SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

OR

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

FOR THE TRANSITION PERIOD FROM ______________ TO ______________

COMMISSION FILE NUMBER 001-13459

AFFILIATED MANAGERS GROUP, INC.

(Exact name of registrant as specified in its charter)

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

TWO INTERNATIONAL PLACE, BOSTON, MASSACHUSETTS 02110
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(617) 747-3300
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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(G) OF THE ACT: NONE

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. [ ]

Aggregate market value of the voting and non-voting Common Stock held by non-affiliates of the Registrant, based upon the closing price of $50.00 on March 23, 2000 on the New York Stock Exchange was $1,032,445,400. Calculation of holdings by non-affiliates is based upon the assumption, for these purposes only, that executive officers, directors, and persons holding 10% or more of the Registrant's Common Stock (including the Registrant's Common Stock and Class B Non-Voting Common Stock as if they were a single class) are affiliates. Number of shares of the Registrant's Common Stock outstanding at March 23, 2000: 22,417,889 including 971,929 shares of Class B Non-Voting Common Stock. Unless otherwise specified, the term Common Stock includes both Common Stock and Class B Non-Voting Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III of this report on Form 10-K is incorporated by reference from certain portions of the Proxy Statement of the Registrant to be filed pursuant to Regulation 14A and sent to stockholders in connection with the Annual Meeting of Stockholders to be held on May 25, 2000. Such Proxy Statement, except for the parts therein which have been specifically incorporated herein by reference, shall not be deemed "filed" as part of this report on Form 10-K.

FORM 10-K
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PART I

ITEM 1. BUSINESS

OVERVIEW

We buy and hold equity interests in mid-sized investment management firms (our "Affiliates") and currently derive all of our revenues from those firms. We hold investments in 15 Affiliates that in aggregate managed $87.0 billion in assets at December 31, 1999. Our most recent investments were in Rorer Asset Management, LLC (January 1999), The Managers Funds LLC (April 1999), and Frontier Capital Management Company, LLC (January 2000).

We were founded in 1993 to address the succession and ownership transition issues facing the founders and principal owners of many mid-sized investment management firms. We did this because we believed that many wanted a new alternative for shifting ownership to the next generation of management. We developed an innovative transaction structure to serve as a succession planning alternative for these firms.

A key component of our transaction structure is our purchase of majority interests in these firms, with certain exceptions (such as The Managers Funds LLC ("Managers")) as further described below. Within this structure, we allow ongoing managers to keep a significant ownership interest in their firms which they may sell to us in the future, we give management autonomy over the day-to-day operations of their firm, and we allow management to decide how to spend a fixed portion of revenues on salaries, bonuses and other operating expenses.

We implement our structure through a revenue sharing arrangement with each of our Affiliates (other than Managers). This arrangement allocates a specified percentage of revenues, typically 50-70%, for use by the Affiliate's management in paying the salaries, bonuses and other operating expenses (the "Operating Allocation") of the Affiliate. The remaining portion of revenues, typically 30-50% (the "Owners' Allocation"), is allocated to the owners of that Affiliate, including us, generally in proportion to ownership of the Affiliate. At some Affiliates, we receive a guaranteed payment for the use of our capital or a license fee which in each case is paid from that portion of revenues which we refer to as our Owners' Allocation. We believe that our structure is particularly appealing to managers of firms which anticipate strong future growth, because it gives them the opportunity to profit from an Affiliate's growth through this revenue sharing arrangement. Unlike all other Affiliates, Managers is not subject to a revenue sharing arrangement since we own substantially all of the firm. As a result, we participate fully in any increase or decrease in the revenues or expenses of the firm.

We generally seek to acquire interests in investment management firms with $500 million to $15 billion of assets under management. The growth in the investment management industry has resulted in a significant increase in the number of firms in this size range. We have identified over 1,300 of these firms in the United States, Canada and the United Kingdom. We believe that a substantial number of investment opportunities will continue to arise as founders of these firms approach retirement age and begin to plan for succession. We also anticipate significant additional investment opportunities in firms that are currently wholly-owned by larger entities. We believe that we can take advantage of these investment opportunities because our management team has substantial industry experience and expertise in structuring and negotiating transactions, as well as a highly organized process for identifying and contacting investment prospects.

