SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998

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

AFFILIATED MANAGERS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-3218510
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

Two International Place, Boston, Massachusetts 02110
(Address of principal executive offices)

(617) 747-3300
(Registrant's telephone number, including area code)

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 [X] No [ ]

Number of shares of the registrant's Common Stock outstanding at May 14, 1998: 17,703,617 including 2,636,800 shares of Class B Non-Voting Common Stock. Unless otherwise specified, the term Common Stock includes both Common Stock and Class B Non-Voting Common Stock.

PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	March 31, 1998	December 31, 1997
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,504	$ 22,766
Investment advisory fees receivable	32,117	27,061
Other current assets	2,401	2,231
Total current assets	64,022	52,058
Fixed assets, net	6,194	4,724
Equity investment in Affiliate	1,279	1,237
Acquired client relationships, net of accumulated amortization of $7,923 in 1998 and $6,142 in 1997	166,852	142,875
Goodwill, net of accumulated amortization of $15,550 in 1998 and $13,502 in 1997	314,635	249,698
Other assets	7,733	6,398
Total assets	$ 560,715	$ 456,990
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 17,427	$ 18,815
Senior bank debt	222,300	159,500
Other long-term liabilities	3,866	1,656
Subordinated debt	800	800
Total liabilities	244,393	180,771
Minority interest	21,092	16,479
Stockholders' equity:		
Convertible stock	30,992	--
Common stock	177	177
Additional paid-in capital on common stock	273,475	273,475
Accumulated other comprehensive income	6	(30)
Accumulated deficit	(9,420)	(13,882)
Total stockholders' equity	295,230	259,740
Total liabilities and stockholders' equity	$ 560,715	$ 456,990

The accompanying notes are an integral part of the consolidated financial statements.

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	For the Three Months Ended March 31, 1998	For the Three Months Ended March 31, 1997
Revenues	$ 45,723	$ 16,568
Operating expenses:		
Compensation and related expenses	16,615	7,906
Amortization of intangible assets	3,829	988
Depreciation and other amortization	513	234
Selling, general and administrative	6,783	2,947
Other operating expenses	1,290	932
	29,030	13,007
Operating income	16,693	3,561
Non-operating (income) and expenses:		
Investment and other income	(311)	(185)
Interest expense	3,074	786
	2,763	601
Income before minority interest and income taxes	13,930	2,960
Minority interest	(6,493)	(1,740)
Income before income taxes	7,437	1,220
Income taxes	2,975	546
Net income	$ 4,462	$ 674
Net income per share -- basic	$ 0.25	$ 1.31
Net income per share -- diluted	$ 0.25	$ 0.10
Average shares outstanding -- basic	17,594,555	514,619
Average shares outstanding -- diluted	18,176,428	6,832,900

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)
(UNAUDITED)

	For the Three Months Ended March 31, 1998	For the Three Months Ended March 31, 1997
Net income	$ 4,462	$ 674
Foreign currency translation adjustment, net of taxes	36	(35)
Comprehensive income	$ 4,498	$ 639

The accompanying notes are an integral part of the consolidated financial statements.

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)
(UNAUDITED)

	For the Three Months Ended March 31, 1998	1997
Cash flow from operating activities:		
Net income	$ 4,462	$ 674
Adjustments to reconcile net income to net cash flow from operating activities:		
Amortization of intangible assets	3,829	988
Minority interest	4,613	2,403
Depreciation and other amortization	513	234
Increase in deferred income taxes	2,423	--
Changes in assets and liabilities:		
(Increase) decrease in investment advisory fees receivable	(5,056)	141
(Increase) decrease in other current assets	(170)	12
Decrease in accounts payable, accrued expenses and other liabilities	(1,601)	(2,460)
Cash flow from operating activities	9,013	1,992
Cash flow used in investing activities:		
Purchase of fixed assets	(824)	(437)
Costs of investments, net of cash acquired	(64,173)	--
Distribution received from Affiliate equity investment	107	--
Decrease in other assets	(181)	(490)
Cash flow used in investing activities	(65,071)	(927)
Cash flow from financing activities:		
Borrowings of senior bank debt	72,300	6,500
Repayments of senior bank debt	(9,500)	(1,000)
Repayments of notes payable	--	(5,878)
Issuances of equity securities	--	10
Debt issuance costs	(40)	--
Cash flow from (used in) financing activities	62,760	(368)
Effect of foreign exchange rate changes on cash flow	36	(36)
Net increase in cash and cash equivalents	6,738	661
Cash and cash equivalents at beginning of period	22,766	6,767
Cash and cash equivalents at end of period	$ 29,504	$ 7,428
Supplemental disclosure of non-cash financing activities:		
Stock issued in acquisitions	$ 30,992	$ 1,501

The accompanying notes are an integral part of the consolidated financial statements.

