UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal year ended December 31, 2008

OR

o **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)

600 Hale Street, Prides Crossing, Massachusetts 01965
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.01 par value)	**New York Stock Exchange**

Securities registered pursuant to Section 12(b) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☒

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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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.

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller	Smaller reporting company o

reporting company)

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

At June 30, 2008, the aggregate market value of the common stock held by non-affiliates of the registrant, based upon the closing price of $90.06 on that date on the New York Stock Exchange, was $3,640,691,261. Calculation of holdings by non-affiliates is based upon the assumption, for this purpose only, that executive officers, directors and persons holding 10% or more of the registrant's common stock are affiliates. There were 41,067,763 shares of the registrant's common stock outstanding on February 25, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on or about June 2, 2009 are incorporated by reference into Part III.

FORM 10-K

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PART I

Item 1. Business

We are an asset management company with equity investments in a diverse group of boutique investment management firms (our "Affiliates"). We pursue a growth strategy designed to generate shareholder value through the internal growth of our existing business, additional investments in investment management firms and strategic transactions and relationships structured to enhance our Affiliates' businesses and growth prospects.

In our investments in each of our Affiliates, we hold a substantial equity interest. The remaining equity interests are retained by the management of the Affiliate and enable Affiliate managers to continue to participate in their firm's success. Our investment approach provides a degree of liquidity and diversification to principal owners of boutique investment management firms, and also addresses the succession and ownership transition issues facing many founders and principal owners. Our partnership approach also ensures that Affiliates maintain operational autonomy in managing their business, thereby preserving their firm's entrepreneurial culture and independence. In particular, our structures are designed to:

- maintain and enhance Affiliate managers' equity incentives in their firms;
- preserve each Affiliate's distinct culture and investment focus; and
- provide Affiliates with the ability to realize the benefits of scale economies in distribution, operations, compliance and technology.

Although we invest in firms that we anticipate will grow independently and without our assistance, we are committed to helping Affiliates identify opportunities for growth and leverage the benefits of economies of scale. We assist our Affiliates in broadening distribution in the United States and globally, developing new products and providing strategic support and enhanced operational capabilities.

We believe that substantial opportunities to make investments in high-quality boutique investment management firms will continue to arise as their founders seek to institutionalize their businesses through broader equity ownership, or approach retirement age and begin to plan for succession. Our management identifies select firms based on our thorough understanding of the asset management industry, and has developed relationships with a significant number of these firms. Within our target universe, we seek the strongest and most stable firms with the best growth prospects, which are typically characterized by a strong multi-generational management team and culture of commitment to building a firm for its longer-term success, focused investment discipline and long-term investment track record, and diverse products and distribution channels. We are focused on investing in the highest quality boutique asset management firms specializing in an array of investment styles and asset classes, including both traditional and alternative investment managers. We anticipate that we will have significant additional investment opportunities across the investment management industry in the United States and globally, including the potential for investments in subsidiaries, divisions and other investment teams or products.

Investment Management Operations

Through our Affiliates, we manage approximately $170.1 billion in assets (as of December 31, 2008) in more than 300 investment products across a broad range of asset classes and investment styles in three principal distribution channels: Mutual Fund, Institutional and High Net Worth. We believe that our diversification across asset classes, investment styles and distribution channels helps to mitigate our exposure to the risks created by changing market environments.

A summary of selected financial data attributable to our operations follows:

(dollars in millions, except as noted)	2006	2007	2008
Assets under management (in billions)[1]			
Mutual Fund	$ 58.2	$ 62.2	$ 34.7
Institutional	154.7	180.4	109.4
High Net Worth	28.2	32.2	26.0
Total	$ 241.1	$ 274.8	$ 170.1
Revenue[2]			
Mutual Fund	$ 501.7	$ 558.3	$ 456.2
Institutional	514.8	645.6	559.8
High Net Worth	153.9	166.0	142.2
Total	$1,170.4	$1,369.9	$1,158.2
Net Income[3]			
Mutual Fund	$ 68.0	$ 72.5	$ 45.6
Institutional	65.8	87.9	(21.0)
High Net Worth	17.5	21.6	(1.4)
Total	$ 151.3	$ 182.0	$ 23.2
EBITDA[3][4]			
Mutual Fund	$ 138.2	$ 153.9	$ 110.9
Institutional	162.3	211.3	183.0
High Net Worth	41.6	53.0	41.4
Total	$ 342.1	$ 418.2	$ 335.3

(1) Balances as of December 31.

(2) In 2006, 2007 and 2008, revenue attributable to clients domiciled outside the U.S. was approximately 15%, 18% and 19%, respectively.

(3) Note 27 to the Consolidated Financial Statements describes the basis of presentation of our distribution channel operating results. For purposes of our distribution channel operating results, expenses not incurred directly by Affiliates have been allocated based on the proportion of aggregate cash flow distributions reported by each Affiliate in the particular distribution channel.

(4) EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. As a measure of liquidity, we believe that EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. EBITDA is not a measure of liquidity under generally accepted accounting principles and should not be considered an alternative to cash flow from operations. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Mutual Fund Distribution Channel

Through our Affiliates, we provide advisory or sub-advisory services to more than 100 mutual funds. These funds are distributed to retail and institutional clients directly and through intermediaries, including independent investment advisors, retirement plan sponsors, broker-dealers, major fund marketplaces and bank trust departments.

Our largest mutual funds in this distribution channel are the:

- Tweedy, Browne Global Value and Value Funds, managed by Tweedy, Browne Company LLC ("Tweedy, Browne"), a New York-based investment advisor that employs a value-oriented investment approach advocated by Benjamin Graham to invest in global and domestic securities;

- Third Avenue Value Funds, including the Third Avenue Value, Real Estate Value, Small Cap Value and International Value Funds, which are managed by Third Avenue Management LLC ("Third Avenue"), a New York-based investment advisor that employs a deep value approach to investing in equities, real estate and corporate debt securities;

- Brandywine, Brandywine Blue and Brandywine Advisors Funds, which are managed by Friess Associates, LLC ("Friess Associates"), a Delaware and Wyoming-based investment advisor that invests in growth equities through an intensive, bottom up research process; and

- Managers Funds and Managers AMG Funds, a complex of 32 funds for which Managers Investment Group LLC ("Managers") serves as the manager of managers, employing a search, selection and monitoring process to identify sub-advisors for the Managers Funds, and through Managers AMG Funds, offering retail investors access to Affiliates' investment management services otherwise available only through Institutional separate accounts.

Utilizing Managers' distribution, sales, client service and back-office capabilities, our Affiliates are provided access to the Mutual Fund wholesale distribution channel and wrap sponsor platforms. Managers offers Affiliates a single point of contact for retail intermediaries such as banks, brokerage firms and other sponsored platforms. Within this distribution channel, Managers is presently servicing and distributing approximately 35 mutual funds, including funds managed by nine Affiliates.

Institutional Distribution Channel

Through our Affiliates, we offer approximately 200 investment products across approximately 50 different investment styles in the Institutional distribution channel, including small, small/mid, mid and large capitalization value, growth equity and emerging markets. In addition, our Affiliates offer quantitative, alternative, credit arbitrage and fixed income products. Through this distribution channel, our Affiliates manage assets for foundations and endowments, defined benefit and defined contribution plans for corporations and municipalities, and Taft-Hartley plans, with disciplined and focused investment styles that address the specialized needs of institutional clients.

Our institutional investment products are distributed by over 70 sales and marketing professionals who develop new institutional business through direct sales efforts and established relationships with pension consultants. Our efforts are designed to ensure that our Affiliates' products and services successfully address the specialized needs of their clients and are responsive to the evolving demands of the marketplace and provide our Affiliates with resources to improve sales and marketing materials, network with the pension consultant and plan sponsor communities, and further expand and establish new distribution alternatives.

We continue to work with our Affiliates in executing and enhancing their marketing and client service initiatives by expanding our global distribution platform. Our global distribution platform now includes offices in Sydney, serving institutional investors in Australia and New Zealand, as well as London, serving institutional investors in the Middle East and Europe. AMG's Affiliates currently manage more than $50 billion in assets for non-U.S. clients in more than 25 countries, including Australia, Brazil, Canada, Germany, Japan, Luxembourg, the Netherlands, Singapore, the United Arab Emirates and the United Kingdom.

High Net Worth Distribution Channel

The High Net Worth distribution channel is comprised broadly of two principal client groups. The first group consists principally of direct relationships with high net worth individuals and families and charitable foundations. For these clients, our Affiliates provide investment management or customized investment counseling and fiduciary services. The second group consists of individual managed account client relationships established through intermediaries, which are generally brokerage firms or other sponsors. Our Affiliates provide investment management services through approximately 100 managed account and wrap programs.

We have undertaken several initiatives to provide our Affiliates with enhanced managed account distribution and administration capabilities. Within our High Net Worth distribution channel, Managers is presently distributing approximately 35 investment products managed by eight Affiliates. Managers distributes single and multi-manager separate account products and mutual funds through brokerage firms.

Our Structure and Relationship with Affiliates

In making investments in boutique asset management firms, we seek to partner with the highest quality firms in the industry, with outstanding management teams, strong long-term performance records and a demonstrated commitment to continued growth and success. Fundamental to our investment approach is the belief that Affiliate management equity ownership (along with AMG's ownership) aligns our interests and provides Affiliate managers with a powerful incentive to continue to grow their business. Our investment structure provides a degree of liquidity and diversification to principal owners of boutique investment management firms, while at the same time expanding equity ownership opportunities among the firm's management and allowing management to continue to participate in the firm's future growth. Our partnership approach also ensures that Affiliates maintain operational autonomy in managing their business, thereby preserving their firm's entrepreneurial culture and independence.

Although the specific structure of each investment is highly tailored to meet the needs of a particular Affiliate, in all cases, AMG establishes a meaningful equity interest in the firm, with the remaining equity interests retained by the management of the Affiliate. Each Affiliate is organized as a separate firm, and its operating or shareholder agreement is structured to provide appropriate incentives for Affiliate management owners and to address the Affiliate's particular characteristics while also enabling us to protect our interests, including through arrangements such as long-term employment agreements with key members of the firm's management team.

In most cases, we own a majority of the equity interests of a firm and structure a revenue sharing arrangement, in which a percentage of revenue is allocated for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses. We call this the "Operating Allocation." The portion of the Affiliate's revenue that is allocated to the owners of that Affiliate (including us) is called the "Owners' Allocation." Each Affiliate allocates its Owners' Allocation to its managers and to us generally in proportion to their and our respective ownership interests in that Affiliate.

One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for Affiliate managers by allowing them to participate in the growth of their firm's revenue, which may increase their compensation from both the Operating Allocation and the Owners' Allocation. These arrangements also provide incentives to control operating expenses, thereby increasing the portion of the Operating Allocation that is available for growth initiatives and compensation. As one measure of these incentives, in 2008, approximately $381.8 million of compensation and profits were allocated to our Affiliate managers (reported in Compensation expense and Minority interest).

An Affiliate's Operating Allocation is structured to cover its operating expenses. However, should actual operating expenses exceed the Operating Allocation, our contractual share of cash under the Owners' Allocation generally has priority over the allocations and distributions to the Affiliate's managers. As a result, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's managers until that portion is eliminated, before reducing the portion allocated to us. Any such reduction in our portion of the Owners' Allocation is required to be paid back to us out of the portion of future Owners' Allocation allocated to the Affiliate's managers.

Our minority investments are also structured to align our interests with those of the Affiliate's management through shared equity ownership, as well as to preserve the Affiliate's entrepreneurial culture and independence by maintaining the Affiliate's operational autonomy. In cases where we hold a minority interest, the revenue sharing arrangement generally allocates a percentage of the Affiliate's revenue to us. The remaining revenue is used to pay operating expenses and profit distributions to the other owners.

Certain of our Affiliates operate under profit-based arrangements through which we own a majority of the equity in the firm and receive a share of profits as cash flow, rather than a percentage of revenue through a typical revenue sharing agreement. As a result, we participate fully in any increase or decrease in the revenue or expenses of such firms. In these cases, we participate in a budgeting process and generally provide incentives to management through compensation arrangements based on the performance of the Affiliate.

We are focused on establishing and maintaining long-term partnerships with our Affiliates. Our shared equity ownership gives both AMG and our Affiliate partners meaningful incentives to manage their businesses for strong future growth. From time to time, we may consider changes to the structure of our relationship with an Affiliate in order to better support the firm's growth strategy.

Our Purchase of Additional Interests in Our Existing Affiliates

Many of our Affiliate operating agreements provide our Affiliate managers conditional rights ("put rights") that enable them to sell their retained equity interests to us at certain intervals, gradually over time. These agreements also provide us conditional rights to require the managers to sell their interests to us ("call rights"). We believe these rights enhance our ability to keep our ownership within a desired range and provide Affiliate managers sufficient incentives to grow and improve their business and create equity value for themselves. These rights help facilitate our ability to provide equity ownership opportunities in our Affiliates to more junior members of their management teams.

Diversification of Assets under Management

The following table provides information regarding the composition of our assets under management as of December 31, 2008.

	Assets under Management (in billions)	Percentage of Total
Distribution Channel:		
Mutual Fund	$ 34.7	21%
Institutional	109.4	64%
High Net Worth	26.0	15%
Total	$ 170.1	100%
Asset Class:		
Equity[(1)]	$ 115.5	68%
Alternative[(2)]	37.3	22%
Fixed Income	17.3	10%
Total	$ 170.1	100%
Geography[(3)]		
Domestic	$ 80.3	47%
Global/International	78.0	46%
Emerging Markets	11.8	7%
Total	$ 170.1	100%

(1) The Equity asset class includes equity, balanced and asset allocation products.

(2) The Alternative asset class includes multi-strategy, market neutral equity and hedge products.

(3) The geography of a particular investment product describes the general location of its investment holdings.

Prospective Affiliates

AMG's target investment universe includes more than 1,800 investment management firms globally, and we have established relationships with approximately 800 of these firms. This group of boutique asset management firms includes independently owned firms, as well as asset management subsidiaries of larger organizations and strategic distribution firms located in the U.S. and around the world. We believe that demographic trends will continue to create a number of transaction opportunities as the founders of independent firms experience a need for partnership transition and succession planning, or otherwise seek a degree of diversification and additional resources to pursue their growth strategy, while the investment universe will also increase through divestitures by certain competitors, such as private equity firms, sovereign wealth funds and larger financial organizations.

We are well positioned to execute upon these investment opportunities through our established process of identifying and cultivating investment prospects, as well as substantial experience and expertise in structuring and negotiating transactions. In addition, AMG has a strong reputation as an effective partner to our existing Affiliates, and is recognized as an innovative, supportive institutional partner for the highest quality boutique asset management firms.

Competition

In each of our three principal distribution channels, we and our Affiliates compete with a large number of other domestic and foreign investment management firms, as well as subsidiaries of larger financial organizations. In comparison to us and our Affiliates, these firms may have significantly greater financial, technological and marketing resources, captive distribution and greater assets under management and many offer an even broader array of investment products and services. Since certain Affiliates are active in the same distribution channels, from time to time they compete with each other for clients. In addition, there are relatively few barriers to entry for new investment management firms to compete with our Affiliates, especially in the Institutional distribution channel. We believe that the most important factors affecting our ability to compete for clients in our three principal distribution channels are the:

- performance records, investment style and discipline and reputation of our Affiliates and their management teams, as well as their ability to attract and retain high quality investment professionals;
- depth and continuity of client relationships;
- diversity of products offered;
- level of client service offered;
- strong business relationships with the major intermediaries who currently distribute our products; and
- development and marketing of new investment strategies and ability to access opportunities to meet the changing needs of investors.

The relative importance of each of these factors can vary depending on the distribution channel and the type of investment management service involved, as well as general market conditions. Each Affiliate's ability to retain and increase assets under management would be adversely affected if client accounts underperform in comparison to relevant benchmarks or peer groups, or if key personnel leave the Affiliate. The ability of each Affiliate to compete with other investment management firms also depends, in part, on the relative attractiveness of its investment philosophies and methods under then-prevailing market trends.

A component of our growth strategy is the acquisition of equity interests in additional high-quality boutique investment management firms. In seeking to acquire such equity interests, we compete with a number of acquirers of investment management firms, including other investment management companies, private equity firms, sovereign wealth funds and larger financial organizations. Many of these competitors have longer operating histories and greater financial and strategic resources than we do, which may make our competitors more attractive to the owners of the firms in which we are considering an investment and may have a lower cost of capital and access to funding sources that are not available to us. We believe that important factors affecting our ability to compete for future investments are the:

- degree to which target firms view our investment structure as preferable, financially, operationally or otherwise, to acquisition or investment arrangements offered by other potential purchasers; and
- reputation and performance of our existing and future Affiliates, by which target firms may judge us and our future prospects.

Government Regulation

Our Affiliates' businesses are subject to complex and extensive regulation by various U.S. federal regulatory authorities, certain state regulatory authorities and various non-U.S. regulatory authorities. As we expand our operations through our international distribution initiatives, we are also subject to non-U.S. regulatory authorities. This regulatory environment may be altered without notice by new laws or regulations, revisions to existing regulations or new interpretations or guidance. Changes in these laws or regulations could have a material adverse impact on our profitability and mode of operations, and could require that we incur substantial cost or curtail our investment operations or offerings. Regulatory authorities may also conduct examinations or inspections of our operations or those of our Affiliates and any determination of a failure to comply with laws or regulations could result in disciplinary or enforcement action with penalties that may include the disgorgement of fees, fines, suspensions or censure of individual employees or revocation or limitation of business activities or registration. Even in the absence of wrongdoing, regulatory inquiries or proceedings could cause substantial expenditures of time and capital and result in reputational damages, and potentially have an adverse effect on the price of our common stock. Recent global financial developments have produced calls for more stringent regulation of the financial services industry in which we and our Affiliates operate, which may make it more likely that changes will occur which could adversely affect our business.

Regulation in the United States

A majority of our Affiliates are registered as investment advisors with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"). The Investment Advisers Act and its related regulations require registered investment advisors to comply with numerous disclosure and other obligations, including implementation of compliance programs, operational procedures and controls. Moreover, many of our Affiliates act as advisors or sub-advisors to mutual funds, which are registered as investment companies with the U.S. Securities and Exchange Commission pursuant to the Investment Company Act of 1940, as amended (the "1940 Act").

The Investment Advisers Act and the 1940 Act provide that each investment management contract under which our Affiliates manage assets for other parties either terminates automatically if assigned, or states that it is not assignable without consent. In general, the term "assignment" includes not only direct assignments, but also indirect assignments which may be deemed to occur upon the direct or indirect transfer of a "controlling block" of our voting securities or the voting securities of one of our Affiliates. The 1940 Act further provides that all investment contracts with mutual fund clients are subject to annual approval by the fund's board of directors, and may be terminated by such clients, without penalty, upon no later than 60 days notice.

Our Affiliates are also subject to various other federal laws and regulations as well as the securities and fiduciary laws of various states, and certain self regulatory organizations, depending on the nature of business activities.

Regulation Outside the United States

We and our Affiliates are also subject to the laws of other non-U.S. jurisdictions and non-U.S. regulatory agencies depending on the nature and scope of business activities or place of business in the various jurisdictions (including serving as advisors to public and privately offered funds which are organized under non-U.S. jurisdictions). Regulatory agencies outside of the U.S. have broad and varied supervisory and disciplinary powers, including, among other things, to require licensing and authorization to carry on a regulated business, or to require licensing or registration of individual employees, and may require the adoption or implementation of certain compliance policies and requirements, operational procedures and disclosures. Regulators may also impose restrictions on the manner and scope of our or our Affiliate's ability to do business in the particular jurisdiction. Regulations imposed by one jurisdiction may be different than those imposed by the U.S., or another jurisdiction.

Employees and Corporate Organization

As of December 31, 2008, we employed approximately 80 persons and our Affiliates employed approximately 1,600 persons, the substantial majority of which were full-time employees. Neither we nor any of our Affiliates is subject to any collective bargaining agreements, and we believe that our labor relations are good. We were formed in 1993 as a corporation under the laws of the State of Delaware.

Corporate Liability and Insurance

Our Affiliates' operations entail the inherent risk of liability related to litigation from clients and actions taken by regulatory agencies. In addition, we face liability both directly as a control person of our Affiliates, and indirectly as a general partner or manager member of certain of our Affiliates. To protect our overall operations from such liability, we maintain errors and omissions and general liability insurance in amounts which we and our Affiliates consider appropriate. There can be no assurance, however, that a claim or claims will not exceed the limits of available insurance coverage, that any insurer will remain solvent and will meet its obligations to provide coverage, or that such coverage will continue to be available with sufficient limits or at a reasonable cost. A judgment against one of our Affiliates in excess of available coverage could have a material adverse effect on us.

Our Web Site

Our web site is *www.amg.com*. It provides information about us, as well as a link in the "Investor Information" section of our web site to another web site where you can obtain, free of charge, a copy of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, and any amendments to those reports filed or furnished with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. We make these reports available through our web site as soon as reasonably practicable after our electronic filing of such materials with, or the furnishing of them to, the Securities and Exchange Commission. The information contained or incorporated on our web site is not a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors

We face a variety of risk factors that are substantial and inherent in our business, including market, liquidity, credit, operational, legal and regulatory risks. The following are some of the more important factors that could affect our business.

Our financial results depend on equity market returns and the investment performance of our Affiliates.

The investment management contracts of our Affiliates typically provide for payment based on the market value of assets under management, and payments will be adversely affected by declines in the equity markets. In addition, certain of our Affiliates' investment management contracts include fees based on investment performance relative to a specified benchmark and, as such, are directly dependent upon investment results which may vary substantially from year to year. Unfavorable market performance and volatility in the capital markets or in the prices of specific securities may reduce our Affiliates' assets under management, which in turn may adversely affect the fees payable to our Affiliates and, ultimately, our consolidated results of operations and financial condition.

The capital markets have recently been experiencing unprecedented levels of volatility. The decline in global market conditions has resulted, and may continue to result in, decreases in the level of our Affiliates' assets under management due, in large part, to the significant declines in the value of securities, as well as a global decrease in assets invested in the equity markets. Since our assets under management are principally concentrated in equity products, our results are particularly susceptible to downturns in the equity markets.

Our growth strategy depends upon continued growth from our existing Affiliates or upon our making new investments in boutique investment management firms.

Our Affiliates may not be able to maintain their respective levels of performance or contribute to our growth at their historical levels or at currently anticipated levels. Also, our Affiliates may be unable to carry out their management succession plans, which may adversely affect their operations and revenue streams.

The success of our investment program will depend upon our ability to find suitable firms in which to invest, our ability to negotiate agreements with such firms on acceptable terms, our ability to issue common stock to raise capital and our ability to access additional forms of capital necessary to finance such transactions. We cannot be certain that we will be successful in finding or investing in such firms or that they will have favorable operating results following our investment, which could have an adverse effect on our business, financial condition and results of operations.

Our financial results could be adversely affected by the performance of other financial institutions.

We and our Affiliates routinely execute transactions with various counterparties in the financial services industry. The recent decline in market conditions has highlighted the interconnection of the global markets and demonstrated how the deteriorating financial condition of one institution may materially and adversely impact the performance of other institutions. We and our Affiliates may be exposed to such risk in the event that a counterparty with whom we transact defaults on its obligations, or other unrelated systemic failures in the markets.

Historically, equity markets and our common stock have been volatile.

The market price of our common stock historically has experienced and may continue to experience volatility, and the broader equity markets have experienced and may again experience significant price and volume fluctuations. In recent months, the declines in the equity markets have reached unprecedented levels. These declines have affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and has, and may continue to, adversely affect the price of our common stock. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us, our Affiliates or our competitors could cause the market price of our common stock to fluctuate substantially.

Our Affiliates' businesses are highly regulated.

Many aspects of our Affiliates' businesses are subject to extensive regulation by various U.S. federal regulatory authorities, certain state regulatory authorities and non-U.S. regulatory authorities. We cannot ensure that our Affiliates will fulfill all applicable regulatory requirements. If we or any of our Affiliates were to be named as a subject of an investigation or other regulatory action, the public announcement and potential publicity surrounding any such investigation or action could have a material adverse effect on our stock price and financial condition even if we (or our Affiliates) were found not to have committed any violation of the securities laws or other misconduct. The failure of any Affiliate to satisfy regulatory requirements could subject that Affiliate to sanctions that might materially impact the Affiliate's business and our business. Changes in laws or regulatory requirements, or the interpretation or application of such laws and regulatory requirements by regulatory authorities, could occur without notice and have a material adverse impact on our profitability and mode of operations. Recent global financial developments have produced calls for more stringent regulation of the financial services industry in which we and our Affiliates operate, which may make it more likely that changes will occur which could adversely affect our business, our access to capital and the market for our common stock.

Our international operations are subject to foreign risks, including political, regulatory, economic and currency risks.

We and some of our Affiliates operate offices or advise clients outside of the United States, and several affiliated investment management firms are based outside the United States. Accordingly, we and our current and any prospective affiliated investment management firms that have foreign operations are subject to risks inherent in doing business internationally, in addition to the risks our business faces more generally. These risks may include changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, different, and in some cases, less stringent legal, regulatory and accounting regimes, political instability, fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. These or other foreign risks may have an adverse effect both on our Affiliates and on our consolidated business, financial condition and results of operations.

Our Affiliates' autonomy limits our ability to alter their management practices and policies, and we may be held responsible for liabilities incurred by them.

Although our agreements with our Affiliates typically give us the authority to control and/or vote with respect to certain of their business activities, we generally are not directly involved in managing our Affiliates' day-to-day activities, including investment management policies and procedures, fee levels, marketing and product development, client relationships, employment and compensation programs and compliance activities. As a consequence, our financial condition and results of operations may be adversely affected by problems stemming from the day-to-day operations of our Affiliates.

Some of our Affiliates are partnerships or limited liability companies of which we are, or an entity controlled by us is, the general partner or manager member. Consequently, to the extent that any of these Affiliates incur liabilities or expenses that exceed its ability to pay for them, we may be directly or indirectly liable for their payment. In addition, with respect to each of our Affiliates, we may be held liable in some circumstances as a control person for the acts of the Affiliate or its employees. While we and our Affiliates maintain errors and omissions and general liability insurance in amounts believed to be adequate to cover certain potential liabilities, we cannot be certain that we will not have claims that exceed the limits of available insurance coverage, that the insurers will remain solvent and will meet their obligations to provide coverage or that insurance coverage will continue to be available to us and our Affiliates with sufficient limits and at a reasonable cost. A judgment against any of our Affiliates and/or us in excess of available insurance coverage could have a material adverse effect on the Affiliate and/or us.

The failure to receive regular distributions from our Affiliates would adversely affect us, and our structure results in substantial structural subordination that may affect our ability to make payments on our obligations.

We receive cash distributions from our Affiliates. An Affiliate's payment of distributions to us may be subject to claims by the Affiliate's creditors and to limitations applicable to the Affiliate under federal and state laws, including securities and bankruptcy laws, and any applicable non-U.S. laws.

Additionally, an Affiliate may default on some or all of the distributions that are payable to us. As a result, we cannot guarantee that we will always receive these distributions from our Affiliates. The failure to receive the distributions to which we are entitled under our agreements with our Affiliates would adversely affect us, and may affect our ability to make payments on our obligations.

Our right to receive any assets of our Affiliates or subsidiaries upon their liquidation or reorganization, and thus the right of the holders of securities issued by us to participate in those assets, typically would be subordinated to the claims of that entity's creditors. In addition, even if we were a creditor of any of our Affiliates or subsidiaries, our rights as a creditor would be subordinate to any security interest and indebtedness that is senior to us.

The agreed-upon expense allocation under our revenue sharing arrangements with our Affiliates may not be large enough to pay for all of the respective Affiliate's operating expenses.

Our Affiliates have generally entered into agreements with us under which they have agreed to pay us a specified percentage of their respective gross revenue, while retaining a percentage of revenue for use in paying that Affiliate's operating expenses. We may not anticipate and reflect in those agreements possible changes in the revenue and expense base of any Affiliate, and the agreed-upon expense allocation may not be large enough to pay for all of an Affiliate's operating expenses. We may elect to defer the receipt of our share of an Affiliate's revenue to permit the Affiliate to fund such operating expenses, or we may restructure our relationship with an Affiliate with the aim of maximizing the long-term benefits to us, but we cannot be certain that any such deferral or restructured relationship would be of any greater benefit to us. Such a deferral or restructured relationship might have an adverse effect on our near-term or long-term profitability and financial condition.

The sale or issue of substantial amounts of our common stock could adversely impact the price of our common stock.

The sale of substantial amounts of our common stock in the public market could adversely impact its price. In connection with our financing activities, we issued securities and entered into contracts that may result in the issuance of our common stock upon the occurrence of certain events. As of December 31 2008, approximately 9.9 million shares remain issuable under the terms of our convertible securities and our forward sale agreement. Moreover, in connection with future financing activities, we may issue additional convertible securities or shares of our common stock. Consequently, any such issuance of shares of our common stock could have the effect of substantially diluting the interests of our current equity holders. In the event that a large number of shares of our common stock are sold in the public market, the price of our common stock may fall.

The failure to consummate announced investments in new investment management firms could have an adverse effect on our operating results and financial condition.

Consummation of our acquisition transactions is generally subject to a number of closing conditions, contingencies and approvals, including but not limited to obtaining certain consents of the investment management firms' clients. In the event that an announced transaction is not consummated, we may experience a decline in the price of our common stock to the extent that the then-current market price reflects a market assumption that we will complete the announced transaction. In addition, the fact that a transaction did not close after we announced it publicly may negatively affect our ability and prospects to consummate transactions in the future. Finally, we must pay costs related to these transactions, including legal and accounting fees, even if the transactions are not completed, which may have an adverse effect on our results of operations and financial condition.

We expect that we will need to raise additional capital in the future, and existing or future resources may not be available to us in sufficient amounts or on acceptable terms.

While we believe that our existing cash resources and cash flow from operations will be sufficient to meet our working capital needs for normal operations for the foreseeable future, our continuing acquisitions of interests in new affiliated investment management firms will require additional capital. We may also need to repurchase some or all of our outstanding zero coupon senior convertible notes or our 3.95% convertible senior notes. We are contingently liable to make additional purchase payments upon the achievement of specified financial targets in connection with certain of our prior acquisitions and we have obligations to purchase additional equity in existing Affiliates, which obligations may be triggered from time to time. These obligations may require more cash than is then available from operations. Thus, we may need to raise capital by making additional borrowings or by selling shares of our common stock or other equity or debt securities, or to otherwise refinance a portion of these obligations. These financing activities could increase our interest expense, decrease our net income and dilute the interests of our existing stockholders. Moreover, we may not be able to obtain such financing on acceptable terms, if at all.

Our access to additional capital, and the cost of capital we are able to access, also depends significantly on our credit rating. A reduction in our credit rating could increase our borrowing costs and may limit our access to the capital markets.

Repurchase Obligations under Zero Coupon Senior Convertible Notes. In May 2001, we issued $251 million aggregate principal amount at maturity of zero coupon senior convertible notes due 2021. As of December 31, 2008, $50.1 million principal amount at maturity of zero coupon convertible notes remains outstanding. In May 2011 and 2016, the remaining holders may require us to repurchase all or a portion of the outstanding zero coupon senior convertible notes at their accreted value.

Cash Payment Obligation under our 3.95% Convertible Senior Notes. We currently have outstanding $460 million aggregate principal amount of 3.95% convertible senior notes due 2038. Every five years, commencing on August 15, 2013, the holders may require us to repurchase all or a portion of the outstanding 3.95% convertible senior notes at a purchase price equal to 100% of the principal amount, plus any accrued and unpaid interest.

Senior Credit Facility. In November 2007, we entered into an amended and restated credit facility. During the third quarter of 2008, we increased our borrowing capacity to $1.01 billion, comprised of a $770 million revolving credit facility and a $240 million term loan. We have used our credit facility in the past, and we may do so again in the future, to fund investments in new and existing Affiliates, refinance other indebtedness, repurchase stock and fund working capital. As of December 31, 2008, we had $233.5 million outstanding under our credit facility.

Our credit facility will mature in February 2012. While we intend to obtain a new credit facility prior to that time, we may not be able to obtain financing on terms comparable to our current credit facility. Our failure to do so could increase our interest expense, decrease our net income and adversely affect our ability to fund new investments and otherwise use our credit facility as described above. We may borrow under our credit facility only if we continue to meet certain financial tests, including the leverage and interest ratios described below. In addition, our credit facility contains provisions for the benefit of our lenders that restrict the manner in which we can conduct our business, that may adversely affect our ability to make investments in new and existing Affiliates and that may have an adverse impact on the interests of our stockholders. Because indebtedness under our credit facility bears interest at variable rates, in the event we have indebtedness outstanding under our credit facility, increases in interest rates may increase our interest expense, which could adversely affect our cash flow, our ability to meet our debt service obligations and our ability to fund future investments. Although from time to time we are party to interest rate hedging contracts designed to offset a portion of our exposure to interest rate fluctuations, we cannot be certain that this strategy will be effective.

Under the terms of our credit facility we are required to meet two financial ratio covenants. The first of these covenants is a maximum ratio of debt to EBITDA of 3.5x. The calculation of our bank leverage ratio is generally consistent with our internal leverage ratio approach as described on page 30. The second covenant is a minimum EBITDA to cash interest expense ratio of 3.0x. For the purposes of calculating these ratios, share-based compensation expense is added back to EBITDA.