HOLDING COMPANY OPERATIONS

Our management performs two primary functions:

- implementing our strategy of growth through acquisitions of interests in prospective Affiliates; and

- supporting, enhancing, and monitoring the activities of our existing Affiliates.

ACQUISITION OF INTERESTS IN PROSPECTIVE AFFILIATES

The acquisition of interests in new Affiliates is a primary element of our growth strategy. Our management takes responsibility for each step in this process, including identification and contact of potential Affiliates, and the valuation, structuring and negotiation of transactions. While we try to initiate our discussions with potential Affiliates on an exclusive basis, we have been competitive in cases where investment bankers have been involved.

Our management identifies and develops relationships with promising potential Affiliates based on a thorough understanding of the universe of mid-sized investment management firms derived from our proprietary database made up of data from third party vendors, public and industry sources and our own research. We use this database to screen and prioritize investment prospects. We also use the database to monitor the level and frequency of interaction with potential Affiliates. This database and our related contact management system help us to identify promising potential Affiliates and to develop and maintain relationships with these firms.

We try to increase awareness of our approach to investing by actively participating in conferences and seminars related to succession planning for investment management firms. These activities lead to a substantial number of unsolicited calls from firms considering succession planning issues. In addition, our management maintains an active calling program in order to develop relationships with prospective Affiliates. In the past four years, our management has visited approximately 475 firms. We believe we have established ongoing relationships with a substantial number of firms which will be considering succession planning alternatives in the future.

Once discussions with a target firm lead to transaction negotiations, our management team performs all of the functions related to the valuation, structuring and negotiation of the transaction. Our management team includes professionals with substantial experience in mergers and acquisitions of investment management firms.

Upon the negotiation and execution of definitive agreements, the target firm contacts its clients to notify them and seek their consent to the transaction (which constitutes an assignment of the firm's investment advisory contracts), as required by the Investment Advisers Act of 1940, as amended. If the firm has mutual fund clients, the firm seeks new contracts with those funds, as required by the Investment Company Act of 1940, as amended. The new contracts must be approved by the funds' shareholders through a proxy process.

Descriptions of our most recently completed Affiliate investments in Rorer Asset Management, LLC ("Rorer"), Managers and Frontier Capital Management Company, LLC ("Frontier") are set forth below.

RORER ASSET MANAGEMENT, LLC

Rorer is a value-oriented equity and fixed income manager based in Philadelphia which offers four types of investment management accounts: large-capitalization equity, mid-capitalization equity, balanced and fixed income. Founded in 1978, Rorer is led by its founder, Chairman and Chief Investment Officer Edward C. Rorer, and a committee including James G. Hesser, President, and Clifford B. Storms, Jr., Director of Research.

THE MANAGERS FUNDS LLC

Managers is a mutual fund company based in Norwalk, Connecticut which employs an innovative business model for The Managers Funds, a no-load mutual fund family it manages and distributes, whereby it selects sub-advisers from a universe of over a thousand investment managers. Managers also manages and distributes Managers AMG Funds, a no-load mutual fund family. Essex Aggressive Growth Fund, the first series of Managers AMG Funds, commenced operations on November 1, 1999. The mutual funds advised by Managers are distributed to retail and institutional clients directly and through intermediaries

including independent investment advisers, 401(k) plan sponsors and alliances, broker-dealers, major fund programs, and bank trust departments.

FRONTIER CAPITAL MANAGEMENT COMPANY, LLC

Frontier is a Boston-based investment adviser, which provides investment services to a diverse client base including corporate, public and multi-employer pension and profit sharing plans, foundations, endowment and high net worth individuals. Frontier employs a disciplined stock selection process driven by internal research which targets companies with prospects for above-average earnings growth over extended time periods. The firm offers a broad range of investment management products, including small-cap growth equity, growth equity, capital appreciation, mid-cap growth equity, large-cap growth equity, balanced, and long/short investment partnerships. Frontier was founded in 1980 by the firm's Chairman, J. David Wimberly, who, along with President Thomas W. Duncan and Frontier's other management partners, continue to lead the firm.