1. BASIS OF PRESENTATION

The consolidated financial statements of Affiliated Managers Group, Inc. (the "Company" or "AMG") have been prepared in accordance with generally accepted accounting principles 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 generally accepted accounting principles for complete financial statements. The year end condensed balance sheet data was derived from audited financial statements, but does not include all of the disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain prior year amounts have been reclassified to conform with the current year's presentation. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 includes additional information about AMG, its operations, and its financial position, and should be read in conjunction with this quarterly report on Form 10-Q.

Effective January 1, 1998, AMG adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This standard requires that comprehensive income and its components be reported and displayed in a financial statement with the same prominence as other financial statements.

2. ACQUISITIONS

On March 20, 1998, AMG acquired a 68% interest in Essex Investment Management Company, LLC ("Essex"). AMG paid $69.7 million, including transaction costs, in a combination of cash and the assumption of certain liabilities, and issued 1,750,942 shares of Series C Non-Voting Convertible Stock (the "Series C Stock"). Each share of Series C Stock will convert into one share of AMG's Common Stock, $.01 par value per share, on March 20, 1999, or upon certain extraordinary events, as defined. This transaction will be accounted for under the purchase method of accounting. The Company elected the automatic 60 day extension for filing financial statements in the Form 8-K filed in relation to its investment in Essex. The required financial statements and pro forma financial information will be filed by amendment to the Form 8-K on or before June 3, 1998.

3. INCOME TAXES

A summary of the provision for income taxes is as follows (in thousands):

		For the Three Months Ended March 31, 1998	1997
Federal:	Current	$ --	$ --
	Deferred	2,120	311
State:	Current	552	141
	Deferred	303	94
Provision for income taxes		$ 2,975	$ 546

In the first quarter of 1998, the Company has determined that because it is more likely than not that all of its tax net operating loss carryforwards will be utilized during 1998, its deferred tax valuation allowance is no longer necessary. Accordingly, the Company expects that the benefit of the reversal of the allowance will be realized ratably over the year.

4. EARNINGS PER SHARE

The calculation for the basic earnings per share is based on the weighted average of common shares outstanding during the period. The calculation for the diluted earnings per share is based on the weighted average of common and common equivalent shares outstanding during the period. The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations.

	Three Months Ended March 31,	
	1998	1997
Numerator:		
Net income	$ 4,462,000	$ 674,000
Denominator:		
Average shares outstanding -- basic	17,594,555	514,619
Convertible stock	233,459	5,761,497
Stock options and unvested restricted stock	348,414	556,784
Average shares outstanding -- diluted	18,176,428	6,832,900
Net income per share:		
Basic	$ 0.25	$ 1.31
Diluted	$ 0.25	$ 0.10

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which are based on management's current views and assumptions regarding future events and financial performance. Words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "believes," "estimates," "projects" and other similar expressions are intended to identify such forward-looking statements. Such statements are subject to certain risks and uncertainties, including those discussed herein and in the "Business - Cautionary Statements" section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, that could cause actual results to differ materially from those discussed in the forward-looking statements. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made, and the Company will not undertake to release publicly the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of events or changes in circumstances after the date of such statements.

OVERVIEW

The Company acquires equity positions in mid-sized investment management firms, and derives its revenues from such firms. AMG has a revenue sharing arrangement with each investment management firm in which it has an investment (each, an "Affiliate") which is contained in the organizational document of that Affiliate. Each such arrangement allocates a specified percentage of revenues (typically 50-70%) for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses (the "Operating Allocation"). The remaining portion of revenues of the Affiliate, typically 30-50% (the "Owners' Allocation"), is allocated to the owners of that Affiliate (including AMG), generally in proportion to their ownership of the Affiliate.

The Affiliates' revenues are derived from the provision of investment management services for fees. Investment management fees are usually determined as a percentage fee charged on periodic values of a client's assets under management. In addition, several of the Affiliates charge performance-based fees to certain of their clients; these performance-based fees result in payments to the applicable Affiliate if specified levels of investment performance are achieved. All references in this report to "assets under management" include assets directly managed as well as assets underlying overlay strategies which employ futures, options or other derivative securities to achieve a particular investment objective.