As of December 31, 2008, we were in full compliance with the terms of our credit facility. While continued material declines in the equity markets could negatively impact our EBITDA and, in turn, our ability to comply with our covenants, our holding company cash resources are sufficient to repay the balance outstanding under our credit facility.

Contingent Purchase Payments. In connection with our investments in certain of our Affiliates, we are contingently liable, upon achievement of specified financial targets, to make additional purchase payments of up to $232 million through 2012.

Purchase of Additional Equity in Our Affiliates. Many of our agreements provide Affiliate managers a conditional right that enables them to require us to purchase additional ownership interests in our Affiliates in certain circumstances and from time to time. We may pay for these purchases in cash, shares of our common stock or other forms of consideration. In connection with these purchases, we may face the financing risks described above, including our ability to access capital.

We have substantial intangibles on our balance sheet, and any impairment of our intangibles could adversely affect our results of operations.

At December 31, 2008, our total assets were approximately $3.2 billion, of which approximately $1.7 billion were intangible assets, and approximately $0.7 billion were equity investments in Affiliates, an amount comprised primarily of intangible assets. We cannot be certain that we will ever realize the value of such intangible assets. Acquired client relationships with definite lives are being amortized, or written off, over a weighted average period of 10 years. An impairment of our intangible assets or an other than temporary decline in the value of our equity investments could adversely affect our results of operations. In the fourth quarter of 2008, we recognized a non-cash charge of $150.0 million to reduce the carrying value of certain equity method Affiliates to fair value.

We and our Affiliates rely on certain key personnel and cannot guarantee their continued service.

We depend on the efforts of our executive officers and our other officers and employees. Our executive officers, in particular, play an important role in the stability and growth of our existing Affiliates and in identifying potential investment opportunities for us. We do not have employment agreements with our officers, although each of them has a significant equity interest, including stock options.

In addition, our Affiliates depend heavily on the services of key principals, who in many cases have managed their firms for many years. These principals often are primarily responsible for their firm's investment decisions. Although we use a combination of economic incentives, transfer restrictions and, in some instances, non-solicitation agreements and employment agreements in an effort to retain key management personnel, there is no guarantee that these principals will remain with their firms. Moreover, since certain Affiliates contribute significantly to our revenue, the loss of key management personnel at these Affiliates could have a disproportionate adverse impact on our business.

The loss of key management personnel or an inability to attract, retain and motivate sufficient numbers of qualified management personnel may adversely affect our business and our Affiliates' businesses. The market for investment managers is extremely competitive and is increasingly characterized by the frequent movement of investment managers among different firms. In addition, since individual investment managers at our Affiliates often maintain a strong, personal relationship with their clients that is based on their clients' trust in the manager, the departure of a manager could cause the Affiliate to lose client accounts, which could have a material adverse effect on the results of operations and financial condition of both the Affiliate and us.

Our Affiliates' investment management contracts are subject to termination on short notice.

Our Affiliates derive almost all of their revenue from their clients based upon their investment management contracts with those clients. These contracts are typically terminable by the client without penalty upon relatively short notice (typically not longer than 60 days). We cannot be certain that our

Affiliates will be able to retain their existing clients or to attract new clients. If our Affiliates' clients withdraw a substantial amount of funds, it is likely to harm our results.

Our industry is highly competitive.

Through our Affiliates, we compete with a broad range of investment managers, including public and private investment advisors, firms associated with securities broker-dealers, financial institutions, insurance companies, private equity firms, sovereign wealth funds and other entities that serve our three principal distribution channels, many of whom have greater resources. This competition may reduce the fees that our Affiliates can obtain for their services. We believe that our Affiliates' ability to compete effectively with other firms in our three distribution channels depends upon our Affiliates' products, investment performance and client-servicing capabilities, and the marketing and distribution of their investment products. Our Affiliates may not compare favorably with their competitors in any or all of these categories. From time to time, our Affiliates also compete with each other for clients.

The market for acquisitions of interests in investment management firms is highly competitive. Many other public and private financial services companies, including commercial and investment banks, insurance companies and investment management firms, which may have significantly greater resources than we do, also invest in or buy investment management firms. We cannot guarantee that we will be able to compete effectively with such companies, that new competitors will not enter the market or that such competition will not make it more difficult or not feasible for us to make new investments in investment management firms.

Item 1B. Unresolved Staff Comments

There are no unresolved written comments that were received from the Securities and Exchange Commission staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934, as amended.

Item 2. Properties

Our headquarters and principal offices are located at 600 Hale Street, Prides Crossing, Massachusetts 01965; we believe that the property is suitable for the foreseeable future. In connection with our international initiatives, we have offices in Sydney, Australia; London, England; and Toronto, Canada. In addition, each of our Affiliates leases office space in the city or cities in which it conducts business.

Item 3. Legal Proceedings

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

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of stockholders during the fourth quarter of the year covered by this Annual Report on Form 10-K.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange (symbol: AMG). The following table sets forth the high and low prices as reported on the New York Stock Exchange composite tape since January 1, 2007 for the periods indicated.

	High	Low
2007		
First Quarter	$119.78	$103.00
Second Quarter	131.84	106.70
Third Quarter	135.02	98.67
Fourth Quarter	136.51	114.15
2008		
First Quarter	$118.36	$ 77.59
Second Quarter	108.36	88.42
Third Quarter	114.91	72.51
Fourth Quarter	85.00	17.93

The closing price for a share of our common stock as reported on the New York Stock Exchange composite tape on February 25, 2009 was $38.30. As of February 25, 2009, there were 26 stockholders of record.

We have not declared a cash dividend with respect to the periods presented. We do not anticipate paying cash dividends on our common stock as we intend to retain earnings to finance investments in new Affiliates, repay indebtedness, pay interest and income taxes, repurchase debt securities and shares of our common stock when appropriate, and develop our existing business. Furthermore, our credit facility prohibits us from making cash dividend payments to our stockholders.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number of Shares that May Yet Be Purchased Under Outstanding Plans or Programs(2)
October 1-31, 2008	190,000	$ 57.58	190,000	1,084,706
November 1-30, 2008	—	—	—	1,084,706
December 1-31, 2008	—	—	—	1,084,706
Total	190,000	$ 57.58	190,000	1,084,706

(1) Notes 21 and 22 to the Consolidated Financial Statements provide additional detail with respect to our share repurchase programs.

(2) As of February 25, 2009, there were 1,084,706 shares that could be purchased under our share repurchase programs.

Item 6. Selected Financial Data

Set forth below are selected financial data for the last five years. This data should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and accompanying notes included elsewhere in this Annual Report on Form 10-K.

	For the Years Ended December 31,				
	2004	2005	2006	2007	2008
	(in thousands, except as indicated and per share data)				
Statement of Income Data					
Revenue	$ 659,997	$ 916,492	$ 1,170,353	$ 1,369,866	$ 1,158,217
Net Income	77,147	119,069	151,277	181,961	23,170
Earnings per share—diluted(1)	2.02	2.81	3.70	4.55	0.57
Average shares outstanding—diluted	39,645	44,690	43,670	42,399	40,873
Other Financial Data					
Assets under Management (in millions)	$ 129,802	$ 184,310	$ 241,140	$ 274,764	$ 170,145
Cash Flow from (used in):					
Operating activities	$ 177,886	$ 204,078	$ 301,003	$ 326,654	$ 255,676
Investing activities	(478,266)	(82,029)	(165,079)	(580,755)	(189,411)
Financing activities	215,243	(122,267)	(75,082)	272,548	109,747
EBITDA(2)	186,434	267,463	342,118	418,229	335,311
Cash Net Income(3)	126,475	186,103	222,454	258,749	221,962
Balance Sheet Data					
Total assets(4)	$ 1,933,421	$ 2,321,636	$ 2,665,920	$ 3,395,705	$ 3,246,370
Intangible assets(4)	1,328,976	1,576,941	1,679,293	1,726,989	1,734,991
Equity investments in Affiliates(4)	252,597	301,476	293,440	842,490	678,887
Affiliate investments in partnerships(5)	4,594	5,079	108,350	134,657	68,789
Minority interest in Affiliate investments in partnerships(5)	—	—	104,096	127,397	65,465
Senior debt(6)	126,750	241,250	365,500	519,500	233,514
Senior convertible securities(7)	423,958	424,232	413,358	378,083	507,146
Mandatory convertible securities	300,000	300,000	300,000	300,000	—
Junior convertible trust preferred securities(8)	—	—	300,000	800,000	730,820
Other long-term obligations(9)	155,565	202,772	229,793	290,538	258,843
Stockholders' equity(10)	707,692	817,381	499,222	469,202	1,092,560

(1) Earnings per share-diluted for 2006 and 2007 are $0.04 and $0.03 lower, respectively, than amounts previously reported as the anti-dilutive effect of certain convertible securities had been incorrectly included in prior calculations. These changes were not material to our financial position or results of operations.

(2) The definition of EBITDA is presented in Note 4 on page 2. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) Cash Net Income is defined as Net Income plus amortization and deferred taxes related to intangible assets plus Affiliate depreciation. We consider Cash Net Income an important measure of our financial performance, as we believe it best represents operating performance before non-cash expenses relating to the acquisition of interests in our affiliated investment management firms. Cash Net Income is not a measure of financial performance under generally accepted accounting principles and, as calculated by us, may not be consistent with computations of Cash Net Income by other companies. Our use of Cash Net Income, including a reconciliation of Cash

Net Income to Net Income, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(4) Total assets, Intangible assets and Equity investments in Affiliates have increased as we have made new or additional investments in affiliated investment management firms.

(5) In 2006, we implemented Emerging Issues Task Force Issue 04-05, "EITF 04-05" (see Note 1 to the Consolidated Financial Statements). In accordance with EITF 04-05, we have consolidated client assets held in partnerships controlled by our Affiliates. These assets are reported as "Affiliate investments in partnerships;" a majority of these assets are held by investors that are unrelated to us, and are reported as "Minority interest in Affiliate investments in partnerships."

(6) Senior debt consists of outstanding borrowings under our credit facility and, through November 2006, our senior notes due 2006.

(7) Senior convertible securities consists of our zero coupon senior convertible notes, our floating rate senior convertible securities (through February 2008) and our 2008 senior convertible notes, which were issued in August 2008.

(8) In 2006 and 2007, we completed private placements of junior convertible trust preferred securities of $300 million and $500 million, respectively.

(9) Other long-term obligations consist principally of deferred income taxes and payables to related parties.

(10) During 2006 and 2007, we repurchased $537,777 and $426,479 of our common stock, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

When used in this Annual Report on Form 10-K and in our other filings with the United States Securities and Exchange Commission, in our press releases and in oral statements made with the approval of an executive officer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "may," "intends," "believes," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among others, the following:

- our performance is directly affected by changing conditions in global financial markets generally and in the equity markets particularly, and a decline or a lack of sustained growth in these markets may result in decreased advisory fees or performance fees and a corresponding decline (or lack of growth) in our operating results and in the cash flow distributable to us from our Affiliates;

- we cannot be certain that we will be successful in finding or investing in additional investment management firms on favorable terms, that we will be able to consummate announced investments in new investment management firms, or that existing and new Affiliates will have favorable operating results;

- we may need to raise capital by making long-term or short-term borrowings or by selling shares of our common stock or other securities in order to finance investments in additional investment management firms or additional investments in our existing Affiliates, and we cannot be sure that such capital will be available to us on acceptable terms, if at all; and

- those certain other factors discussed under the caption "Risk Factors."

These factors (as well as those discussed above under "Risk Factors") could affect our financial performance and cause actual results to differ materially from historical earnings and those presently anticipated and projected. We will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions which 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 wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

Overview

We are an asset management company with equity investments in a diverse group of boutique investment management firms (our "Affiliates"). We pursue a growth strategy designed to generate shareholder value through the internal growth of our existing business, additional investments in boutique investment management firms and strategic transactions and relationships designed to enhance our Affiliates' businesses and growth prospects.

Through our Affiliates, we manage approximately $170.1 billion in assets (as of December 31, 2008) in more than 300 investment products across a broad range of asset classes and investment styles in three principal distribution channels: Mutual Fund, Institutional and High Net Worth. We believe that our diversification across asset classes, investment styles and distribution channels helps to mitigate our exposure to the risks created by changing market environments. The following summarizes our operations in our three principal distribution channels.

- Our Affiliates provide advisory or sub-advisory services to more than 100 mutual funds. These funds are distributed to retail and institutional clients directly and through intermediaries, including independent investment advisors, retirement plan sponsors, broker/dealers, major fund marketplaces and bank trust departments.

- In the Institutional distribution channel, our Affiliates offer approximately 200 investment products across approximately 50 different investment styles, including small, small/mid, mid and large capitalization value, growth equity and emerging markets. In addition, our Affiliates offer quantitative, alternative, credit arbitrage and fixed income products. Through this distribution channel, our Affiliates manage assets for foundations and endowments, defined benefit and defined contribution plans for corporations and municipalities, and Taft-Hartley plans, with disciplined and focused investment styles that address the specialized needs of institutional clients.

- The High Net Worth distribution channel is comprised broadly of two principal client groups. The first group consists principally of direct relationships with high net worth individuals and families and charitable foundations. For these clients, our Affiliates provide investment management or customized investment counseling and fiduciary services. The second group consists of individual managed account client relationships established through intermediaries, generally brokerage firms or other sponsors. Our Affiliates provide investment management services through approximately 100 managed account and wrap programs.

We operate our business through our Affiliates in our three principal distribution channels, maintaining each Affiliate's distinct entrepreneurial culture and independence through our investment structure. In making investments in boutique asset management firms, we seek to partner with the highest quality firms in the industry, with outstanding management teams, strong long-term performance records and a demonstrated commitment to continued growth and success. Fundamental to our investment approach is the belief that Affiliate management equity ownership (along with AMG's ownership) aligns our interests and provides Affiliate managers with a powerful incentive to continue to grow their business. Our investment structure provides a degree of liquidity and diversification to principal owners of boutique investment management firms, while at the same time expanding equity ownership opportunities among the firm's management and allowing management to continue to participate in the firm's future growth. Our partnership approach also ensures that Affiliates maintain operational autonomy in managing their business, thereby preserving their firm's entrepreneurial culture and independence.

Although the specific structure of each investment is highly tailored to meet the needs of a particular Affiliate, in all cases, AMG establishes a meaningful equity interest in the firm, with the remaining equity interests retained by the management of the Affiliate. Each Affiliate is organized as a separate firm, and its operating or shareholder agreement is structured to provide appropriate incentives for Affiliate management owners and to address the Affiliate's particular characteristics while also enabling us to protect our interests, including through arrangements such as long-term employment agreements with key members of the firm's management team.

In most cases, we own a majority of the equity interests of a firm and structure a revenue sharing arrangement, in which a percentage of revenue is allocated for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses. We call this the "Operating Allocation." The portion of the Affiliate's revenue that is allocated to the owners of that Affiliate (including us) is called the "Owners' Allocation." Each Affiliate allocates its Owners' Allocation to its managers and to us generally in proportion to their and our respective ownership interests in that Affiliate.

One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for Affiliate managers by allowing them to participate in the growth of their firm's revenue, which may increase their compensation from both the Operating Allocation and the Owners' Allocation. These arrangements also provide incentives to control operating expenses, thereby increasing the portion of the Operating Allocation that is available for growth initiatives and compensation. As one measure of these incentives, in 2008, approximately $381.8 million of compensation and profits were allocated to our Affiliate managers (reported in Compensation expense and Minority interest).

An Affiliate's Operating Allocation is structured to cover its operating expenses. However, should actual operating expenses exceed the Operating Allocation, our contractual share of cash under the Owners' Allocation generally has priority over the allocations and distributions to the Affiliate's managers. As a result, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's managers until that portion is eliminated, before reducing the portion allocated to us. Any such reduction in our portion of the Owners' Allocation is required to be paid back to us out of the portion of future Owners' Allocation allocated to the Affiliate's managers.

Our minority investments are also structured to align our interests with those of the Affiliate's management through shared equity ownership, as well as to preserve the Affiliate's entrepreneurial culture and independence by maintaining the Affiliate's operational autonomy. In cases where we hold a minority interest, the revenue sharing arrangement generally allocates a percentage of the Affiliate's revenue to us. The remaining revenue is used to pay operating expenses and profit distributions to the other owners.

Certain of our Affiliates operate under profit-based arrangements through which we own a majority of the equity in the firm and receive a share of profits as cash flow, rather than a percentage of revenue through a typical revenue sharing agreement. As a result, we participate fully in any increase or decrease in the revenue or expenses of such firms. In these cases, we participate in a budgeting process and generally provide incentives to management through compensation arrangements based on the performance of the Affiliate.

We are focused on establishing and maintaining long-term partnerships with our Affiliates. Our shared equity ownership gives both AMG and our Affiliate partners meaningful incentives to manage their businesses for strong future growth. From time to time, we may consider changes to the structure of our relationship with an Affiliate in order to better support the firm's growth strategy.

Through our affiliated investment management firms, we derive most of our revenue from the provision of investment management services. Investment management fees ("asset-based fees") are usually determined as a percentage fee charged on periodic values of a client's assets under management; most asset-based advisory fees are billed by our Affiliates quarterly. Certain clients are billed for all or a portion of their accounts based upon assets under management valued at the beginning of a billing period ("in advance"). Other clients are billed for all or a portion of their accounts based upon assets under management valued at the end of the billing period ("in arrears"). Most client accounts in the High Net Worth distribution channel are billed in advance, and most client accounts in the Institutional distribution channel are billed in arrears. Clients in the Mutual Fund distribution channel are billed based upon average daily assets under management. Advisory fees billed in advance will not reflect subsequent changes in the market value of assets under management for that period but may reflect changes due to client withdrawals. Conversely, advisory fees billed in arrears will reflect changes in the market value of assets under management for that period.

In addition, over 50 Affiliate alternative investment and equity products, representing approximately $28.6 billion of assets under management (as of December 31, 2008), also bill on the basis of absolute or relative investment performance ("performance fees"). These products, which are primarily in the Institutional distribution channel, are often structured to have returns that are not directly correlated to changes in broader equity indices and, if earned, the performance fee component is typically billed less frequently than an asset-based fee. Although performance fees inherently depend on investment results and will vary from period to period, we anticipate performance fees to be a recurring component of our revenue. We also anticipate that, within any calendar year, the majority of performance fees will typically be realized in the fourth quarter.

For certain of our Affiliates, generally where we own a minority interest, we are required to use the equity method of accounting. Consistent with this method, we have not consolidated the operating results of these firms (including their revenue) in our Consolidated Statements of Income. Our share of these firms' profits (net of intangible amortization) is reported in "Income from equity method investments," and is therefore reflected in our Net Income and EBITDA. As a consequence, increases or decreases in these firms' assets under management (which totaled $44.2 billion as of December 31, 2008) will not affect reported revenue in the same manner as changes in assets under management at our other Affiliates.

Our Net Income reflects the revenue of our consolidated Affiliates and our share of income from Affiliates which we account for under the equity method, reduced by:

- our expenses, including the operating expenses of our consolidated Affiliates; and
- the profits allocated to managers of our consolidated Affiliates (i.e., minority interest).

As discussed above, for consolidated Affiliates with revenue sharing arrangements, the operating expenses of the Affiliate as well as its managers' minority interest generally increase (or decrease) as the Affiliate's revenue increases (or decreases) because of the direct relationship established in many of our agreements between the Affiliate's revenue and its Operating Allocation and Owners' Allocation. At our consolidated profit-based Affiliates, expenses may or may not correspond to increases or decreases in the Affiliates' revenues.

Our level of profitability will depend on a variety of factors, including:

- those affecting the global financial markets generally and the equity markets particularly, which could potentially result in considerable increases or decreases in the assets under management at our Affiliates;
- the level of Affiliate revenue, which is dependent on the ability of our existing and future Affiliates to maintain or increase assets under management by maintaining their existing investment advisory relationships and fee structures, marketing their services successfully to new clients and obtaining favorable investment results;
- our receipt of Owners' Allocation from Affiliates with revenue sharing arrangements, which depends on the ability of our existing and future Affiliates to maintain certain levels of operating profit margins;
- the increases or decreases in the revenue and expenses of Affiliates that operate on a profit-based model;
- the availability and cost of the capital with which we finance our existing and new investments;
- our success in making new investments and the terms upon which such transactions are completed;
- the level of intangible assets and the associated amortization expense resulting from our investments;
- the level of our expenses, including compensation for our employees; and
- the level of taxation to which we are subject.

Results of Operations

The following tables present our Affiliates' reported assets under management by operating segment (which are also referred to as distribution channels in this Annual Report on Form 10-K).

Assets under Management

Statement of Changes *(in billions)*	Mutual Fund	Institutional	High Net Worth	Total
December 31, 2005	$ 50.3	$ 109.3	$ 24.7	$ 184.3
Net client cash flows	0.4	18.5	0.5	19.4
New investments(1)	0.6	11.1	0.2	11.9
Investment performance	6.9	16.1	3.4	26.4
Other(2)	—	(0.3)	(0.6)	(0.9)
December 31, 2006	58.2	154.7	28.2	241.1
Net client cash flows	(0.2)	0.7	(0.9)	(0.4)
New investments(1)	—	8.8	2.0	10.8
Investment performance	4.6	15.9	3.9	24.4
Other(2)	(0.4)	0.3	(1.0)	(1.1)
December 31, 2007	62.2	180.4	32.2	274.8
Net client cash flows	(4.1)	(14.3)	(1.4)	(19.8)
New investments(1)	—	0.8	6.6	7.4
Investment performance	(23.0)	(53.4)	(9.8)	(86.2)
Other(2)	(0.4)	(4.1)	(1.6)	(6.1)
December 31, 2008	$ 34.7	$ 109.4	$ 26.0	$ 170.1

(1) In 2006, we completed a new Affiliate investment in Chicago Equity Partners. In 2007, we completed new investments in ValueAct and BlueMountain. In 2008, we completed a new investment in Gannett Welsh and Kotler.

(2) Other includes assets under management attributable to Affiliate product closings and transfers of our interest in certain Affiliated investment management firms.

The operating segment analysis presented in the following table is based on average assets under management. For 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, average assets under management represents an average of the assets at the beginning and end of each calendar quarter during the applicable period. We believe that this analysis more closely correlates to the billing cycle of each distribution channel and, as such, provides a more meaningful relationship to revenue.

(in millions, except as noted)	2006	2007	% Change	2008	% Change
Average assets under management (in billions)[1]					
Mutual Fund	$ 54.4	$ 61.9	14%	$ 50.8	(18)%
Institutional	125.1	168.9	35%	148.8	(12)%
High Net Worth	26.8	30.5	14%	28.5	(7)%
Total	$ 206.3	$ 261.3	27%	$ 228.1	(13)%
Revenue[2]					
Mutual Fund	$ 501.7	$ 558.3	11%	$ 456.2	(18)%
Institutional	514.8	645.6	25%	559.8	(13)%
High Net Worth	153.9	166.0	8%	142.2	(14)%
Total	$ 1,170.4	$ 1,369.9	17%	$ 1,158.2	(15)%
Net Income[2]					
Mutual Fund	$ 68.0	$ 72.5	7%	$ 45.6	(37)%
Institutional	65.8	87.9	34%	(21.0)	(124)%
High Net Worth	17.5	21.6	23%	(1.4)	(106)%
Total	$ 151.3	$ 182.0	20%	$ 23.2	(87)%
EBITDA[2][3]					
Mutual Fund	$ 138.2	$ 153.9	11%	$ 110.9	(28)%
Institutional	162.3	211.3	30%	183.0	(13)%
High Net Worth	41.6	53.0	27%	41.4	(22)%
Total	$ 342.1	$ 418.2	22%	$ 335.3	(20)%

(1) Assets under management attributable to investments that were completed during the relevant periods are included on a weighted average basis for the period from the closing date of the respective investment. Average assets under management includes assets managed by affiliated investment management firms that we do not consolidate for financial reporting purposes of $39.1 billion, $53.7 billion and $59.6 billion for 2006, 2007 and 2008, respectively.

(2) Note 27 to the Consolidated Financial Statements describes the basis of presentation of the financial results of our three operating segments. As discussed in Note 1 to the Consolidated Financial Statements, we are required to use the equity method of accounting for certain investments and as such do not consolidate their revenue for financial reporting purposes. Our share of profits from these investments is reported in "Income from equity method investments" and is therefore reflected in Net Income and EBITDA.

(3) The definition of EBITDA and our reasons for using EBITDA are presented in Note 4 on page 2. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Liquidity and Capital Resources."

Revenue

Our revenue is generally determined by the level of our assets under management, the portion of our assets across our products and three operating segments, which realize different fee rates, and the recognition of any performance fees.

Our revenue decreased $211.7 million (or 15%) in 2008 from 2007, primarily as a result of a 13% decrease in average assets under management. The decrease in average assets under management resulted principally from investment performance and negative net client cash flows.

The increase in revenue of $199.5 million (or 17%) in 2007 from 2006 resulted principally from a 27% increase in average assets under management. The increase in average assets under management resulted principally from positive investment performance in 2006 and 2007, net client cash flows in 2006 and, to a lesser extent, our 2006 investment in a new Affiliate. The increase in revenue was proportionately less than the growth in assets under management primarily as a result of our equity method investments, as we do not consolidate the revenue or expenses of these Affiliates.

The following discusses the changes in our revenue by operating segments.

Mutual Fund Distribution Channel

The decrease in revenue of $102.1 million (or 18%) in the Mutual Fund distribution channel in 2008 from 2007 resulted from an 18% decrease in average assets under management. The decrease in average assets under management resulted principally from investment performance.

The increase in revenue of $56.6 million (or 11%) in 2007 from 2006 resulted principally from a 14% increase in average assets under management. The increase in average assets under management resulted principally from positive investment performance.

Institutional Distribution Channel

The decrease in revenue of $85.8 million (or 13%) in the Institutional distribution channel in 2008 from 2007 resulted principally from a 12% decrease in average assets under management. The decrease in average assets under management resulted principally from investment performance and negative net client cash flows.

Our revenue increased $130.8 million (or 25%) in 2007 from 2006, primarily as a result of a 35% increase in average assets under management. The increase in average assets under management resulted principally from positive investment performance in 2006 and 2007, net client cash flows in 2006 and, to a lesser extent, our 2006 investment in a new Affiliate. The increase in revenue was proportionately less than the increase in assets under management primarily as a result of our equity method investments, as we do not consolidate revenue or expenses of such Affiliates.

High Net Worth Distribution Channel

The decrease in revenue of $23.8 million (or 14%) in the High Net Worth distribution channel in 2008 from 2007 resulted principally from a 7% decrease in average assets under management. The decrease in average assets under management resulted principally from investment performance, partially offset by our 2008 investment in a new Affiliate. The decrease in revenue was proportionately greater than the decrease in assets under management as a result of our equity method investments, as we do not consolidate the revenue or expenses of these Affiliates.

Our revenue increased $12.1 million (or 8%) in 2007 from 2006 primarily as a result of a 14% increase in average assets under management. The increase in average assets under management resulted principally from positive investment performance. The increase in revenue was proportionately less than the increase in assets under management primarily as a result of our equity method investments, as we do not consolidate the revenue or expenses of these Affiliates, and increases in assets under management that realize a comparatively lower fee rate.

Operating Expenses

The following table summarizes our consolidated operating expenses:

(in millions)	2006	2007	% Change	2008	% Change
Compensation and related expenses	$ 472.4	$ 579.4	23%	$ 516.9	(11)%
Selling, general and administrative	184.0	198.0	8%	200.1	1%
Amortization of intangible assets	27.4	31.7	16%	33.9	7%
Depreciation and other amortization	8.7	10.4	20%	12.8	23%
Other operating expenses	23.9	18.8	(21)%	26.4	40%
Total operating expenses	$ 716.4	$ 838.3	17%	$ 790.1	(6)%

The substantial portion of our operating expenses is incurred by our Affiliates, the majority of which is incurred by Affiliates with revenue sharing arrangements. For Affiliates with revenue sharing arrangements, an Affiliate's Operating Allocation percentage generally determines its operating expenses. Accordingly, our compensation expense is generally impacted by increases or decreases in each Affiliate's revenue and the corresponding increases or decreases in their respective Operating Allocations. During 2008, approximately $216.6 million, or about 42% of our consolidated compensation expense, was attributable to our Affiliate managers. The percentage of revenue allocated to operating expenses varies from one Affiliate to another and may vary within an Affiliate depending on the source or amount of revenue. As a result, changes in our aggregate revenue may not impact our consolidated operating expenses to the same degree.

Compensation and related expenses decreased 11% in 2008 and increased 23% in 2007. The decrease in 2008 was primarily a result of the relationship between revenue and operating expenses at our Affiliates with revenue sharing arrangements, which experienced aggregate decreases in revenue and accordingly, reported lower compensation expense. This decrease was also attributable to a $5.8 million decrease in holding company incentive compensation. These decreases were partially offset by an increase in share-based compensation of $44.9 million, including $38.7 million related to senior management's surrender of stock options for no consideration (accounting standards require that, although no benefits were realized by senior management in connection with the option surrender, the remaining Black-Scholes compensation expense associated with these options must be reported in the period they were forfeited).

The increase in 2007 was primarily a result of the relationship between revenue and operating expenses at our Affiliates with revenue sharing arrangements, which experienced aggregate increases in revenue and accordingly, reported higher compensation expense. The increase was also related to a $13.4 million increase in aggregate Affiliate expenses from our new investment. In 2007, the increase in compensation was proportionately greater than the increase in revenue because of an increase in revenue at Affiliates with higher Operating Allocations. Unrelated to the changes in revenue, the increase was also attributable to a $7.4 million increase in share-based compensation.

Selling, general and administrative expenses were essentially flat in 2008. Increases of $13.8 million attributable to one-time Affiliate expenses were offset by Affiliate cost-cutting initiatives and a $10.3 million decrease in sub-advisory and distribution expenses attributable to a decline in assets under management at our Affiliates in the Mutual Fund distribution channel. Selling, general and administrative expenses increased 8% in 2007. This increase was principally a result of the growth in assets under management at our Affiliates in the Mutual Fund distribution channel. Selling, general and administrative expenses also increased in 2007 as a result of $1.0 million of expenses related to our global distribution initiatives. These increases were partially offset by a $6.7 million decrease in aggregate Affiliate expenses from the transfer of our interests in certain Affiliates during 2006 and 2007.

Amortization of intangible assets increased 7% in 2008 and 16% in 2007, principally from an increase in definite-lived intangible assets resulting from our investments in new and existing Affiliates in recent periods.

Depreciation and other amortization increased 23% in 2008 and 20% in 2007. These increases were principally attributable to spending on depreciable assets in recent periods, as well as our investments in new Affiliates.

Other operating expenses increased 40% in 2008, principally as a result of a loss realized on the transfer of Affiliate interests, partially offset by an increase in income from Affiliate investments in marketable securities. Other operating expenses decreased 21% in 2007 principally as a result of a gain realized upon the transfer of Affiliate interests during 2007 as well as a $0.8 million recovery of Affiliate expenses that previously reduced our share of Owners' Allocation. These decreases were partially offset by a $0.7 million increase in aggregate Affiliate expenses from our 2006 investment in Chicago Equity Partners.

Other Income Statement Data

The following table summarizes non-operating income and expense data:

(in millions)	2006	2007	% Change	2008	% Change
Income (loss) from equity method investments	$ 38.3	$ 58.2	52%	$ (97.1)	N.M.(1)
Investment and other income	16.9	17.1	1%	43.7	156%
Investment income (loss) from Affiliate investments in partnerships	3.4	38.9	1,044%	(63.4)	N.M.(1)
Minority interest in Affiliate investments in partnerships	3.4	38.1	1,021%	(60.5)	N.M.(1)
Minority interest	212.5	242.0	14%	193.7	(20)%
Interest expense	58.8	76.9	31%	73.9	(4)%
Income tax expense	86.6	106.9	23%	20.9	(80)%

(1) Percentage change is not meaningful.

Income (loss) from equity method investments consists of our share of income (loss) from Affiliates that are accounted for under the equity method of accounting, net of any related intangible amortization. Income (loss) from equity method investments decreased substantially in 2008, principally as a result of a $150.0 million non-cash charge to reduce the carrying value of certain Affiliates accounted for under the equity method of accounting to their fair value, as well as decreases in assets under management and revenue attributable to Affiliates that are accounted for under the equity method of accounting. Income from equity method investments increased 52% in 2007 principally as a result of increases in assets under management and revenue attributable to Affiliates that are accounted for under the equity method of accounting, including investments in new Affiliates.

Investment and other income increased 156% in 2008, principally from a net gain of $43.3 million realized on the repurchase of a portion of our junior convertible trust preferred securities and a gain of $8.2 million realized on the settlement of interest rate derivative contracts. These gains were partially offset by a decrease in Affiliate investment earnings as well as $2.0 million of expenses incurred from the settlement of our 2004 mandatory convertible securities and the conversion of our floating rate senior convertible securities. Investment and other income increased 1% in 2007, principally from an increase in Affiliate investment earnings.

As discussed in Note 1 to the Consolidated Financial Statements, Investment income (loss) from Affiliate investments in partnerships and Minority interest in Affiliate investments in partnerships relate to the consolidation of certain investment partnerships in which our Affiliates serve as the general partner. We are required to consolidate certain Affiliate investment partnerships (including interests in the partnerships in which we do not have ownership rights) in our consolidated financial statements. For 2008 and 2007, the income (loss) from Affiliate investments in partnerships was $(63.4) million and $38.9 million, respectively, which was principally attributable to investors who are unrelated to us.

