee). The Grantee may transfer, without consideration for the transfer, the Award to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee (and, as required by the Administrator, the beneficiaries or members of such transferee) agrees in writing with the Company to be bound by all of the terms and conditions of the Plan and this Agreement.

12. Certain Tax Matters. To the extent permitted by law, the Company, the Grantee's employer or their agents shall have the right to withhold or deduct from any distributions (including any Shares acquired or otherwise deliverable and the payment of dividends with respect to such Shares) or payments to the Grantee the minimum amount of taxes and any social security contributions required to be withheld or deducted by federal, state or local governments. The Grantee expressly acknowledges and agrees that his or her rights hereunder are subject to his or her promptly paying to the Company or the Grantee's employer in cash (or by such other means as may be acceptable to the Company or the Grantee's employer in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Shares or Shares acquired hereunder or by the withholding of amounts from any payment hereunder) the minimum amount of taxes and any social security contributions required to be withheld in connection with such award, vesting or payment. Such payment by the Grantee shall be made no later than the date as of which any Shares or other amounts provided hereunder first become includable in the gross income of the Grantee for U.S. federal income tax purposes or as otherwise required by the Company or the Grantee's employer under applicable law.

13. Miscellaneous.

(a) The Units are subject to adjustment in accordance with the provisions of Section 7 of the Plan.

(b) The Company shall maintain an account on its books in the name of the Grantee which shall reflect the number of Units awarded to the Grantee and the number of Shares the Grantee is eligible to receive thereunder. The Grantee acknowledges and agrees that the Company (i) may hold all vested Units and all Shares issued and distributed in respect thereof pursuant to this Award on behalf of the Grantee, until such time as the Grantee submits a request for delivery, and (ii) will exercise voting rights and take all other corporate actions for any Shares issued pursuant to this Award for such time as such Shares may be held by the Company on behalf of the Grantee, unless the Grantee provides written notice to the Human Resources Department to the contrary.

(c) Notice hereunder shall be given (i) to the Company at its principal place of business, and (ii) to the Grantee at the address on file in the Company's records, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(d) The Grantee hereby acknowledges and agrees to the following: (i) this Award is offered to the Grantee at the complete discretion of the Company; (ii) the Plan and this Award do not form part of any contract of employment between Grantee and the Company or any of its subsidiaries or Affiliates and do not confer upon the Grantee any rights with respect to continuance as an employee (or other service provider) of the Company or any of its subsidiaries or Affiliates; (iii) this Award will not affect any right the Company or any of its subsidiaries or Affiliates may have under any employment agreement with the Grantee or under applicable law to terminate the Employment of the Grantee at any time with or without Cause; (iv) this Award is not part of the Grantee's base salary or wages and will not be taken into account in determining any other employment-related rights that the Grantee may have, such as any rights the Grantee may have to pension or severance pay; and (v) this Award does not confer on the Grantee any implied right or entitlement to the exercise of any discretion in his or her favor with respect to any discretionary terms in this Award.

(e) The Grantee hereby waives all and any rights to compensation or damages in consequence of the termination of Grantee's Employment with the Company, or any of its subsidiaries or Affiliates, for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to

this Award as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of any conflict between the terms of this Section 13(e) and the Grantee's terms of employment, this Section 13(e) shall take precedence (except as required by applicable legislation).

(f) Pursuant to Section 10 of the Plan, the Administrator may at any time amend or cancel any outstanding portion of this Award for any purpose that may at the time be permitted by law, but no such action may be taken that materially and adversely affects the Grantee's rights under this Agreement without the Grantee's consent.

(g) If the Grantee is resident outside of the United States, to the extent permitted by applicable law, the Grantee hereby consents to the holding, processing and transfer of data relating to him or her (including sensitive personal data as defined in the UK Data Protection Act 1998) by: (i) the Company and any of its subsidiaries and Affiliates; (ii) any person providing services to the Company, its subsidiaries or Affiliates (including, but not limited to, any third party broker, registrar or administrator); and (iii) any trustee appointed by the Company, its subsidiaries or Affiliates, in each case for all purposes relating to the administration or operation of the Plan, including the grant, holding or vesting of an Award and the delivery, holding or sale of Stock and, to the extent permitted by applicable law, this consent includes consent to the transfer of such data to countries outside the European Economic Area even if the country in question does not maintain adequate data protection standards.

(h) The provisions of this Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(i) Notwithstanding anything herein to the contrary, this Award shall be, and the Grantee hereby acknowledges that it is, subject to and governed by all the terms and conditions of the Plan.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the Grant Date.

AFFILIATED MANAGERS GROUP, INC.

By: \_\_\_\_\_  
David M. Billings  
Executive Vice President, General Counsel and  
Secretary

*Please execute this Agreement and return it to the Human Resources Department.*

\_\_\_\_\_  
Grantee

*[Form of RSU Award Agreement]*

[Exhibit 10.1](#)

**FORM OF  
STOCK OPTION AGREEMENT  
PURSUANT TO AFFILIATED MANAGERS GROUP, INC.  
STOCK OPTION AND INCENTIVE PLAN**

Pursuant to the Affiliated Managers Group, Inc. Stock Option and Incentive Plan referred to on Exhibit A hereto (the “Plan”), and subject to the terms of this agreement (the “Agreement”), Affiliated Managers Group, Inc. (the “Company”) hereby grants to the optionee named on Exhibit A hereto (the “Optionee”) an option (the “Stock Option”) to purchase on or prior to the Expiration Date specified on Exhibit A all or part of the number of shares of common stock, par value \$0.01 per share, of the Company (such stock, the “Stock,” and such shares, the “Option Shares”) specified on Exhibit A at the Option Exercise Price per Share specified on Exhibit A, to be issued and distributed to the Optionee according to the terms set forth herein and in the Plan, and the vesting schedule and performance requirements (if any) set forth herein. This Stock Option is intended to be an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), to the extent permitted by Section 5(a)(v) of the Plan and is granted to the Optionee in connection with the Optionee’s Employment by the Company or a “subsidiary” corporation of the Company, as such term is defined in Section 424 of the Code.