Since its founding in December 1993, the Company has completed 11 investments in such firms. The most recent investment, in Essex Investment Management Company, LLC ("Essex"), was completed in March 1998. The Company completed investments in Gofen and Glossberg, L.L.C. ("Gofen and Glossberg"), GeoCapital, LLC ("GeoCapital") and Tweedy, Browne Company LLC ("Tweedy, Browne"), in May, September and October 1997, respectively.

Assets under management increased by $8.6 billion to $54.3 billion at March 31, 1998 from $45.7 billion at December 31, 1997, in part due to the investment made in Essex. Excluding the initial assets under management of Essex at the Company's date of investment, assets under management increased by $4.0 billion as a result of $3.8 billion in market appreciation and $237 million from positive net client cash flows for the three months ended March 31, 1998.

The Company's investments have been accounted for under the purchase method of accounting, under which goodwill is recorded for the excess of the purchase price for the acquisition of interests in Affiliates over the fair value of the net assets acquired, including acquired client relationships. As a result of the series of investments made by the Company, intangible assets (collectively, acquired client relationships and goodwill are referred to as "intangible assets") constitute a substantial percentage of the assets of the Company. At March 31, 1998, the Company's total assets were $560.7 million, of which $166.9 million consisted of acquired client relationships and $314.6 million consisted of goodwill.

The amortization period for intangible assets for each investment is assessed individually, with amortization periods for the Company's investments to date ranging from nine to 28 years in the case of acquired client relationships and 15 to 35 years in the case of goodwill. In determining the amortization period for intangible assets acquired, the Company considers a number of factors including: the firm's historical and potential future operating performance; the firm's historical and potential future rates of attrition among clients; the stability and longevity of existing client relationships; the firm's recent, as well as long-term, investment performance; the characteristics of the firm's products and investment styles; the stability and depth of the firm's management team and the firm's history and perceived franchise or brand value. The Company performs a quarterly evaluation of intangible assets on an Affiliate-by-Affiliate basis to determine whether there has been any impairment in their carrying value or their useful lives. If impairment is indicated, then the carrying amount of intangible assets, including goodwill, will be reduced to their fair values.

While amortization of intangible assets has been charged to the results of operations and is expected to be a continuing material component of the Company's operating expenses, management believes that it is important to distinguish this expense from other operating expenses since such amortization does not require the use of cash. Also, because the Company's distributions from its Affiliates are based on its share of Owners' Allocation, management has provided additional supplemental information for "cash" related earnings, as an addition to, but not as a substitute for, measures related to net income. Such measures are (i) EBITDA (earnings before interest expense, income taxes, depreciation and amortization), which the Company believes is useful to investors as an indicator of the Company's ability to service debt, make new investments and meet working capital requirements, and (ii) EBITDA as adjusted (earnings after interest expense and income taxes but before depreciation and amortization), which the Company believes is useful to investors as another indicator of funds available to the Company to make new investments or repay debt obligations.

QUARTER ENDED MARCH 31, 1998 AS COMPARED TO QUARTER ENDED MARCH 31, 1997

The Company had net income of $4.5 million for the quarter ended March 31, 1998 compared to net income of $674,000 for the quarter ended March 31, 1997. The increase in net income resulted primarily from income from investments made subsequent to March 31, 1997. The Company invested in Gofen and Glossberg in May 1997, GeoCapital in September 1997 and Tweedy, Browne in October 1997, and included their results from their respective dates of investment. In addition, the Company invested in Essex on March 20, 1998 and its results were included in the results for the quarter ended March 31, 1998 for 11 days.

Total revenues for the quarter ended March 31, 1998 were $45.7 million, an increase of $29.2 million over the quarter ended March 31, 1997, primarily as a result of the new investments subsequent to March 31, 1997.

Total operating expenses increased by $16.0 million to $29.0 million for the quarter ended March 31, 1998 from $13.0 million for the quarter ended March 31, 1997. Compensation and related expenses increased by $8.7 million, amortization of intangible assets increased by $2.8 million, selling, general and administrative expenses increased by $3.9 million, and other operating expenses increased by $358,000. The increases in operating expenses are primarily due to the inclusion of the new Affiliates described above.