AFFILIATE DEVELOPMENT

In addition to pursuing new investments, we seek to support and enhance the growth and operations of our Affiliates. We believe that the management of each Affiliate is in the best position to assess its firm's needs and opportunities, and that the autonomy and culture of each Affiliate should be preserved. However, we provide strategic, marketing and operational assistance to our Affiliates, and believe that our Affiliates find these support services attractive because the services otherwise may not be as accessible or affordable to mid-sized investment management firms.

One way we support the growth and operations of our Affiliates is by providing a cost-effective way to access the mutual fund marketplace through our Affiliate, Managers. In November 1999, we launched Managers AMG Funds, a no-load mutual fund family managed by Managers and distributed to retail and institutional clients directly by Managers and through intermediaries. The first series in this family of funds is the Essex Aggressive Growth Fund, which is sub-advised by our Affiliate, Essex Investment Management Company, LLC.

Another way we seek to enhance the growth of our Affiliates is by helping them acquire smaller investment management firms or teams which are not suitable as stand-alone investments for us. Mid-sized firms may have difficulty finding and capitalizing on these opportunities on their own. As an example, in December 1999, we assisted our Affiliate, First Quadrant, L.P. in the acquisition of Objective Asset Management Ltd. ("Objective").

Other initiatives to support our Affiliates have included:

- new product development,
- marketing material development,
- institutional sales assistance,
- recruiting,
- compensation evaluation,
- development of client servicing technology,
- regulatory compliance audits, and
- client satisfaction surveys.

We also work to obtain discounts on some of the products and services that our Affiliates need, such as:

- sales training seminars,

- public relations services,

- insurance, and

- retirement benefits.

OUR STRUCTURE AND RELATIONSHIP WITH AFFILIATES

As part of our investment structure, each of our Affiliates is organized as a separate and largely autonomous limited liability company or partnership. Each Affiliate operates under its own organizational document, either a limited liability company agreement or partnership agreement, which includes provisions regarding the use of the Affiliate's revenues and the management of the Affiliate. The organizational document also generally gives management owners the ability to realize the value of their retained equity interests in the future. While the organizational document of each Affiliate is agreed upon at the time of our investment, from time to time we agree to amendments to accommodate our business needs or those of our Affiliates.

OPERATIONAL AUTONOMY OF AFFILIATES

We develop the management provisions in each organizational document jointly with the Affiliate's senior management at the time we make our investment. Each organizational document has provisions that differ from the others. However, all of them (with the exception of the organizational documents of Managers) give the Affiliate's management team the power and authority to carry on the day-to-day operations and management of the Affiliate, including matters relating to:

- personnel,

- investment management,

- policies and fee structures,

- product development,

- client relationships, and

- employee compensation programs.

In the case of Managers, the organizational documents do not provide such operational and management autonomy.

We retain, however, the authority to prevent specified types of actions which we believe could adversely affect cash distributions to us, as well as the authority to cause certain types of actions to protect our interests. For example, none of the Affiliates may incur material indebtedness without our consent. We do not directly engage in the business of providing investment advice and, therefore, are not registered as an investment adviser.

REVENUE SHARING ARRANGEMENTS

When we make an investment in an Affiliate (other than Managers), we negotiate a revenue sharing arrangement with that Affiliate, which we place in its organizational document. The revenue sharing arrangement allocates a percentage of revenues (typically 50-70%) for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses. We call this the "Operating Allocation". We determine the percentage of revenues designated as Operating Allocation for each

Affiliate in consultation with senior management of the Affiliate at the time of our investment based on the Affiliate's historical and projected operating margins. The organizational document of each Affiliate allocates the remaining portion of the Affiliate's revenues (typically 30-50%) to the owners of that Affiliate (including us), generally in proportion to their ownership of the Affiliate. We call this the "Owners' Allocation" because it is the portion of revenues which the Affiliate's management is prohibited from spending on operating expenses without our prior consent. Each Affiliate distributes its Owners' Allocation to its management owners and us generally in proportion to our respective ownership interests in that Affiliate. At some Affiliates, we receive a guaranteed payment for the use of our capital or a license fee which in each case is paid from that portion of revenues which we refer to as our Owners' Allocation. Unlike all other Affiliates, Managers is not subject to a revenue sharing arrangement since we own substantially all of the firm. As a result, we participate fully in any increase or decrease in the revenues or expenses of Managers.