1. Vesting; Exercisability and Performance Measure.

(a) Vesting. Except as set forth below, and subject to the discretion of the Administrator to accelerate the vesting schedule, this Stock Option shall become vested with respect to the number of Option Shares on the dates indicated on Exhibit A; provided that, Optionee’s Employment is through the applicable vesting date set forth on Exhibit A. In addition, if this Stock Option is subject to a Performance Measure (but not otherwise), Section 1(b) shall apply. For the avoidance of doubt, the vesting of this Stock Option may be accelerated automatically in certain circumstances described herein.

(b) Exercisability and Performance Measure. No portion of this Stock Option may be exercised unless such portion has vested. Further, if this Stock Option is subject to a Performance Measure (as defined herein), vested portions of this Stock Option shall be exercisable only if the Compensation Committee has certified the attainment of the Performance Measure with respect to all or any portion thereof, and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A; it being understood that if vesting of this Stock Option is accelerated pursuant to Sections 1(c)(y) or 4(a)(ii) hereof, such vested Stock Option shall remain subject to the attainment of the Performance Measure, and this Stock Option shall not be exercisable unless and until the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A. If such Performance Measure remains in effect and the Compensation Committee certifies that it has *not* been attained with respect to all or any portion of this Stock Option (including any portion of this Stock Option that has vested pursuant to Sections 1(c)(y) or 4(a)(ii) hereof), this Stock Option shall terminate immediately and be of no further force or effect with respect to all of the Option Shares or such portion thereof, as applicable.

(c) Change of Control. Notwithstanding anything to the contrary herein or in the Plan, in the event of termination of the Optionee’s Employment (i) by the Company without Cause or (ii) by the Optionee for Good Reason, in either case occurring within the two-year period following a Change of Control, this Stock Option shall automatically fully vest at the time of such termination; provided that, if subject to a Performance Measure, this Stock Option shall only be exercisable pursuant to this Section 1(c) if (x) the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof on or before the date of termination, and in such case shall vest at the time of such termination and shall be exercisable into the number of Option Shares set forth on Exhibit A, or (y) the attainment of the Performance Measure is not yet determinable as of such date, and in such case shall fully vest at the time of such termination but the vested Stock Option shall remain subject to the attainment of the Performance Measure and shall not be exercisable unless and until the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof, and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A. (For the avoidance of doubt, *if* this Stock Option (including any portion thereof that vested pursuant to sub-clause (y) above) is subject to a Performance Measure that the Compensation Committee has certified has *not* been attained with respect to all or any portion thereof, this Stock Option shall terminate with respect to all of the Option Shares or such portion thereof, as applicable, in accordance with Section 1(b) hereof.)

2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Optionee may give written notice to the Chief Administrative Officer or General Counsel of his or her election to purchase some or all of the vested Option Shares purchasable at the time of such notice. Such notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) in the form of shares of Stock that are not then subject to restrictions under any Company plan and that have been held by the Optionee for at least six (6) months; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that, in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure and shall comply with all applicable laws, which laws may in certain cases restrict the availability of this method; or (iv) a combination of (i), (ii), and (iii) above. Payment instruments will be received subject to collection.

Stock Option exercises and any sales of Option Shares will be subject to the Company's insider trading policy, equity ownership guidelines and other Company policies as may be in effect from time to time or otherwise established by the Administrator.

(b) The issuance of Stock representing the Option Shares will be contingent upon the Company's receipt from the Optionee of full payment for the Option Shares, as set forth above, and any agreement, statement or other evidence that the Company and/or the Administrator may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of this Stock Option and any subsequent resale of the shares of Stock will be in compliance with all applicable laws and regulations and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee is not entitled to vote any shares of Stock subject to this Stock Option by reason of the granting of this Stock Option or to receive or be credited with any dividends declared and payable on such shares prior to the payment date with respect to the Option Shares, subject to clause (c) below. This Stock Option shall not be interpreted to bestow upon the Optionee any equity interest or ownership in the Company or any subsidiary or Affiliate, and the Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof and of the Plan, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock, subject to clause (c) below.

(c) The Company shall maintain an account on its books in the name of the Optionee which shall reflect this Stock Option and the number of Option Shares set forth on Exhibit A. The Optionee acknowledges and agrees that, upon exercise of all or any portion of this Stock Option in accordance with the terms of this Agreement, the Company (i) will enter the Optionee's name as a stockholder of record on the books of the Company, (ii) may hold all Option Shares on behalf of the Optionee, until such time as the Optionee submits a request for delivery, and (iii) will exercise voting rights and take all other corporate actions for such Option Shares for such time as such Option Shares may be held by the Company on behalf of the Optionee, unless the Optionee provides written notice to the Human Resources Department to the contrary.

(d) The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares that may be exercised under this Stock Option at the time or unless otherwise permitted by the Human Resources Department.