Minority interest decreased 20% in 2008 and increased 14% in 2007. These changes were principally as a result of the previously discussed changes in revenue. In 2008, the decrease in minority interest was proportionately greater than the decrease in revenue as a result of the decrease in Affiliate investment income.

Interest expense decreased 4% in 2008, principally attributable to a $25.9 million decrease resulting from the conversion of our floating rate senior convertible securities and the settlement of our mandatory convertible securities and a $7.7 million decrease in the cost of our senior bank debt resulting from a decline in LIBOR interest rates. These decreases were partially offset by a $19.9 million increase from the issuance of our junior convertible trust preferred securities in 2007, and a $7.2 million increase from the issuance of our 2008 senior convertible notes. Interest expense increased 31% in 2007, principally from an increase of $11.5 million related to higher outstanding borrowings under our senior bank debt, $5.4 million from the October 2007 issuance of $500 million of junior convertible trust preferred securities and $3.5 million from the April 2006 issuance of $300 million of junior convertible trust preferred securities. These increases were partially offset by a $3.1 million decrease in interest expense from repayment of our senior notes due 2006.

Income taxes decreased 80% in 2008 principally as a result of the decrease in net income before taxes of 85%. This decrease was partially offset by an increase in income taxes of $5.3 million related to the one-time revaluation of our deferred tax liabilities as a result of new Massachusetts tax legislation. Income taxes increased 23% in 2007 principally as a result of the increase in net income before taxes of 21%.

Net Income

The following table summarizes Net Income for the past three years:

(in millions)	2006	2007	% Change	2008	% Change
Net Income	$ 151.3	$ 182.0	20%	$ 23.2	(87)%

Net Income decreased 87% in 2008, after increasing 20% in 2007. The decrease in 2008 was principally as a result of the decrease in revenue and the loss from equity method investments, and was partially offset by an increase in investment and other income as well as decreases in reported operating, minority interest and tax expenses, as described above. The increase in 2007 was principally as a result of increases in revenue and income from equity method investments, partially offset by increases in reported operating, interest, minority interest and tax expenses, as described above.

Supplemental Performance Measure

As supplemental information, we provide a non-GAAP performance measure that we refer to as Cash Net Income. This measure is provided in addition to, but not as a substitute for, Net Income. Cash Net Income is defined as Net Income plus amortization and deferred taxes related to intangible assets plus Affiliate depreciation. We consider Cash Net Income an important measure of our financial performance, as we believe it best represents operating performance before non-cash expenses relating to our acquisition of interests in our Affiliates. Cash Net Income is used by our management and Board of Directors as a principal performance benchmark, including as a measure for aligning executive compensation with stockholder value.

Since our acquired assets do not generally depreciate or require replacement by us, and since they generate deferred tax expenses that are unlikely to reverse, we add back these non-cash expenses to Net Income to measure operating performance. We add back amortization attributable to acquired client relationships because this expense does 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) that we no longer amortize but which continues to generate tax deductions is added back, because these accruals would be used only in the event of a future sale of an Affiliate or an impairment charge, which we consider unlikely. We add back the portion of consolidated depreciation expense incurred by our Affiliates because under our Affiliates' operating agreements we are generally not required to replenish these depreciating assets. Conversely, we do not add back the deferred taxes relating to our floating rate senior convertible securities or other depreciation expenses. We intend to modify our definition of Cash Net Income in 2009 to add back non-cash Affiliate equity expense and non-cash interest expense related to FASB Staff Position APB 14-1 (which is effective in 2009).

The following table provides a reconciliation of Net Income to Cash Net Income:

(in millions)	2006	2007	2008
Net Income	$151.3	$182.0	$ 23.2
Intangible amortization	27.4	31.6	33.9
Intangible amortization-equity method investment[1]	9.3	10.4	170.7
Intangible-related deferred taxes	28.8	28.6	(12.8)
Affiliate depreciation	5.7	6.1	7.0
Cash Net Income	$222.5	$258.7	$222.0

(1) As discussed in Note 1 to the Consolidated Financial Statements, we are required to use the equity method of accounting for certain of our investments and, as such, do not separately report these Affiliates' revenues or expenses (including intangible amortization expenses) in our income statement. Our share of these investments' amortization is reported in "Income (loss) from equity method investments."

Cash Net Income decreased 14% in 2008 primarily as a result of the decreases in revenue, partially offset by an increase in investment and other income as well as decreases in reported operating, minority interest and tax expenses, as described above. Cash Net Income increased 16% in 2007, primarily as a result of the previously described factors' effect on Net Income.

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Liquidity and Capital Resources

The following table summarizes certain key financial data relating to our liquidity and capital resources:

(in millions)	December 31, 2006	2007	2008
Balance Sheet Data			
Cash and cash equivalents	$ 201.7	$ 223.0	$ 396.4
Senior bank debt	365.5	519.5	233.5
2008 senior convertible notes	—	—	460.0
Zero coupon convertible notes	113.4	78.1	47.1
Floating rate convertible securities	300.0	300.0	—
Mandatory convertible securities	300.0	300.0	—
Junior convertible trust preferred securities	300.0	800.0	730.8
Cash flow data			
Operating cash flows	301.0	326.7	255.7
Investing cash flows	(165.1)	(580.8)	(189.4)
Financing cash flows	(75.1)	272.5	109.7
EBITDA(1)	342.1	418.2	335.3

(1) The definition of EBITDA is presented in Note 4 on page 2.

We view our ratio of debt to EBITDA (our "internal leverage ratio") as an important gauge of our ability to service debt, make new investments and access additional capital. Consistent with industry practice, we do not consider mandatory convertible securities or junior trust preferred securities as debt for the purpose of determining our internal leverage ratio. We also view our leverage on a "net debt" basis by deducting from our debt balance holding company cash (including prospective proceeds from the settlement of our forward equity sale agreement). As of December 31, 2008, our internal leverage ratio was 1.3:1.

Under the terms of our credit facility we are required to meet two financial ratio covenants. The first of these covenants is a maximum ratio of debt to EBITDA (the "bank leverage ratio") of 3.5x. The calculation of our bank leverage ratio is generally consistent with our internal leverage ratio approach. The second covenant is a minimum EBITDA to cash interest expense ratio of 3.0x (our "bank interest coverage ratio"). For the purposes of calculating these ratios, share-based compensation expense is added back to EBITDA.

As of December 31, 2008, we were in full compliance with the terms of our credit facility. While continued material declines in the equity markets could negatively impact our EBITDA and, in turn, our ability to comply with our covenants, our holding company cash resources are sufficient to repay the balance outstanding under our credit facility.

We are rated BBB- by Standard & Poor's. A downgrade of our credit rating, either as a result of industry or company-specific considerations, would not have a material financial effect on any of our agreements or securities (or otherwise trigger a default).

In addition to borrowings available under our $770 million revolving credit facility, our current liquidity is augmented by approximately $320 million of holding company cash (including prospective proceeds from the forward equity settlement) and the free cash flow generated by our business. We have no near-term debt maturities.

Supplemental Liquidity Measure

As supplemental information, we provide information regarding our EBITDA, a non-GAAP liquidity measure. This measure is provided in addition to, but not as a substitute for, cash flow from operations. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. As a measure of liquidity, we believe that EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. We further believe that many investors use this information when analyzing the financial position of companies in the investment management industry.

The following table provides a reconciliation of cash flow from operations to EBITDA:

(in millions)	2006	2007	2008
Cash flow from operations	$301.0	$326.7	$255.7
Interest expense, net of non-cash items(1)	53.6	70.9	68.5
Current tax provision	55.2	74.6	51.7
Income from equity method investments, net of distributions(2)	1.6	15.0	(6.9)
Changes in assets and liabilities and other adjustments(3)	(69.3)	(69.0)	(33.7)
EBITDA(4)	$342.1	$418.2	$335.3

(1) Non-cash items represent amortization of issuance costs and interest accretion ($5.2, $6.0 and $5.4 million in 2006, 2007 and 2008, respectively).

(2) Distributions from equity method investments were $46.0, $53.6 and $80.5 million for 2006, 2007 and 2008, respectively.

(3) Other adjustments include stock option expenses, tax benefits from stock options and other adjustments to reconcile Net Income to cash flow from operating activities.

(4) The definition of EBITDA is presented in Note 4 on page 2.

In 2008, we met our cash requirements primarily through cash generated by operating activities, borrowings of senior debt and the issuance of convertible securities and common stock. Our principal uses of cash were to settle convertible securities, repurchase shares of our common stock, make investments in new and existing Affiliates, repay senior debt and make distributions to Affiliate managers. We expect that our principal uses of cash for the foreseeable future will be for investments in new and existing Affiliates, distributions to Affiliate managers, payment of principal and interest on outstanding debt, the repurchase of debt securities, the repurchase of shares of our common stock and for working capital purposes.

The following table summarizes our debt obligations and convertible securities as of December 31, 2008:

(in millions)	Amount	Maturity Date	Form of Repayment
Senior Bank Debt			
Term Loan	$233.5	2012	(1)
Revolver	—	2012	(1)
Zero Coupon Senior Convertible Notes	47.1	2021	(2)
2008 Senior Convertibles Notes	460.0	2038	(3)
Junior Convertible Trust Preferred Securities	730.8	2036/2037	(4)

(1) Settled in cash.

(2) Settled in cash or common stock at our election if holders exercise their May 2011 or 2016 put rights, and in common stock if the holders exercise their conversion rights.

(3) Settled in cash if holders exercise their August 2013, 2018, 2023, 2028 or 2033 put rights, and in cash or common stock at our election if the holders exercise their conversion rights.

(4) Settled in cash or common stock at our election if the holders exercise their conversion rights.

Senior Bank Debt

On November 27, 2007, we entered into an amended and restated credit facility (the "Facility"). During the third quarter of 2008, we increased our borrowing capacity to $1.01 billion, comprised of a $770 million revolving credit facility (the "Revolver") and a $240 million term loan (the "Term Loan"). All other terms of the Facility remain unchanged. We pay interest on these obligations at specified rates (based either on the LIBOR rate or the prime rate as in effect from time to time) that vary depending on our credit rating. The Term Loan requires principal payments at specified dates until maturity. Subject to the agreement of lenders to provide additional commitments, we have the option to increase the Facility by up to an additional $175 million.

The Facility will mature in February 2012, and contains financial covenants with respect to leverage and interest coverage. The Facility also contains customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends and fundamental corporate changes. Borrowings under the Facility are collateralized by pledges of the substantial majority of our capital stock or other equity interests owned by us. As of December 31, 2008, we had $233.5 million outstanding under our Facility.

Zero Coupon Senior Convertible Notes

In 2001, we issued $251 million principal amount at maturity of zero coupon senior convertible notes due 2021 ("zero coupon convertible notes"), with each note issued at 90.50% of such principal amount and accreting at a rate of 0.50% per year. As of December 31, 2008, $50.1 million principal amount at maturity remain outstanding. Each security is convertible into 17.429 shares of our common stock (at a current base conversion price of $53.95) upon the occurrence of certain events, including the following: (i) if the closing price of a share of our common stock is more than a specified price over certain periods (initially $62.36 and increasing incrementally at the end of each calendar quarter to $63.08 in April 2021); (ii) if the credit rating assigned by Standard & Poor's to the securities is below BB-; or (iii) if we call the securities for redemption. The holders may require us to repurchase the securities at their accreted value in May 2011 and 2016. If the holders exercise this option in the future, we may elect to repurchase the securities with cash, shares of our common stock or some combination thereof. We have the option to redeem the securities for cash at their accreted value. Under the terms of the indenture governing the zero coupon convertible notes, a holder may convert such security into common stock by following the conversion procedures in the indenture; subject to changes in the price of our common stock, the zero coupon convertible notes may not be convertible in certain future periods.

In 2006, we amended the zero coupon convertible notes. Under the terms of this amendment, we paid interest through May 7, 2008 at a rate of 0.375% per year on the principal amount at maturity of the notes in addition to the accrual of the original issue discount.

2008 Senior Convertible Notes

In August 2008, we issued $460 million of senior convertible notes due 2038 ("2008 senior convertible notes"). The 2008 senior convertible notes bear interest at 3.95%, payable semi-annually in cash. Each security is convertible into 7.959 shares of our common stock (at an initial conversion price of $125.65) upon the occurrence of certain events. Upon conversion, we may elect to pay or deliver cash, shares of common stock, or some combination thereof. The holders of the 2008 senior convertible notes may require us to repurchase the notes in August of 2013, 2018, 2023, 2028 and 2033. We may redeem the notes for cash at any time on or after August 15, 2013.

The 2008 senior convertible notes are considered contingent payment debt instruments under federal income tax regulations. These regulations require us to deduct interest in an amount greater than our reported interest expense, which will result in annual deferred tax liabilities of approximately $9.6 million. These deferred tax liabilities will be reclassified directly to stockholders' equity if our common stock is trading above certain thresholds at the time of the conversion of the notes.

Junior Convertible Trust Preferred Securities

In 2006, we issued $300 million of junior subordinated convertible debentures due 2036 to a wholly-owned trust simultaneous with the issuance, by the trust, of $291 million of convertible trust preferred securities to investors. The junior subordinated convertible debentures and convertible trust preferred securities (together, the "2006 junior convertible trust preferred securities") have substantially the same terms.

The 2006 junior convertible trust preferred securities bear interest at 5.1% per annum, payable quarterly in cash. Each $50 security is convertible, at any time, into 0.333 shares of our common stock, which represents a conversion price of $150 per share (or a 48% premium to the share price of $101.45 at the time of issuance). Upon conversion, investors will receive cash or shares of our common stock (or a combination of cash and common stock) at our election. The 2006 junior convertible trust preferred securities may not be redeemed by us prior to April 15, 2011. On or after April 15, 2011, they may be redeemed if the closing price of our common stock exceeds $195 per share for a specified period of time. The trust's only assets are the junior convertible subordinated debentures. To the extent that the trust has available funds, we are obligated to ensure that holders of the 2006 junior convertible trust preferred securities receive all payments due from the trust.

In October 2007, we issued an additional $500 million of junior subordinated convertible debentures due 2037 to a wholly-owned trust simultaneous with the issuance, by the trust, of $500 million of convertible trust preferred securities to investors. The junior subordinated convertible debentures and convertible trust preferred securities (together, the "2007 junior convertible trust preferred securities") have substantially the same terms.

The 2007 junior convertible trust preferred securities bear interest at 5.15% per annum, payable quarterly in cash. Each $50 security is convertible, at any time, into 0.25 shares of our common stock, which represents a conversion price of $200 per share (or a 53% premium to the share price of $130.77 at the time of issuance). Upon conversion, investors will receive cash or shares of our common stock (or a combination of cash and common stock) at our election. The 2007 junior convertible trust preferred securities may not be redeemed by us prior to October 15, 2012. On or after October 15, 2012, they may be redeemed if the closing price of our common stock exceeds $260 per share for a specified period of time. The trust's only assets are the 2007 junior convertible subordinated debentures. To the extent that the trust has available funds, we are obligated to ensure that holders of the 2007 junior convertible trust preferred securities receive all payments due from the trust.

The 2006 and 2007 junior convertible trust preferred securities are considered contingent payment debt instruments under the federal income tax regulations. We are required to deduct interest in an amount greater than our reported interest expense. In 2009, these deductions will generate deferred taxes of approximately $8.8 million.

In November 2008, we repurchased $69.2 million aggregate principal amount of the 2007 junior convertible trust preferred securities. We realized a gain of $43.3 million on this transaction, which was reported in Investment and other income. Following the repurchase, these securities were cancelled and retired.

Purchases of Affiliate Equity

Many of our Affiliate operating agreements provide our Affiliate managers the conditional right to require us to purchase their retained equity interests at certain intervals. These agreements also provide us a conditional right to require Affiliate managers to sell their retained equity interests to us upon their death, permanent incapacity or termination of employment and provide Affiliate managers a conditional right to require us to purchase such retained equity interests upon the occurrence of specified events. These purchases may occur in varying amounts over a period of approximately 15 years (or longer), and the actual timing and amounts of such purchases (or the actual occurrence of such purchases) generally cannot be predicted with any certainty. These purchases are generally calculated based upon a multiple of the Affiliate's cash flow distributions at the time the right is exercised, which is intended to represent fair value. As one measure of the potential magnitude of such purchases, in the event that a triggering event and resulting purchase occurred with respect to all such retained equity interests as of December 31, 2008, the aggregate amount of these payments would have totaled approximately $806.5 million. In the event that all such transactions were consummated, we would own the cash flow distributions attributable to the additional equity interests purchased from our Affiliate managers. As of December 31, 2008, this amount would represent approximately $111.0 million on an annualized basis. We may pay for these purchases in cash, shares of our common stock or other forms of consideration. Affiliate management partners are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to our approval or other restrictions. These potential purchases, combined with our other cash needs, may require more cash than is available from operations, and therefore, we may need to raise capital by making borrowings under our Facility, by selling shares of our common stock or other equity or debt securities, or to otherwise refinance a portion of these purchases. Although the timing and amounts of these purchases are difficult to predict, we expect to repurchase approximately $50 million of Affiliate equity during 2009 and, in such event, will own the cash flow associated with the equity repurchased.

Other Convertible Securities

In the first quarter of 2008, we retired two issues of convertible securities, our floating rate senior convertible securities due 2033 ("floating rate convertible securities") and mandatory convertible securities ("2004 PRIDES"). We issued the floating rate convertible securities ($300 million) in 2003 and the 2004 PRIDES ($300 million) in 2004.

In February 2008, we called the outstanding floating rate convertible securities for redemption at their principal amount plus accrued and unpaid interest. In lieu of redemption, substantially all of the holders elected to convert their securities. Pursuant to these conversions and other privately negotiated exchanges, we issued approximately 7.0 million shares of common stock and the floating rate convertible securities were cancelled and retired.

The floating rate convertible securities were considered contingent payment debt instruments under federal income tax regulations that required us to deduct interest in an amount greater than our reported interest expense. Because the trading price of our common stock exceeded $60.90 at the time of the conversions described above, $18.3 million of deferred tax liabilities attributable to these securities was reclassified to stockholders' equity when the securities were retired.

In March 2008, we repurchased the outstanding senior notes component of the 2004 PRIDES. The repurchase proceeds were used by the original holders to fulfill their obligations under related forward equity purchase contracts. Pursuant to the settlement of the forward equity purchase contracts and other privately negotiated exchanges, we issued approximately 3.8 million shares of common stock and the 2004 PRIDES were cancelled and retired.

Derivatives

In 2006, we entered into a series of contracts that provided the option, but not the obligation, to repurchase 0.9 million shares of our common stock. Upon exercise, we could elect to receive the intrinsic value of a contract in cash or common stock. During 2007, we exercised our option, which had an intrinsic value of $21.1 million. We elected to receive approximately 0.1 million shares of common stock and used the remaining proceeds, $6.8 million, to enter into a series of contracts to repurchase up to 0.8 million shares. These options expired during the first quarter of 2008.

During the first quarter of 2008, we entered into a series of treasury rate lock contracts with a notional value of $250 million. These contracts were settled in the second quarter of 2008, and we received $8.2 million. Each contract was designated and qualified as a cash flow hedge under Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). We documented our hedging strategies and risk management objectives for these contracts. We assessed and documented, both at inception and on an ongoing basis, whether these hedging contracts were highly effective in offsetting changes in cash flows associated with the hedge items. During the fourth quarter of 2008, we concluded that it was probable that the hedged transaction would not occur and the gain was reclassified from accumulated other comprehensive income to Net Income.

Operating Cash Flow

Cash flow from operations generally represents Net Income plus non-cash charges for amortization, deferred taxes, equity-based compensation and depreciation, as well as increases and decreases in our consolidated working capital.

The decrease in cash flow from operations in 2008 as compared to 2007 resulted principally from decreased minority interest of $150.9 million and $70.4 million from settlements of liabilities, partially offset by $138.8 million from the collection of accounts receivable. The increase in cash flow from operations for the year ended 2007 as compared to 2006 resulted principally from increased Net Income of $30.7 million and increased minority interest of $29.1 million, partially offset by a $44.8 million increase in settlements of liabilities.

In accordance with EITF 04-05, we consolidated $68.8 and $134.7 million of client assets held in partnerships controlled by our Affiliates as of December 31, 2008 and 2007, respectively. Sales of client assets generated $6.0 and $12.8 million of operating cash flow in 2008 and 2007, respectively.

Investing Cash Flow

Changes in net cash flow used in investing activities result primarily from our investments in new and existing Affiliates. Net cash flow used to make investments was $171.4 million, $556.7 million and $123.3 million for the years ended December 31, 2008, 2007 and 2006, respectively. These investments were primarily funded with borrowings under our credit facility and existing cash.

In January 2009, we announced an agreement to restructure and postpone our previously announced transaction with Harding Loevner LLC ("Harding Loevner"). The amended agreement provides Harding Loevner the option to complete the transaction during the second half of 2009 on terms substantially consistent with the original agreement.

Under past acquisition agreements, we are contingently liable, upon achievement of specified financial targets, to make payments of up to $232 million through 2012. In 2009, we expect to make total payments of approximately $100 million to settle portions of these contingent obligations, our purchase of Affiliate equity (as discussed above) and our potential investment in Harding Loevner.

Financing Cash Flow

Net cash flows from financing activities decreased $162.8 million in 2008 as compared to 2007, primarily as a result of a net repayment of senior bank debt of $286.0 combined with $208.7 settlement of convertible securities, partially offset by a $370.5 decrease in the repurchases of common stock. In addition, we issued $460 million of senior convertible notes in 2008 and repurchased $69.2 million aggregate principal amount of our junior convertible trust preferred securities for $24.2 million. The increase in cash flows used in financing activities in 2007 from 2006 was primarily as a result of our $500 million issuance of junior convertible trust preferred securities and a net increase in borrowings under our revolver of $154.0 million, partially offset by $436.0 million of repurchases of our common stock.

As more fully discussed in Liquidity and Capital Resources, during 2008, we retired the outstanding floating rate convertible securities and issued approximately 7.0 million shares of common stock. Additionally, we repurchased the outstanding senior notes component of our 2004 PRIDES. The repurchase proceeds were used by the original holders to fulfill their obligations under the related forward equity purchase contracts. We issued approximately 3.8 million shares of common stock to settle the forward equity purchase contracts.

In May 2008, we entered into a forward equity sale agreement under which we may sell up to $200 million of our common stock to a major securities firm, with the timing of sales at our discretion. Through February 25, 2009, we have agreed to sell approximately $144.3 million under this agreement at a weighted average price of $81.31. We can settle these forward sales at any time prior to December 19, 2009.

In accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("FAS 123R"), beginning in 2006, certain tax benefits associated with stock options have been reported as financing cash flows in the amount of $11.1 million and $36.5 million as of December 31, 2008 and 2007, respectively.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2008:

Contractual Obligations *(in millions)*	Total	Payments Due 2009	2010–2011	2012–2013	Thereafter
Senior bank debt[1]	$ 233.5	$ 25.9	$ 103.8	$ 103.8	$ —
Senior convertible securities[1]	1,066.9	18.5	36.3	36.3	975.8
Junior convertible trust preferred securities[1][2]	1,824.9	37.5	75.0	75.0	1,637.4
Leases	97.3	19.3	31.8	22.3	23.9
Other liabilities[3]	28.4	26.2	2.2	—	—
Total	$3,251.0	$127.4	$ 249.1	$ 237.4	$ 2,637.1

(1) The timing of debt payments assumes that outstanding debt is settled for cash or common stock at the applicable maturity dates. The amounts include the cash payment of fixed interest.

(2) As more fully discussed on page 30, consistent with industry practice, we do not consider our junior convertible trust preferred securities as debt for the purpose of determining our leverage ratio.

(3) Other liabilities reflect amounts payable to Affiliate managers related to our purchase of additional Affiliate equity interests. This table does not include liabilities for uncertain tax positions ($21.9 million as of December 31, 2008) as we cannot predict when such liabilities will be paid.

Market Risk

Our revenue is derived primarily from fees which are based on the market values of assets under management. Such values are affected by changes in financial markets, and accordingly declines in the financial markets will negatively impact our revenue and Net Income. The broader financial markets are affected, in part, by changing interest rates. We cannot predict the effects that interest rates or changes in interest rates may have on either the broader financial markets or our Affiliates' assets under management and associated fees.

We pay a variable rate of interest on our credit facility ($233.5 million outstanding as of December 31, 2008) and, until February 2008, paid a variable rate of interest on our floating rate senior convertible securities. We have fixed rates of interest on our zero coupon senior convertible notes, our 2008 senior convertible notes and on both of our junior convertible trust preferred securities.

From time to time, we seek to manage our exposure to changing interest rates by entering into interest rate hedging contracts. For example, through February 2008, we were a party to interest rate hedging contracts with a $150 million notional amount, which fixed the interest rate on a portion of our floating rate senior convertible securities to a weighted average interest rate of approximately 3.28% for the period from February 2005 to February 2008.

We estimate that a 100 basis point (1%) change in interest rates would result in a net annual change to interest expense related to our variable rate borrowings of approximately $2.3 million. While a change in market interest rates would not affect the interest expense incurred on our fixed rate securities, such a change may affect the fair value of these securities. We estimate that a 100 basis point (1%) change in interest rates would result in a net change in the value of our fixed rate securities of approximately $10.8 million.

We operate primarily in the United States, and accordingly most of our consolidated revenue and associated expenses are denominated in U.S. dollars. We also provide services and earn revenue outside of the United States; therefore, the portion of our revenue and expenses denominated in foreign currencies may be impacted by movements in currency exchange rates. The valuations of our foreign Affiliates are impacted by fluctuations in foreign exchange rates, which could be recorded as a component of stockholders' equity. To illustrate the effect of possible changes in currency exchange rates, as of December 31, 2008, we estimate that a 1% change in the Canadian dollar to U.S. dollar exchange rate would result in approximately a $2.9 million change to stockholders' equity and a $0.4 million change to income before income taxes. During 2008, changes in currency exchange rates decreased stockholders' equity by $68.3 million.

Recent Accounting Developments

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" ("FAS 157") which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and requires expanded disclosure about fair value measurements. As described in Note 5 of our Consolidated Financial Statements, we adopted this standard in the first quarter of 2008 for our financial assets and liabilities that are measured at fair value on a quarterly basis. For all other nonfinancial assets and liabilities, FAS 157 is effective in the first quarter of 2009. The standard is not expected to have a material impact our consolidated financial statements, but will require certain additional disclosures.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115" ("FAS 159"). FAS 159 permits companies to measure many financial instruments and certain other items at fair value. We adopted FAS 159 in the first quarter of 2008; as we did not apply the fair value option to any of our outstanding instruments, FAS 159 did not have an impact on our consolidated financial statements.

In December 2007, the FASB issued FAS No. 141 (revised 2007), "Business Combinations" ("FAS 141R," which is effective in the first quarter of 2009). FAS 141R will require acquirors to measure identifiable assets and liabilities at their full fair values on the acquisition date. FAS 141R will also change the treatment of contingent consideration, contingencies, acquisition costs, and restructuring costs. FAS 141R will be applied to future acquisitions, and its impact will depend on the nature and volume of those transactions. Upon adoption, FAS 141R will be retrospectively applied to acquisition costs previously deferred, and we anticipate that 2007 and 2008 earnings will be adjusted by $0.7 million and $6.1 million, respectively.

In December 2007, the FASB issued FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("FAS 160"). FAS 160 will change the accounting and reporting for minority or noncontrolling interests. Upon adoption, these interests and transactions between controlling interest and minority interest holders may be accounted for within stockholders' equity. FAS 160 also requires an entity to present Net Income and consolidated comprehensive income attributable to the parent and the minority interest separately in the consolidated financial statements. We will adopt FAS 160 in the first quarter of 2009.

In March 2008, the SEC announced revisions to EITF Topic D-98 "Classification and Measurement of Redeemable Securities" ("Topic D-98"), which provides SEC registrants guidance on the financial statement classification and measurement of equity securities that are subject to mandatory redemption requirements or whose redemption is outside the control of the issuer. The revised Topic D-98 requires redeemable minority interests, such as the equity interests held by our Affiliates described in Note 17 to the Consolidated Financial Statements, to be recorded outside of permanent equity at their current redemption value, and the interests should be adjusted to their current redemption value at each balance sheet date. Adjustments to the carrying amount of a noncontrolling interest from the application of Topic D-98 are recorded to stockholders' equity. We will adopt this guidance in 2009, resulting in our recording the current redemption value of our redeemable non-controlling interests with a corresponding adjustment to stockholders' equity in the consolidated balance sheets.

In March 2008, the FASB issued FAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("FAS 161"). FAS 161 requires enhanced disclosures regarding the impact of derivatives on our financial position, financial performance, and cash flows. We will adopt FAS 161 in the first quarter of 2009 and do not expect this standard to have a material effect on the consolidated financial statements.

In May 2008, the FASB issued FASB Staff Position APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"), which applies to all convertible debt instruments that may be settled either wholly or partially in cash upon conversion. FSP APB 14-1 requires issuers to separately account for the liability and equity components of convertible debt instruments in a manner reflective of the issuer's nonconvertible debt borrowing rate. Previous guidance required these types of convertible debt instruments to be accounted for entirely as debt. FSP APB 14-1 is effective in the first quarter of 2009 and will be retrospectively applied to prior periods. We expect that FSP APB 14-1 will increase interest expense for our convertible securities by approximately $14 million in 2009.

In June 2008, the FASB ratified EITF No. 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock" ("EITF 07-5"). EITF 07-5 provides guidance for determining whether an equity-linked financial instrument, or embedded feature, is indexed to an entity's own stock. We will adopt EITF 07-5 in the first quarter of 2009 and do not expect the adoption to change the classification or measurement of our financial instruments.

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active" ("FSP FAS 157-3"), which applies to financial assets that are required or permitted to be measured at fair value in accordance with FAS 157. FSP FAS 157-3 clarifies the application of FAS 157 and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that asset is not active. The adoption did not have a significant impact on our financial position or results of operations, nor did it have a significant impact on the valuation techniques we used in measuring the fair value of our financial assets.

In November 2008, the FASB ratified EITF 08-6, "Equity Method Investment Accounting Considerations" ("EITF 08-6"). EITF 08-6 clarifies that the initial carrying value of an equity method investment should be determined in accordance with FAS 141R and other-than-temporary impairments of equity method investments should be recognized in accordance with APB Opinion No. 18, "Accounting by an Investor for Its Proportionate Share of Accumulated Other Comprehensive Income of an Investee Accounted for under the Equity Method in Accordance with APB Opinion No. 18 upon a Loss of Significant Influence." EITF 08-6 is effective on a prospective basis beginning in the first quarter of 2009. We are assessing the potential impact, if any, of the adoption of EITF 08-6 on our consolidated results of operations and financial condition.

In November 2008, the FASB ratified EITF 08-7, "Accounting for Defensive Intangible Assets" ("EITF 08-7"). EITF 08-7 applies to defensive assets which are acquired intangible assets which the acquirer does not intend to actively use, but intends to hold to prevent its competitors from obtaining access to the asset. EITF 08-7 clarifies that defensive intangible assets are separately identifiable and should be accounted for as a separate unit of accounting in accordance with FAS 141R and FAS 157. EITF 08-7 is effective for intangible assets acquired in 2009. We are assessing the potential impact, if any, of the adoption of EITF 08-7 on our consolidated results of operations and financial condition.

In December 2008, the FASB issued FASB Staff Position FAS 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities" ("FSP FAS 140-4 and FIN 46(R)-8"). This guidance increases disclosure requirements for public entities involved in securitization or asset-backed financing arrangements and variable interest entities. We adopted FSP FAS 140-4 and FIN 46(R)-8 in the fourth quarter of 2008 and such adoption did not have a significant impact on our consolidated financial statements.

Critical Accounting Estimates and Judgments

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note 1 to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. We consider the accounting policies described below to be our critical accounting estimates and judgments. These policies are affected significantly by judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements and actual results could differ materially from the amounts reported based on these policies.

Valuation

In allocating the purchase price of our investments and testing our assets for impairment, we make estimates and assumptions to determine the value of our acquired client relationships, operating segments, and equity method investments. We also assess the value of minority interests held by our Affiliate managers in establishing the terms for their transfer.

In these valuations, we make assumptions about the growth rates and useful lives of existing and prospective client accounts, as well as future earnings, valuation multiples, tax benefits and discount rates. We consider the reasonableness of our assumptions by comparing our valuation conclusions to market transactions, and in certain instances engage third party consultants to perform independent evaluations. If we used different assumptions, the effect may be material to our financial statements, as the carrying value of our equity method investments and intangible assets (and related amortization) could be stated differently and our impairment conclusions could be modified. The use of different assumptions to value our minority interests could change the amount of compensation expense, if any, we report upon their transfer.

Goodwill

As of December 31, 2008, the carrying value of goodwill was $1,243.6 million. Goodwill represents the excess of the purchase price of acquisitions over the fair value of identified assets and liabilities. Goodwill impairment tests are performed annually at the reporting unit level (in our case, our three operating segments), or more frequently, should circumstances suggest fair value has declined below the related carrying amount.

For purposes of the impairment test of goodwill, the fair value of each reporting unit is measured by applying a fair value multiple to the run rate cash flow of the reporting unit. The key valuation inputs are the levels of asset under management, their related fee rates, and expenses attributable to each reporting unit. Changes in the estimates used in this test could materially affect our impairment conclusion.

In each of the third and fourth quarters of 2008, we performed our impairment test, and no impairments were identified.