Before agreeing to these allocations, we examine the revenue and expense base of the firm. We only agree to a division of revenues if we believe that the Operating Allocation will cover operating expenses of the Affiliate, including in cases involving a foreseeable increase in expenses, or a likely decrease in revenues without a corresponding decrease in operating expenses. While our management has significant experience in the asset management industry, we cannot be certain that we will successfully anticipate changes in the revenue and expense base of any firm. Therefore, we cannot be certain that the agreed-upon Operating Allocation will be large enough to pay for all operating expenses, including salaries and bonuses of the Affiliate.

One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for the managers of each Affiliate by allowing them:

- to participate in their firm's growth through their compensation from the Operating Allocation,

- to receive a portion of the Owners' Allocation based on their ownership interest in the Affiliate, and

- to control operating expenses, thereby increasing the portion of the Operating Allocation which is available for growth initiatives and bonuses for management of the Affiliate.

The managers of each Affiliate, therefore, have an incentive to both increase revenues (thereby increasing the Operating Allocation and their Owners' Allocation) and to control expenses (thereby increasing the excess Operating Allocation).

The revenue sharing arrangements allow us to participate in the revenue growth of each Affiliate because we receive a portion of the additional revenue as our share of the Owners' Allocation. However, we participate in that growth to a lesser extent than the managers of the Affiliate, because we do not share in the growth of the Operating Allocation.

Under the organizational documents of each Affiliate (other than Managers), the allocations and distributions of cash to us generally take priority over the allocations and distributions to the management owners of each Affiliate. This further protects us if there are any expenses in excess of the Operating Allocation of an Affiliate. Thus, if an Affiliate's expenses exceed its Operating Allocation, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's management owners until that portion is eliminated, and then reduce 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 management owners. Unlike all other Affiliates, Managers is not subject to a revenue sharing arrangement since we own substantially all of the firm. As a result, we participate fully in any increase or decrease in the revenues or expenses of Managers.

OUR PURCHASE OF ADDITIONAL INTERESTS IN OUR EXISTING AFFILIATES

Under our transaction structure, the management team at each Affiliate retains an ownership interest in its own firm. We consider this a key way that we provide management owners with incentives to grow their firms. In order to provide as much incentive as we can, we include in the organizational documents of each Affiliate (other than Paradigm Asset Management Company, LLC) "put" rights for its management owners. The put rights require us periodically to buy part of the management owners' interests in the Affiliate for cash, shares of our Common Stock or a combination of both. In this way, the management owners can realize a portion of the equity value that they have created in their firm. In addition, the organizational documents of some of our Affiliates provide us with "call" rights that let us require the management owners to sell us portions of their interests in the Affiliate. Finally, the organizational documents of each Affiliate include provisions obligating each such owner to sell his or her remaining interests at a point in the future, generally after the termination of his or her employment with the Affiliate. Underlying all of these provisions is our basic philosophy that management owners of each Affiliate should maintain an ownership level in that Affiliate within a range that offers them sufficient incentives to grow and improve their business to create equity value for themselves.

PUT RIGHTS

The put rights are designed to let the management owners sell portions of their retained ownership interest for cash, shares of our Common Stock or a combination of both, prior to their retirement. In addition, as an alternative to simply purchasing all of a management owner's interest in the Affiliate following the termination of his or her employment, the put rights enable us to purchase additional interests in the Affiliates at a more gradual rate. We believe that a more gradual purchase of interests in Affiliates will make it easier for us to keep our ownership of each Affiliate within a desired range. We intend to continue providing equity participation opportunities in our Affiliates to more junior members of their management as well as to key new hires.