(e) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof. For the avoidance of doubt, any portion of this Stock Option that is not exercised by the Expiration Date will thereupon immediately terminate.

3. Definitions. Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the Plan, as applicable and as may be amended from time to time. For purposes of this Agreement, as applicable, the following terms shall have the following meanings:

(a) "Cause" means any of the following:

- (i) the Optionee's engagement in any criminal act which is or involves a serious felony offense, a violation of federal or state securities laws (or equivalent laws of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, or theft or any other crime involving dishonesty;
- (ii) the Optionee's willful or grossly negligent failure to perform duties owed to the Company or an Affiliate;
- (iii) the Optionee's willful violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its subsidiaries or Affiliates is a member; or
- (iv) the Optionee's willful violation of any Company policy or any applicable policy of any of its subsidiaries or Affiliates concerning confidential or proprietary information, or material violation of any other Company or applicable subsidiary or Affiliate policy or written agreement as in effect from time to time.

The determination as to whether "Cause" has occurred shall be made by the Administrator. The Administrator shall also have the authority to waive the consequences under the Plan of the existence or occurrence of any of the events, acts or omissions constituting "Cause." If, subsequent to the Optionee's termination of Employment for other than Cause, it is determined that the Optionee's Employment could have been terminated for Cause, the Optionee's Employment shall be deemed to have been terminated for Cause retroactively to the date the events giving rise to such Cause occurred. Notwithstanding the foregoing, if Optionee is party to an employment, severance-benefit, change of control or similar agreement with the Company that contains a definition of "Cause" (or a correlative term), such definition will apply (in the case of such Optionee for purposes of this Agreement) in lieu of the definition set forth above during the term of such agreement.

(b) "Change of Control" shall mean the occurrence of any one of the following events:

- (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any of its Affiliates, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its Affiliates), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Exchange Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Company's Board of Directors ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company); or
- (ii) the consummation of (x) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate fifty percent (50%) or more of the voting shares of the corporation (or other business entity) issuing cash or securities in the consolidation or merger (or of its ultimate parent, if any), (y) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or (z) the liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred for purposes of the foregoing subclause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person to twenty-five percent (25%) or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company), then a "Change of Control" shall be deemed to have occurred for purposes of the foregoing subclause (i).

(c) "Client" shall mean all Past Clients, Present Clients and Potential Clients, subject to the following general rules:

- (i) with respect to each Client, the term "Client" shall also include any Persons who are Affiliates of such Client and, to the extent known by the Optionee to have such connection with such Client (and the Optionee shall be deemed to have such knowledge if the Optionee would reasonably have been expected to have such

knowledge in the ordinary course of the Optionee's duties while the Optionee was employed by the Company and its subsidiaries and Affiliates), directors, officers or employees of such Client or any such subsidiaries or Affiliates thereof, or Persons who are members of the immediate family of such Client or any of the other foregoing Persons or Affiliates of any of them;

(ii) with respect to any Present Client or Past Client (as applicable) that is a Fund, the term "Client" shall also include (x) the sponsor of such Client, and any other Fund sponsored by such Person or its Affiliates, and (y) any investor in such Client (provided that, except to the extent the Optionee had knowledge of the identity of an investor therein while the Optionee was employed by the Company and its subsidiaries and Affiliates (and the Optionee shall be deemed to have had such knowledge if the Optionee would reasonably have been expected to have had such knowledge in the ordinary course of the Optionee's duties while the Optionee was employed by the Company and its subsidiaries and Affiliates), in the case of any Fund, an investor therein shall not be deemed a Present Client or Past Client (as applicable) hereunder);

(iii) with respect to any Client that is a trust or similar entity, the term "Client" shall include the settlor and, to the extent such beneficiary is known to the Optionee to be such a beneficiary (and the Optionee shall be deemed to have had such knowledge if the Optionee would reasonably have been expected to have had such knowledge in the ordinary course of the Optionee's duties while the Optionee was employed by the Company and its subsidiaries and Affiliates), any Person who is a beneficiary of such Client and the Affiliates and immediate family members of any such Persons;

(iv) with respect to so-called "wrap programs," "SMA programs" or similar programs, the term "Client" shall include (x) the sponsor of such program, and (y) the underlying participants in such program (provided that, except to the extent the Optionee had knowledge of the identity of a participant therein while the Optionee was employed by the Company and its subsidiaries and Affiliates (and the Optionee shall be deemed to have had such knowledge if the Optionee would reasonably have been expected to have had such knowledge in the ordinary course of the Optionee's duties while the Optionee was employed by the Company and its subsidiaries and Affiliates), a participant therein shall not be deemed a Present Client or Past Client (as applicable) hereunder); and

(v) with respect to each Client, the term "Client" shall also include any Persons who (x) in U.S. retail markets, serve as intermediaries, including, but not limited to, broker-dealers and financial advisers, and, (y) in all other markets, serve as an intermediary with discretion as to whether or not to make Affiliate products available to their underlying clients.

(d) "*Employment*" shall mean the Optionee's employment or other service relationship with the Company and its Affiliates. Employment will be deemed to continue, unless the Administrator expressly provides otherwise, so long as the Optionee is employed by, or otherwise is providing services in a capacity described under Section 4 of the Plan, to the Company or its Affiliates. If the Optionee's employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Optionee's Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Optionee transfers Employment to the Company or its remaining Affiliates. For the avoidance of doubt, whether a termination of Employment has occurred will be determined consistent with the rules set forth in Section 7 of the Plan.