Indefinite-Lived Intangible Assets

As of December 31, 2008, the carrying value of indefinite-lived intangible assets were $267.8 million. Indefinite-lived intangible assets are comprised of investment advisory contracts with registered investment companies that are sponsored by our Affiliates. We do not amortize our indefinite-lived acquired client relationships because we expect these contracts will contribute to our cash flows indefinitely. Each quarter, we assess whether events and circumstances have occurred that indicate these relationships might have a definite life.

We perform indefinite-lived intangible asset impairment tests annually, or more frequently should circumstances suggest fair value has declined below the related carrying amount. In this test we compare the carrying amount of each asset to its fair value, measuring value through a discounted cash flow analysis. The key valuation assumptions include current and projected levels of assets under management in the relevant registered investment company, expenses attributable to these contracts and discount rates.

In the fourth quarter of 2008, we performed our annual impairment test, and no impairments were identified.

Definite-Lived Intangible Assets

As of December 31, 2008, the carrying values of definite-lived intangible assets were $223.6 million. Definite-lived intangible assets are comprised of investment advisory contracts acquired in an Affiliate investment. We monitor the useful lives of these assets and revise them, if necessary. We review historical and projected attrition rates and other events that may influence our projections of the future economic benefit that we will derive from these relationships. Significant judgment is required to estimate the period that these assets will contribute to our cash flows and the pattern over which these assets will be consumed. A change in the remaining useful life of any of these assets could have a material impact on our amortization expense. For example, if we reduced the weighted average remaining life of our definite-lived acquired client relationships by one year; our amortization expense would increase by approximately $6.0 million per year.

We perform definite-lived intangible asset impairment tests annually, or more frequently should circumstances suggest fair value has declined below the related carrying amount. We assess each of our definite-lived acquired client relationship for impairment by comparing their carrying value to the projected undiscounted cash flows of the acquired relationships.

In the fourth quarter of 2008, we performed our annual impairment test, and no impairments were identified.

Equity Method Investments

As of December 31, 2008, the carrying values of equity-method investments were $679 million. Our equity method investments are in Affiliates in which we own a minority interest and have the ability to participate in decision making. We evaluate these investments for impairment by assessing whether the fair value of the investment has declined below its carrying value for a period we consider other-than-temporary. If we determine that a decline in fair value below our carrying value is other-than-temporary, an impairment charge is recognized to reduce the carrying value of the investment to its fair value.

We measure the fair value of each of our equity-method investments by applying a fair value multiple to estimates of the run rate cash flow. Our fair value multiples are supported by observed transactions and discounted cash flow analyses which reflect assumptions of current and projected levels of Affiliate assets under management, fee rates and estimated expenses. Changes in estimates used in these valuations could materially affect the impairment conclusions.

In the fourth quarter of 2008, we completed our evaluation of investments accounted for under the equity method and concluded a decline in the market value of our recent investments in ValueAct and BlueMountain was other than temporary. Accordingly, we reduced the carrying value of these investments by $150 million.

Income Taxes

Our overall tax position requires analysis to estimate the expected realization of tax assets and liabilities. Tax regulations often require income and expense to be included in our tax returns in different amounts and in different periods than are reflected in the financial statements. Additionally, we must assess whether to recognize the benefit of an uncertain tax position, and, if so, the appropriate amount of the benefit.

Deferred taxes are established to reflect the differences in timing between the inclusion of items of income and expense in the financial statements and their reporting on our tax returns. Our deferred tax liabilities are generated primarily from tax-deductible intangible assets and convertible securities. We generally believe that our intangible-related deferred taxes are unlikely to reverse, and that our deferred tax liabilities for convertible securities may not reverse. As such, we currently believe the economic benefit we realize from these sources may be permanent.

Most of our intangible assets are tax-deductible because we generally structure our Affiliate investments as cash transactions that are taxable to the sellers. We record deferred taxes because a substantial majority of our intangible assets do not amortize for financial statement purposes, but do amortize for tax purposes, thereby creating tax deductions that reduce our current cash taxes. These liabilities will reverse only in the event of a sale of an Affiliate or an impairment charge. Under current accounting rules, we are required to accrue the estimated cost of such a reversal as a deferred tax liability. As of December 31, 2008, our estimate of the tax liability associated with such a sale or impairment charge was approximately $204 million.

During 2008, our convertible securities generated deferred taxes of approximately $8.3 million because our interest deductions for tax purposes are greater than our reported interest expense. We believe that some or all of these deferred tax liabilities may be reclassified to equity when the securities convert to common stock.

We also regularly assess our deferred tax assets, which consist primarily of tax loss carryforwards, in order to determine the need for valuation allowances. In our assessment we make assumptions about future taxable income that may be generated to utilize these assets, which have limited lives. If we determine that we are unlikely to realize the benefit of a deferred tax asset, we establish a valuation allowance that would increase our tax expense in the period of such determination. As of December 31, 2008, we had a valuation allowance for all of our loss carryforwards. In the event that Massachusetts adopts certain income tax regulations (which were recently released in proposed form), we could potentially reverse approximately $3 million of our valuation allowance on net operating losses.

In our assessment of uncertain tax positions, we consider the probability that a tax authority would sustain our tax position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon the ultimate settlement with the tax authority. For tax positions not meeting this threshold, no benefit is recognized.

Changes in our tax position could have a material impact on our earnings. For example, a 1% increase to our statutory tax rate attributable to our deferred tax liabilities would result in an increase of approximately $6.2 million in our tax expense in the period of such determination.

Share-Based Compensation

We have share-based compensation plans covering senior management, employees and directors. Prior to 2006, we accounted for share-based compensation using the intrinsic value method described in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations. Accordingly, prior to 2006, no compensation expense was recognized from share-based compensation plans as the exercise price of all stock options granted equaled the market price of the underlying stock on the grant date of the award.

In 2006, we adopted the fair value recognition provisions of FAS 123R which requires a company to recognize share-based compensation, based on the fair value of the awards on the grant date. As a result, compensation is recognized in the financial statements for all share-based payments granted after the date of adoption, and for all awards that are unvested after that date.

Under FAS 123R, we estimate the fair value of stock option awards using the Black-Scholes option pricing model. The Black-Scholes model requires us to make assumptions about the volatility of our common stock and the expected life of our stock options based on past experience and anticipated future exercise behavior. We consider both the historical volatility of our common stock and the implied volatility from traded options in determining expected volatility. Given unprecedented market volatility during the latter part of 2008, we did not include the trading activity for the three months preceding our fourth quarter award in calculating the fair value of our stock options.

Our options typically vest and become fully exercisable over three to five years of continued employment and do not include performance-based or market-based vesting conditions. For grants that are subject to graded vesting over a service period, we recognize expense net of expected forfeitures on a straight-line basis over the requisite service period for the entire award.

As of December 31, 2008, we had $16.9 million in remaining unrecognized compensation cost related to stock option grants, which will be recognized over a weighted-average period of approximately four years (assuming no forfeitures).

Revenue Recognition

The majority of our consolidated revenue represents advisory fees (asset-based and performance-based). Our Affiliates recognize asset-based advisory fees quarterly as they render services to their clients. In addition to generating asset-based fees, over 50 Affiliate products, representing approximately $28.6 billion of assets under management, also bill on the basis of absolute investment performance ("performance fees"). These products, which are primarily in the Institutional distribution channel, are generally structured to have returns that are not directly correlated to changes in broader equity indices and, if earned, the performance fee component is typically billed less frequently than the asset-based fee. Our Affiliates recognize performance fees when they are earned (i.e. when they become billable to customers) based on the contractual terms of agreements and when collection is reasonably assured. Although performance fees inherently depend on investment results and will vary from period to period, we anticipate performance fees to be a recurring component of our revenue.

Economic and Market Conditions

International Operations

In connection with our international distribution initiatives, we have offices in Sydney, Australia and London, England. In addition, we have international operations through Affiliates who provide some or a significant part of their investment management services to non-US clients. In the future, we may open additional offices, or invest in other investment management firms which conduct a significant part of their operations outside of the United States. There are certain risks inherent in doing business internationally, such as changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, different and in some cases, less stringent, regulatory and accounting regimes, political instability, fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. There can be no assurance that one or more of such factors will not have a material adverse effect on our international operations or our affiliated investment management firms that have international operations or on other investment management firms in which we may invest in the future and, consequently, on our business, financial condition and results of operations.

Inflation

We do not believe that inflation or changing prices have had a material impact on our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk" in Item 7.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about how we are affected by market risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk" in Item 7, which is incorporated by reference herein.

Item 8. Financial Statements and Supplementary Data

Management's Report on Internal Control Over Financial Reporting

Management of Affiliated Managers Group, Inc. (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting processes are designed under the supervision of the Company's chief executive and chief financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements.

As of December 31, 2008, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2008 was effective.

The Company's internal control over financial reporting as of December 31, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing on page 45, which expresses an unqualified opinion on the effectiveness of the firm's internal control over financial reporting as of December 31, 2008.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Affiliated Managers Group, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of Affiliated Managers Group, Inc. (the "Company") at December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 2, 2009

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

	For the Years Ended December 31,		
	2006	2007	2008
Revenue	$ 1,170,353	$ 1,369,866	$ 1,158,217
Operating expenses:			
Compensation and related expenses	472,400	579,365	516,895
Selling, general and administrative	184,019	197,967	200,072
Amortization of intangible assets	27,378	31,653	33,854
Depreciation and other amortization	8,763	10,444	12,767
Other operating expenses	23,880	18,822	26,511
	716,440	838,251	790,099
Operating income	453,913	531,615	368,118
Non-operating (income) and expenses:			
Investment and other income	(16,943)	(17,133)	(43,654)
(Income) loss from equity method investments	(38,318)	(58,197)	97,142
Investment (income) loss from Affiliate investments in partnerships	(3,400)	(38,877)	63,410
Interest expense	58,800	76,919	73,891
	139	(37,288)	190,789
Income before minority interest and income taxes	453,774	568,903	177,329
Minority interest	(212,523)	(241,987)	(193,728)
Minority interest in Affiliate investments in partnerships	(3,364)	(38,089)	60,504
Income before income taxes	237,887	288,827	44,105
Income taxes—current	55,267	74,634	51,758
Income taxes—intangible-related deferred	28,779	28,576	(12,776)
Income taxes—other deferred	2,564	3,656	(18,047)
Net Income	$ 151,277	$ 181,961	$ 23,170
Earnings per share—basic	$ 4.83	$ 6.18	$ 0.61
Earnings per share—diluted	$ 3.70	$ 4.55	$ 0.57
Average shares outstanding—basic	31,289,005	29,464,764	38,211,326
Average shares outstanding—diluted	43,669,991	42,398,686	40,872,656
Supplemental disclosure of total comprehensive income:			
Net Income	$ 151,277	$ 181,961	$ 23,170
Other comprehensive income (loss)	(2,090)	50,071	(68,818)
Total comprehensive income (loss)	$ 149,187	$ 232,032	$ (45,648)

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31, 2007	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 222,954	$ 396,431
Investment advisory fees receivable	237,636	131,099
Affiliate investments in partnerships	134,657	68,789
Affiliate investments in marketable securities	21,237	10,399
Prepaid expenses and other current assets	33,273	34,603
Total current assets	649,757	641,321
Fixed assets, net	69,879	71,845
Equity investments in Affiliates	842,490	678,887
Acquired client relationships, net	496,602	491,408
Goodwill	1,230,387	1,243,583
Other assets	106,590	119,326
Total assets	$ 3,395,705	$ 3,246,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 246,400	$ 186,385
Payables to related party	69,952	26,187
Total current liabilities	316,352	212,572
Senior debt	519,500	233,514
Senior convertible securities	378,083	507,146
Mandatory convertible securities	300,000	—
Junior convertible trust preferred securities	800,000	730,820
Deferred income taxes	257,022	228,429
Other long-term liabilities	33,516	30,414
Total liabilities	$ 2,604,473	$ 1,942,895
Commitments and contingencies (Note 16)	—	—
Minority interest	194,633	145,450
Minority interest in Affiliate investments in partnerships	127,397	65,465
Stockholders' equity:		
Common stock ($.01 par value; 153,000 shares authorized; 39,024 shares outstanding in 2007 and 45,795 outstanding in 2008)	390	458
Additional paid-in capital	662,454	939,540
Accumulated other comprehensive income (loss)	64,737	(4,081)
Retained earnings	836,426	859,596
	1,564,007	1,795,513
Less: treasury stock, at cost (10,865 shares in 2007 and 6,296 shares in 2008)	(1,094,805)	(702,953)
Total stockholders' equity	469,202	1,092,560
Total liabilities and stockholders' equity	$ 3,395,705	$ 3,246,370

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(dollars in thousands)

	Common Shares	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Shares	Treasury Shares at Cost
December 31, 2005	39,023,658	$ 390	$ 593,090	$ 16,756	$ 503,188	(5,424,950)	$ (296,043)
Stock issued under option and other incentive plans	—	—	(991)	—	—	1,263,873	42,694
Tax benefit of option exercises	—	—	28,529	—	—	—	—
Issuance of Affiliate equity interests	—	—	2,031	—	—	—	—
Cost of call spread option agreements	—	—	(13,290)	—	—	—	—
Conversion of zero coupon convertible notes	—	—	—	—	—	215,350	11,458
Repurchase of common shares	—	—	—	—	—	(5,482,047)	(537,777)
Net Income	—	—	—	—	151,277	—	—
Other comprehensive income	—	—	—	(2,090)	—	—	—
December 31, 2006	39,023,658	$ 390	$ 609,369	$ 14,666	$ 654,465	(9,427,774)	$ (779,668)
Stock issued under option and other incentive plans	—	—	(23,443)	—	—	1,504,143	84,333
Tax benefit of option exercises	—	—	42,308	—	—	—	—
Issuance of Affiliate equity interests	—	—	27,508	—	—	—	—
Settlement of call spread agreements	—	—	15,564	—	—	(115,789)	(8,764)
Cost of call spread option agreements	—	—	(6,800)	—	—	—	—
Conversion of zero coupon convertible notes	—	—	—	—	—	667,826	35,773
Repurchase of common shares, including prepaid forward purchase contracts	—	—	(2,052)	—	—	(3,493,605)	(426,479)
Net Income	—	—	—	—	181,961	—	—
Other comprehensive income	—	—	—	50,071	—	—	—
December 31, 2007	39,023,658	$ 390	$ 662,454	$ 64,737	$ 836,426	(10,865,199)	$ (1,094,805)
Stock issued under option and other incentive plans	—	—	1,215	—	—	760,937	64,941
Tax benefit of option exercises	—	—	13,868	—	—	—	—
Issuance costs	—	—	(951)	—	—	—	—
Issuance of Affiliate equity interests	—	—	6,444	—	—	—	—
Settlement of mandatory convertible securities	2,605,118	26	213,939	—	—	1,183,202	85,484
Conversion of floating rate senior convertible securities	4,166,595	42	50,288	—	—	2,839,779	249,637
Tax benefit related to conversion of floating rate senior convertible securities	—	—	18,291	—	—	—	—
Conversion of zero coupon convertible notes	—	—	(26,008)	—	—	580,681	57,280
Repurchase of common shares	—	—	—	—	—	(795,400)	(65,490)
Net Income	—	—	—	—	23,170	—	—
Other comprehensive income	—	—	—	(68,818)	—	—	—
December 31, 2008	45,795,371	$ 458	$ 939,540	$ (4,081)	$ 859,596	(6,296,000)	$ (702,953)

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Years Ended December 31,		
	2006	**2007**	**2008**
Cash flow from operating activities:			
Net Income	$ 151,277	$ 181,961	$ 23,170
Adjustments to reconcile Net Income to net cash flow from operating activities:			
Amortization of intangible assets	27,378	31,653	33,854
Amortization of issuance costs	2,862	3,250	4,726
Depreciation and other amortization	8,763	10,444	12,767
Deferred income tax provision (benefit)	31,343	32,232	(30,823)
Accretion of interest	2,360	2,772	686
(Income) loss from equity method investments, net of amortization	(38,318)	(58,197)	97,142
Distributions received from equity method investments	46,033	53,612	80,487
Tax benefit from exercise of stock options	5,482	5,780	2,767
Stock option expense	1,654	9,039	53,968
Affiliate equity expense	924	8,109	13,948
Other adjustments	7,604	(2,130)	(33,209)
Changes in assets and liabilities:			
(Increase) decrease in investment advisory fees receivable	(52,281)	(35,963)	102,788
Decrease in Affiliate investments in partnerships	7,707	12,766	6,045
(Increase) decrease in prepaids and other current assets	150	(4,722)	19,640
(Increase) decrease in other assets	3,159	(3,178)	9,770
Increase (decrease) in accounts payable, accrued liabilities and other long-term liabilities	65,814	21,035	(49,315)
Increase (decrease) in minority interest	29,092	58,191	(92,735)
Cash flow from operating activities	301,003	326,654	255,676
Cash flow used in investing activities:			
Cost of investments in Affiliates, net of cash acquired	(123,262)	(556,683)	(171,400)
Purchase of fixed assets	(21,510)	(16,821)	(9,554)
Purchase of investment securities	(29,522)	(13,648)	(33,613)
Sale of investment securities	9,215	6,397	25,156
Cash flow used in investing activities	(165,079)	(580,755)	(189,411)
Cash flow from (used in) financing activities:			
Borrowings of senior bank debt	602,000	727,000	366,000
Repayments of senior bank debt	(412,000)	(573,000)	(651,986)
Issuance of senior convertible notes	—	—	460,000
Settlement of convertible securities	—	—	(208,730)
Issuance of junior convertible trust preferred securities	300,000	500,000	—
Repurchase of junior convertible trust preferred securities	—	—	(24,213)
Repayments of senior debt	(65,750)	—	—
Issuance of common stock	52,765	53,324	238,814
Repurchase of common shares, including prepaid forward purchase contracts	(536,478)	(435,997)	(65,490)
Issuance costs	(9,982)	(19,999)	(28,859)
Excess tax benefit from exercise of stock options	23,047	36,528	11,101
Cost of call spread option agreements	(13,290)	—	—
Settlement of derivative contracts	—	—	8,154
Note payments	(7,687)	(2,542)	5,628
Redemptions of Minority interest—Affiliate investments in partnerships	(7,707)	(12,766)	(672)
Cash flow from (used in) financing activities	(75,082)	272,548	109,747
Effect of foreign exchange rate changes on cash and cash equivalents	464	2,778	(2,535)
Net increase (decrease) in cash and cash equivalents	61,306	21,225	173,477
Cash and cash equivalents at beginning of period	140,423	201,729	222,954
Cash and cash equivalents at end of period	$ 201,729	$ 222,954	$ 396,431
Supplemental disclosure of cash flow information:			
Interest paid	$ 59,526	$ 77,735	$ 63,987
Income taxes paid	29,003	30,243	45,279
Supplemental disclosure of non-cash financing activities:			
Stock issued for conversion of floating rate senior convertible securities	—	—	299,970
Stock issued in settlement of mandatory convertible securities	—	—	93,750
Stock issued for conversion of zero coupon senior convertible note	11,458	35,773	31,272
Payables recorded for Affiliate equity purchases	36,736	18,308	23,655

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

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Significant Accounting Policies

(a) Organization and Nature of Operations

Affiliated Managers Group, Inc. ("AMG" or the "Company") is an asset management company with equity investments in a diverse group of boutique investment management firms ("Affiliates"). AMG's Affiliates currently provide investment management services globally to mutual funds, institutional clients and high net worth individuals. Fees for services are largely asset-based and, as a result, the Company's revenue may fluctuate based on the performance of financial markets.

Affiliates are either organized as limited partnerships, limited liability partnerships, limited liability companies, or corporations. AMG generally has contractual arrangements with its Affiliates whereby a percentage of revenue is customarily allocable to fund Affiliate operating expenses, including compensation (the "Operating Allocation"), while the remaining portion of revenue (the "Owners' Allocation") is allocable to AMG and the other partners or members, generally with a priority to AMG. In certain other cases, the Affiliate is not subject to a revenue sharing arrangement, but instead operates on a profit-based model. In these cases, AMG participates fully in any increase or decrease in the revenue or expenses of such firms. In situations where AMG holds a minority equity interest, the revenue sharing arrangement generally allocates to AMG a percentage of the Affiliate's revenue. The remaining revenue is used to pay operating expenses and profit distributions to the other owners.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All dollar amounts, except per share data in the text and tables herein, are stated in thousands unless otherwise indicated. Certain reclassifications have been made to prior years' financial statements to conform to the current year's presentation.

(b) Principles of Consolidation

The Company evaluates the risk, rewards, and significant terms of each of its Affiliate and other investments to determine the appropriate method of accounting. Majority-owned or otherwise controlled investments are consolidated. In many of its Affiliate investments, AMG is, directly or indirectly, the sole general partner (in the case of Affiliates which are limited partnerships), managing partner (in the case of Affiliates which are limited liability partnerships), sole manager member (in the case of Affiliates which are limited liability companies) or principal shareholder (in the case of Affiliates which are corporations). As a result, the Company generally consolidates its Affiliate investments. Investments that are determined to be Variable Interest Entities as defined by FASB Interpretation No. 46 (revised), "Consolidation of Variable Interest Entities" ("FIN46R"), are consolidated if AMG or a consolidated Affiliate is the primary beneficiary of the investment.

For Affiliate operations consolidated into these financial statements, the portion of the income allocated to owners other than AMG is included in Minority interest in the Consolidated Statements of Income. As Affiliates are generally structured as pass-through entities for tax purposes, minority interest has been presented before income taxes in the Consolidated Statements of Income. Minority interest on the Consolidated Balance Sheets includes capital and undistributed income owned by the managers of the consolidated Affiliates. All material intercompany balances and transactions have been eliminated.

AMG applies the equity method of accounting to investments where AMG or an Affiliate does not hold a majority equity interest but has the ability to exercise significant influence (generally at least a 20% interest or a general partner interest) over operating and financial matters. AMG or an Affiliate also applies the equity method when their minority shareholders or partners have certain rights to remove their ability to control the entity or rights to participate in substantive operating decisions (e.g. approval of annual operating budgets, major financings, selection of senior management, etc.). For equity method investments, AMG's or the Affiliate's portion of income before taxes is included in Income from equity method investments. Other investments in which AMG or an Affiliate own 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.

Effective January 1, 2006, the Company implemented Emerging Issues Task Force Issue 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" ("EITF 04-5"). Under EITF 04-5, the Company or an Affiliate consolidates any partnership that it controls, including those interests in the partnerships in which the Company does not have ownership rights. A general partner is presumed to control a partnership unless the limited partners have certain rights to remove the general partner or other substantive rights to participate in partnership operations. Partnerships that are not controlled by the Company or an Affiliate are accounted for using the equity method of accounting.

The effect of any changes in the Company's equity interests in its Affiliates resulting from the issuance 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.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments, including money market mutual funds, with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value due to the short-term maturity of these investments.

(d) Affiliate Investments in Partnerships

Assets of consolidated partnerships are reported as "Affiliate investments in partnerships." A majority of these assets are held by investors that are unrelated to the Company, and reported as "Minority interest in Affiliate investments in partnerships." Income from these partnerships is presented as "Investment (income) loss from Affiliate investments in partnerships" in the consolidated statements of income. The portion of this income or loss that is attributable to investors that are unrelated to the Company is reported as a "Minority interest in Affiliate investments in partnerships."

(e) Affiliate Investments in Marketable Securities

Affiliate investments in marketable securities are classified as either trading or available-for-sale and carried at fair value. Unrealized holding gains or losses on investments classified as available-for-sale are reported net of deferred tax as a separate component of accumulated other comprehensive income in stockholders' equity until realized. If a decline in the fair value of these investments is determined to be other than temporary, the carrying amount of the asset is reduced to its fair value, and the difference is charged to income in the period incurred.

(f) Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of office equipment and furniture and fixtures range from three to ten years. Computer software developed or obtained for internal use is amortized using the straight-line method over the estimated useful life of the software, generally three years or less.

Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease, and the building is amortized over 39 years. The costs of improvements that extend the life of a fixed asset are capitalized, while the cost of repairs and maintenance are expensed as incurred. Land is not depreciated.

(g) Leases

The Company and its Affiliates currently lease office space and equipment under various leasing arrangements. As these leases expire, it can be expected that in the normal course of business they will be renewed or replaced. All leases and subleases are accounted for under Statement of Financial Accounting Standard ("FAS") No. 13, "Accounting for Leases." These leases are classified as either capital leases or operating leases, as appropriate. Most lease agreements classified as operating leases contain renewal options, rent escalation clauses or other inducements provided by the landlord. Rent expense is accrued to recognize lease escalation provisions and inducements provided by the landlord, if any, on a straight-line basis over the lease term.

(h) Equity Investments in Affiliates

For equity method investments, the Company's portion of income or loss before taxes is included in (Income) loss from equity method investments. The Company's share of income taxes incurred directly by Affiliates accounted for under the equity method are recorded within Income taxes—current in the Consolidated Statements of Income because these taxes generally represent the Company's share of the taxes incurred by the Affiliate. Deferred income taxes incurred as a direct result of the Company's investment in Affiliates accounted for under the equity method have been included in Income taxes—intangible-related deferred in the Consolidated Statements of Income. The associated deferred tax liabilities have been classified as a component of deferred income taxes in the Consolidated Balance Sheet.

As is consistent with the equity method of accounting, for one of its equity method Affiliates based outside the United States, the Company has elected to record financial results one quarter in arrears to allow for the receipt of financial information. The Company converts the financial information of foreign investments to U.S. GAAP.

The Company periodically evaluates its equity method investments for impairment. In such impairment evaluations, the Company assesses if the value of the investment has declined below its carrying value for a period considered to be other than temporary. If the Company determines that a decline in value below the carrying value of the investment is other than temporary, then the reduction in carrying value would be recognized in (Income) loss from equity method investments in the Consolidated Statements of Income.

(i) Acquired Client Relationships and Goodwill

The purchase price for the acquisition of interests in Affiliates is allocated based on the fair value of net assets acquired, primarily acquired client relationships. In determining the allocation of the purchase price to acquired client relationships, the Company analyzes the net present value of each acquired Affiliate's existing client relationships based on a number of factors including: the Affiliate's historical and potential future operating performance; the Affiliate's historical and potential future rates of attrition among existing clients; the stability and longevity of existing client relationships; the Affiliate'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 Affiliate's management team and the Affiliate's history and perceived franchise or brand value.

The Company has determined that certain of its mutual fund acquired client relationships meet the indefinite life criteria outlined in FAS No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"), because the Company expects both the renewal of these contracts and the cash flows generated by these assets to continue indefinitely. Accordingly, the Company does not amortize these intangible assets, but instead reviews these assets at least annually for impairment. Each reporting period, the Company assesses whether events or circumstances have occurred which indicate that the indefinite life criteria are no longer met. If the indefinite life criteria are no longer met, the Company assesses whether the carrying value of the assets exceeds its fair value, and an impairment loss would be recorded in an amount equal to any such excess.

As of December 31, 2008, the cost assigned to all other acquired client relationships was being amortized over a weighted average life of approximately 10 years. The expected useful lives of acquired client relationships are analyzed each period and determined based on an analysis of the historical and projected attrition rates of each Affiliate's existing clients, and other factors that may influence the expected future economic benefit the Company will derive from the relationships. The Company tests for the possible impairment of definite-lived intangible assets annually or more frequently whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. If such indicators exist, the Company compares the undiscounted cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the undiscounted cash flow amount, an impairment charge is recorded in the Consolidated Statements of Income for amounts necessary to reduce the carrying value of the asset to fair value.

The excess of purchase price for the acquisition of interests in Affiliates over the fair value of net assets acquired, including acquired client relationships, is reported as goodwill within the operating segments in which the Affiliate operates. Goodwill is not amortized, but is instead reviewed for impairment. The Company assesses goodwill for impairment at least annually, or more frequently whenever events or circumstances occur indicating that the recorded goodwill may be impaired. Fair value is determined for each operating segment primarily based on price-earnings multiples. If the carrying amount of goodwill exceeds the fair value, an impairment loss would be recorded.

As further described in Note 17, the Company periodically purchases additional equity interests in Affiliates from minority interest owners. Resulting payments made to such owners are generally considered purchase price for these acquired interests.

(j) Revenue Recognition

The Company's consolidated revenue primarily represents advisory fees billed monthly, quarterly and annually by Affiliates for managing the assets of clients. Asset-based advisory fees are recognized monthly as services are rendered and are based upon a percentage of the market value of client assets managed. Any fees collected in advance are deferred and recognized as income over the period earned. Performance based advisory fees are generally assessed as a percentage of the investment performance realized on a client's account, generally over an annual period. Performance-based advisory fees are recognized when they are earned (i.e. when they become billable to customers) based on the contractual terms of agreements and when collection is reasonably assured. Also included in revenue are commissions earned by broker dealers, recorded on a trade date basis, and other service fees recorded as earned.

(k) Issuance Costs

Issuance costs incurred in securing credit facility financing are amortized over the remaining term of the credit facility. Costs incurred to issue the zero coupon senior convertible securities, the floating rate senior convertible securities, the 2008 senior convertible notes and the junior convertible trust preferred securities are amortized over the earlier of the period to the first investor put date or the stated term of the security. Costs incurred to issue the Company's mandatory convertible securities were allocated between the senior notes and the purchase contracts based upon the relative cost to issue each instrument separately. Costs allocated to the senior notes were recognized as interest expense over the period of the forward equity purchase contract component of such securities. Costs associated with financial instruments that are not required to be accounted for separately as derivative instruments are charged directly to stockholders' equity.

(l) Derivative Financial Instruments

The Company is exposed to interest rate risk inherent in its variable rate debt obligations. The Company's risk management strategy may utilize financial instruments, specifically interest rate derivative contracts to hedge certain interest rate exposures. For example, the Company may agree with a counter party (typically a major commercial bank) to exchange the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. In entering into these contracts, the Company intends to offset cash flow gains and losses that occur on its existing debt obligations with cash flow gains and losses on the contracts hedging these obligations.

The Company records all derivatives on the balance sheet at fair value. If the Company's derivatives qualify as cash flow hedges, the effective portion of the unrealized gain or loss is recorded in accumulated other comprehensive income as a separate component of stockholders' equity and reclassified into earnings when periodic settlement of variable rate liabilities are recorded in earnings. Hedge effectiveness is generally measured by comparing the present value of the cumulative change in the expected future variable cash flows of the hedged contract with the present value of the cumulative change in the expected future variable cash flows of the hedged item. To the extent that the critical terms of the hedged item and the derivative are not identical, hedge ineffectiveness would be reported in earnings as interest expense. Hedge ineffectiveness was not material in 2006, 2007 or 2008.

(m) Income Taxes

The Company accounts for income taxes using the liability method. Under this method, deferred taxes are recognized for the expected future tax consequences of temporary differences between the book carrying amounts and tax bases of the Company's assets and liabilities. Historically, deferred tax liabilities have been attributable to intangible assets and convertible securities. Deferred tax assets have been attributable to state and foreign loss carryforwards, deferred revenue, and accrued liabilities.

In measuring the amount of deferred taxes each period, the Company must project the impact on its future tax payments of any reversal of deferred tax liabilities (which would increase the Company's tax payments), and any use of its state and foreign carryforwards (which would decrease its tax payments). In forming these estimates, the Company makes assumptions about future federal, state and foreign income tax rates and the apportionment of future taxable income to jurisdictions in which the Company has operations. An increase or decrease in federal or state income tax rates could have a material impact on the Company's deferred income tax liabilities and assets and would result in a current income tax charge or benefit.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As allowed by FIN 48, the Company recognizes interest and other charges relating to unrecognized tax benefits as additional tax expense.

In the case of the Company's deferred tax assets, the Company regularly assesses the need for valuation allowances, which would reduce these assets to their recoverable amounts. In forming these estimates, the Company makes assumptions of future taxable income that may be generated to utilize these assets, which have limited lives. If the Company determines that these assets will be realized, the Company records an adjustment to the valuation allowance, which would decrease tax expense in the period such determination was made. Likewise, should the Company determine that it would be unable to realize additional amounts of deferred tax assets, an adjustment to the valuation allowance would be charged to tax expense in the period such determination was made. For example, if the Company was to make an investment in a new Affiliate located in a state where it has operating loss carryforwards, the projected taxable income from the new Affiliate could be offset by these operating loss carryforwards, justifying a reduction to the valuation allowance.

(n) Foreign Currency Translation

The assets and liabilities of Affiliates that are not based in the United States are translated into U.S. dollars using exchange rates in effect as of the balance sheet date. The revenue and expenses of these Affiliates are translated into U.S. dollars using average exchange rates for the relevant period. Because of the permanent nature of the Company's investments, net translation exchange gains and losses are excluded from Net Income but are recorded in other comprehensive income. Foreign currency transaction gains and losses are reflected in Investment and other income.

(o) Share-Based Compensation Plans

Effective January 1, 2006, the Company adopted the fair value recognition provisions of FAS No. 123 (revised 2004), "Share-Based Payment" ("FAS 123R"). FAS 123R revises FAS No. 123, "Accounting for Stock-Based Compensation" ("FAS 123") and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). FAS 123R requires as an expense the cost of all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values over the requisite service period. In addition, FAS 123R requires unrecognized costs related to options vesting after the date of initial adoption to be recognized as an expense in the financial statements over the remaining requisite service period.