In most cases, the put rights do not become exercisable for a period of several years from the date of our investment in an Affiliate. Once exercisable, the put rights generally are limited in the aggregate to a percentage of the management owner's ownership interests. The most common formulation among all the Affiliates is that a management owner's put rights:

- do not commence for five years from the date of our investment (or, if later, the date he or she purchased his or her interest in the Affiliate),

- are limited, in the aggregate, to fifty percent of the management owner's interests in the Affiliate, and

- are limited, in any twelve-month period, to ten percent of the greatest interest he or she held in the Affiliate. In addition, the organizational documents of the Affiliates often contain a limitation on the maximum total amount that management of any Affiliate may require us to purchase pursuant to their put rights in any given twelve-month period.

The purchase price under the put rights is generally based on a multiple of the Affiliate's Owners' Allocation at the time the right is exercised, with the multiple generally having been determined at the time we made our initial investment.

CALL RIGHTS

The call rights are designed to assure us and the management members of some of our Affiliates that we can facilitate some transition within the senior management team after an agreed-upon period of time. The call rights vary in each specific instance, but in all cases the timing, mechanism and price are agreed upon when we make our investment. The price is payable in cash, shares of our Common Stock or a combination of both.

BUY-OUT RIGHTS

The organizational documents of each Affiliate provide that the management owners will realize the remaining equity value they have created generally following the termination of their employment with the Affiliate. In general, upon a management owner's retirement after an agreed-upon number of years, or upon his or her earlier death, permanent incapacity or termination without cause (but with our consent), that management owner is required to sell to us (and we are required to purchase from the management owner) his or her remaining interests. The purchase price in these cases is payable either in cash, shares of our Common Stock or a combination of both. The purchase price is generally based on the same formulas that apply to put rights. In general, if a management owner quits early or is terminated for cause, his or her interests will be purchased by us for cash at a substantial discount to the price that he or she would otherwise be paid. Also, if a management owner quits or is terminated for cause within the first several years following our investment (or, if later, the date the management owner purchased his or her interest in the Affiliate), the management owner generally receives nothing for his or her retained interest.

If an Affiliate collects any key-man life insurance or lump-sum disability insurance proceeds upon the death or permanent incapacity of a management owner, the Affiliate must use that money to purchase his or her interests. A purchase by an Affiliate would have the effect of ratably increasing our ownership percentage as well as each of the remaining management owners. By contrast, the purchase of interests by us only increases our ownership percentage. The organizational documents of most of the Affiliates provide for the purchase of such insurance, to the extent we have requested it. The premium costs are subtracted from the Owners' Allocation of the Affiliate, so all of the Affiliate's owners (including AMG and management) bear this cost.

THE AFFILIATES

In general, our Affiliates derive revenues by charging fees to their clients that are typically based on the market value of assets under management. In some instances, however, the Affiliates may derive revenues from fees based on investment performance.

Our Affiliates are listed below in alphabetical order and include Frontier Capital Management Company, LLC, in which we invested in January 2000. We own a majority interest of each of our Affiliates other than Paradigm, and as described above, we own substantially all interests in Managers.

AFFILIATE	PRINCIPAL LOCATION(S)	DATE OF INVESTMENT
The Burridge Group LLC ("Burridge")	Chicago; Seattle	December 1996
Davis Hamilton Jackson & Associates, L.P. ("DHJA")	Houston	December 1998
Essex Investment Management Company, LLC ("Essex")	Boston	March 1998
First Quadrant, L.P.; First Quadrant Limited (collectively, "First Quadrant")	Pasadena, CA; London	March 1996
Frontier Capital Management Company, LLC ("Frontier")	Boston	January 2000
GeoCapital, LLC ("GeoCapital")	New York	September 1997
Gofen and Glossberg, L.L.C. ("Gofen and Glossberg")	Chicago	May 1997
J.M. Hartwell Limited Partnership ("Hartwell")	New York	May 1994
The Managers Funds LLC ("Managers")	Norwalk, CT	April 1999
Paradigm Asset Management Company, L.L.C. ("Paradigm")	New York	May 1995
Renaissance Investment Management ("Renaissance")	Cincinnati	November 1995
Rorer Asset Management, LLC ("Rorer")	Philadelphia	January 1999
Skyline Asset Management, L.P. ("Skyline")	Chicago	August 1995
Systematic Financial Management, L.P. ("Systematic")	Teaneck, NJ	May 1995
Tweedy, Browne Company LLC ("Tweedy, Browne")	New York; London	October 1997

The following table provides the pro forma composition of our assets under management and relative EBITDA Contribution of our Affiliates for the year ended December 31, 1999. All amounts below are pro forma for the inclusion of the Rorer, Managers and Frontier investments and financing transactions as if such transactions occurred on January 1, 1999.