(e) "*Fund*" shall mean any collective investment vehicle (whether open-ended or closed-ended), including, without limitation, an investment company (whether or not registered under the Investment Company Act of 1940, as amended), a general or limited partnership, a trust or a commingled fund, in any such case organized (or otherwise formed) in any jurisdiction.

(f) "*Good Reason*" shall mean any of the following events or conditions occurring without the Optionee's express written consent, provided that the Optionee shall have given notice of such event or condition within 90 days of the initial existence of such event or condition and the Company shall not have remedied such event or condition within 30 days after receipt of such notice:

(i) a materially adverse alteration in the nature or status of the Optionee's duties or responsibilities;

(ii) a material reduction in the Optionee's annual base salary or any target bonus, other than an across-the-board reduction that applies to the Optionee and similarly-situated employees; or



(iii) a change of 50 miles or more in the Optionee's principal place of Employment, except for required travel on business to an extent substantially consistent with the Optionee's business travel obligations.

Notwithstanding the foregoing, if the Optionee is party to an employment, severance-benefit, change of control or similar agreement with the Company or any subsidiary thereof that contains a definition of "Good Reason" (or a correlative term), such definition will apply (in the case of the Optionee for purposes of this Agreement) in lieu of the definition set forth above during the term of such agreement.

(g) "Investment Management Services" shall mean any services which involve: (i) the management of an investment account or Fund (or portions thereof or a group of investment accounts or Funds); (ii) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds); or (iii) otherwise acting as an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended, including, without limitation, in each of the foregoing cases, performing activities related or incidental thereto.

(h) "Past Client" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who at any point prior to such time of determination had been, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts (or acted) as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of, or otherwise a recipient of Investment Management Services from, (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any of its subsidiaries or Affiliates, but at such time is not an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Optionee or his department had material, direct interaction with and/or with respect to which Optionee had access to proprietary or confidential information; provided, however, that, from and after the termination of Optionee's Employment, the term "Past Client" shall thereafter be limited (solely with respect to the Optionee) to those Past Clients who were (directly or indirectly) advisees or investment advisory customers or clients of, or recipients of Investment Management Services from, the Company or any subsidiary or Affiliate thereof, or any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, at any time during the two (2) years immediately preceding the date of such termination.

(i) "Performance Measure" shall mean the financial target(s) for the applicable performance period(s) (each as set forth on Exhibit A, as applicable).

(j) "Person" shall mean any individual, partnership (limited or general), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or other entity.

(k) "Potential Client" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) to whom (x) the Company or any subsidiary or Affiliate thereof, and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof, acting on behalf of the Company or any subsidiary or Affiliate thereof in any such case has within one (1) year prior to such time of determination offered (whether by means of a personal meeting, telephone call, letter, written proposal or otherwise) to serve as investment adviser or otherwise provide Investment Management Services, but who is not at such time an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from) the Company or any subsidiary or Affiliate thereof (or any of the foregoing Persons acting on their behalf), and (ii) with which Optionee or his department had material, direct interaction with and/or with respect to which Optionee had access to proprietary or confidential information; provided, however, that, from and after the termination of Optionee's Employment, the term "Potential Client" shall thereafter be limited (solely with respect to the Optionee) to those Potential Clients to whom such an offer to provide Investment Management Services was made at any time during the one (1) year immediately preceding the date of such termination. The preceding sentence is meant to exclude advertising, if any, through mass media in which the offer, if any, is available to the general public, such as magazines, newspapers and sponsorships of public events.

(l) "Present Client" shall mean, subject to the general rules under the definition of Client, at any particular time of determination, any Person (i) who is at such time of determination, directly or indirectly (and including, without limitation, through one or more intermediaries such as a wrap sponsor, or as an investor in a Fund for which the Company or any subsidiary or Affiliate thereof acts as a sponsor, adviser or sub-adviser or in a similar capacity), an advisee or investment advisory customer or client of (or otherwise a direct or indirect recipient of Investment Management Services from)

(x) the Company or any subsidiary or Affiliate thereof and/or (y) any owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or persons acting in any similar capacity) of the Company or any subsidiary or Affiliate thereof acting on behalf of the Company or any subsidiary or Affiliate thereof, and (ii) with which Optionee or his department had material, direct interaction with and/or with respect to which Optionee had access to proprietary or confidential information.

4. Termination of Service. If the Optionee's Employment terminates, this Stock Option may be subject to earlier termination or accelerated vesting as set forth below.

(a) Termination by Reason of Death or Disability. If the Optionee's Employment terminates by reason of death or disability, this Stock Option shall automatically fully vest at the time of such termination and may thereafter be exercised by the Optionee or the Optionee's legal representative or legatee, or by the Optionee's permitted transferee, if any, for a period of twelve (12) months from the date of death or disability, as the case may be, or until the Expiration Date, if earlier; provided that, if subject to a Performance Measure, this Stock Option shall only be exercisable pursuant to this Section 4(a) if (i) the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof on or before the date of termination, and in such case shall vest at the time of such termination and shall be exercisable into the number of Option Shares set forth on Exhibit A, or (ii) the attainment of the Performance Measure is not yet determinable as of such date, and in such case this Stock Option shall fully vest at the time of such termination but the vested Stock Option shall remain subject to the attainment of the Performance Measure, and this Stock Option shall not be exercisable unless and until the Compensation Committee has certified that the Performance Measure has been attained with respect to all or any portion thereof, and following such certification shall be exercisable into the number of Option Shares set forth on Exhibit A (in each case, by the Optionee or the Optionee's legal representative or legatee, or by the Optionee's permitted transferee, if any, for a period of twelve (12) months from the date of such certification or until the Expiration Date, if earlier). (For the avoidance of doubt, *if* this Stock Option (including any portion thereof that vested pursuant to sub-clause (ii) above) is subject to a Performance Measure that the Compensation Committee has certified has *not* been attained, this Stock Option shall terminate in accordance with Section 1(b) hereof.) In the case of termination by reason of disability, the death of the Optionee during the twelve-month period provided in this Section 4(a) shall extend such period for another twelve (12) months from the date of death or until the Expiration Date, if earlier.