The Company adopted FAS 123R using the modified prospective transition method. Under this method, compensation expense includes: (i) an expense for all unvested options outstanding on January 1, 2006, and (ii) an expense for all options granted subsequent to January 1, 2006. Compensation expense recognized under FAS 123R, net of tax, was $5,694 and $33,460 for the years ended December 31, 2007 and 2008, respectively. This additional compensation expense decreased basic and diluted earnings per share by $0.19 and $0.13, respectively, for the year ended December 31, 2007, and $0.88 and $0.82, respectively, for the year ended December 31, 2008.

FAS 123R also requires the Company to report any tax benefits realized upon the exercise of stock options that are in excess of the expense recognized for reporting purposes as a financing activity in the Company's consolidated statement of cash flows. Prior to the adoption of FAS 123R, these tax benefits were presented as operating cash flows in the consolidated statements of cash flows. If the tax benefit realized is less than the expense, the tax shortfall is recognized in stockholders' equity. To the extent the expense exceeds available windfall tax benefits, it is recognized in the Consolidated Statements of Income. Under FAS 123R, the Company was permitted to calculate its cumulative windfall tax benefits for the purposes of accounting for future tax shortfalls. The Company elected to apply the long-form method for determining the pool of windfall tax benefits.

(p) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(q) Recent Accounting Developments

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" ("FAS 157") which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and requires expanded disclosure about fair value measurements. As described in Note 5, the Company adopted this standard in the first quarter of 2008 for its financial assets and liabilities that are measured at fair value on a quarterly basis. For all other nonfinancial assets and liabilities, FAS 157 is effective in the first quarter of 2009. The standard is not expected to have a material impact on the Company's consolidated financial statements, but will require certain additional disclosures.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115" ("FAS 159"). FAS 159 permits companies to measure many financial instruments and certain other items at fair value. The Company adopted FAS 159 in the first quarter of 2008; as it did not apply the fair value option to any of its outstanding instruments, FAS 159 did not have an impact on its consolidated financial statements.

In December 2007, the FASB issued FAS No. 141 (revised 2007), "Business Combinations" ("FAS 141R," which is effective in the first quarter of 2009). FAS 141R will require acquirors to measure identifiable assets and liabilities at their full fair values on the acquisition date. FAS 141R will also change the treatment of contingent consideration, contingencies, acquisition costs, and restructuring costs. FAS 141R will be applied to future acquisitions, and its impact will depend on the nature and volume of those transactions. Upon adoption, FAS 141R will be retrospectively applied to acquisitions costs previously deferred, and the Company anticipates that 2007 and 2008 earnings will be adjusted by $700 and $6,100, respectively.

In December 2007, the FASB issued FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("FAS 160"). FAS 160 will change the accounting and reporting for minority or noncontrolling interests. Upon adoption, these interests and transactions between controlling interest and minority interest holders may be accounted for within stockholders' equity. FAS 160 also requires an entity to present Net Income and consolidated comprehensive income attributable to the parent and the minority interest separately in the consolidated financial statements. The Company will adopt FAS 160 in the first quarter of 2009.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In March 2008, the SEC announced revisions to EITF Topic D-98 "Classification and Measurement of Redeemable Securities" ("Topic D-98"), which provides SEC registrants guidance on the financial statement classification and measurement of equity securities that are subject to mandatory redemption requirements or whose redemption is outside the control of the issuer. The revised Topic D-98 requires redeemable minority interests, such as the equity interests held by the Company's Affiliates described in Note 16, to be recorded outside of permanent equity at their current redemption value, and the interests should be adjusted to their current redemption value at each balance sheet date. Adjustments to the carrying amount of a noncontrolling interest from the application of Topic D-98 are recorded to stockholders' equity. The Company will adopt this guidance in 2009, resulting in its recording the current redemption value of its redeemable non-controlling interests with a corresponding adjustment to stockholders' equity in the consolidated balance sheets.

In March 2008, the FASB issued FAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("FAS 161"). FAS 161 requires enhanced disclosures regarding the impact of derivatives on its financial position, financial performance, and cash flows. The Company will adopt FAS 161 in the first quarter of 2009 and does not expect this standard to have a material effect on the consolidated financial statements.

In May 2008, the FASB issued FASB Staff Position APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"), which applies to all convertible debt instruments that may be settled either wholly or partially in cash upon conversion. FSP APB 14-1 requires issuers to separately account for the liability and equity components of convertible debt instruments in a manner reflective of the issuer's nonconvertible debt borrowing rate. Previous guidance required these types of convertible debt instruments to be accounted for entirely as debt. FSP APB 14-1 is effective in the first quarter of 2009 and will be retrospectively applied to prior periods. The Company expects that FSP APB 14-1 will increase interest expense for its convertible securities by approximately $14,000 in 2009.

In June 2008, the FASB ratified EITF No. 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock" ("EITF 07-5"). EITF 07-5 provides guidance for determining whether an equity-linked financial instrument, or embedded feature, is indexed to an entity's own stock. The Company will adopt EITF 07-5 in the first quarter of 2009 and does not expect the adoption to change the classification or measurement of its financial instruments.

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active" ("FSP FAS 157-3"), which applies to financial assets that are required or permitted to be measured at fair value in accordance with FAS 157. FSP FAS 157-3 clarifies the application of FAS 157 and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that asset is not active. The adoption did not have a significant impact on the Company's financial position or results of operations, nor did it have a significant impact on the valuation techniques the Company used in measuring the fair value of its financial assets.

In November 2008, the FASB ratified EITF 08-6, "Equity Method Investment Accounting Considerations" ("EITF 08-6"). EITF 08-6 clarifies that the initial carrying value of an equity method investment should be determined in accordance with FAS 141R and other-than-temporary impairments of equity method investments should be recognized in accordance with APB Opinion No. 18, "Accounting by an Investor for Its Proportionate Share of Accumulated Other Comprehensive Income of an Investee Accounted for under the Equity Method in Accordance with APB Opinion No. 18 upon a Loss of Significant Influence." EITF 08-6 is effective on a prospective basis beginning in the first quarter of 2009. The Company is assessing the potential impact, if any, of the adoption of EITF 08-6 on its consolidated results of operations and financial condition.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In November 2008, the FASB ratified EITF 08-7, "Accounting for Defensive Intangible Assets" ("EITF 08-7"). EITF 08-7 applies to defensive assets which are acquired intangible assets which the acquirer does not intend to actively use, but intends to hold to prevent its competitors from obtaining access to the asset. EITF 08-7 clarifies that defensive intangible assets are separately identifiable and should be accounted for as a separate unit of accounting in accordance with FAS 141R and FAS 157. EITF 08-7 is effective for intangible assets acquired in 2009. The Company is assessing the potential impact, if any, of the adoption of EITF 08-7 on its consolidated results of operations and financial condition.

In December 2008, the FASB issued FASB Staff Position FAS 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities" ("FSP FAS 140-4 and FIN 46(R)-8"). This guidance increases disclosure requirements for public entities involved in securitization or asset-backed financing arrangements and variable interest entities. The Company adopted FSP FAS 140-4 and FIN 46(R)-8 in the fourth quarter of 2008 and such adoption did not have a significant impact on its consolidated financial statements.

2. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments. The Company maintains cash and cash equivalents, investments and, at times, certain financial instruments with various financial institutions. These financial institutions are typically located in cities in which AMG and its Affiliates operate. For AMG and certain Affiliates, cash deposits at a financial institution may exceed Federal Deposit Insurance Corporation insurance limits.

3. Affiliate Investments in Partnerships

Purchases and sales of investments (principally equity securities) and gross client subscriptions and redemptions relating to Affiliate investments in partnerships were as follows:

	At December 31,	
	2007	2008
Purchase of investments	$285,001	$617,339
Sale of investments	295,799	623,384
Gross subscriptions	4,523	4,562
Gross redemptions	17,289	5,234

Management fees earned by the Company on partnership assets were $1,309 and $1,169 for the years ended December 31, 2007 and 2008, respectively.

As of December 31, 2007 and December 31, 2008, the Company's investments in partnerships that are not controlled by its Affiliates were $19,799 and $10,221, respectively. These assets are reported within "Other assets" in the consolidated balance sheet. The income or loss related to these investments is classified within "Investment and other income" in the consolidated statement of income.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Affiliate Investments in Marketable Securities

The cost of Affiliate investments in marketable securities, gross unrealized gains and losses were as follows:

	December 31, 2007	December 31, 2008
Cost of Affiliate investments in marketable securities	$20,272	$14,984
Gross unrealized gains	1,866	36
Gross unrealized losses	(901)	(4,621)

5. Fair Value Measurements

Effective January 1, 2008, the Company adopted FAS 157, for all financial instruments and non-financial instruments that are measured at fair value on a quarterly basis. For all other non-financial assets and liabilities, FAS 157 is effective on January 1, 2009. FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and requires expanded disclosure about fair value measurements. Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques:

Level 1 — Quoted market prices for identical instruments in active markets;

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs, or significant value drivers, are observable; and

Level 3 — Prices reflecting the Company's own assumptions concerning unobservable inputs to the valuation model.

The following table summarizes the Company's financial assets that are measured at fair value on a quarterly basis:

	December 31, 2008	Fair Value Measurements Level 1	Level 2	Level 3
Financial Assets				
Affiliate investments in partnerships	$ 68,789	$64,524	$ 80	$4,185
Affiliate investments in marketable securities	10,399	9,081	1,318	—

Substantially all of the Company's Level 3 instruments consist of Affiliate investments in partnerships. Changes in the fair value of these investments are presented as "Investment (income) loss from Affiliate investments in partnerships" in the consolidated statements of income. However, the portion of this income or loss that is attributable to investors that are unrelated to the Company is reported as "Minority interest in Affiliate investments in partnerships." The following table presents the changes in Level 3 assets or liabilities for the year ended December 31, 2008:

Balance, January 1, 2008	$4,731
Realized and unrealized gains (losses)	(641)
Purchases, issuances and settlements	95
Transfers in and/or out of Level 3	—
Balance, December 31, 2008	$4,185
Amount of total gains (losses) included in Net Income attributable to unrealized gains (losses) from assets still held at December 31, 2008	$ (1)

6. Fixed Assets and Lease Commitments

Fixed assets consisted of the following:

	December 31, 2007	December 31, 2008
Building and leasehold improvements	$ 50,903	$ 52,919
Office equipment	30,468	30,210
Furniture and fixtures	14,741	14,645
Land and improvements	14,056	13,582
Computer software	9,314	15,857
Fixed assets, at cost	119,482	127,213
Accumulated depreciation and amortization	(49,603)	(55,368)
Fixed assets, net	$ 69,879	$ 71,845

The Company and its Affiliates lease office space and computer equipment for their operations. At December 31, 2008, the Company's aggregate future minimum payments for operating leases having initial or noncancelable lease terms greater than one year are payable as follows:

	Required Minimum Payments
2009	$ 19,299
2010	17,323
2011	14,501
2012	11,889
2013	10,375
Thereafter	23,882

Consolidated rent expense for 2006, 2007 and 2008 was $19,574, $20,283 and $20,861, respectively.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	December 31,	
	2007	2008
Accrued compensation	$169,382	$100,959
Accrued professional fees	10,978	15,431
Accrued interest	12,542	15,373
Accrued expense reimbursements	—	11,971
Accrued income taxes	16,671	10,597
Accounts payable	11,260	8,909
Other	25,567	23,145
	$246,400	$186,385

8. Benefit Plans

The Company has three defined contribution plans consisting of a qualified employee profit-sharing plan covering substantially all of its full-time employees and several of its Affiliates, and non-qualified plans for certain senior employees. AMG's other Affiliates generally have separate defined contribution retirement plans. Under each of the qualified plans, AMG and each participating Affiliate, as the case may be, are able to make discretionary contributions for the benefit of qualified plan participants up to IRS limits.

The Company's non-qualified Executive Retention Plan (the "ERP") is designed to work in concert with the Company's stockholder-approved Long-Term Executive Incentive Plan, providing a trust vehicle for long-term compensation awards based upon the Company's performance and growth. The ERP permits the Compensation Committee to make awards that may be invested by the recipient in the Company's common stock, in Affiliate investment products, and in cash accounts, in each case subject to vesting and forfeiture provisions. The Company's contributions to the ERP are irrevocable. In addition, the Company has established a Deferred Compensation Plan that provides officers and directors of the Company the opportunity to voluntarily defer base salary, bonus payments and director fees, as applicable, on a pre-tax basis, and invest such deferred amounts in one or more specified measurement funds. While the Company has no obligation to do so, the Deferred Compensation Plan also provides the Company the opportunity to make discretionary contributions; in the event any such contributions are made, contributed amounts will be subject to vesting and forfeiture provisions.

Consolidated expenses related to the Company's benefit plans in 2006, 2007 and 2008 were $10,943, $11,420 and $12,103, respectively.

9. Senior Bank Debt

On November 27, 2007, the Company entered into an amended and restated credit facility (the "Facility"). During the third quarter of 2008, the Company increased its borrowing capacity to $1,010,000, comprised of a $770,000 revolving credit facility (the "Revolver") and a $240,000 term loan (the "Term Loan"). All other terms of the Facility remain unchanged. The Company pays interest on these obligations at specified rates (based either on the Eurodollar rate or the prime rate as in effect from time to time) that vary depending on the Company's credit rating. The Term Loan requires principal payments at specified dates until maturity. Subject to the agreement of lenders to provide additional commitments, the Company has the option to increase the Facility by up to an additional $175,000.

The Facility will mature in February 2012, and contains financial covenants with respect to leverage and interest coverage. The Facility also contains customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends and fundamental corporate changes. Borrowings under the Facility are collateralized by pledges of the substantial majority of capital stock or other equity interests owned by the Company. The Company had outstanding borrowings under the Facility of $519,500 and $233,514 at December 31, 2007 and December 31, 2008, respectively. The Company pays a quarterly commitment fee on the daily unused portion of the Facility, which amounted to $602, $443 and $799 in 2006, 2007 and 2008, respectively.

10. Senior Convertible Securities

The components of senior convertible securities are as follows:

	December 31, 2007	December 31, 2008
2008 senior convertible notes	$ —	$460,000
Zero coupon senior convertible notes	78,083	47,146
Floating rate senior convertible securities	300,000	—
Total senior convertible securities	$378,083	$507,146

2008 Senior Convertible Notes

In August 2008, the Company issued $460,000 of senior convertible notes due 2038 ("2008 senior convertible notes"). The 2008 senior convertible notes bear interest at 3.95%, payable semi-annually in cash. Each security is convertible into 7.959 shares of the Company's common stock (at an initial conversion price of $125.65) upon the occurrence of certain events. Upon conversion, the Company may elect to pay or deliver cash, shares of its common stock, or some combination thereof. The holders of the 2008 senior convertible notes may require the Company to repurchase the notes in August of 2013, 2018, 2023, 2028 and 2033. The Company may redeem the notes for cash at any time on or after August 15, 2013.

The 2008 senior convertible notes are considered contingent payment debt instruments under federal income tax regulations. These regulations require the Company to deduct interest in an amount greater than its reported interest expense, which will result in annual deferred tax liabilities of approximately $9,600. These deferred tax liabilities will be reclassified directly to stockholders' equity if the Company's common stock is trading above certain thresholds at the time of the conversion of the notes.

Zero Coupon Senior Convertible Notes

In 2001, the Company issued $251,000 of principal amount at maturity of zero coupon senior convertible notes due 2021 ("zero coupon convertible notes"), with each note issued at 90.50% of such principal amount and accreting at a rate of 0.50% per year. As of December 31, 2008, $50,135 principal amount at maturity remains outstanding. Each security is convertible into 17.429 shares of the Company's common stock (at a current base conversion price of $53.95) upon the occurrence of certain events, including the following: (i) if the closing price of a share of its common stock is more than a specified price over certain periods (initially $62.36 and increasing incrementally at the end of each calendar quarter to $63.08 in April 2021); (ii) if the credit rating assigned by Standard & Poor's to the securities is below BB-; or (iii) if the Company calls the securities for redemption. The holders may require the Company to repurchase the securities at their accreted value in May 2011 and 2016. If the holders exercise this option in the future, the Company may elect to repurchase the securities with cash, shares of its common stock or some combination thereof. The Company has the option to redeem the securities for cash at their accreted value. Under the terms of the indenture governing the zero coupon convertible notes, a holder may convert such security into common stock by following the conversion procedures in the indenture. Subject to changes in the price of the Company's common stock, the zero coupon convertible notes may be convertible in certain future periods.

In 2006, the Company amended the zero coupon convertible notes. Under the terms of this amendment, the Company paid interest through May 7, 2008 at a rate of 0.375% per year on the principal amount at maturity of the notes in addition to the accrual of the original issue discount.

Floating Rate Senior Convertible Securities

In the first quarter of 2008, the Company called its floating rate senior convertible securities due 2033 ("floating rate convertible securities") for redemption at their principal amount plus accrued and unpaid interest. In lieu of redemption, substantially all of the holders elected to convert their securities. The Company issued approximately 7.0 million shares of common stock to settle these conversions and other privately negotiated exchanges. All of the Company's floating rate convertible securities have been cancelled and retired. In connection with these transactions, the Company incurred $1,151 of expenses, which were reported in "Investment and other (income) loss" and reclassified $18,291 of deferred tax liabilities to stockholders' equity.

11. Mandatory Convertible Securities

In the first quarter of 2008, the Company repurchased the outstanding senior notes component of its mandatory convertible securities ("2004 PRIDES"). The repurchase proceeds were used by the original holders to fulfill their obligations under the related forward equity purchase contracts. Pursuant to the settlement of the forward equity purchase contracts and other privately negotiated exchanges, the Company issued approximately 3.8 million shares of common stock. All of the 2004 PRIDES have been cancelled and retired. In connection with these transactions, the Company incurred $825 of expenses which were reported in "Investment and other (income) loss" and reclassified $4,461 of deferred tax liabilities to current liabilities through the income tax provision.

12. Junior Convertible Trust Preferred Securities

In 2006, the Company issued $300,000 of junior subordinated convertible debentures due 2036 to a wholly-owned trust simultaneous with the issuance, by the trust, of $291,000 of convertible trust preferred securities to investors. The junior subordinated convertible debentures and convertible trust preferred securities (together, the "2006 junior convertible trust preferred securities") have substantially the same terms.

The 2006 junior convertible trust preferred securities bear interest at a rate of 5.1% per annum, payable quarterly in cash. Each $50 security is convertible, at any time, into 0.333 shares of the Company's common stock, which represents a conversion price of $150 per share (or a 48% premium to the then prevailing share price of $101.45). Upon conversion, investors will receive cash or shares of the Company's common stock (or a combination of cash and common stock) at the election of the Company. The 2006 junior convertible trust preferred securities may not be redeemed by the Company prior to April 15, 2011. On or after April 15, 2011, they may be redeemed if the closing price of the Company's common stock exceeds $195 per share for a specified period of time. The trust's only assets are the junior convertible subordinated debentures. To the extent that the trust has available funds, the Company is obligated to ensure that holders of the 2006 convertible trust preferred securities receive all payments due from the trust.

In October 2007, the Company issued an additional $500,000 of junior subordinated convertible debentures which are due 2037 to a wholly-owned trust simultaneous with the issuance, by the trust, of $500,000 of convertible trust preferred securities to investors. The junior subordinated convertible debentures and convertible trust preferred securities (together, the "2007 junior convertible trust preferred securities") have substantially the same terms.

The 2007 junior convertible trust preferred securities bear interest at 5.15% per annum, payable quarterly in cash. Each $50 security is convertible, at any time, into 0.25 shares of the Company's common stock, which represents a conversion price of $200 per share (or a 53% premium to the then prevailing share price of $130.77). Upon conversion, investors will receive cash or shares of the Company's common stock (or a combination of cash and common stock) at the election of the Company. The 2007 junior convertible trust preferred securities may not be redeemed by the Company prior to October 15, 2012. On or after October 15, 2012, they may be redeemed if the closing price of the Company's common stock exceeds $260 per share for a specified period of time. The trust's only assets are the 2007 junior convertible subordinated debentures. To the extent that the trust has available funds, the Company is obligated to ensure that holders of the convertible trust preferred securities receive all payments due from the trust.

In November 2008, the Company repurchased $69,180 aggregate principal amount of the 2007 junior convertible trust preferred securities. The Company realized a gain of $43,275 on this transaction, which was reported in Investment and other income. Following the repurchase, these securities were cancelled and retired.

13. Income Taxes

A summary of the provision for income taxes is as follows:

		Year Ended December 31,		
		2006	2007	2008
Current:	Federal	$38,971	$ 52,012	$ 31,076
	State	6,344	8,124	5,454
	Foreign	9,952	14,498	15,228
Deferred:	Federal	33,261	33,582	(28,751)
	State	1,900	1,954	2,310
	Foreign	(3,818)	(3,304)	(4,382)
		$86,610	$106,866	$ 20,935

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of income before income taxes consisted of the following:

	Year Ended December 31,		
	2006	2007	2008
Domestic	$186,249	$221,798	$(15,147)
International	51,638	67,029	59,252
	$237,887	$288,827	$ 44,105

The Company's effective income tax rate differs from the amount computed by using income before income taxes and applying the U.S. federal income tax rate to such amount because of the effect of the following items:

	Year Ended December 31,		
	2006	2007	2008
Tax at U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.2	1.6	(26.3)
Non-deductible expenses	0.0	0.2	3.0
Valuation allowance	0.8	1.3	30.0
Effect of foreign operations	(1.6)	(1.1)	(1.9)
Effect of changes in tax law, rates	—	—	7.7
	36.4%	37.0%	47.5%

In July 2008, the state of Massachusetts enacted legislation that will require combined tax reporting for the Company and all its subsidiaries beginning in 2009. The tax provision for the year ended December 31, 2008 includes a deferred tax expense of $5,256 resulting from the revaluation of the Company's deferred taxes under the new legislation. The legislation changed the methodology for measuring net operating losses, resulting in a state tax benefit and a corresponding valuation allowance increase.

The components of deferred tax assets and liabilities are as follows:

	December 31,	
	2007	2008
Deferred assets (liabilities):		
Intangible asset amortization	$(193,275)	$(185,376)
Convertible securities interest	(28,215)	(18,222)
Non-deductible intangible amortization	(26,668)	(18,277)
State net operating loss carryforwards	18,023	31,259
Deferred compensation	(8,005)	(9,443)
Fixed asset depreciation	(3,562)	(3,626)
Accrued expenses	2,196	3,304
Capital loss carryforwards	—	922
Deferred income	507	3,211
	(238,999)	(196,248)
Valuation allowance	(18,023)	(32,181)
Net deferred income taxes	$(257,022)	$(228,429)

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax liabilities are primarily the result of tax deductions for the Company's intangible assets and convertible securities. The Company amortizes most of its intangible assets for tax purposes only, reducing its tax basis below its carrying value for financial statement purposes and generating deferred taxes each reporting period. In contrast, the intangible assets associated with the Company's Canadian Affiliates are not deductible for tax purposes, but certain of these assets are amortized for book purposes. As such, at the time of its investment, the Company recorded a deferred tax liability that represents the tax effect of the future book amortization of these assets. The Company's junior convertible trust preferred securities and 2008 senior convertible notes also generate tax deductions that are higher than the interest expense recorded for financial statement purposes.

At December 31, 2008, the Company had state net operating loss carryforwards that expire over a 15-year period beginning in 2008. The valuation allowances at December 31, 2007 and December 31, 2008 are principally related to the uncertainty of the realization of the loss carryforwards, which realization depends upon the Company's generation of sufficient taxable income prior to their expiration. The change in the valuation allowance for the year ended December 31, 2008 is principally attributable to state net operating losses during this period and a provision for loss carryforwards that the Company does not expect to realize. In the event that Massachusetts adopts certain income tax regulations (which were recently released in proposed form), the Company could potentially reverse approximately $3,000 of its valuation allowance on net operating losses.

On December 31, 2007, the Company carried a liability for uncertain tax positions of $22,506, including $3,877 for interest and related charges. On December 31, 2008, this liability was $21,881, including interest and related charges of $4,223. These liabilities at December 31, 2007 and December 31, 2008 included $12,619 and $13,925, respectively, for tax positions that, if recognized, would affect the Company's effective tax rate. The Company does not anticipate that this liability will change significantly over the next twelve months. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2007	2008
Balance as of January 1	$21,315	$22,506
Additions based on tax positions related to current year	4,381	4,493
Additions based on tax positions of prior years	116	346
Reductions for tax provisions of prior years	—	—
Settlements	—	—
Reductions related to lapses of statutes of limitations	(3,306)	(4,313)
Reductions related to foreign exchange rates	—	(1,151)
Balance as of December 31	$22,506	$21,881

The Company or its subsidiaries files income tax returns in federal, various state, and foreign jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by any tax authorities for years before 2005.

As more fully discussed in Notes 10 above, the Company retired its floating rate convertible securities and 2004 PRIDES in the first quarter of 2008. The retirement of these securities reduced the Company's deferred tax liabilities related to convertible securities interest. Deferred tax liabilities of $18,291 associated with the floating rate convertible securities were reclassified to stockholders' equity and deferred tax liabilities of $4,461 associated with the 2004 PRIDES were reversed through the income tax provision.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Derivative Financial Instruments

The Company periodically uses interest rate hedging contracts to manage market exposures associated with changing interest rates. Through February 2008, the Company was a party to interest rate hedging contracts with a $150,000 notional amount, which fixed the interest rate on a portion of the floating rate senior convertible securities to a weighted average interest rate of approximately 3.28%.

During the first quarter of 2008, the Company entered into a series of treasury rate lock contracts with a notional value of $250,000. Each contract was designated and qualified as a cash flow hedge under Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). These contracts were settled in the second quarter of 2008, and the Company received $8,154. During the fourth quarter of 2008, the Company concluded that it was probable that the hedged transaction would not occur and the gain was reclassified from accumulated other comprehensive income to Net Income.

15. Comprehensive Income

A summary of comprehensive income, net of applicable taxes, is as follows:

	For the year ended December 31,		
	2006	2007	2008
Net Income	$151,277	$181,961	$ 23,170
Foreign currency translation adjustment	(1,832)	51,475	(68,277)
Change in net unrealized loss on derivative securities	(358)	(1,328)	(180)
Change in net unrealized gain (loss) on investment securities	100	(76)	(361)
Comprehensive income (loss)	$149,187	$232,032	$(45,648)

The components of accumulated other comprehensive income, net of taxes, were as follows:

	At December 31,	
	2007	2008
Foreign currency translation adjustments	$64,556	$(3,721)
Unrealized gain on derivative securities	180	—
Unrealized gain on investment securities	1	(360)
Accumulated other comprehensive income (loss)	$64,737	$(4,081)

16. Commitments and Contingencies

The Company and its Affiliates are subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Each of these matters is 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 for matters for which the outcome is probable and can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Certain Affiliates operate under regulatory authorities which require that they maintain minimum financial or capital requirements. Management is not aware of any violations of such financial requirements occurring during the period.

17. Business Combinations

The Company's Affiliate investments totaled $144,580, $610,235 and $130,231 in the years ended December 31, 2006, 2007 and 2008 respectively. These investments were made pursuant to the Company's growth strategy designed to generate shareholder value by making investments in boutique investment management firms and other strategic transactions designed to expand the Company's participation in its three principal distribution channels.

In 2008, the Company acquired Gannett Welsh & Kotler, LLC ("GW&K"), an investment management unit of The Bank of New York Mellon specializing in intermediate duration municipal bonds, multi-cap and small-cap equities, and core taxable fixed income investments.

In December 2007, the Company acquired a minority interest in BlueMountain Capital Management ("BlueMountain"), a leading global credit alternatives manager specializing in relative value strategies in the corporate loan, bond, credit and equity derivatives markets. BlueMountain has offices in New York and London, and manages assets on behalf of predominantly institutional and high net worth clients. This transaction was financed through borrowings under the Company's credit facility.

In November 2007, the Company acquired a minority interest in ValueAct Capital ("ValueAct"), a San Francisco-based alternative investment firm that establishes ownership interests in undervalued companies and works with each company's management and Board of Directors to implement business strategies that enhance shareholder value. This transaction was financed through borrowings under the Company's credit facility.

In 2006, the Company expanded its product offerings in the Institutional distribution channel through the acquisition of a majority equity interest in Chicago Equity Partners, LLC ("Chicago Equity"), which manages a wide range of U.S. equity and fixed income products across multiple capitalization sectors and investment styles. The transaction was financed through borrowings under the Company's credit facility.

The assets and liabilities of the investments in acquired businesses are accounted for under the purchase method of accounting and recorded at their fair values at the dates of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as an increase in goodwill. The results of operations of acquired businesses have been included in the Consolidated Financial Statements beginning as of the date of acquisition. The following table summarizes net Affiliate investments during the years ended December 31, 2007 and 2008:

	2007	2008
Current assets	$ —	$ 2,778
Fixed assets	—	5,992
Definite-lived acquired client relationships	19,876	32,865
Indefinite-lived acquired client relationships	4,577	4,344
Equity investments in Affiliates	541,377	10,478
Goodwill	18,262	61,601
Current liabilities	—	(2,883)
Net assets acquired	$584,092	$115,175

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's purchase price allocation its investment in GW&K is subject to the finalization for the valuations of acquired client relationships and computer software. As a result, these preliminary amounts may be revised in future periods. In 2008, the Company completed its purchase price allocation for its investments in ValueAct and BlueMountain.

Under past acquisition agreements, the Company is contingently liable, upon achievement of specified financial targets, to make payments of up to $232,000 through 2012. In 2009, the Company expects to make payments of approximately $100,000 to settle portions of these contingent obligations, the purchase of Affiliate equity (as described below) and its potential investment in Harding Loevner.

In addition to the investments described above, in the years ended December 31, 2006, 2007 and 2008, the Company completed additional investments in existing Affiliates and transferred interests in certain affiliated investment management firms.

Many of the Company's operating agreements provide Affiliate managers a conditional right to require AMG to purchase their retained equity interests at certain intervals. Certain agreements also provide AMG a conditional right to require Affiliate managers to sell their retained equity interests to the Company at certain intervals and upon their death, permanent incapacity or termination of employment and provide Affiliate managers a conditional right to require the Company to purchase such retained equity interests upon the occurrence of specified events. The purchase price of these conditional purchases are generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. As one measure of the potential magnitude of such purchases, in the event that a triggering event and resulting purchase occurred with respect to all such retained equity interests as of December 31, 2008, the aggregate amount of these payments would have totaled approximately $806,500. In the event that all such transactions were closed, AMG would own the prospective cash flow distributions of all equity interests that would be purchased from the Affiliate managers. As of December 31, 2008, this amount would represent approximately $111,000 on an annualized basis.

18. Goodwill and Acquired Client Relationships

In 2007 and 2008, the Company acquired interests from, made additional purchase payments to and transferred interests to Affiliate management partners. Most of the goodwill acquired during the year is deductible for tax purposes.

The following table presents the change in goodwill during 2007 and 2008:

	Mutual Fund	Institutional	High Net Worth	Total
Balance, as of December 31, 2006	$454,561	$ 504,068	$ 218,598	$ 1,177,227
Goodwill acquired, net	3,881	9,604	2,715	16,200
Foreign currency translation	15,893	15,523	5,544	36,960
Balance, as of December 31, 2007	474,335	529,195	226,857	1,230,387
Goodwill acquired, net	9,901	50,646	1,055	61,602
Foreign currency translation	(20,815)	(20,330)	(7,261)	(48,406)
Balance, as of December 31, 2008	$463,421	$ 559,511	$ 220,651	$ 1,243,583

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table reflects the components of intangible assets of the Company's Affiliates that are consolidated as of December 31, 2007 and 2008:

	2007		2008	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Acquired client relationships	$ 389,346	$ 156,182	$ 399,886	$ 176,261
Non-amortized intangible assets:				
Acquired client relationships-mutal fund management contracts	263,438	—	267,783	—
Goodwill	1,230,387	—	1,243,583	—

For the Company's Affiliates that are consolidated, definite-lived acquired client relationships are amortized over their expected useful lives. As of December 31, 2008, these relationships were being amortized over a weighted average life of 10 years. The Company estimates that its consolidated annual amortization expense will be approximately $33,600 for the next five years, assuming no useful life changes or additional investments in new or existing Affiliates.

During the third and fourth quarters of 2008, the Company completed impairment assessments for its goodwill and amortized and non-amortized acquired client relationships, and no impairments were identified.

19. Equity Investments in Affiliates

Certain of the Company's Affiliates are accounted for under the equity method of accounting. These Affiliates' financial position and results of operations are more fully described in Note 26. In accordance with Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock" ("APB 18"), the Company periodically evaluates these investments to assess whether the value of the investment has declined below its carrying value for a period considered to be other than temporary. This evaluation consists of several qualitative and quantitative factors regarding the severity and duration of the decline as well as the Company's ability and intent to hold the investment. The Company derives the fair value of each of its equity method investments based on price-earnings multiples and discounted cash flow analyses. The valuation analysis reflects assumptions of the growth rates of the assets, discount rates and other factors including recent financial results and operating trends, implied values from any recent comparable transactions and other conditions that may affect the value of the investments.

During 2008, the Company concluded a decline in the market value of its recent investments in ValueAct and BlueMountain was other-than-temporary. Because the market values had declined below the carrying value of these investments, the Company reduced the carrying value of these investments by $150,000.

The definite-lived acquired client relationships attributable to the Company's equity method investments are amortized over their expected useful lives. As of December 31, 2008, these relationships were being amortized over approximately 12 years. Amortization expense for these relationships was $10,386 and $20,694 for 2007 and 2008, respectively. The Company estimates that the annual amortization expense attributable to its current equity-method Affiliates will be approximately $23,500 for the next five years assuming no useful life changes.