PRO FORMA
ASSETS UNDER MANAGEMENT AND EBITDA CONTRIBUTION(1)

	YEAR ENDED DECEMBER 31, 1999			
	ASSETS UNDER MANAGEMENT	PERCENTAGE OF TOTAL	EBITDA CONTRIBUTION	PERCENTAGE OF TOTAL
	(IN MILLIONS)		(IN THOUSANDS)	
CLIENT TYPE:				
Institutional	$ 59,724	69%	$128,104	63%
Mutual fund	7,474	9	31,936	16
High net worth	15,926	18	36,912	18
Other	3,904	4	5,994	3
Total	$ 87,028	100%	$202,946	100%
ASSET CLASS:				
Equity	$ 56,420	65%	$179,240	88%
Fixed income	4,495	5	10,808	5
Tactical asset allocation	26,113	30	12,898	7
Total	$ 87,028	100%	$202,946	100%
GEOGRAPHY:				
Domestic investments	$ 63,557	73%	$157,141	77%
Global investments	23,471	27	45,805	23
Total	$ 87,028	100%	$202,946	100%
OTHER PRO FORMA FINANCIAL DATA:				
RECONCILIATION OF EBITDA CONTRIBUTION TO EBITDA:				
Total EBITDA Contribution (as above)			$202,946	
Less holding company expenses			(17,653)	
EBITDA(2)			$185,293	
Cash Net Income(3)			$112,593	
HISTORICAL FINANCIAL DATA:				
Cash flow from operating activities			$ 89,119	
Cash flow used in investing activities			(112,939)	
Cash flow from financing activities			54,035	
EBITDA(2)			$166,801	
Cash Net Income(3)			98,318	

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(1) EBITDA Contribution represents the portion of an Affiliate's revenues that is allocated to us, after amounts retained by the Affiliate for compensation and day-to-day operating and overhead expenses, but before the interest, tax, depreciation and amortization expenses of the Affiliate. EBITDA Contribution does not include holding company expenses. We believe that EBITDA Contribution may be useful to investors as an indicator of our Affiliate contribution to our ability to service debt, to

make new investments and to meet working capital requirements. EBITDA Contribution is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA Contribution, as calculated by us, may not be consistent with comparable computations by other companies.

(2) EBITDA represents earnings before interest expense, income taxes, depreciation, amortization and extraordinary items. We believe EBITDA may be useful to investors as an indicator of our ability to service debt, to make new investments and to meet working capital requirements. EBITDA is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies.

(3) Cash Net Income represents net income plus depreciation and amortization and extraordinary items. We believe that this measure may be useful to investors as another indicator of funds available to the Company, which may be used to make new investments, repay debt obligations, repurchase shares of Common Stock or pay dividends on Common Stock. Cash Net Income is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Cash Net Income, as calculated by us, may not be consistent with computations of Cash Net Income by other companies. Cash Net Income as defined herein has historically been referred to by us as "EBITDA as adjusted".

INDUSTRY

ASSETS UNDER MANAGEMENT

The investment management sector is one of the fastest growing sectors in the financial services industry with record performance and growth in recent years. As one example of this growth, the assets under management of mutual funds increased 24% to $6.8 trillion in 1999, the fifth consecutive year of more than 20% growth, according to the Investment Company Institute. Mutual fund assets represent only a portion of the funds available for investment management, as substantial assets are managed on behalf of individuals in separate accounts, for foundations and endowments, as a portion of certain insurance contracts such as variable annuity plans and on behalf of corporations and other financial intermediaries. We believe that demographic trends and the ongoing disintermediation of bank deposits and life insurance reserves will result in continued growth of the investment management industry.