(b) Termination for Cause. If the Optionee's Employment terminates for Cause, this Stock Option shall terminate immediately and be of no further force and effect.

(c) Other Termination. If the Optionee's Employment terminates for any reason other than death or disability, for Cause or in connection with a Change of Control described in Section 1(c), and unless a longer period is determined by the Administrator, this Stock Option may be exercised by the Optionee, to the extent exercisable on the date the Optionee's Employment terminates, for a period of ninety (90) days from the date the Optionee's Employment terminates or until the Expiration Date, if earlier. Any portion of the Stock Option that is not exercisable at such time shall terminate immediately and be of no further force or effect; it being understood that this Stock Option shall remain outstanding following the date of any termination due to death, disability or in connection with a Change of Control described in Section 1(c) with respect to any portion of this Stock Option that has vested pursuant to Sections 1(c)(y) or 4(a)(ii) hereof until this Stock Option is exercised or terminated in accordance with Section 1(c) or 4(a), as applicable.

The Administrator's determination of the reason that the Optionee's Employment has terminated shall be conclusive and binding on the Optionee and his or her representatives, legal guardians or legatees.

5. Noncompetition, Intellectual Property and Confidentiality.

(a) During the term of the Optionee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates and for two (2) years thereafter, the Optionee: (i) will not, directly or indirectly, whether as owner, partner, shareholder, member, consultant, agent, employee, co-venturer or otherwise, engage, participate or invest in any Competing Business (as hereinafter defined) (provided, however, that nothing in this clause (i) shall prohibit the Optionee from acting as an agent for a Competing Business in the course of his or her employment (or other applicable service relationship) for a business which is not a Competing Business); (ii) will not, directly or indirectly, take any action to negotiate or discuss with any person or entity or solicit or entertain from any person or entity, any investment, purchase, proposal, offer or indication of interest regarding (A) any investment in any entity in which the Company or any of its subsidiaries or Affiliates holds any securities or other investment interests or (B) any investment in any other entity with whom the Company or any of its subsidiaries or Affiliates is or was discussing or negotiating any possible investment therein at any time during the one (1) year preceding the termination (if any) of the Optionee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates; and (iii) will refrain from directly or indirectly

employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave Employment with the Company and its subsidiaries or Affiliates (other than terminations of Employment of subordinate employees undertaken in the course of the Optionee's Employment with the Company or any of its subsidiaries or Affiliates).

For purposes of this Agreement, the term "Competing Business" shall mean a business or a division of a business, conducted anywhere in the world, which invests in or acquires boutique or specialist investment managers or advisers, or has adopted a strategy or developed a business plan to invest in or acquire multiple boutique or specialist investment managers or advisers. Notwithstanding the foregoing, the Optionee may own up to five percent (5%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with a Competing Business.

(b) In addition to (and not in limitation of) the provisions of Section 5(a) of this Agreement, the Optionee agrees, for the benefit of the Company and its subsidiaries and Affiliates, that the Optionee shall not, during the term of his or her Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates and for one (1) year thereafter, directly or indirectly (whether individually or as owner, part owner, shareholder, partner, member, director, officer, trustee, employee, agent, consultant or in any other capacity, on behalf of himself or any other Person (other than the Company or a subsidiary or Affiliate thereof while employed by the Company)):

(i) Provide Investment Management Services to any Person that is a Client (which includes Past Clients, Present Clients, and Potential Clients);

(ii) Solicit or induce (whether directly or indirectly) any Person for the purpose (which need not be the sole or primary purpose) of (A) causing any funds or accounts with respect to which the Company or any of its subsidiaries or Affiliates provides Investment Management Services to be withdrawn from such management or other services, or (B) causing any Client (including any Potential Client) not to engage the Company or any of its subsidiaries or Affiliates to provide Investment Management Services for any additional funds or accounts (or otherwise attempt to cause any of the foregoing to occur);

(iii) Otherwise divert or take away (or seek to divert or take away) any funds or investment accounts with respect to which the Company or any subsidiary or Affiliate thereof provides Investment Management Services; or

(iv) Contact or communicate with, whether directly or indirectly, any Past Clients, Present Clients or Potential Clients in connection with providing Investment Management Services to such Persons;

provided, however, that this Section 5(b) shall not be applicable to Clients (including Potential Clients) who are also immediate family members of the Optionee.

(c) The Optionee understands that the restrictions set forth in Sections 5(a) and 5(b) of this Agreement are intended to protect the Company's and its subsidiaries' and Affiliates' interest in its confidential information and established employee and client relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose.