20. Minority Interest

Minority interest in the Consolidated Statements of Income includes the income allocated to owners of consolidated Affiliates, other than AMG. For the years ended December 31, 2006, 2007 and 2008, this income was $212,523, $241,987 and $193,728, respectively. Minority interest on the Consolidated Balance Sheets includes capital and undistributed profits owned by the managers of the consolidated Affiliates (including profits allocated to managers from the Owners' Allocation and Operating Allocation). For the years ended December 31, 2006, 2007 and 2008, profit distributions to management owners were $287,899, $321,505 and $322,927, respectively.

21. Stockholders' Equity

Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of Preferred Stock in classes or series and to fix the designations, powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereon as set forth in the stock certificate. Any such Preferred Stock issued by the Company may rank prior to common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock.

Common Stock

The Company's Board of Directors has authorized the issuance of up to 150,000,000 shares of Voting Common Stock and 3,000,000 shares of Class B Non-Voting Common Stock.

In recent periods, the Company's Board of Directors has authorized the following share repurchase programs:

- in March 2006 in connection with the issuance of the 2006 junior convertible trust preferred securities, up to an additional 4,000,000 shares of common stock;
- in July 2006, up to an additional 1,516,943 shares of common stock;
- in February 2007, up to an additional 3,000,000 shares of common stock; and
- in October 2007, in connection with the issuance of the 2007 junior convertible trust preferred securities, up to an additional 2,500,000 shares pursuant to a prepaid forward purchase contract which the Company may elect to settle on or before October 15, 2012.

The timing and amount of purchases are determined at the discretion of AMG's management. In the year ended December 31, 2007, the Company repurchased 3,609,394 shares of common stock at an average price of $120.59 per share (including 1,578,300 shares through a forward equity purchase contract and 115,789 shares of common stock upon the settlement of certain call spread option agreements). In the year ended December 31, 2008, the Company repurchased 795,400 shares of common stock at an average price of $82.34 per share. As of December 31, 2008, the Company had the ability to acquire up to 1,084,706 shares of common stock under its authorized share repurchase program.

In the first quarter of 2008, the Company issued an aggregate of approximately 11,000,000 shares of voting common stock in connection with certain private exchanges and conversions of its floating rate convertible securities and certain private exchanges and the settlement of the forward equity purchase contracts related to its 2004 PRIDES.

In May 2008, the Company entered into a forward equity sale agreement under which it may sell up to $200,000 of its common stock to a major securities firm, with the timing of sales at the Company's discretion. Through February 25, 2009, the Company has agreed to sell approximately $144,300 under this agreement at a weighted average price of $81.31. The Company can settle these forward sales at any time prior to December 19, 2009.

Financial Instruments

The Company's 2004 PRIDES contained freestanding forward equity contracts that required holders to purchase shares of the Company's common stock in February 2008. Additionally, the Company's zero coupon convertible notes, floating rate convertible securities, 2008 senior convertible notes and junior convertible trust preferred securities contain an embedded right for holders to receive shares of the Company's common stock under certain conditions. All of these arrangements, the forward equity sale agreement, the forward equity purchase contract and call spread option agreements meet the definition of equity under FASB Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" and are not required to be accounted for separately as derivative instruments.

In 2006, the Company entered into a series of contracts that provided the option, but not the obligation, to repurchase 0.9 million shares of its common stock. Upon exercise, the Company could elect to receive the intrinsic value of a contract in cash or common stock. During 2007, the Company exercised its option, which had an intrinsic value of $21,100. The Company elected to receive approximately 0.1 million shares of common stock and used the remaining proceeds, $6,800, to enter into a series of contracts to repurchase up to 0.8 million shares. These options expired during the first quarter of 2008.

Stock Option and Incentive Plans

The Company established the 1997 Stock Option and Incentive Plan (as amended and restated, the "1997 Plan"), under which it is authorized to grant options to employees and directors. In 2002, stockholders approved an amendment to increase the number of shares of common stock authorized for issuance under this plan to 7,875,000.

In 2002, the Company's Board of Directors established the 2002 Stock Option and Incentive Plan (as amended and restated, the "2002 Plan"), under which the Company is authorized to grant non-qualified stock options and certain other awards to employees and directors. This plan requires that the majority of grants under the plan in any three-year period must be issued to employees of the Company who are not executive officers or directors of the Company. This plan was approved by the Company's Board of Directors. There are 3,375,000 shares of the Company's common stock authorized for issuance under this plan.

In December 2003, the Board of Directors approved an amendment to each of the 1997 Plan and 2002 Plan to accelerate the vesting of the then-outstanding unvested options (other than options granted to directors). The shares issuable upon the exercise of the accelerated options remain subject to restrictions on transfer which lapse according to specified schedules, for so long as the option holder remains employed by the Company. In the event the option holder ceases to be employed by the Company, the transfer restrictions will remain outstanding until the later of December 2010, or seven years after the date of grant.

In May 2006, the stockholders of the Company approved the 2006 Stock Option and Incentive Plan (the "2006 Plan"), under which the Company is authorized to grant stock options and stock

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

appreciation rights to senior management, employees and directors. There are 3,000,000 shares of the Company's common stock authorized for issuance under this plan.

The plans are administered by a committee of the Board of Directors. Under the plans, options generally vest over a period of three to five years and expire seven to ten years after the grant date. All options have been granted with exercise prices equal to the fair market value of the Company's common stock on the date of grant.

The following table summarizes the transactions of the Company's stock option and incentive plans:

	Stock Options	Weighted Average Exercise Price	Weigted Average Remaining Contractual Life (years)
Unexercised options outstanding—January 1, 2008	7,180,786	$ 66.59	
Options granted	1,048,303	49.98	
Options exercised	(760,457)	43.09	
Options forfeited	(2,218,495)	109.89	
Unexercised options outstanding—December 31, 2008	5,250,137	48.38	4.5
Exercisable at December 31, 2008	4,103,183	46.52	4.3
Exercisable and free from restrictions on transfer at December 31, 2008	3,754,954	44.76	3.6

The Company generally uses treasury stock to settle stock option exercises. The total intrinsic value of options exercised during the years ended December 31, 2006, 2007 and 2008 was $78,371, $115,568 and $39,782, respectively. As of December 31, 2008, the intrinsic value of options outstanding was $12,338.

During the year ended December 31, 2008, the cash received and the actual tax benefit recognized for options exercised were $32,564 and $13,868, respectively. During the year ended December 31, 2008, the excess tax benefit classified as a financing cash flow was $11,101. During the year ended December 31, 2007, the cash received and the actual tax benefit recognized for options exercised were $52,417 and $42,308 respectively. During the year ended December 31, 2007, the excess tax benefit classified as a financing cash flow was $36,528.

During the year ended December 31, 2008, the Company's employees voluntarily surrendered 2,099,597 stock options for no consideration. Accordingly, the unrecognized compensation expense related to these stock options of $38,742 was recognized as compensation expense. The Company's Net Income for the year ended December 31, 2008 includes $33,460 of compensation expense net of $20,508 of income tax benefits, related to the share-based compensation arrangements. The Company's Net Income for the year ended December 31, 2007 includes $9,039 of compensation expense net of $3,345 of income tax benefits, related to the share-based compensation arrangements. The Company's Net Income for the year ended December 31, 2006 includes $1,654 of compensation expense net of $612 of income tax benefits, related to the share-based compensation arrangements. As of December 31, 2008, there was $16,936 of deferred compensation expense related to stock options which will be recognized over a weighted average period of approximately four years (assuming no forfeitures).

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value of options granted is estimated using the Black-Scholes option pricing model. The weighted average fair value of options granted during the years ended December 31, 2006, 2007 and 2008 was $28.66, $26.88 and $13.58 per option, respectively, based on the assumptions stated below.

	Year Ended December 31,		
	2006	2007	2008
Dividend yield	0.0%	0.0%	0.0%
Expected volatility(1)	22.6%	23.8%	30.5%
Risk-free interest rate(2)	4.9%	3.1%	2.0%
Expected life of options (in years)(3)	4.4	3.8	4.0
Forfeiture rate(3)	5.0%	5.0%	5.0%

(1) Based on the historical and implied volatility of the Company's common stock. Given unprecedented market volatility during the latter part of 2008, the Company did not include the trading activity for the three months preceding its fourth quarter award in calculating the fair value of its 2008 stock options.

(2) Based on the U.S. Treasury yield curve in effect at the date of grant.

(3) Based on historical data and expected exercise behavior.

The Company periodically issues Affiliate equity interests to certain Affiliate employees. The estimated fair value of equity granted in these awards, net of estimated forfeitures, is recorded as compensation expense over the service period as Affiliate equity expense.

22. 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. Unlike all other dollar amounts in these Notes, the amounts in the numerator reconciliation are not presented in thousands.

	Year Ended December 31,		
	2006[(1)]	2007[(1)]	2008
Numerator:			
Net Income	$ 151,277,000	$ 181,961,000	$ 23,170,000
Interest expense on convertible securities, net of taxes	10,297,000	10,780,000	279,000
Net Income, as adjusted	$ 161,574,000	$ 192,741,000	$ 23,449,000
Denominator:			
Average shares outstanding—basic	31,289,005	29,464,764	38,211,326
Effect of dilutive instruments:			
Stock options	2,542,878	2,117,478	1,326,696
Senior convertible securities	9,238,255	9,276,218	1,238,736
Mandatory convertible securities	599,853	1,540,226	95,898
Average shares outstanding—diluted	43,669,991	42,398,686	40,872,656

(1) Certain interest expense and share amounts have been revised as the anti-dilutive effect of certain convertible securities had been incorrectly included in amounts previously reported.

As more fully discussed in Notes 10, 11 and 12, the Company had certain convertible securities outstanding during the periods presented and is required to apply the if-converted method to these securities in its calculation of diluted earnings per share. Under the if-converted method, shares that are issuable upon conversion are deemed outstanding, regardless of whether the securities are contractually convertible into the Company's common stock at that time. For this calculation, the interest expense (net of tax) attributable to these dilutive securities is added back to Net Income (reflecting the assumption that the securities have been converted). Issuable shares for these securities and related interest expense are excluded from the calculation if an assumed conversion would be anti-dilutive to diluted earnings per share.

The calculation of diluted earnings per share for 2006, 2007 and 2008 excludes the potential exercise of options to purchase approximately 0.9, 2.3 and 1.3 million common shares, respectively, because their effect would be anti-dilutive. In addition, the calculation of diluted earnings per share excludes the effect of the outstanding call spread option agreements for all periods presented because their effect would be anti-dilutive.

For the years ended December 31, 2006, 2007 and 2008, the Company repurchased approximately 5.5, 3.6 and 0.8 million shares of common stock, respectively, under various stock repurchase programs.

23. Financial Instruments and Risk Management

The Company is exposed to market risks brought on by changes in interest and currency exchange rates. The Company has not entered into foreign currency transactions or derivative financial instruments to reduce risks associated with changes in currency exchange rates. The Company uses derivative financial instruments to reduce risks associated with changes in interest rates.

Notional amounts and credit exposures of derivatives

The notional amount of derivatives does not represent amounts that are exchanged by the parties, and thus are not a measure of the Company's exposure. The amounts exchanged are calculated on the basis of the notional or contract amounts, as well as on other terms of the interest rate derivatives and the volatility of these rates and prices.

The Company would be exposed to credit-related losses in the event of nonperformance by the counter parties that issued the financial instruments, although the Company does not expect that the counter parties to interest rate derivatives will fail to meet their obligations, given their typically high credit ratings. The credit exposure of derivative contracts is represented by the positive fair value of contracts at the reporting date, reduced by the effects of master netting agreements. The Company generally does not give or receive collateral on interest rate derivatives because of its own credit rating and that of its counter parties.

Interest Rate Risk Management

From time to time, the Company enters into derivative financial instruments to reduce exposure to interest rate risk. The Company does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are intended to enable the Company to achieve a level of variable-rate or fixed-rate debt that is acceptable to management and to limit interest rate exposure. The Company agrees with another party to exchange the difference between fixed-rate and floating rate interest amounts calculated by reference to an agreed notional principal amount.

Fair Value

Financial Accounting Standard No. 107 ("FAS 107"), "Disclosures about Fair Value of Financial Instruments," requires the Company to disclose the estimated fair values for certain of its financial instruments. Financial instruments include items such as loans, interest rate contracts, notes payable and other items as defined in FAS 107.

Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices are used when available; otherwise, management estimates fair value based on prices of financial instruments with similar characteristics or by using valuation techniques such as discounted cash flow models. Valuation techniques involve uncertainties and require assumptions and judgments regarding prepayments, credit risk and discount rates. Changes in these assumptions will result in different valuation estimates. The fair value presented would not necessarily be realized in an immediate sale nor are there typically plans to settle liabilities prior to contractual maturity. Additionally, FAS 107 allows companies to use a wide range of valuation techniques; therefore, it may be difficult to compare the Company's fair value information to other companies' fair value information.

The carrying amount of cash, cash equivalents and short-term investments approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable approximate fair value because interest rates and other terms are at market rates. The carrying value of notes payable approximates fair value principally because of the short-term nature of the notes. The carrying value of senior bank debt approximates fair value because the debt is a credit facility with variable interest based on selected short-term rates. The fair market value of the zero coupon senior convertible securities, the senior convertible securities, and the junior convertible trust preferred securities at December 31, 2008 was $36,239, $288,512 and $237,353, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Selected Quarterly Financial Data (Unaudited)

The following is a summary of the quarterly results of operations of the Company for the years ended December 31, 2007 and 2008.

	2007			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$309,837	$331,464	$345,605	$382,960
Operating income	112,302	123,944	127,620	167,749
Income before income taxes	58,130	66,487	67,596	96,614
Net Income	36,622	41,887	42,585	60,867
Earnings per share-diluted(1)	$ 0.92	$ 1.03	$ 1.06	$ 1.53

	2008			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$335,034	$308,964	$290,824	$ 223,395
Operating income	115,411	103,981	102,755	45,971
Income (loss) before income taxes	52,028	56,025	48,554	(112,502)
Net Income (loss)	32,778	35,295	24,848	(69,751)
Earnings per share-diluted(1)	$ 0.83	$ 0.83	$ 0.59	$ (1.76)

(1) For periods from the second quarter of 2006 through the second quarter of 2008, the Company's quarterly and annual reports incorrectly included the anti-dilutive effect of certain convertible securities and thus overstated diluted earnings per share. Management has concluded that the anti-dilution resulting from this error was not material. All diluted earnings per share numbers for these periods that are disclosed above have been revised.

Additionally, in the fourth quarter of 2008, the Company reported a non-cash expense of $150,000 to reduce the carrying value of certain investments accounted for under the equity method of accounting to their fair value, which reduced Operating income, Income before taxes, Net Income and Earnings per share-diluted.

25. Related Party Transactions

The Company periodically records amounts receivable and payable to Affiliate partners in connection with the transfer of Affiliate equity interests. As of December 31, 2007 and 2008, the total receivable was $35,510 and $56,103, respectively. The total payable as of December 31, 2007 was $70,915, of which $69,952 is included in current liabilities. The total payable as of December 31, 2008 was $28,241, of which $26,187 is included in current liabilities.

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.

26. Summarized Financial Information of Equity Method Affiliates

The following table presents summarized financial information for Affiliates accounted for under the equity method.

	2006	2007	2008
Revenue(1)(2)	$748,024	$910,708	$495,262
Net Income	458,819	230,922	175,660

	2007	2008
Current assets(2)	$9,094,573	$6,453,256
Noncurrent assets	178,022	136,334
Current liabilities	2,485,882	1,965,773
Noncurrent liabilities and Minority interest(2)	6,379,647	4,302,461

(1) Revenue includes advisory fees for asset management services, investment income and dividends from consolidated investment partnerships.

(2) In the 2007 investments in BlueMountain and ValueAct, the Company acquired a share of revenue but no portion of the assets held by investors that are unrelated to the Company (which include consolidated investment partnerships).

The Company's share of undistributed earnings from equity method investments totaled $18,461 as of December 31, 2008.

27. Segment Information

Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("FAS 131") establishes disclosure requirements relating to operating segments in annual and interim financial statements. Management has assessed the requirements of FAS 131 and determined that the Company operates in three business segments representing the Company's three principal distribution channels: Mutual Fund, Institutional and High Net Worth, each of which has different client relationships.

Revenue in the Mutual Fund distribution channel is earned from advisory and sub-advisory relationships with all domestically registered investment products as well as non-institutional investment products that are registered abroad. Revenue in the Institutional distribution channel is earned from relationships with foundations and endowments, defined benefit and defined contribution plans and Taft-Hartley plans. Revenue in the High Net Worth distribution channel is earned from relationships with wealthy individuals, family trusts and managed account programs.

Revenue earned from client relationships managed by Affiliates accounted for under the equity method is not consolidated with the Company's reported revenue but instead is included (net of operating expenses, including amortization) in "Income from equity method investments", and reported in the distribution channel in which the Affiliate operates. Income tax attributable to the profits of the Company's equity method Affiliates is reported within the Company's consolidated income tax provision.

In firms with revenue sharing arrangements, a certain percentage of revenue is allocated for use by management of an Affiliate in paying operating expenses of that Affiliate, including salaries and

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

bonuses, and is called an "Operating Allocation." In reporting segment operating expenses, Affiliate expenses are allocated to a particular segment on a pro rata basis with respect to the revenue generated by that Affiliate in such segment. Generally, as revenue increases, additional compensation is typically paid to Affiliate management partners from the Operating Allocation. As a result, the contractual expense allocation pursuant to a revenue sharing arrangement may result in the characterization of any growth in profit margin beyond the Company's Owners' Allocation as an operating expense. All other operating expenses (excluding intangible amortization) and interest expense have been allocated to segments based on the proportion of cash flow distributions reported by Affiliates in each segment.

	2006			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$501,739	$ 514,761	$ 153,853	$ 1,170,353
Operating expenses:				
Depreciation and other amortization	6,734	22,511	6,896	36,141
Other operating expenses	291,571	295,733	92,995	680,299
	298,305	318,244	99,891	716,440
Operating income	203,434	196,517	53,962	453,913
Non-operating (income) and expenses:				
Investment and other income	(7,088)	(6,584)	(3,271)	(16,943)
Income from equity method investments	(1,087)	(34,503)	(2,728)	(38,318)
Investment income from Affiliate investments in partnerships	—	—	(3,400)	(3,400)
Interest expense	24,360	27,606	6,834	58,800
	16,185	(13,481)	(2,565)	139
Income before minority interest and income taxes	187,249	209,998	56,527	453,774
Minority interest	(80,333)	(106,536)	(25,654)	(212,523)
Minority interest in Affiliate investments in partnerships	—	—	(3,364)	(3,364)
Income before income taxes	106,916	103,462	27,509	237,887
Income taxes	38,869	37,715	10,026	86,610
Net Income	$ 68,047	$ 65,747	$ 17,483	$ 151,277
Total assets	$898,150	$ 1,279,981	$ 487,789	$ 2,665,920
Goodwill	$454,561	$ 504,068	$ 218,598	$ 1,177,227

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2007			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$558,257	$ 645,613	$ 165,996	$1,369,866
Operating expenses:				
Depreciation and other amortization	10,356	23,543	8,198	42,097
Other operating expenses	317,582	381,165	97,407	796,154
	327,938	404,708	105,605	838,251
Operating income	230,319	240,905	60,391	531,615
Non-operating (income) and expenses:				
Investment and other income	(7,121)	(6,587)	(3,425)	(17,133)
Income from equity method investments	(1,651)	(51,214)	(5,332)	(58,197)
Investment income from Affiliate investments in partnerships	—	(10)	(38,867)	(38,877)
Interest expense	28,317	38,772	9,830	76,919
	19,545	(19,039)	(37,794)	(37,288)
Income before minority interest and income taxes	210,774	259,944	98,185	568,903
Minority interest	(95,720)	(120,506)	(25,761)	(241,987)
Minority interest in Affiliate investments in partnerships	—	(10)	(38,079)	(38,089)
Income before income taxes	115,054	139,428	34,345	288,827
Income taxes	42,570	51,589	12,707	106,866
Net Income	$ 72,484	$ 87,839	$ 21,638	$ 181,961
Total assets	$986,308	$1,832,951	$ 576,446	$3,395,705
Goodwill	$474,335	$ 529,195	$ 226,857	$1,230,387

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2008			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$456,187	$ 559,801	$ 142,229	$ 1,158,217
Operating expenses:				
Depreciation and other amortization	10,037	28,648	7,936	46,621
Other operating expenses	279,769	369,639	94,070	743,478
	289,806	398,287	102,006	790,099
Operating income	166,381	161,514	40,223	368,118
Non-operating (income) and expenses:				
Investment and other income	(7,539)	(27,755)	(8,360)	(43,654)
(Income) loss from equity method investments	(2,575)	82,252	17,465	97,142
Investment loss from Affiliate investments in partnerships	445	1,856	61,109	63,410
Interest expense	24,724	40,150	9,017	73,891
	15,055	96,503	79,231	190,789
Income before minority interest and income taxes	151,326	65,011	(39,008)	177,329
Minority interest	(75,559)	(96,706)	(21,463)	(193,728)
Minority interest in Affiliate investments in partnerships	227	1,382	58,895	60,504
Income before income taxes	75,994	(30,313)	(1,576)	44,105
Income taxes	30,430	(9,336)	(159)	20,935
Net Income	$ 45,564	$ (20,977)	$ (1,417)	$ 23,170
Balance Sheet Information				
Total assets	$993,955	$ 1,752,387	$ 500,028	$ 3,246,370
Goodwill	$463,421	$ 559,511	$ 220,651	$ 1,243,583

As of December 31, 2006, equity method investments of $6,451, $273,170 and $13,819 are included in the total assets of the Mutual Fund, Institutional and High Net Worth segments, respectively. As of December 31, 2007, equity method investments of $8,704, $755,107 and $78,679 are included in the total assets of the Mutual Fund, Institutional and High Net Worth segments, respectively. As of December 31, 2008, equity method investments of $8,807, $609,956 and $60,124 are included in the total assets of the Mutual Fund, Institutional and High Net Worth segments, respectively.

Schedule II

Valuation and Qualifying Accounts

(in thousands)	Balance Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Balance End of Period
Income Tax Valuation Allowance Year Ending December 31,					
2008	$ 18,023	$ 14,158	$ —	$ —	$ 32,181
2007	14,126	3,897	—	—	18,023
2006	12,097	2,029	—	—	14,126
Other Allowances Year Ending December 31,					
2008	$ 15,267	$ 7,708	$ —	$ 3,924	$ 19,051
2007	12,843	1,278	1,146	—	15,267
2006	5,500	8,014	—	671	12,843

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of December 31, 2008, 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. In designing and evaluating our disclosure controls and procedures, we and our management 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. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. We review on an ongoing basis and document our disclosure controls and procedures, and our internal controls and procedures 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. See Item 8 for "Management's Report on Internal Control over Financial Reporting," which is incorporated by reference herein.

The attestation report from PricewaterhouseCoopers LLP, our registered public accounting firm, is incorporated by reference herein from Item 8, "Report of Independent Registered Accounting Firm."

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 fiscal quarter ended December 31, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this Item will be set forth in our proxy statement for our 2009 Annual Meeting of stockholders (to be filed within 120 days after December 31, 2008) (the "Proxy Statement"), and is incorporated herein by reference.

Item 11. Executive Compensation.

Information relating to executive compensation will be set forth in our Proxy Statement, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information required by this item will be set forth in our Proxy Statement, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence.

Information required by this item will be set forth in our Proxy Statement, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

Information relating to principal accountant fees and services will be set forth in our Proxy Statement, and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) Financial Statements: See Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedule: See Item 8 of this Annual Report on Form 10-K.

(3) Exhibits: See the Exhibit Index attached hereto and incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

Date: March 2, 2009

By: /s/ SEAN M. HEALEY

Sean M. Healey
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ WILLIAM J. NUTT William J. Nutt	Chairman of the Board of Directors	March 2, 2009
/s/ SEAN M. HEALEY Sean M. Healey	President, Chief Executive Officer, and Director (Principal Executive Officer)	March 2, 2009
/s/ DARRELL W. CRATE Darrell W. Crate	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Principal Accounting Officer)	March 2, 2009
/s/ RICHARD E. FLOOR Richard E. Floor	Director	March 2, 2009
/s/ HAROLD J. MEYERMAN Harold J. Meyerman	Director	March 2, 2009
/s/ RITA M. RODRIGUEZ Rita M. Rodriguez	Director	March 2, 2009
/s/ PATRICK T. RYAN Patrick T. Ryan	Director	March 2, 2009
/s/ JIDE J. ZEITLIN Jide J. Zeitlin	Director	March 2, 2009

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Exhibit Index

3.1	Amended and Restated Certificate of Incorporation(1)
3.2	Amendment to Amended and Restated Certificate of Incorporation(2)
3.3	Amendment to Amended and Restated Certificate of Incorporation(3)
3.4	Amended and Restated By-laws(1)
3.5	Certificate of Designations, Preferences and Rights of a Series of Stock(4)
4.1	Specimen certificate for shares of common stock of the Registrant(1)
4.2	Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Purchase Agreement, dated as of May 1, 2001, by and between Affiliated Managers Group, Inc. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated(5)
4.3	Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Indenture, dated as of May 7, 2001, First Union National Bank, Trustee(5)
4.4	Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Registration Rights Agreement, dated as of May 7, 2001, by and between Affiliated Managers Group, Inc. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated(5)
4.5	First Supplemental Indenture dated as of February 24, 2006 to the Indenture dated as of May 7, 2001 between Affiliated Managers Group, Inc. and The Bank of New York (as successor to First Union National Bank), as trustee, relating to the Company's Liquid Yield Option Notes due May 7, 2021(6)
4.6	Amended and Restated Declaration of Trust of AMG Capital Trust I, dated as of April 3, 2006, among Affiliated Managers Group, Inc., Christiana Bank & Trust Company, as Delaware Trustee, LaSalle Bank National Association, as Property Trustee and the Administrative Trustee named therein(7)
4.7	Indenture, dated as of April 3, 2006, between Affiliated Managers Group, Inc. and LaSalle Bank National Association, as Debenture Trustee, including form of 5.10% Junior Subordinated Convertible Debenture due April 15, 2036(7)
4.8	Guarantee Agreement, dated as of April 3, 2006, between Affiliated Managers Group, Inc. and LaSalle Bank National Association, as Guarantee Trustee(7)
4.9	Amended and Restated Declaration of Trust of AMG Capital Trust II, dated as of October 17, 2007, among Affiliated Managers Group, Inc., LaSalle National Trust Delaware, as Delaware Trustee, LaSalle Bank National Association, as Property Trustee and Institutional Administrator, and the holders from time to time of undivided beneficial interests in the assets of the Trust(8)
4.10	Indenture, dated as of October 17, 2007, between Affiliated Managers Group, Inc. and LaSalle Bank National Association, as Debenture Trustee(8)
4.11	Guarantee Agreement, dated as of October 17, 2007, between Affiliated Managers Group, Inc. and LaSalle Bank National Association, Guarantee Trustee(8)
4.12	Confirmation of Forward Stock Purchase Contract, dated October 12, 2007, between the Affiliated Managers Group, Inc. and Merrill Lynch International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as agent thereunder(8)
4.13	Indenture related to the 3.95% Convertible Senior Notes due 2038, dated as of August 6, 2008 between Affiliated Managers Group, Inc. and The Bank of New York Mellon Trust Company, N.A.(9)

10.1	Third Amended and Restated Credit Agreement, dated as of November 27, 2007, by and among Affiliated Managers Group, Inc., Bank of America, N.A., as administrative agent, and the several lenders from time to time parties thereto(10)
10.2†	Affiliated Managers Group, Inc. Defined Contribution Plan(11)
10.3†	Affiliated Managers Group, Inc. Long-Term Executive Incentive Plan(12)
10.4†	Affiliated Managers Group, Inc. Amended and Restated 1997 Stock Option and Incentive Plan(13)
10.5†	Affiliated Managers Group, Inc. Amended and Restated 2002 Stock Option and Incentive Plan(13)
10.6†	Affiliated Managers Group, Inc. 2006 Stock Option and Incentive Plan(3)
10.7†	Affiliated Managers Group, Inc. Long-Term Stock and Investment Plan(2)
10.8†	Affiliated Managers Group, Inc. Executive Retention Plan(14)
10.9†	Affiliated Managers Group, Inc. Deferred Compensation Plan*
10.10	Distribution Agency Agreement, dated May 7, 2008 by and between Affiliated Managers Group, Inc. and Banc of America Securities LLC(15)
10.11	Confirmation Letter Agreement, dated May 7, 2008, by and between the Company and Bank of America, N.A.(15)
10.12	Confirmation Letter Agreement, dated August 15, 2008, by and between the Company and Bank of America, N.A.(15)
10.13	Letter Agreement amending terms of August 15, 2008 Confirmation Letter, dated September 24, 2008, by and between the Company and Bank of America, N.A.(15)
10.14	Confirmation Letter Agreement, dated February 3, 2009, by and between the Company and Bank of America, N.A.*
21.1	Schedule of Subsidiaries*
23.1	Consent of PricewaterhouseCoopers LLP*
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*

† Indicates a management contract or compensatory plan

* Filed herewith

(1) Incorporated by reference to the Company's Registration Statement on Form S-1 (No. 333-34679), filed August 29, 1997, as amended

(2) Incorporated by reference to the Company's Registration Statement on Form S-8 filed November 16, 2005

(3) Incorporated by reference to the Company's Proxy Statement on Schedule 14A filed April 28, 2006

(4) Incorporated by reference to the Company's Registration Statement on Form S-3 (No. 333-71561), filed February 1, 1999, as amended

(5) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed May 15, 2001 (001-13459/1636134)

(6) Incorporated by reference to the Company's Current Report on Form 8-K filed February 28, 2006

(7) Incorporated by reference to the Company's Current Report on Form 8-K filed April 7, 2006

(8) Incorporated by reference to the Company's Current Report on Form 8-K filed October 18, 2007

(9) Incorporated by reference to the Company's Current Report on Form 8-K filed August 12, 2008

(10) Incorporated by reference to the Company's Current Report on Form 8-K filed December 3, 2007

(11) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (001-13459/99582797)

(12) Incorporated by reference to the Company's Proxy Statement on Schedule 14A filed April 19, 2000 (001-13459/604839)

(13) Incorporated by reference to the Company's Quarterly Report or Form 10-Q filed May 10, 2004

(14) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed October 9, 2005

(15) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 10, 2008

Exhibit 10.9

AFFILIATED MANAGERS GROUP, INC.

DEFERRED COMPENSATION PLAN

EFFECTIVE JULY 1, 2006

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AFFILIATED MANAGERS GROUP, INC.

DEFERRED COMPENSATION PLAN

EFFECTIVE JULY 1, 2006

Purpose

The purpose of the Plan is to provide specified benefits to Directors and a select group of Employees who contribute materially to the continued growth, development and business success of Affiliated Managers Group, Inc.

The Plan is intended to constitute an unfunded "top hat" plan described in Section 201(2), 301(a)(3) and 401(a)(1) of Subtitle B of Title I of ERISA and shall be operated and construed accordingly. The Plan is also intended to provide for the effective deferral of income for tax purposes in accordance with its terms, consistent, among other things, with the requirements of Code Section 409A, and shall be operated and construed accordingly. Without limiting the generality of the Company's authority under Article 11, the Company may at any time and from time to time amend or modify the Plan, including retroactively, to comply with the terms of Code Section 409A or other applicable law.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's accounts and sub-accounts maintained by the Administrator under the Plan. The Account shall be a bookkeeping entry only and shall be utilized solely to measure and determine the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Account Balance" shall mean the balance of the Account (or, when the term is used with respect to any constituent account or sub-account, the balance of such account or sub-account).

1.3 "Administrator" shall have the meaning set forth in Article 12.

1.4 "Annual Installment Method" shall mean an annual installment payment of the Participant's vested benefit over the number of years selected by the Participant in accordance with the Plan, commencing on the Participant's Benefit Distribution Date and thereafter payable on the anniversary of the Benefit Distribution Date. For any year, the payment will be the balance to the credit of the Participant's Account divided by the number of remaining payments.

1.5 "Base Salary" shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not includible in the Employee's gross income). Base Salary shall be calculated before deferrals under qualified or nonqualified plans, as determined by the Administrator.

1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 10 to receive Plan benefits, if any, remaining to be paid upon the death of a Participant.

1.7 "Beneficiary Designation Form" shall mean a form prescribed by or acceptable to the Administrator for the designation of Beneficiaries.

1.8 "Benefit Distribution Date" shall mean a date on which a Participant's vested Account Balance or applicable portion thereof will be distributed (if distributable as a lump sum) or commence to be distributed (if distributed in installments) in accordance with Article 4, 5, 6 or 7, as the case may be.

1.9 "Board" shall mean the board of directors of the Company.

1.10 "Bonus" shall mean any compensation, in addition to Base Salary, amounts earned by a Participant under the Company's annual bonus or cash incentive plan(s) and such other amounts as the Administrator may specify from time to time. For avoidance of doubt, a Bonus shall include, without limitation, amounts payable under the Company's Long-Term Executive Incentive Plan.

1.11 "Change in Control" shall mean any "change in control event" as defined in accordance with Section 409A.

1.12 "Code" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

1.13 "Company" shall mean Affiliated Managers Group, Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business that assumes the Plan.