INVESTMENT ADVISERS

The growth in industry assets under management has resulted in a significant increase in the number of investment management firms within our principal targeted size range of $500 million to $15 billion of assets under management. Within this size range, we have identified over 1,300 investment management firms in the United States, Canada and the United Kingdom. We believe that, in the coming years, a substantial number of investment opportunities will arise as founders of such firms approach retirement age and begin to plan for succession. We also anticipate that there will be significant additional investment opportunities among firms which are currently wholly-owned by larger entities. We believe that we are well positioned to take advantage of these investment opportunities because we have a management team with substantial industry experience and expertise in structuring and negotiating transactions, as well as a highly organized process for identifying and contacting investment prospects.

COMPETITION

We operate as an asset management holding company organized to buy and hold equity interests in mid-sized investment management firms. We are aware of several other holding companies that have been organized to invest in or acquire investment management firms and we view these firms as among our competitors. We believe that the market for investments in asset management companies is and will continue to remain highly competitive. We compete with many purchasers of investment management firms, including other investment management holding companies, insurance companies, broker-dealers, banks and private equity firms. Many of these companies, both privately and publicly held, have longer operating histories and greater resources than we do, which may make them more attractive to the owners of firms in which we are considering an investment and may enable them to offer greater consideration to such owners. Certain of our principal stockholders also pursue investments in, and acquisitions of, investment management firms, and we may, from time to time, encounter competition from such principal stockholders with respect to certain investments. We believe that important factors affecting our ability to compete for future investments are (i) the degree to which target firms view our investment structure as preferable, financially and operationally, to acquisition or investment arrangements offered by other potential purchasers, and (ii) the reputation and performance of the existing and future Affiliates, by which target firms will judge us and our future prospects.

Our Affiliates compete with a large number of domestic and foreign investment management firms, including public companies, subsidiaries of commercial banks, and insurance companies. Many of these firms have greater resources and assets under management than any of our Affiliates, and offer a broader array of investment products and services than any of our Affiliates. From time to time, our Affiliates may also compete with each other for clients. In addition, there are relatively few barriers to entry by new investment management firms, especially in the institutional managed accounts business. We believe that the most important factors affecting our Affiliates' ability to compete for clients are (i) the products offered, (ii) the abilities, performance records and reputation of the particular Affiliate and its management team, (iii) the management fees charged, (iv) the level of client service offered, and (v) the development of new investment strategies and marketing. The relative importance of each of these factors can vary depending on the type of investment management service involved. 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 if key management or employees leave the Affiliate. The ability of each Affiliate to compete with other investment management firms is also dependent, in part, on the relative attractiveness of its investment philosophies and methods under then prevailing market conditions.

GOVERNMENT REGULATION

Our Affiliates' businesses are highly regulated, primarily by U.S. federal authorities and to a lesser extent by other authorities including non-U.S. authorities. The failure of our Affiliates to comply with laws or regulations could result in fines, suspensions of individual employees or other sanctions, including revocation of an Affiliate's registration as an investment adviser, commodity trading advisor or broker/ dealer. Each of our Affiliates (other than First Quadrant Limited) is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and is subject to the provisions of the Investment Advisers Act and related regulations. The Investment Advisers Act requires registered investment advisers to comply with numerous obligations, including record keeping requirements, operational procedures and disclosure obligations. Each of our Affiliates (other than First Quadrant Limited) is also subject to regulation under the securities laws and fiduciary laws of several states. Moreover, some of our Affiliates, including Tweedy, Browne, Managers and Skyline, act as advisers or sub-advisers to mutual funds which are registered with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940, as amended (the "1940 Act"). As an adviser or sub-adviser to a registered investment company, each of these Affiliates must comply with the requirements of the 1940 Act and related regulations. In addition, an adviser or

subadviser to a registered investment company generally has obligations with respect to the qualification of the registered investment company under the Internal Revenue Code of 1986, as amended.