(d) The Optionee agrees and acknowledges that any and all presently existing business of the Company and its subsidiaries and Affiliates and all business developed by the Company, any of its subsidiaries or Affiliates, the Optionee and/or any other employee (or other service provider) of the Company and its subsidiaries and Affiliates, including without limitation all client lists, the Company's deal structures (as represented by the transactions it has completed, attempted or actually proposed), compensation records, agreements, and any other incident of any business developed by the Company or carried on by the Company and all trade names, service marks and logos under which the Company, its subsidiaries and its and their Affiliates do business, including without limitation "Affiliated Managers Group" and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Company or such subsidiary or Affiliate, as applicable, for its or their sole use, and (where applicable) amounts received in respect of the foregoing shall be payable directly to the Company or such subsidiary or Affiliate. The Optionee acknowledges that, in the course of performing services for the Company and otherwise, the Optionee will from time to time have access to information concerning the Company's, its subsidiaries' or its Affiliates' current or proposed businesses, technologies, business relationships, clients, personnel, processes, operations, strategies, plans, methods, investment recommendations, investment processes, investment methodologies, products, confidential records, manuals, data, client and contact lists, trade secrets or financial, corporate, marketing or personnel affairs, which the Company or such subsidiary or Affiliate has not released to the general public and all memoranda, notes, papers, items and tangible media related thereto (collectively, "Proprietary Information"). The Optionee agrees that Proprietary Information of the Company or any subsidiary or Affiliate thereof is and will be the exclusive property of the

Company or such subsidiary or Affiliate, as the case may be, and further agrees to always keep secret and never (during the term of this Agreement or thereafter) publish, divulge, furnish, use or make accessible to anyone (other than in the regular business of the Company or any subsidiary or Affiliate thereof or otherwise at the Company's request) such Proprietary Information. Anything contained herein to the contrary notwithstanding, this Section 5(d) shall not (i) apply to any knowledge, information or property which (x) is generally known or available to the public or in the public domain, (y) has been previously disclosed or made available to the public, unless the Optionee knows or has reason to know that such disclosure or availability was the direct or indirect result of the violation or breach of a confidentiality or non-disclosure obligation, or (z) is required to be disclosed or delivered by any court, agency or other governmental authority or is otherwise required to be disclosed by law, or (ii) preclude the Optionee from cooperating with any governmental process, or any governmental or law enforcement agency in any investigation, or from making any other protected communications with a governmental agency.

(e) The Optionee will make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets and other works of authorship (collectively, "Developments"), whether or not patentable or copyrightable, that are created, made, conceived or reduced to practice by the Optionee (alone or jointly with others) or under Optionee's direction during Optionee's Employment. The Optionee acknowledges and confirms that the Optionee hereby assigns and transfers, and will assign and transfer, to the Company and its successors and assigns all the Optionee's right, title and interest in all Developments that (i) relate to the business of the Company, any subsidiary or Affiliate or any customer of or supplier to the Company or any of the products or services being researched, developed, manufactured, serviced, licensed or sold by the Company or which may be used with such products or services; or (ii) result from tasks assigned to the Optionee by the Company, a subsidiary or an Affiliate; or (iii) result from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, a subsidiary or an Affiliate ("Company-Related Developments"), and all related patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions ("Intellectual Property Rights").

(f) Upon termination of the Optionee's Employment for any reason, all Proprietary Information in the Optionee's possession or control shall be returned to the Company and remain in its possession. The Optionee will cooperate fully with the Company and its subsidiaries and Affiliates, both during Employment and following termination of Employment for any reason, in order for the Company and its subsidiaries and Affiliates to enforce and protect any of their rights and interests with respect to Proprietary Information, Company-Related Developments, and Intellectual Property Rights in Company-Related Developments, including, without limitation whatsoever, signing all papers, copyright applications, patent applications, declarations, oaths, assignments of priority rights, and powers of attorney which the Company may deem necessary or desirable in order to protect such rights and interests.

6. Remedies Upon Breach. In the event that the Optionee breaches any of the provisions of Section 5 of this Agreement, including without limitation following the termination of the Optionee's Employment, the entire intrinsic value of the vested Stock Option (as of the date the Optionee's Employment is terminated, whether or not exercised or paid, settled or distributed by the Company), shall be paid to or retained by the Company, as applicable, as liquidated damages (the "Liquidated Damages"). The parties agree that in the event of such breach by the Optionee it will be difficult to ascertain with certainty the amount of damages suffered by the Company and its subsidiaries and Affiliates. The amount of the Liquidated Damages represents a reasonable estimate of the damages expected to be suffered by the Company and its subsidiaries and Affiliates as a result of the Optionee's default and, in any such event, in addition to (and not in limitation of) such other remedies as the Company may have against the Optionee, until the Liquidated Damages are recovered in their entirety, (x) the Company shall be entitled to withhold any payments to which the Optionee otherwise would be entitled (whether pursuant to this Agreement or any other agreement, plan or policy, including without limitation distributions hereunder), and (y) the Optionee, at the request of the Company, shall return all or some incentive compensation (which shall include any compensation distributed or awarded to the Optionee other than base compensation); provided that, any amounts so withheld or returned shall be promptly released to the original payee to the extent it is determined (whether by settlement, judgment or arbitral decision) that such amounts are required to be so released, together with interest thereon as may be agreed or determined in connection with such settlement, judgment or decision. The Optionee agrees that the remedies provided in this Section 6 are reasonably related to anticipated losses that the Company and/or any of its subsidiaries or Affiliates would suffer upon a breach of such provisions by the Optionee. The Optionee recognizes and agrees that the Company's remedies at law for any breach, or threatened breach, of the provisions of this Agreement would be inadequate, and that for any breach or threatened breach of such provisions by the Optionee, the Company shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and enforcement of its rights by an action for specific performance to the extent permitted by law (and without having to post bond), and to an award of reasonable attorneys' fees and costs incurred in connection with securing any of its rights hereunder.