1.14 "Company Credit Account" shall mean that portion of a Participant's Account that reflects Company Credits plus or minus notional investment adjustments with respect thereto, less all related distributions.

1.15 "Company Credits" shall mean the amount determined in accordance with Section 3.5.

1.16 "Death Benefit" shall mean the benefit set forth in Article 9.

1.17 "Deferral Account": the portion of a Participant's Account that reflects Elective Deferrals under the Plan plus or minus notional investment adjustments with respect thereto, less all related distributions.

1.18 "Director" shall mean any member of the board of directors of the Company.

1.19 "Director Fees" shall mean the annual fees earned by a Director as compensation for serving on the Board (as determined by the Administrator).

1.20 "Disability" or "Disabled" shall mean that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering employees of the Participant's Employer. To the extent permitted by Section 409A, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration, or if the Participant is determined to be totally and permanently disabled in accordance with the Employer's applicable long—term disability insurance program.

1.21 "Disability Benefit" shall mean the benefit set forth in Article 8.

1.22 "Election Form" shall mean the form, which may be in electronic format, prescribed by or acceptable to the Administrator for the making of permitted elections (other than Beneficiary designations) under the Plan.

1.23 "Elective Deferral" shall mean a deferral of Base Salary, Bonus and Director Fees made under the Plan at the election of a Participant.

1.24 "Employee" shall mean an individual employed by an Employer.

1.25 "Employer(s)" shall mean the Company and its Affiliates who adopt the Plan with the consent of the Company.

1.26 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

1.27 "First Plan Year" shall mean the period beginning July 1, 2006 and ending December 31, 2006.

1.28 "Measurement Fund" shall mean the hypothetical investment funds selected by the administrator in accordance with Section 3.7.

1.29 "Participant" shall mean any Employee or Director (i) who is selected by the Administrator to participate in the Plan, (ii) whose executed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Administrator, and (iii) whose Plan Agreement has not terminated.

1.30 "Plan" shall mean the Affiliated Managers Group, Inc. Deferred Compensation Plan, as from time to time amended and in effect.

1.31 “Plan Agreement” shall mean a written agreement, in form prescribed by or acceptable to the Administrator, that evidences a Participant’s agreement to the terms of the Plan and establishes the terms of Plan participation for such Participant. Except as the Administrator may otherwise determine, the most recent Plan Agreement with respect to a Participant shall supersede all prior Plan Agreements with respect to such Participant. Plan Agreements may vary among Participants and may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan. A binding agreement between a Participant and the Company (for example, but without limitation, an employment or severance agreement) that purports to affect the amount, vesting, timing or any other term of a deferral, credit or benefit under the Plan, but that is not designated as a “Plan Agreement,” shall nevertheless, to that extent, constitute a “Plan Agreement” under the Plan (and, to the extent of the relevant provision, shall, except as the Administrator otherwise determines, supersede any prior Plan Agreement governing such provision), but only if and to the extent that so treating it would not jeopardize the qualification of the Participant’s Plan deferral(s) under Section 409A.

1.32 “Plan Year” shall*,* except for the First Plan Year*,* mean the calendar year.

1.33 “Retirement”, “Retire(s)” or “Retired” shall mean, with respect to an Employee, separation from service with all Employers, other than by reason other than death or Disability, or on or after the earlier of the attainment of (a) age sixty-five (65) or (b) age fifty (50) and ten (10) Years of Service; and shall mean with respect to a Director who is not an Employee, separation from service. If a Participant is both an Employee and a Director, Retirement shall not occur until he or she Retires as both an Employee and a Director.

1.34 “Retirement Benefit” shall mean the benefit set forth in Article 6.

1.35 “Scheduled Distribution” shall mean the distribution set forth in Section 4.1.

1.36 “Scheduled Distribution Date” shall have the meaning set forth in Section 4.1.

1.37 “Section 409A” shall mean Code Section 409A of the Code.

1.38 “Separation from Service” shall mean separation from service with all Employers, voluntarily or involuntarily, other than by reason of death or Disability. Whether a leave of absence or other

change in work status constitutes a separate from service shall be determined by the Administrator in a manner consistent with the requirements of Section 409A.

1.39 “Stock” shall mean Affiliated Managers Group, Inc. common stock, $.01 par value, or any other equity securities designated by the Administrator.

1.40 “Stock Unit” shall mean a unit that is equivalent to one share of Stock.

1.41 “Stock Unit Fund” shall mean the Measurement Fund notionally invested in Stock.

1.42 “Termination Benefit” shall mean the benefit set forth in Article 7.

1.43 “Trust” shall mean one or more trusts established by the Company in accordance with Article 15.

1.44 “Unforeseeable Financial Emergency” shall mean a severe financial hardship of the Participant or his or her Beneficiary resulting from (i) an illness or accident of the Participant, the Participant’s spouse, or the Participant’s dependent (as defined in Code Section 152(a)), (ii) a loss of the Participant’s or Beneficiary’s property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or the Participant’s Beneficiary, all as determined in the sole discretion of the Administrator.

1.45 “Years of Service” shall mean the total number of full years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee’s date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. The Administrator shall make a determination as to whether any partial year of employment shall be counted as a Year of Service.

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Selection by Administrator**. Eligibility for the Plan shall be limited to those Employees or Directors who are selected by the Administrator in its sole discretion.

2.2 **Enrollment and Eligibility Requirements; Commencement of Participation**.

(a) To participate in the Plan, an Eligible Employee or Director must complete and execute (to the satisfaction of the Administrator) and return to the Administrator a Plan Agreement, Election Form and a Beneficiary Designation Form. Except as herein provided or as otherwise permitted by the Administrator consistent with the requirements of Section 409A, any voluntary deferral under the Plan must be accomplished by the submission of the necessary forms prior to the first day of the Plan Year in which the relevant services are to be provided or by such earlier date as the Administrator may establish.

(b) An Employee or Director who first becomes eligible to participate in this Plan after the first day of a Plan Year and who wishes to participate in elective deferrals for the remainder of such Plan Year must submit the necessary forms within thirty (30) days after he or she first becomes eligible to participate or by such earlier deadline as the Administrator may establish. A mid-year deferral election accomplish pursuant to this subsection (b) shall be effective only with respect to services performed after the election takes effect.

ARTICLE 3
Account Credits

3.1 **Elective Deferrals; Minimum Requirements**. For any Plan Year, a Participant who wishes to participate in the Elective Deferrals may do so subject to the following minimum deferral requirements.

Deferral		Minimum Amount
Base Salary and Bonus	$	5,000 aggregate
Director Fees	$	1,000 aggregate

If the Administrator determines, in its sole discretion, prior to the beginning of a Plan Year that a Participant has made an election for less than the stated minimum amounts, or if no election is timely made, the amount deferred shall be zero. If a Participant first becomes eligible to make Elective Deferrals during a Plan Year, the minimum Elective Deferrals shall be an amount equal to the minimum set forth above, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12 (except with respect to the First Plan Year, in which the denominator is 6).

3.2 **Elective Deferrals; Maximum Requirements**. For any Plan Year, a Participant's Elective Deferrals, if any, shall be subject to the following percentage maximum percentage:

Deferral	Maximum Percentage
Base Salary	80%
Bonus	100%
Director Fees	100%

If a Participant first becomes eligible to make Elective Deferrals during a Plan Year, the foregoing maximum percentages shall be applied to the future compensation affected by the Participant's mid-year election. For compensation that is earned based upon a specified performance period, "Future compensation" shall be deemed for this purpose not to exceed the total amount of compensation for the performance period, multiplied by a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election takes effect, and the denominator of which is the total number of days in the performance period.

3.3 **Election to Defer; Effect of Election Form**. Insofar as it relates to an Elective Deferral, an Election Form shall take effect not later than (i) the first day of the Plan Year next following the effective date of such form, or (ii) in the case of an Election Form relating to initial mid-year eligibility, a date specified by the Administrator that is not late than thirty (30) days following the date of such initial eligibility. Once it takes effect, the Election Form shall apply as follows: (A) to Base Salary or Directors Fees earned with respect to services performed on or after the effective date, and (B) in the case of "performance-based compensation" (as determined in accordance with Section 409A) based on services performed over a period of at least twelve (12) months, to any such compensation payable with respect to a performance period ending at least six (6) months after the effective date. The Administrator shall prescribe such additional rules and limitations as it determines to be appropriate so that elective deferrals under the Plan comply with Section 409A.

3.4 **Withholding and Crediting of Elective Deferrals**. Elective Deferrals shall be credited to a Participant's Account on or as soon as practicable after the relevant payroll date on which the compensation, but for deferral, would have been paid.

3.5 **Company Credits**. The Administrator may provide in a Plan Agreement, or on a discretionary basis outside of any Plan Agreement, for additional, non-elective credits (each, a "Company Credit") to the Participant's Account in accordance with this Section 3.5. Additional credits pursuant to this Section 3.5 may include, but are not necessarily limited to, credits intended to make up (in whole or in part) for matching contributions that could not be made under a tax-qualified defined contribution plan in which the Participant is a member; *provided*, that any such additional credit made hereunder shall be consistent with the requirements of Section 401(k)(4)(A) of the Code. Company Credits shall be credited to the Participant's Account at such times and in such amounts as the Administrator determines (consistent with the Plan Agreement, in the case of Company Credits provided for under a Plan Agreement). Company Credits, if any, need not be made with respect to all Participants and may vary as to amount and other terms from Participant to Participant.

3.6 **Vesting**.

(a) A Participant shall at all times be 100% vested in his or her Deferral Account.

(b) A Participant shall vest in each Company Credit Account, if any, in accordance with the vesting schedule forth in his or her Plan Agreement(s).

(c) Except as otherwise expressly provided in the relevant Plan Agreement, in the event of a Change in Control, or upon a Participant's Retirement, death while employed by an Employer, or Disability, any amounts that are not vested in accordance with Section 3.6(b) above, shall immediately become 100% vested, *provided*, that except as otherwise provided in the Plan Agreement, if and to the extent that the Administrator determines that such acceleration would cause the deductibility limitations of Section 280G of the Code to apply, vesting shall be accelerated only to such extent, if any, as will not result in the application of such deduction limitations. The Administrator shall make all determinations necessary or appropriate to implement the foregoing limitation but if so requested by an affected Participant in writing shall, within ninety (90) days of receiving such request, obtain an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm") with supporting computations, as to whether any limitation in the vested percentage hereunder is necessary to avoid the limits of Section 280G of the Code.

3.7 **Hypothetical Investment Returns**. Each Participant Account shall be periodically adjusted (in such manner as the Administrator determines) to reflect hypothetical returns with respect to the Account, as follows:

(a) **Measurement Funds**. Subject to Section 3.7(b), the Administrator shall select and may from time to time change (including as to existing Accounts that are deemed invested in an affected fund) a menu of investment funds (the "Measurement Funds") to be used to determine hypothetical investment experience under the Plan. The Participant may elect to have his or her Account invested on a hypothetical basis in one or more of the Measurement Funds, for the purpose of crediting or debiting additional amounts to his or her Account Balance, and may from time to time elect to reallocate such hypothetical investments. Any such election by the Participants shall be accomplished and given effect in accordance with such rules as the Administrator may prescribe. If a Participant does not elect a Measurement Fund, the Participant's Account Balance shall be treated as

having been invested in such default Measurement Fund(s) as the Administrator may specify.

(b) **Affiliated Managers Group, Inc. Stock Unit Fund**.

(i) Any Bonus that the Participant has elected to defer in accordance with Article 3 and which would otherwise be payable in Stock will be automatically allocated to the Stock Unit Fund and may not be allocated to any other Measurement Fund except as determined by the Administrator. The Administrator may in its sole discretion allocate all or any portion of the Company Credit Account to the Stock Unit Fund. Amounts allocated to the Stock Unit Fund shall be distributable only in the form of actual shares of Stock, except as otherwise determined by the Administrator.

(ii) Notional earnings credited to the Stock Unit Fund, including dividends declared with respect to Stock, shall remain allocated to such Stock Unit Fund and deemed to be reinvested in additional Stock Units until such amounts are distributed to the Participant, except as otherwise determined by the Administrator. In the case of a stock dividend, the number of additional Stock Units credited to the Stock Unit Fund shall be equal to the number of Stock Units multiplied the by per share Stock dividend (including fractional shares) declared by the Company. In the case of a cash dividend, the number of additional Stock Units credited to the Stock Unit Fund shall be equal to the cash dividend times the number of Stock Units allocated to the Participant's Account, divided by the fair market value of a share of Stock as determined by the Administrator in its sole discretion.

(iii) The number of Stock Units credited to the Participant's Stock Unit Fund may be adjusted by the Administrator, in its sole discretion, to prevent dilution or enlargement of Participants' rights with respect to the portion of his or her Account Balance allocated to the Stock Unit Fund in the event of any reorganization, reclassification, stock split, or other corporate transaction or event which, in the Administrator's determination, affects the value of the Stock.

(c) **No Actual Investment**. The provisions of this Section 3.7 shall not be construed to require the Administrator or any Employer to segregate, set aside, or invest any assets for the payment of benefits under the Plan. However, the Administrator in its discretion may provide for a "rabbi trust" or similar vehicle to facilitate the payment of benefits under the Plan so long as the existence, terms and funding of any such trust or other vehicle do not cause the Plan to fail to be unfunded for tax or ERISA purposes or to fail to satisfy the requirements of Section 409A.

3.8 **FICA and Other Taxes**. The Administrator may require that a Participant's cash or other compensation be reduced to satisfy any FICA tax or other tax due with respect to the deferral or vesting of any amount under the Plan or may require as part of a Plan Agreement or otherwise that the Participant make other arrangements for the payment of such taxes (which other arrangements may include, if the Administrator so determines, but shall not be limited to, a reduction in the Participant's Account Balance). Any distribution under the Plan shall be reduced by any required tax and other withholdings.

ARTICLE 4

Scheduled Distribution of Deferral Account; Unforeseeable Financial Emergencies

4.1 **Scheduled Distribution of Deferral Account**. Subject to such limitations (consistent with Section 409A) as the Administrator may prescribe, a Participant may specify in connection with the applicable annual or other deferral election pertaining to Elective Deferrals to have the portion of his or her Account attributable to such Elective Deferrals and related adjustments under Article 3 to be paid (a "Scheduled Distribution") in a lump sum during a sixty (60) day period commencing immediately after the first day of any Plan Year designated by the Participant (the "Scheduled Distribution Date"). The Scheduled Distribution Date designated by the Participant must be at least one (1) Plan Year after the end of the Plan Year to which the Participant's deferral election relates. By way of example, if a Scheduled Distribution is elected for Elective Deferral amounts earned in the Plan Year commencing January 1, 2007, the earliest Scheduled Distribution Date would be January 1, 2009, and the Scheduled Distribution would be payable during the sixty (60) day period commencing January 2, 2009.

4.2 **Postponing Scheduled Distributions**. A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out during a sixty (60) day period commencing immediately after an allowable alternative Scheduled Distribution Date designated by the Participant in accordance with this Section 4.2. In order to make this election, the Participant must submit a new Scheduled Distribution Election Form to the Administrator in accordance with the following:

(a) The new Scheduled Distribution Election Form must be submitted to and accepted by the Administrator (which has complete discretion as to whether to accept any new election) at least twelve (12) months prior to the Participant's previously designated Scheduled Distribution Date;

(b) The new Scheduled Distribution Date must be the first day of a Plan Year and must be at least five years after the previously designated Scheduled Distribution Date; and

(c) The new election shall not take effect until at least twelve (12) months after it is accepted by the Administrator.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions**. Except as the Administrator otherwise determines to be necessary to comply with the requirements of Section 409A, a Deferral Account that become payable under Article 5, 6, 7, 8 or 9 as of a date that precedes a Scheduled Distribution Date under this Article 4 shall be paid in accordance with Article 5, 6, 7, 8 or 9, as the case may be, and not in accordance with this Article 4.

4.4 **Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies**.

(a) If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Administrator to receive a partial or full payout from the Plan, subject to the provisions set forth below.

(b) The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the date on which the amount becomes payable, as determined by the Administrator in its sole discretion, or (ii) the amount necessary to satisfy the Unforeseeable Financial Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated

as a result of the distribution. Notwithstanding the foregoing, a Participant may not receive a payout from the Plan to the extent that the Unforeseeable Financial Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan. If the Administrator approves a Participant's petition for payout, the Participant shall receive a payout from the Plan within sixty (60) days of the date of such approval, and the Participant's deferrals under the Plan shall be terminated as of the date of such approval.

(c) A Participant's deferral elections under this Plan shall also be terminated to the extent the Administrator determines that termination is required pursuant to applicable regulations to obtain a hardship distribution from an Employer's 401(k) plan and is consistent with the requirements of Section 409A.

ARTICLE 5
Change in Control Benefit

If so elected by the Participant (any such election, except as the Administrator may otherwise determine, to be made irrevocably at commencement of participation in the Plan), the Participant's vested Account Balance shall be distributed in a lump sum payment within sixty (60) days following a Change in Control. Absent such election, the Participant's vested Account Balance shall be paid in accordance with the otherwise applicable provisions of the Plan.

ARTICLE 6
Retirement Benefit

If the Participant's separation is a Retirement, the applicable vested Account Balance shall be distributed in accordance with the method elected by the Participant. As the Administrator may prescribe, a Participant may, in connection with each election relating to Elective Deferrals, specify that the portion of his or her Account (including notional earnings thereon) attributable to that Plan Year be paid in the form of either a single lump sum or in installments under the Annual Installment Method, in each case commencing on the date that is six months and one day after the date of separation. Any election by the Participant to receive payment upon Retirement under the Annual Installment Method must specify the number of annual installments (not to exceed fifteen). A Participant who has elected or is deemed to have elected a lump sum payment of his or her vested Account Balance upon Retirement may subsequently elect installments instead, and a Participant who has elected installments may subsequently elect a lump sum instead; *provided*, that the new election shall not take effect for twelve (12) months and the new Benefit Distribution Date for the applicable vested Account Balance shall be the fifth (5^{th}) anniversary of the Benefit Distribution Date that would otherwise have been applicable.

ARTICLE 7
Separation from Service

If the Participant has a Separation from Service other than on account of Retirement, the applicable vested Account Balance shall be paid to such Participant in the form of a single lump sum payment on the date that is six months and one day after such Separation from Service.

ARTICLE 8
Disability Benefit

In the event that the Participant becomes Disabled, the Participant shall receive a Disability Benefit in an amount equal to the applicable vested Account Balance, which shall be paid to such Participant in the form of a single lump sum payment within sixty (60) days after such Participant becomes Disabled..

ARTICLE 9
Death Benefit

The Beneficiary(ies) of a Participant who dies prior to the distribution of his or her entire vested Account Balance shall receive the remaining vested balance of the Account within (or, if payable in installments under the Annual Installment Method, commencing within) the sixty-day period immediately following the date of death. The death benefit so payable to any Beneficiary shall be paid in a single lump sum.

ARTICLE 10
Beneficiary Designation

10.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Administrator or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Administrator prior to his or her death.

10.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Administrator or its designated agent.

10.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

10.5 **Doubt as to Beneficiary**. If the Administrator has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Administrator shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Administrator's satisfaction.

10.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Administrator from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 11
Amendment and Termination

11.1 **Termination of Plan**. The Company has established the Plan with the expectation that it will continue the Plan indefinitely but reserves the right, exercisable in its absolute discretion, to terminate or suspend the Plan at any time. In the event of Plan termination or suspension, except as hereinafter provided, no additional amounts shall be credited to any Account pursuant to Article 3 other than positive or negative adjustments to reflect hypothetical investment performance under Section 3.7 and other than the crediting of such Elective Deferrals as to which a deferral election was in effect, prior to termination, for the Plan Year of termination and which the Administrator determines must continue to be given effect to comply with Section 409A. If the Plan is amended or terminated in accordance with the immediately preceding sentence, existing Accounts shall continue to be administered and paid out as though the Plan had not been terminated (and the Company shall have the continuing right to amend the Plan provisions affecting such Account, subject to Section 11.2 below). Notwithstanding the foregoing, if permitted by Section 409A and in accordance with such special rules as the Administrator may establish to comply with Section 409A, the Company may instead provide upon termination of the Plan that all Accounts shall be paid out in connection with such termination.

11.2 **Amendment**. The Company may, at any time, amend or modify the Plan in whole or in part; *provided*, that no amendment or modification shall be effective if it would cause a Participant's Account Balance, determined immediately after the amendment takes effect, to be lower than it was immediately before the amendment took effect.

11.3 **Plan Agreement**. Despite the provisions of this Article 11, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the written consent of the Participant.

ARTICLE 12
Administration

12.1 **In General**. The term "Administrator" as used in the Plan shall mean the person(s), board or committee principally charged with administrative responsibility under the Plan, as described in Section 12.2, and its or their delegates to the extent of the applicable delegation. The initial Administrator of the Plan shall be the Compensation Committee of the Board of Directors, and the administrative responsibility for the Plan shall be delegated by the Compensation Committee to each, acting singly, of the Executive Vice President and Chief Financial Officer and the Executive Vice President and General Counsel of the Company. The Administrator shall have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, (ii) determine all issues of eligibility for participation in or benefits under the Plan, and (iii) subject to the terms of any procedures established pursuant to Article 12, decide or resolve any and all questions including interpretations of this Plan that may arise in connection with the Plan. No individual who has or to whom administrative responsibility is delegated hereunder, or who is a member of a board or committee that has or to which is delegated administrative responsibility hereunder, shall vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Administrator shall be entitled to rely on information furnished by a Participant or the Company.

12.2 **Agents**. In the administration of this Plan, the Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel, who may be counsel to any Employer.

12.3 **Binding Effect of Decisions**. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

12.4 **Indemnity of Administrator**. All Employers shall indemnify and hold harmless the members of the Administrator (including any Employee to whom the duties of the Administrator are delegated) any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

12.5 **Employer Information**. To enable the Administrator and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Administrator and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Administrator or Administrator may reasonably require.

ARTICLE 13
Other Benefits and Agreements

The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 14
Claims Procedures

The Administrator shall adopt and may from time to time amend procedures for the administration of claims and for the appeal of denied claims under the Plan, all in accordance with Section 503 of ERISA and the regulations thereunder.

ARTICLE 15
Trust

15.1 **Establishment of the Trust**. In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan, (the "Trust").

15.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

15.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 16
Miscellaneous

16.1 **Status of Participants and Beneficiaries as General Creditors**. This Plan is generally exempt from the provisions of ERISA because it is intended to benefit a select group of management or highly compensated employees. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of any Employer. Their rights to benefits, if any, under the Plan shall be solely those of unsecured general creditors of the Employer and shall be limited to those contractual rights expressly set forth in the Plan and/or Plan Agreements applicable to them.

16.2 **Non-assignability**. No Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, non-assignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

16.3 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Nothing in the Plan nor in any Plan Agreement shall limit in any way the Employer's rights to terminate any Participant. The loss of benefits or potential benefits under the Plan by reason of the termination of a Participant's service with the Employer shall not constitute an element of damages in any claim brought by the Participant or his or her Beneficiary(ies) against the Employer.

16.4 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

16.5 **Governing Law**. Except as preempted by ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the Commonwealth of Massachusetts without regard to its conflicts of laws principles.

16.6 **Notice**. Any notice or filing required or permitted to be given to the Administrator or the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Affiliated Managers Group, Inc.
Attn: Executive Vice President
and General Counsel
600 Hale Street
Prides Crossing, MA 01965

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

16.7 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Administrator by furnishing any and all information requested by the Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Administrator may deem necessary.

16.8 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply (and vice versa); and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

16.9 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

16.10 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries. By executing and delivering a Plan Agreement, a Participant agrees on his or her own behalf and on behalf of all Beneficiaries to be bound by the terms of the Plan and the Plan Agreement.

16.11 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

16.12 **Incompetents**. If the Administrator determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Administrator may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Administrator may require such documents and other information as it deems necessary or appropriate to administer the foregoing provisions. Any payment of a benefit shall be a payment for the account of the Participant or the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment.

16.13 **Distribution in the Event of Income Inclusion Under 409A**. If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt owing to a failure of this Plan to meet the requirements of Section 409A, the Participant may petition the Administrator for a distribution of that portion of his or her Account Balance that is required to be included in his or her income. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the lesser of (i) the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to meet the requirements of Section 409A, or (ii) the unpaid vested Account Balance.

16.14 **Deduction Limitation on Benefit Payments**. If the Company reasonably anticipates that the Employer's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then payment may be delayed to the extent deemed necessary by the Administrator to ensure that the entire amount of any distribution from this Plan is deductible, the extent and in the manner permitted by Treasury Regulations 1.409A-3. The delayed amounts, adjusted pursuant to Section 3.8, shall be distributed to the Participant

(or his or her Beneficiary in the event of the Participant's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m) or, if earlier, by the close of the calendar year in which the Participant separates from service.

16.15 **Compliance With Section 409A Generally**. The Administrator may deviate from the express terms of the Plan or any Plan Agreement if it determines such deviation to be necessary to comply with the requirements of Section 409A. The Administrator may also, notwithstanding the otherwise applicable restrictions on elections and payment under the Plan, establish opportunities for Participants and Beneficiaries to make any special elections permitted under the transition rules under Section 409A.

16.16 **Insurance**. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

IN WITNESS WHEREOF, the Company has signed this Plan document effective as of July 1, 2006, as amended December 31, 2008.

Affiliated Managers Group, Inc.

By: /S/ JOHN KINGSTON, III

Title: Executive Vice President, General Counsel and Secretary

Exhibit 10.14

EXECUTION COPY

Date: February 3, 2009

To: Affiliated Managers Group, Inc.
600 Hale Street
Prides Crossing, MA 01965

From: Bank of America, N.A.
One Bryant Park
New York, NY 10036

Re: Registered Forward Transaction

Reference: NY-38195

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between Bank of America, N.A. ("**BofA**") and Affiliated Managers Group, Inc. ("**Counterparty**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation and the pricing supplement delivered hereunder evidence a complete and binding agreement between BofA and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation, together with all other Confirmations of Equity Contracts (as defined in Paragraph 7(t) below), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the "**Agreement**") as if BofA and Counterparty had executed an agreement in such form (but without any Schedule except for the election of United States dollars ("**USD**") as the Termination Currency). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that, other than the Transaction to which this Confirmation relates and any other Equity Contract, no Transaction shall be governed by the Agreement.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 3, 2009
Effective Date:	The first day occurring on or after the Trade Date on which Shares are sold pursuant to the Distribution Agency Agreement dated as of May 7, 2008 between Counterparty and Banc of America Securities LLC (the "**Distribution Agreement**")

Seller:	Counterparty
Buyer:	BofA
Shares:	The common stock of Counterparty, par value USD 0.01 per share (Ticker Symbol: "AMG")
Number of Shares:	The aggregate number of Shares sold pursuant to the Distribution Agreement during the period from and including the Trade Date through and including the Hedge Completion Date; *provided*, *however*, that on each Settlement Date, the Number of Shares shall be reduced by the number of Settlement Shares to be settled on such date.
Hedge Completion Date:	The earliest of (i) the date specified in writing as the Hedge Completion Date by the Counterparty, (ii) any Settlement Date and (iii) April 30, 2009. Promptly after the Hedge Completion Date, BofA will furnish Counterparty with a pricing supplement (the "**Pricing Supplement**") substantially in the form of Annex A hereto specifying the Number of Shares as of the Hedge Completion Date (the "**Initial Number of Shares**"), the Initial Forward Price and the Final Date, all determined in accordance with the terms hereof.

Initial Forward Price: 98.05% of the volume weighted average price at which the Shares are sold pursuant to the Distribution Agreement during the period from and including the Trade Date through and including the Hedge Completion Date.

Forward Price:

(a) On the Hedge Completion Date, the Initial Forward Price; and

(b) on each calendar day thereafter, (i) the Forward Price as of the immediately preceding calendar day multiplied by (ii) the sum of 1 and the Daily Rate for such day.

Daily Rate: For any day, (i) (a) USD-Federal Funds Rate for such day minus (b) the Spread divided by (ii) 365.

USD-Federal Funds Rate: For any day, the rate set forth for such day opposite the caption "Federal funds", as such rate is displayed on the page "FedsOpen <Index><GO>" on the BLOOMBERG Professional Service, or any successor page; *provided* that if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.

Spread: 1.35%, subject to adjustment from time to time by BofA in its commercially reasonable discretion; *provided* that no such adjustment may reduce the Spread below 1.00%.

Prepayment: Not Applicable

Variable Obligation: Not Applicable

Exchange: The New York Stock Exchange

Related Exchange(s): All Exchanges

Clearance System: The Depository Trust Company

Market Disruption Event: Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words "during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be," in clause (ii) thereof.

Early Closure: Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.

Settlement:

Settlement Currency: USD (all amounts shall be converted to the Settlement Currency in good faith and in a commercially reasonable manner by the Calculation Agent)

Settlement Date: Any Scheduled Trading Day following the first day occurring on or after the Trade Date on which Shares are sold pursuant to the Distribution Agreement and up to and including the Final Date that is either:

(a) designated by Counterparty as a "**Settlement Date**" by a written notice (a "**Settlement Notice**") delivered to BofA no less than (i) one Scheduled Trading Day prior to such Settlement Date and five Scheduled Trading Days prior to the Final Date, if Physical Settlement applies, and (ii) five Scheduled Trading Days prior to such Settlement Date, which may be the Final Date, if Cash Settlement or Net Stock Settlement applies; *provided* that if Cash Settlement or Net Stock Settlement applies, any Settlement Date, including a Settlement Date on the scheduled Final Date, shall be deferred until the date on which BofA is able to completely unwind its hedge with respect to the portion of the Number of Shares to be settled if BofA is unable to completely unwind its hedge with respect to the portion of the Number of Shares to be settled during the Unwind Period due to the restrictions of Rule 10b-18 ("**Rule 10b-18**") under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") agreed to hereunder, the existence of any Suspension Day or Disrupted Day or the lack of sufficient liquidity in the Shares during the Unwind Period (as determined by the Calculation Agent); *provided further* that if BofA shall fully unwind its hedge with respect to the portion of the Number of Shares to be settled during an Unwind Period by a date that is more than three Scheduled Trading Days prior to a Settlement Date specified above, BofA may, by written notice to Counterparty, specify any Scheduled Trading Day prior to such original Settlement Date as the Settlement Date; or

(b) designated by BofA as a Settlement Date pursuant to the

"Acceleration Events" provisions of Paragraph 7(f) below;

provided that the Final Date will be a Settlement Date if on such date the Number of Shares for which a Settlement Date has not already been designated is greater than zero, and *provided further* that if any Settlement Date specified above is not an Exchange Business Day, the Settlement Date shall instead be the next Exchange Business Day.

Final Date:	The first anniversary of the Hedge Completion Date (or if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day)
Early Settlement Fee:	If a Settlement Date occurs on or prior to the Early Settlement Fee Date (an "**Early Unwind Date**"), Counterparty shall pay to BofA the Early Settlement Fee for such Early Unwind Date; *provided* that no Early Settlement Fee shall be payable if (i) the USD-Federal Funds Rate is less than the Spread on such Early Unwind Date or (ii) such Early Unwind Date occurs as a result of the designation by BofA of a Settlement Date resulting from an event or events outside Counterparty's control. "**Early Settlement Fee**" means, for any Early Unwind Date, an amount of cash equal to (a) the number of Settlement Shares for such Settlement Date multiplied by (b) the Initial Forward Price multiplied by (c) 0.50% multiplied by (d) the number of calendar days in the period from but excluding such Early Unwind Date to and including the Early Settlement Fee Date divided by (e) 365; "**Early Settlement Fee Date**" means the date that is two months after the Hedge Completion Date.
Settlement Shares:	(a) With respect to any Settlement Date other than the Final Date, the number of Shares designated as such by Counterparty in the relevant Settlement Notice or designated pursuant to the "Acceleration Events" provisions of Paragraph 7(f) below, as applicable; *provided* that the Settlement Shares so designated shall (i) not exceed the Number of Shares at that time and (ii) be at least equal to the lesser of 100,000 and the Number of Shares at that time; and (b) with respect to the Settlement Date on the Final Date, a number of Shares equal to the Number of Shares at that time; in each case with the Number of Shares determined taking into account pending Settlement Shares.
Settlement Method Election:	Physical Settlement, Cash Settlement, or Net Stock Settlement, at the election of Counterparty, in its sole discretion, as set forth in a Settlement Notice; *provided* that if Counterparty elects Cash Settlement or Net Stock Settlement, it shall be deemed to have repeated the representations contained in Paragraph 7(e) below; *provided further* that if no election is made by Counterparty, Physical Settlement shall apply. The parties hereto acknowledge that Counterparty cannot be obligated to settle this Transaction by cash payment unless Counterparty elects Cash Settlement; *provided*, *however*, that the foregoing shall not apply to the payment of an Early Settlement Fee if the Early Unwind Date occurs as the result

of the designation by Counterparty of a Settlement Date.