Minority interest increased by $4.8 million to $6.5 million for the quarter ended March 31, 1998 from $1.7 million for the quarter ended March 31, 1997. This increase is a result of the addition of new Affiliates as described above and the Owners' Allocation growth at the Company's existing Affiliates.

Interest expense increased by $2.3 million to $3.1 million for the quarter ended March 31, 1998 from $786,000 for the quarter ended March 31, 1997 as a result of the increased indebtedness incurred in connection with the investments described above.

Income tax expense was $3.0 million for the quarter ended March 31, 1998 compared to $546,000 for the quarter ended March 31, 1997. The effective tax rate for the quarter ended March 31, 1998 was 40% compared to 45% for the quarter ended March 31, 1997. The change in effective tax rates from 1997 to 1998 is partially related to the reversal of the deferred tax asset valuation allowance in 1998.

EBITDA increased by $11.7 million to $14.9 million for the quarter ended March 31, 1998 from $3.2 million for the quarter ended March 31, 1997, primarily as a result of the inclusion of new Affiliates as described above.

EBITDA as adjusted increased by $6.9 million to $8.8 million for the quarter ended March 31, 1998 from $1.9 million for the quarter ended March 31, 1997 as a result of the factors affecting net income as described above, before non-cash expenses such as amortization of intangible assets and depreciation of $4.3 million for the quarter ended March 31, 1998 and $1.2 million for the quarter ended March 31, 1997.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998, the Company had cash and cash equivalents of $29.5 million and outstanding borrowings under its revolving credit facility ("Credit Facility") of $222.3 million. The Credit Facility allows for borrowings up to $300 million (which may be increased to $400 million upon the approval of the lenders), bears interest at either LIBOR plus a margin or the Prime Rate plus a margin and matures during December 2002. In addition, the Company pays a commitment fee on the daily unused portion of the facility.

On March 20, 1998, AMG acquired a 68% interest in Essex. AMG paid $69.7 million, including transaction costs, in a combination of cash and the assumption of certain liabilities, and issued 1,750,942 shares of AMG's newly designated Series C Non-Voting Convertible Stock (the "Series C Stock"). Each share of Series C Stock will convert into one share of AMG's Common Stock, $.01 par value per share, on March 20, 1999, or upon certain extraordinary events, as defined. AMG financed the cash portion of the purchase price with borrowings under its Credit Facility.

In order to provide the funds necessary for the Company to continue to acquire interests in investment management firms, including additional investments in existing Affiliates, it will be necessary for the Company to incur, from time to time, additional long-term debt and/or issue equity or debt securities, depending on market and other conditions. There can be no assurance that such additional financing will be available or become available on terms acceptable to the Company.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company and its Affiliates may be parties to various claims, suits and complaints. Currently, there are no such claims, suits or complaints that, in the opinion of management, would have a material adverse effect on the Company's financial position, liquidity or results of operations.

ITEM 2. CHANGES IN SECURITIES

On March 20, 1998, the Company issued 1,750,942 shares of AMG's newly designated Series C Non-Voting Convertible Stock (the "Series C Stock") to former stockholders of Essex Investment Management

Company, Inc. as partial consideration for its investment in Essex. Each share of Series C Stock will convert into one share of AMG's Common Stock, $.01 par value per share, on March 20, 1999, or upon certain extraordinary events, as defined. The Company believes that the issuance of the Series C Stock was exempt from the registration requirements of the Securities Act of 1933, as amended, by reason of Section 4(2) thereof, based on the private nature of the transaction and the financial sophistication of the purchasers, each of whom had access to complete information concerning the Company and acquired the securities for investment and not with a view to the distribution thereof.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Nothing to report under this item.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Nothing to report under this item.

ITEM 5. OTHER INFORMATION

Nothing to report under this item.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27.1 Financial Data Schedule

(b) Reports on Form 8-K:

1 Current Report on Form 8-K dated March 20, 1998, reporting the Company's investment in Essex. The required financial statements and pro forma financial information will be filed by amendment to the Form 8-K on or before June 3, 1998.

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.

AFFILIATED MANAGERS GROUP, INC.

(Registrant)

/s/ Darrell W. Crate - --------------------- (Darrell W. Crate)	on behalf of the Registrant as Senior Vice President and Chief Financial Officer (and also as Principal Financial and Principal Accounting Officer)	May 14, 1998

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED
BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME.

1,000

3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
29,504
0
32,117
0
0
64,022
6,194
0
560,715
17,427
222,300
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0
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560,715
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29,030
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0
0
4,462
0.25
0.25