7. Notice of Termination.

(a) Optionee's Employment may be terminated at any time by the Company or, if different, any subsidiary or Affiliate of the Company that is the Optionee's employer (the "Optionee's employer"), or by the Optionee; provided that, the Optionee shall be required to provide at least six (6) months advance written notice of such termination. For the avoidance of doubt, for purposes of Section 5 of this Agreement, termination of Employment shall be deemed to occur upon delivery of notice of termination by the Optionee.

(b) Where notice of termination has been delivered by the Optionee, the Company and, if different, the Optionee's employer shall be under no obligation to provide any activities to Optionee to carry out on behalf of the Company or its subsidiaries or Affiliates, and may require him or her (i) not to attend any premises of the Company or any subsidiary or Affiliate thereof, (ii) to resign with immediate effect from any offices he or she holds with the Company or any subsidiary or Affiliate thereof (or any Client thereof), (iii) to refrain from any business contact with any Clients, partners or employees of the Company or any subsidiary or Affiliate thereof, and (iv) to take any leave time he or she has accrued under the policies of the Company or any subsidiary or Affiliate thereof.

(c) Notwithstanding the foregoing, if the Optionee is a party to an employment agreement with the Company or any subsidiary or Affiliate thereof, any terms of such employment agreement shall supersede and apply in precedence to the provisions of clauses (a) and (b) of this Section 7 and clauses (a) and (b) of this Section 7 shall not be taken to amend the related terms of such employment agreement.

(d) In connection with the termination of Optionee's Employment, the Optionee shall reasonably cooperate with the Company and, if different, the Optionee's employer, to prepare a communication plan regarding Optionee's departure, and Optionee shall not make any other public statement regarding his or her departure without the prior written consent of the Company.

8. Nondisparagement. In exchange for the consideration herein, the Optionee agrees that he/she will not make any disparaging, derogatory, damaging, and/or critical statements concerning the Company or any subsidiaries or any of their respective affiliates, partners, officers, directors, employees, services, products and/or activities.

9. Third-Party Agreements and Rights.

(a) The Optionee hereby confirms that he or she is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Optionee's use or disclosure of information or the Optionee's engagement in any business. In the Optionee's work for the Company or any of its subsidiaries or Affiliates, the Optionee will not disclose or use any information in violation of any rights of any such previous employer or other party.

(b) The Optionee's employer, if different than the Company, is an intended third-party beneficiary under this Agreement and may enforce the terms of Sections 5, 6, 7, 8, 11 and 12 of this Agreement. This right is subject to (i) the rights of the parties hereto to rescind or vary this Agreement without the consent of any such subsidiary or Affiliate and (ii) the other terms and conditions of this Agreement and the Plan.

10. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution or as permitted by the Administrator (or its delegee). This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee or his or her legal guardian, if any, and thereafter, only by the Optionee's legal representative or legatee. Notwithstanding anything to the contrary, to the extent that the Administrator, in its sole discretion, determines that all or any portion of this Stock Option does not qualify as an "incentive stock option" under Section 422 of the Code, whether pursuant to Section 5(a)(v) of the Plan or otherwise, the Optionee may transfer, without consideration for the transfer, such part of this Stock Option to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee (and, as required by the Administrator, the beneficiaries or members of such transferee) agrees in writing with the Company to be bound by all of the terms and conditions of the Plan and this Agreement. Following such a permitted transfer, the provisions of this Agreement providing for the exercise of this Stock Option by the Optionee shall be deemed to permit exercises by a permitted transferee to whom all or a part of this Stock Option has been permissibly transferred.

11. Status of the Stock Option; Certain Tax Matters.

(a) While all or a portion of this Stock Option may be intended to qualify as an "incentive



stock option” under Section 422 of the Code, the Company does not represent or warrant that this Stock Option qualifies as such, and none of the Company, any of its Affiliates, the Administrator or any person acting on behalf of the Company, any of its Affiliates or the Administrator, will be liable to the Optionee or to the estate or beneficiary of the Optionee or to any person by reason of the failure of the Stock Option to satisfy the requirements of Section 422 of the Code. The Optionee should consult with his or her own tax advisors regarding the tax effects of this Stock Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period and exercise requirements. The Optionee acknowledges and agrees that the Company or the Administrator may take any action permitted under the Plan without regard to the effect such action may have on the status of the Stock Option as an incentive stock option and that such actions may cause the Stock Option to fail to be treated as an incentive stock option.

(b) With respect to any portion of this Stock Option that is intended to qualify as an “incentive stock option” under Section 422 of the Code, if the Optionee intends to dispose or does dispose (whether by sale, gift, transfer or otherwise) of any shares of Stock underlying this Stock Option within the one-year period beginning on the date after the transfer of such shares to him or her, or within the two-year period beginning on the day after the grant of this Stock Option, he or she will notify the Company in writing within fifteen (15) days after such disposition.

(c) To the extent that the aggregate Fair Market Value (determined at the time of grant) of the Option Shares subject to the portion of the Stock Option, if any, intended to qualify as an incentive stock option, and all other incentive stock options the Optionee holds that are exercisable for the first time during any calendar year (under all plans of the Company and its subsidiaries), exceeds \$100,000, the Stock Options held by the Optionee or portions thereof that exceed such limit (according to the order in which they were granted in accordance with the regulations under Section 422 of the Code) shall be treated as Non-Qualified Stock Options.