Physical Settlement:	If Physical Settlement is applicable, then Counterparty shall deliver to BofA through the Clearance System a number of Shares equal to the Settlement Shares for such Settlement Date, and BofA shall pay to Counterparty, by wire transfer of immediately available funds to an account designated by Counterparty, an amount equal to the Physical Settlement Amount for such Settlement Date.
Physical Settlement Amount:	For any Settlement Date for which Physical Settlement is applicable, an amount equal to the product of (a) the Forward Price in effect on the relevant Settlement Date multiplied by (b) the Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount is a positive number, BofA will pay the Cash Settlement Amount to Counterparty. If the Cash Settlement Amount is a negative number, Counterparty will pay the absolute value of the Cash Settlement Amount to BofA. Such amounts shall be paid on such Settlement Date.
Cash Settlement Amount:	An amount determined by the Calculation Agent equal to: (i)(A) the Forward Price as of the first day of the applicable Unwind Period minus (B) the weighted average price (the "**Unwind Purchase Price**") at which BofA purchases Shares during the Unwind Period to unwind its hedge with respect to the portion of the Number of Shares to be settled during the Unwind Period (including, for the avoidance of doubt, purchases on any Suspension Day or Disrupted Day in part), taking into account Shares anticipated to be delivered or received if Net Stock Settlement applies, and the restrictions of Rule 10b-18 under the Exchange Act agreed to hereunder, plus USD 0.02, multiplied by (ii) the Settlement Shares.
Net Stock Settlement:	On any Settlement Date in respect of which Net Stock Settlement applies, if the Cash Settlement Amount is a (i) positive number, BofA shall deliver a number of Shares to Counterparty equal to the Net Stock Settlement Shares, or (ii) negative number, Counterparty shall deliver a number of Shares to BofA equal to the Net Stock Settlement Shares; *provided* that if BofA determines in its good faith judgment that it would be required to deliver Net Stock Settlement Shares to

Counterparty, BofA may elect to deliver a portion of such Net Stock Settlement Shares on one or more dates prior to the applicable Settlement Date.

Net Stock Settlement Shares: With respect to a Settlement Date, the absolute value of the Cash Settlement Amount divided by the Unwind Purchase Price, with the number of Shares rounded up in the event such calculation results in a fractional number.

Unwind Period: The period from and including the first Exchange Business Day following the date Counterparty elects Cash Settlement or Net Stock Settlement in respect of a Settlement Date through the third Scheduled Trading Day preceding such Settlement Date (as such date may be changed by BofA as described in the first proviso in clause (a) of the definition of Settlement Date above).

Failure to Deliver: Applicable

Suspension Day: Any day on which BofA determines based on the advice of outside counsel of national standing that Cash Settlement or Net Stock Settlement may violate applicable securities laws or cause BofA to not be in compliance with applicable legal, regulatory or self-regulatory requirements, or with related policies and procedures applicable to BofA. BofA shall promptly notify Counterparty if it receives such advice from its counsel.

Share Cap: Notwithstanding any other provision of this Confirmation, in no event will Counterparty be required to deliver to BofA on any Settlement Date, whether pursuant to Physical Settlement, Net Stock Settlement or any Private Placement Settlement, a number of Shares in excess of (i) the Initial Number of Shares minus (ii) the aggregate number of Shares delivered by Counterparty to BofA hereunder prior to such Settlement Date.

Adjustments:

Method of Adjustment: Calculation Agent Adjustment

Extraordinary Events:

New Shares: In the definition of New Shares in Section 12.1(i) of the Equity Definitions, the text in (i) shall be deleted in its entirety and replaced with "publicly quoted, traded or listed on any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors)".

Consequences of Merger Events:

(a) Share-for-Share: Cancellation and Payment

(b) Share-for-Other: Cancellation and Payment

(c) Share-for-Combined: Cancellation and Payment

Tender Offer: Applicable

Consequences of Tender Offers:

(a) Share-for-Share: Cancellation and Payment

(b) Share-for-Other: Cancellation and Payment

(c) Share-for-Combined: Cancellation and Payment

Composition of Combined Consideration: Not Applicable

Nationalization, Insolvency or Delisting: Cancellation and Payment

In addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

Determining Party: For all applicable Extraordinary Events, BofA; *provided*, *however*, that all calculations, adjustments, specifications, choices and determinations by the Determining Party shall be made in

	good faith and in a commercially reasonable manner. The parties agree that they will work reasonably to resolve any disputes.
Additional Disruption Events:	
Change in Law:	Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase "or public announcement of the formal or informal interpretation" and (ii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by the Hedging Party on the Trade Date".
Insolvency Filing:	Notwithstanding anything to the contrary herein, in the Agreement or in the Equity Definitions, upon any Insolvency Filing or other proceeding under the U.S. Bankruptcy Code in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing or other proceeding), it being understood that this Transaction is a contract for the issuance of Shares by the Issuer.
Determining Party:	For all applicable Additional Disruption Events, BofA; *provided*, *however*, that all calculations, adjustments, specifications, choices and determinations by the Determining Party shall be made in good faith and in a commercially reasonable manner. The parties agree that they will work reasonably to resolve any disputes.
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Transfer:	Notwithstanding anything to the contrary herein or in the Agreement, BofA may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of BofA under this Transaction, in whole or in part, to an affiliate of BofA, or any entity sponsored or organized by, or on behalf of or for the benefit of, BofA without the consent of Counterparty. No such assignment,

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	transfer or set over shall affect BofA's obligations hereunder. In the event of any transfer or assignment of any rights, title and interest, powers, privileges and remedies of BofA under this Transaction, the transferee or assignee shall assume and enter into new covenants and representations under Sections 3(e), 3(f), 4(a)(i) and 4(a)(iii) of the Agreement or enter into new covenants and representations that are agreed by the other party under the Agreement, and the identity of the transferee or assignee shall be entered on the books and records maintained by each party or its respective agents.
3. Calculation Agent:	BofA. All calculations and determinations by the Calculation Agent shall be made in good faith and in a commercially reasonable manner. The parties agree that they will work reasonably to resolve any disputes.
4. Account Details:	
(a) Account for delivery of Shares to BofA:	To be furnished
(b) Account for payments to Counterparty:	To be furnished
(c) Account for payments to BofA:	Bank of America, N.A. — New York, NY Account #: 12333-34172 ABA #: 026-009-593 For account of Bank of America

5. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party.

The Office of BofA for the Transaction is: New York

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Affiliated Managers Group, Inc.
600 Hale Street

Prides Crossing, MA 01965

(b) Address for notices or communications to BofA:

Bank of America, N.A.
c/o Banc of America Securities LLC
Bank of America Tower at One Bryant Park
New York, NY 10036
Telephone: 646-855-2527
Facsimile: 704-208-2869
Attention: John Servidio

7. Other Provisions:

(a) Conditions to Effectiveness. This Transaction shall be effective if and only if Shares are sold on or after the Trade Date pursuant to the Distribution Agreement. If the Distribution Agreement is terminated prior to any such sale of Shares thereunder, the parties shall have no further obligations in connection with this Transaction, other than in respect of breaches of representations or covenants on or prior to such date.

(b) Distribution Agreement Representations, Warranties and Covenants. On the Trade Date and on each date on which BofA or its affiliates delivers a prospectus in connection with a sale to hedge this Transaction, Counterparty repeats and reaffirms as of such date all of the representations and warranties contained in the Distribution Agreement. Counterparty hereby agrees to comply with its covenants contained in the Distribution Agreement as if such covenants were made in favor of BofA.

(c) Interpretive Letter. Counterparty agrees and acknowledges that this Transaction is being entered into in accordance with the October 9, 2003 interpretive letter from the staff of the Securities and Exchange Commission to Goldman, Sachs & Co. (the "**Interpretive Letter**") and agrees to take all actions, and to omit to take any actions, reasonably requested by BofA for this Transaction to comply with the Interpretive Letter. Without limiting the foregoing, Counterparty agrees that neither it nor any "affiliated purchaser" (as defined in Regulation M ("**Regulation M**") promulgated under the Exchange Act) will, directly or indirectly, bid for, purchase or attempt to induce any person to bid for or purchase, the Shares or securities that are convertible into, or exchangeable or exercisable for, Shares during any "restricted period" as such term is defined in Regulation M. In addition, Counterparty represents that it is eligible to conduct a primary offering of Shares on Form S-3, the offering contemplated by the Distribution Agreement complies with Rule 415 under the Securities Act of 1933, as amended (the "**Securities Act**"), and the Shares are "actively traded" as defined in Rule 101(c)(1) of Regulation M.

(d) Agreements and Acknowledgments Regarding Shares.

(i) Counterparty agrees and acknowledges that, in respect of any Shares delivered to BofA hereunder, such Shares shall be newly issued (unless mutually agreed otherwise by the parties) and upon such delivery, duly and validly authorized, issued and outstanding, fully paid and nonassessable, free of any lien, charge, claim or other encumbrance and not subject to any preemptive or similar rights and shall, upon such issuance, be accepted for listing or quotation on the Exchange;

(ii) Counterparty agrees and acknowledges that BofA will hedge its exposure to this Transaction by selling Shares borrowed from third party securities lenders or other Shares pursuant to a registration statement, and that, pursuant to the terms of the Interpretive Letter, the Shares (up to the Initial Number of Shares) delivered, pledged or loaned by Counterparty to BofA in connection with this Transaction may be used by BofA to return to securities lenders without further registration under the Securities Act. Accordingly, Counterparty agrees that the Shares that it delivers, pledges or loans to BofA on or prior to the final Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System;

(iii) Counterparty has reserved and will keep available at all times, free from preemptive or similar rights and free from any lien, charge, claim or other encumbrance, authorized but unissued Shares at least equal to the Number of Shares, solely for the purpose of settlement under this Transaction;

(iv) Unless the provisions set forth below under "Private Placement Procedures" are applicable, BofA agrees to use any Shares delivered by Counterparty hereunder on any Settlement Date to return to securities lenders to close out open securities loans with respect to the Shares; and

(v) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Stock Settlement of this Transaction, BofA shall use its good faith efforts to comply, or cause compliance, with the provisions of Rule 10b-18 under the Exchange Act, taking into account any purchases under other Equity Contracts, as if such provisions were applicable to such purchases.

(e) Securities Laws Representations and Agreements.

(i) Counterparty represents to BofA on the Trade Date and on any date that Counterparty notifies BofA that Cash Settlement, Net Stock Settlement or Alternative Settlement under Paragraph 7(l) applies to this Transaction, that (i) each of its filings under the Securities Act, the Exchange Act or other applicable securities laws that are required to be filed have been filed and that, as of the respective dates thereof and as of the date of this representation, there is no misstatement of material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (ii) it has not and will not directly or indirectly violate any applicable law (including, without limitation, the Securities Act and the Exchange Act) in connection with this Transaction. In addition to any other requirement set forth herein, Counterparty agrees not to designate any Settlement Date or elect Alternative

Settlement under Paragraph 7(l) if settlement in respect of such date would result in a violation of any applicable federal or state law or regulation, including the U.S. federal securities laws.

(ii) It is the intent of BofA and Counterparty that following any election of Cash Settlement or Net Stock Settlement by Counterparty, the purchase of Shares by BofA during any Unwind Period comply with the requirements of Rule 10b5-l(c)(l)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-l(c).

Counterparty acknowledges that (i) during any Unwind Period Counterparty shall not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by BofA (or its agent or affiliate) in connection with this Confirmation and (ii) Counterparty is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act.

Counterparty hereby agrees with BofA that during any Unwind Period Counterparty shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any Equity Derivatives Group Personnel (as defined below). For purposes of this Transaction, "**Material Non-Public Information**" means information relating to Counterparty or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Counterparty to its shareholders or in a press release, or contained in a public filing made by Counterparty with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information For purposes of this Transaction, "**Equity Derivatives Group Personnel**" means any employee of BofA or its affiliates who effects purchases or sales of Shares in connection with this Agreement.

(iii) Counterparty shall, at least one day prior to the first day of any Unwind Period, notify BofA of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Counterparty or any of its affiliated purchasers during each of the four calendar weeks preceding the first day of the Unwind Period and during the calendar week in which the first day of the Unwind Period occurs ("Rule 10b-18 purchase", "blocks" and "affiliated purchaser" each being used as defined in Rule 10b-18).

(iv) During any Unwind Period, Counterparty shall (i) notify BofA prior to the opening of trading in the Shares on any day on which Counterparty makes, or expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act of 1933, as amended (the "**Securities Act**") of any merger, acquisition, or similar transaction involving a recapitalization relating to Counterparty (other than any such transaction in which the consideration consists solely of cash and there is no valuation period), (ii) promptly notify BofA following any such announcement that such

announcement has been made, and (iii) promptly deliver to BofA following the making of any such announcement information indicating (A) Counterparty's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of the announcement of such transaction and (B) Counterparty's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of the announcement of such transaction. In addition, Counterparty shall promptly notify BofA of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.

(v) Neither Counterparty nor any of its affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Counterparty or any of its affiliates, or any purchases by a party to a derivative transaction with Counterparty or any of its affiliates), either under this Confirmation, under an agreement with another party or otherwise, that might cause any purchases of Shares by BofA or any of its affiliates in connection with any Cash Settlement or Net Stock Settlement of this Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 if such purchases were made by Counterparty.

(vi) Counterparty will not engage in any "distribution" (as defined in Regulation M) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(f) Acceleration Events.

(i) Stock Borrow Event. If in BofA's reasonable judgment, (A) BofA is not able hedge its exposure under this Transaction because insufficient Shares are made available for borrowing by securities lenders or (B) BofA would incur a cost to borrow (or to maintain a borrow of) sufficient Shares to hedge its exposure under this Transaction that is equal to or greater than 100 basis points per annum per any Share (each of (A) and (B), a "**Stock Borrow Event**"), then BofA shall be entitled to designate any Scheduled Trading Day prior to the date the Number of Shares is first reduced to zero to be a Settlement Date, by providing Counterparty at least two Scheduled Trading Days' notice prior to the relevant Settlement Date, and to designate the number of Settlement Shares for the relevant Settlement Date, which shall not exceed the number of Shares as to which the relevant Stock Borrow Event relates.

(ii) Dividends. If on any day after the Trade Date, Counterparty declares a distribution, issue or dividend to existing holders of the Shares of (A) any cash dividends in excess of USD 0.00 per Share or (B) share capital or other securities of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or similar transaction or (C) any other type of securities (other than Shares), rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price, as determined by BofA, then BofA shall be entitled to designate any Scheduled Trading Day prior to the date the Number of Shares is first reduced to zero to be a Settlement Date, by providing Counterparty at least three Scheduled Trading Days' notice prior to the relevant Settlement Date, and to designate the number of Settlement Shares for the relevant Settlement Date.

(iii) Stock Price Event. If at any time after the Trade Date the traded price per Share on the Exchange is less than or equal to USD 25.00, then BofA shall be entitled at any time thereafter to designate one or more Scheduled Trading Days prior to the date the Number of Shares is first reduced to zero to be a Settlement Date, by providing Counterparty at least ten Scheduled Trading Days' notice prior to the relevant Settlement Date, and to designate the number of Settlement Shares for the relevant Settlement Date.

(iv) Board Approval of Merger Event. If on any day after the Trade Date, the board of directors of Counterparty votes to approve any action that, if consummated, would constitute a Merger Event, then Counterparty shall notify BofA of such occurrence within one Scheduled Trading Day after such occurrence and BofA shall be entitled to designate any Scheduled Trading Day prior to the date the Number of Shares is first reduced to zero to be a Settlement Date, by providing Counterparty at least twenty Scheduled Trading Days' notice prior to the relevant Settlement Date, and to designate the number of Settlement Shares for the relevant Settlement Date.

(v) ISDA Termination. In lieu of (A) designating an Early Termination Date as the result of an Event of Default or Termination Event, (B) terminating this Transaction and determining a Cancellation Amount as the result of an Additional Disruption Event, or (C) terminating this Transaction and determining an amount payable in connection with an Extraordinary Event to which Cancellation and Payment would otherwise be applicable, BofA shall be entitled to designate any Scheduled Trading Day prior to the date the Number of Shares is first reduced to zero to be a Settlement Date with respect to the Number of Shares.

(vi) Termination Settlement. Notwithstanding anything to the contrary herein, in the Agreement or in the Equity Definitions, if a Settlement Date is designated by BofA as the result of one of the foregoing sub-paragraphs (i) through (v), Physical Settlement shall apply.

(g) Private Placement Procedures. If Counterparty is unable to comply with the provisions of sub-paragraph (ii) of "Agreements and Acknowledgments Regarding Shares" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or BofA otherwise determines that in its reasonable opinion any Shares to be delivered to BofA by Counterparty may not be freely returned by BofA to securities lenders as described under such sub-paragraph (ii), or otherwise constitute "restricted securities" as defined in Rule 144 under the Securities Act then delivery of any such Shares (the "**Restricted Shares**") shall be effected as provided below, unless waived by BofA.

(i) If Counterparty delivers the Restricted Shares pursuant to this clause (i) (a "**Private Placement Settlement**"), then delivery of Restricted Shares by Counterparty shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to BofA; *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Counterparty to BofA (or any affiliate designated by BofA) of the Restricted Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Restricted Shares by BofA (or any such affiliate of BofA). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to BofA, due diligence rights (for BofA or any designated buyer of the Restricted Shares by BofA), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to BofA. In the case of a Private Placement Settlement, BofA shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to BofA hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by BofA and may only be saleable by BofA at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by BofA to Counterparty of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the date that would otherwise be applicable.

(ii) If Counterparty delivers any Restricted Shares in respect of this Transaction, Counterparty agrees that (A) such Shares may be transferred by and among BofA and its affiliates and (B) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed, Counterparty shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by BofA (or such affiliate of BofA) to Counterparty or such transfer agent of seller's and broker's representation letters customarily delivered by BofA or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by BofA (or such affiliate of BofA).

(h) Indemnity. Counterparty agrees to indemnify BofA and its affiliates and their respective directors, officers, employees, agents and controlling persons (BofA and each such affiliate or person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, the execution or delivery of this Confirmation, the performance by the parties hereto of their respective obligations under the Transaction, any breach of

any covenant or representation made by Counterparty in this Confirmation or the Agreement or the consummation of the transactions contemplated hereby and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, except to the extent resulting from BofA's gross negligence or willful misconduct.

(i) Waiver of Trial by Jury. EACH OF COUNTERPARTY AND BOFA HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF BOFA OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(j) Governing Law/Jurisdiction. This Confirmation shall be governed by the laws of the State of New York without reference to the conflict of laws provisions thereof. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States Court for the Southern District of New York in connection with all matters relating hereto and waive any objection to the laying of venue in, and any claim of inconvenient forum with respect to, these courts.

(k) Designation by BofA. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing BofA to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, BofA may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform BofA obligations in respect of the Transaction and any such designee may assume such obligations. BofA shall be discharged of its obligations to Counterparty only to the extent of any such performance.

(l) EITF 00-19; Alternative Settlement. The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF Issue No. 00-19. If, subject to Paragraph 7(t) below, Counterparty owes BofA any amount in connection with this Transaction pursuant to Section 12.7 or 12.9 of the Equity Definitions (except in the case of an Extraordinary Event in which the consideration or proceeds to be paid to holders of Shares as a result of such event consists solely of cash) or pursuant to Section 6(d)(ii) of the Agreement (except in the case of an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party, other than (x) an Event of Default of the type described in Section 5(a)(iii), (v), (vi) or (vii) of the Agreement or (y) a Termination Event of the type described in Section 5(b)(i), (ii), (iii), (iv), or (v) of the Agreement that in the case of either (x) or (y) resulted from an event or events outside Counterparty's control) (a "**Payment Obligation**"), Counterparty shall have the right, in its sole discretion, to satisfy any such Payment Obligation by delivery of Termination Delivery Units (as defined below) by giving irrevocable telephonic notice to BofA, confirmed in writing within one Scheduled Trading Day, between the hours of 9:00 a.m. and 4:00 p.m. New York time on the Closing Date or Early Termination Date, as applicable ("**Notice of Termination Delivery**"). Upon Notice of Termination Delivery, Counterparty shall deliver to BofA a number of Termination Delivery Units having a cash value equal to the amount of such Payment Obligation (such number of Termination Delivery Units to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner, taking into account whether the Termination Delivery Units so delivered are freely tradable). Settlement relating to any delivery of Termination Delivery Units pursuant to this provision shall occur within three Scheduled Trading Days. "**Termination Delivery Unit**" means (A) in the case of a Termination Event, an Event of Default or an Extraordinary Event (other than an Insolvency, Nationalization, Merger Event or Tender Offer), one Share or (B) in the case of an Insolvency, Nationalization, Merger Event or Tender Offer, a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Insolvency, Nationalization, Merger Event or Tender Offer; *provided* that if such Insolvency, Nationalization, Merger Event or Tender Offer involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.

(m) Disclosure. Effective from the date of commencement of discussions concerning the Transaction, each of BofA and Counterparty and each of their employees, representatives, or other agents may disclose to any

and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

(n) Right to Extend. BofA may postpone any Settlement Date or any other date of valuation or delivery, with respect to some or all of the relevant Settlement Shares, if BofA determines, in its discretion, that such extension is reasonably necessary or appropriate to enable BofA to effect purchases of Shares in connection with its hedging activity hereunder or under any other Equity Contract in a manner that would, if BofA were Counterparty or an affiliated purchaser of Counterparty, be in compliance with applicable legal and regulatory requirements, as determined by BofA based upon the advice of outside counsel of national standing.

(o) Counterparty Share Repurchases. Counterparty agrees not to repurchase any Shares if, immediately following such purchase, the Number of Shares under this Confirmation and all other Equity Contracts (as defined in Paragraph 7(t)) would be equal to or greater than 8.0% of the number of then-outstanding Shares or such other number of Shares as BofA notifies Counterparty would, in the reasonable judgment of outside counsel of national standing for BofA, present legal or regulatory issues for BofA.

(p) Limit on Beneficial Ownership. Notwithstanding any other provisions hereof, BofA shall not be entitled to receive Shares hereunder (whether in connection with the purchase of Shares on any Settlement Date or otherwise) to the extent (but only to the extent) that such receipt would result in BofA and its affiliates (i) directly or indirectly beneficially owning (as such term is defined for purposes of Section 13(d) of the Exchange Act) at any time in excess of 4.9% of the outstanding Shares or (ii) having direct or indirect ownership or control (for purposes of the Bank Holding Company Act of 1956, as amended) at any time in excess of 4.9% of the outstanding Shares. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that such delivery would result in BofA and its affiliates directly or indirectly so beneficially owning or so owning or controlling in excess of 4.9% of the outstanding Shares. If any delivery owed to BofA hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, BofA gives notice to Counterparty that such delivery would not result in BofA and its affiliates directly or indirectly so beneficially owning or so owning or controlling in excess of 4.9% of the outstanding Shares.

(q) Commodity Exchange Act. Each of BofA and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended (the "**CEA**"), the Agreement and this Transaction are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA.

(r) Bankruptcy Status. BofA acknowledges and agrees that this Confirmation is not intended to convey to BofA rights with respect to the transactions contemplated hereby that are senior to the claims of Counterparty's common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided*, *however*, that nothing herein shall be deemed to limit BofA's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided*, *further*, that nothing herein shall limit or shall be deemed to limit BofA's rights in respect of any transaction other than this Transaction.

(s) No Collateral. The parties acknowledge that this Transaction is not secured by any collateral that would otherwise secure the obligations of Counterparty herein under or pursuant to the Agreement. Without limiting the generality of the foregoing, this Transaction will not be considered to create obligations covered by any collateral credit support annex to the Agreement and will be disregarded for the purposes of calculating any exposures pursuant to any such annex.

(t) Netting and Set-off. BofA agrees not to set-off or net amounts due from Counterparty with respect to this Transaction against amounts due from BofA to Counterparty under obligations other than Equity Contracts. Section 2(c) of the Agreement as it applies to payments due with respect to this Transaction shall remain in effect and is not subject to the first sentence of this provision. The parties agree that Section 6(f) of the Agreement is amended and restated to read as follows:

"(f) Upon the occurrence of an Event of Default or Termination Event with respect to Counterparty as the Defaulting Party or the Affected Party ("X"), BofA ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X under an Equity Contract owed to Y (or any Affiliate of Y) (whether or not matured or contingent and whether or not arising under this Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any Affiliate of Y) under an Equity Contract owed to X (whether or not matured or contingent and whether or not arising under this Agreement, and regardless of the currency, place of payment or booking office of the obligation). Y will give notice to the other party of any set-off effected under this Section 6(f).

"Equity Contract" shall mean for purposes of this Section 6(f) any Transaction relating to Shares sold pursuant to the Distribution Agreement.

If any obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

(u) Tax Representations.

(i) For the purpose of Section 3(e) of the Agreement, each party makes the following representation:

(A) It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of the Agreement and any other payments of interest and penalty charges for late payment) to be made by it to the other party under the Agreement.

(B) In making this representation, a party may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement, *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(ii) For the purpose of Section 3(f) of the Agreement:

(A) BofA makes the following representation(s):

(1) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for United States federal income tax purposes.

(2) It is a financial institution that is an exempt recipient under Treasury Regulation Section 1.6049-4(c)(1)(ii)(M).

(B) The Counterparty represents that it is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for United States federal income tax purposes.

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to John Servidio at Bank of America, N.A. (email john.servidio@bofasecurities.com).

Yours sincerely,

BANK OF AMERICA, N.A.

By: /s/ Michael Voris
Name: Michael Voris
Title: Principal

Confirmed as of the date first above written:

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Peter MacEwen
Name: Peter MacEwen
Title: Senior Vice President

Signature page to Registered Forward Transaction Confirmation

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ANNEX A

PRICING SUPPLEMENT

Bank of America, N.A.
One Bryant Park
New York, NY 10036

[ ]

Affiliated Managers Group, Inc.
600 Hale Street
Prides Crossing, MA 01965

Ladies and Gentlemen:

This Pricing Supplement is the Pricing Supplement contemplated by the Registered Forward Transaction dated as of February 3, 2009 (the "**Confirmation**") between Affiliated Managers Group, Inc. ("**Counterparty**") and Bank of America, N.A. ("**BofA**").

For all purposes under the Confirmation,

(a) the Hedge Completion Date is [ ];

(b) the Number of Shares shall be [ ], subject to further adjustment in accordance with the terms of the Confirmation;

(c) the Initial Forward Price shall be USD [ ]; and

(d) the Final Date shall be [ ]

Very truly yours,

BANK OF AMERICA, N.A.

By:
Name:
Title:

Confirmed as of the date first above written:

AFFILIATED MANAGERS GROUP, INC.

By:
Name:
Title:

Exhibit 21.1

SCHEDULE OF SUBSIDIARIES
(in alphabetical order)

WHOLLY OWNED SUBSIDIARIES OF THE COMPANY

1588153 Ontario Limited, an Ontario corporation
4444582 Canada Inc., a Canada corporation
9106-6001 Quebec Inc., a Quebec corporation
AMG Boston Holdings, LLC, a Delaware limited liability company
AMG Canada Corp., a Nova Scotia corporation
AMG Genesis, LLC, a Delaware limited liability company
AMG New York Holdings Corp., a Delaware corporation
AMG Northeast Holdings, Inc., a Delaware corporation
AMG Northeast Investment Corp., a Delaware corporation
AMG PA Holdings Partnership, a Delaware general partnership
AMG Properties LLC, a Delaware limited liability company
AMG/FAMI Investment Corp., a Nova Scotia corporation
AMG/Midwest Holdings, Inc., a Delaware corporation
AMG/Midwest Holdings, LLC, a Delaware limited liability company
AMG/North America Holding Corp., a Delaware corporation
AMG/TBC Holdings, Inc., a Delaware corporation
Affiliated Managers Group Limited, a U.K. corporation
Affiliated Managers Group Pty Ltd, an Australia corporation
BMCM Acquisition, LLC, a Delaware limited liability company
Catalyst Acquisition II, Inc., a Delaware corporation
CEFLP Inc., an Ontario corporation
Chicago Acquisition, LLC, a Delaware limited liability company
Cinegate Financial Services Inc., an Ontario corporation
Cinegate Production Management Services 2001 Inc., a Canada corporation
Covington Capital Corporation, a Nova Scotia corporation
Covington Marketing Group Inc., an Ontario corporation
El-Train Acquisition LLC, a Delaware limited liability company
FA (DE) Acquisition Company, LLC, a Delaware limited liability company
FA (WY) Acquisition Company, Inc. a Delaware corporation
FCMC Holdings LLC, a Delaware limited liability company
FIAMI Production Management Services 2001 Inc., a Canada corporation
First Asset Capital Management (III) Inc., an Ontario corporation
First Asset Resources Inc., an Ontario corporation
First Quadrant Corp., a New Jersey corporation
First Quadrant Holdings, LLC, a Delaware limited liability company
J M H Management Corporation, a Delaware corporation
New Millennium Venture Partners Inc., an Ontario corporation
Prides Crossing Holdings LLC, a Delaware limited liability company
Quartet Capital Corporation, an Ontario corporation
Red Mile Syndication Inc., an Ontario corporation
SKYLP Holdings, Inc., a Delaware corporation
Suite 3000 Holdings, Inc., a Delaware corporation
TimesSquare Manager Member, LLC, a Delaware limited liability company
Titan NJ Holdings, LLC, a Delaware limited liability company
TMF Corp., a Delaware corporation
Topspin Acquisition, LLC a Delaware limited liability company
Welch & Forbes, Inc., a Massachusetts corporation

ENTITIES THAT ARE NOT WHOLLY-OWNED AND IN WHICH THE COMPANY HAS A MAJORITY INTEREST (DIRECT AND INDIRECT)

Advantage Outsourcing Solutions, LLC, a Delaware limited liability company
Chicago Equity Partners, LLC, a Delaware limited liability company
Essex Investment Management Company, LLC, a Delaware limited liability company
First Quadrant, L.P., a Delaware limited partnership
Foyston Gordon & Payne Inc., a Canada corporation
Friess Associates of Delaware, LLC, a Delaware limited liability company
Friess Associates, LLC, a Delaware limited liability company
Frontier Capital Management Company, LLC, a Delaware limited liability company
Gannett Welsh & Kotler, LLC, a Delaware limited liability company
Genesis Asset Managers, LLP, a Delaware limited liability partnership
Genesis Investment Management, LLP, a UK limited liability partnership
Gofen and Glossberg, L.L.C., a Delaware limited liability company
J.M. Hartwell Limited Partnership, a Delaware limited partnership
Managers Distributors, Inc., a Delaware corporation
Managers Investment Group LLC, a Delaware limited liability company
M.J. Whitman LLC, a Delaware limited liability company
New GAML Holdco, Ltd., a Cayman Islands corporation
Private Debt LLC, a Delaware limited liability company
Rorer Asset Management, LLC, a Delaware limited liability company
Systematic Financial Management, L.P., a Delaware limited partnership
The Renaissance Group LLC, a Delaware limited liability company
Third Avenue Holdings Delaware LLC, a Delaware limited liability company
Third Avenue Management LLC, a Delaware limited liability company
TimesSquare Capital Management, LLC, a Delaware limited liability company
Tweedy, Browne Company LLC, a Delaware limited liability company
Welch & Forbes LLC, a Delaware limited liability company

ENTITIES IN WHICH THE COMPANY HAS A MINORITY INTEREST (DIRECT AND INDIRECT)

AQR Capital Management Holdings, LLC, a Delaware limited liability corporation
AQR Capital Management II, LLC, a Delaware limited liability corporation
AQR Capital Management, LLC, a Delaware limited liability corporation
Beutel, Goodman & Company Ltd., a Canada corporation
BlueMountain Capital Management, LLC, a Delaware limited liability company
BlueMountain GP Holdings, LLC, a Delaware limited liability company
Davis Hamilton Jackson & Associates, L.P., a Delaware limited partnership
Deans Knight Capital Management Ltd., a Canada corporation
DFD Select Group Limited, a Guernsey corporation
DFD Select Group Management (Ireland) Limited, an Ireland corporation
DFD Select Group, LLC, a New York limited liability company
DFD Select Group, S.A.R.L., a Paris, France corporation
Louisbourg Investments Inc., a New Brunswick corporation
MBI Acquisition Corp., a Canada corporation
Montrusco Bolton Focus Global Fund Inc., a Cayman Islands corporation
Montrusco Bolton Inc., a Canada corporation
Montrusco Bolton Investments Inc., a Canada corporation
ValueAct Holdings, L.P., a Delaware limited partnership
ValueAct Holdings GP, LLC, a Delaware limited liability company
ValueAct Capital Management, L.P., a Delaware limited partnership
ValueAct Capital Management, LLC, a Delaware limited liability company
VA Partners I, LLC, a Delaware limited liability company
VA Partners III, LLC, a Delaware limited liability company
Wilshire Financial Services Inc., an Alberta corporation

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (File No. 333-148030, File No. 333-148029 and File No. 333-135417) and S-8 (File No. 333-135416, File No. 333-129748, File No. 333-100628, File No. 333-84485, and File No. 333-72967) of Affiliated Managers Group, Inc. (the "Company") of our report dated March 2, 2009 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 2, 2009

QuickLinks

Exhibit 31.1

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

I, Sean M. Healey, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 we 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 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: March 2, 2009

/s/ SEAN M. HEALEY

Sean M. Healey
President and Chief Executive Officer

Exhibit 31.2

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

I, Darrell W. Crate, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 we 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 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: March 2, 2009

/s/ DARRELL W. CRATE

Darrell W. Crate
Executive Vice President, Chief Financial Officer and Treasurer

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Exhibit 31.2

Exhibit 32.1

**CERTIFICATION 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 Annual Report on Form 10-K of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sean M. Healey, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(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: March 2, 2009

By: /s/ SEAN M. HEALEY

Sean M. Healey
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION 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 Annual Report on Form 10-K of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Darrell W. Crate, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(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: March 2, 2009

By: /s/ DARRELL W. CRATE

Darrell W. Crate
Executive Vice President, Chief Financial Officer and Treasurer

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