(d) If at the time this Stock Option is exercised the Company determines that under applicable law and regulations it could be liable for the withholding of any federal or state tax or employee’s social security contributions upon such exercise or with respect to a disposition of any shares of Stock acquired upon such exercise, the Optionee expressly acknowledges and agrees that the Optionee’s rights hereunder, including the right to be issued shares of Stock upon exercise, are subject to the Optionee promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion) all taxes and employee’s social security contributions required to be withheld. No shares of Stock will be transferred pursuant to the exercise of this Stock Option unless and until the person exercising this Stock Option has remitted to the Company an amount in cash sufficient to satisfy any federal, state, or local withholding tax and employee’s social security contributions requirements, or has made other arrangements satisfactory to the Company with respect to such taxes and employee’s social security contributions. The Optionee authorizes the Company and its subsidiaries to withhold such amount from any amounts otherwise owed to the Optionee, but nothing in this sentence shall be construed as relieving the Optionee of any liability for satisfying his or her obligation under the preceding provisions of this Section 11(d).

12. Miscellaneous.

(a) This Stock Option is subject to adjustment in accordance with the provisions of Section 3 of the Plan.

(b) Notice hereunder shall be given (i) to the Company at its principal place of business, and (ii) to the Optionee at the address on file in the Company’s records, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(c) The Optionee hereby acknowledges and agrees to the following: (i) this Stock Option is offered to the Optionee at the complete discretion of the Company; (ii) the Plan and this Stock Option do not form part of any contract of employment between the Optionee and the Company or any of its subsidiaries or Affiliates and do not confer upon the Optionee any rights with respect to continuance as an employee of the Company or any of its subsidiaries or Affiliates; (iii) this Stock Option will not affect any right the Company or any of its subsidiaries or Affiliates may have under any employment agreement with the Optionee or under applicable law to terminate the Employment of the Optionee at any time with or without Cause; (iv) this Stock Option is not part of the Optionee’s base salary or wages and will not be taken into account in determining any other employment-related rights that the Optionee may have, such as any rights the Optionee may have to pension or severance pay; and (v) this Stock Option does not confer on the Optionee any implied right or entitlement to the exercise of any discretion in his or her favor with respect to any discretionary terms in this Stock Option.

(d) The Optionee hereby waives all and any rights to compensation or damages in consequence of the termination of Optionee’s Employment with the Company, or any of its subsidiaries or Affiliates, for any reason whatsoever (whether lawfully or unlawfully) insofar as those rights arise or may arise from his ceasing to have rights under or

be entitled to this Stock Option as a result of such termination or from the loss or diminution in value of such rights or entitlements. In the event of any conflict between the terms of this Section 12(d) and the Optionee's terms of employment, this Section 12(d) shall take precedence (except as required by applicable legislation).

(e) Pursuant to Section 8 of the Plan, the Administrator may at any time amend or cancel any outstanding portion of this Stock Option for any purpose that may at the time be permitted by law, but no such action may be taken that materially and adversely affects the Optionee's rights under this Agreement without the Optionee's consent.

(f) If the Optionee is resident outside of the United States, to the extent permitted by applicable law, the Optionee hereby consents to the holding, processing and transfer of data relating to him or her (including sensitive personal data as defined in the UK Data Protection Act 1998) by: (i) the Company and any of its subsidiaries and Affiliates; (ii) any person providing services to the Company, its subsidiaries or Affiliates (including, but not limited to, any third party broker, registrar or administrator); and (iii) any trustee appointed by the Company, its subsidiaries or Affiliates, in each case for all purposes relating to the administration or operation of the Plan, including the grant, holding, vesting or exercise of a Stock Option and the delivery, holding or sale of Stock and, to the extent permitted by applicable law, this consent includes consent to the transfer of such data to countries outside the European Economic Area even if the country in question does not maintain adequate data protection standards.

(g) The provisions of this Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(h) Notwithstanding anything herein to the contrary, this Stock Option shall be, and the Optionee hereby acknowledges that it is, subject to and governed by all the terms and conditions of the Plan.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the Grant Date.

AFFILIATED MANAGERS GROUP, INC.

By:

\_\_\_\_\_  
David M. Billings  
Executive Vice President, General Counsel and  
Secretary

*Please execute this Agreement and return it to the Human Resources Department.*

\_\_\_\_\_  
Optionee

*[Form of Stock Option Agreement]*





**CERTIFICATION PURSUANT TO SECTION 302(a)  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean M. Healey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2016

/s/ SEAN M. HEALEY

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Sean M. Healey  
Chief Executive Officer

QuickLinks

[Exhibit 31.1](#)

**CERTIFICATION PURSUANT TO SECTION 302(a)  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jay C. Horgen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2016

/s/ JAY C. HORGEN

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Jay C. Horgen

*Chief Financial Officer and Treasurer*

QuickLinks

[Exhibit 31.2](#)

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sean M. Healey, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2016

/s/ SEAN M. HEALEY

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Sean M. Healey  
*Chief Executive Officer*

QuickLinks

[Exhibit 32.1](#)

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jay C. Horgen, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2016

/s/ JAY C. HORGEN

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Jay C. Horgen  
*Chief Financial Officer and Treasurer*



QuickLinks

[Exhibit 32.2](#)