Our Affiliates are also subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), and related regulations, to the extent they are "fiduciaries" under ERISA with respect to some of their clients. ERISA and related provisions of the Internal Revenue Code of 1986, as amended, impose duties on persons who are fiduciaries under ERISA, and prohibit some transactions involving the assets of each ERISA plan which is a client of an Affiliate, as well as some transactions by the fiduciaries (and several other related parties) to such plans. Two of our Affiliates, First Quadrant and Renaissance, are also registered with the Commodity Futures Trading Commission as commodity trading advisers and are members of the National Futures Association. Finally, Tweedy, Browne and Managers are registered under the Exchange Act as a broker-dealers and, therefore, are subject to extensive regulation relating to sales methods, trading practices, the use and safekeeping of customers' funds and securities, capital structure, record keeping and the conduct of directors, officers and employees.

Furthermore, 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 must state 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 provides that all investment contracts with mutual fund clients may be terminated by such clients, without penalty, upon no later than 60 days' notice.

Several of our Affiliates are also subject to the laws of non-U.S. jurisdictions and non-U.S. regulatory agencies. For example, First Quadrant Limited, located in London, is a member of the Investment Management Regulatory Organization of the United Kingdom, and some of our other Affiliates are investment advisers to funds which are organized under non-U.S. jurisdictions, including Luxembourg (where the funds are regulated by the Institute Monetaire Luxembourgeois) and Bermuda (where the funds are regulated by the Bermuda Monetary Authority).

The foregoing laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict any of the Affiliates from conducting their business in the event that they fail to comply with such laws and regulations. Possible sanctions that may be imposed in the event of such noncompliance include the suspension of individual employees, limitations on the Affiliate's business activities for specified periods of time, revocation of the Affiliate's registration as an investment adviser, commodity trading adviser and/or other registrations, and other censures and fines. Changes in these laws or regulations could have a material adverse impact on our profitability and mode of operations.

Our officers, directors and employees and the officers and employees of each of the Affiliates may own securities that are also owned by one or more of the Affiliates' clients. We and each Affiliate have internal policies with respect to individual investments and require reports of securities transactions and restrict certain transactions so as to minimize possible conflicts of interest.

EMPLOYEES

As of December 31, 1999, we had 25 employees and our Affiliates employed approximately 571 persons, approximately 518 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.

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 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.

CAUTIONARY STATEMENTS

Our growth strategy includes acquiring ownership interests in mid-sized investment management firms. To date, we have invested in 15 such firms. We intend to continue this investment program in the future, assuming that we can find suitable firms to invest in and that we can negotiate agreements on acceptable terms. We cannot be certain that we will be successful in finding or investing in such firms or that they will have favorable operating results.

We have been in operation for six years and had net losses in the first four years. While historically our growth came largely from making new investments, in recent periods the performance of our existing Affiliates has become increasingly important to our growth. We may not be successful in making new investments and the firms we invest in may fail to carry out their growth or management succession plans. As we continue to execute our business strategy, we may experience net losses in the future, which could have an adverse effect on our financial condition and prospects.

A large part of the purchase price we pay for the firms in which we invest usually consists of cash. 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. However, we expect that these sources of capital will not be sufficient to fund anticipated investments in firms. Therefore, we will need to raise capital by making additional long-term or short-term borrowings or by selling shares of our stock, either publicly or privately, in order to complete further investments. This could increase our interest expense, decrease our net income or dilute the interests of our existing shareholders. Moreover, we may not be able to obtain financing for future investments on acceptable terms, if at all.

In January 2000, we closed our most recent investment in Frontier. After borrowings from our credit facility related to Frontier and other borrowing and repayment activity after December 31, 1999, we had $240.5 million of outstanding debt and $89.5 million available to borrow under our credit facility at March 23, 2000. We can use borrowings under our credit facility for future investments and for our working capital needs only if we continue to meet the financial tests under the terms of our credit facility. We may also expand our credit facility by an additional $70 million with the consent of our lenders. We anticipate that we will borrow more in the future when we invest in additional investment management firms. This will subject us to the risks normally associated with debt financing.

Our credit facility contains provisions for the benefit of our lenders which could operate in ways that restrict the manner in which we can conduct our business or may have an adverse impact on the interests of our stockholders. For example:

- Our borrowings under the credit facility are collateralized by pledges of all of our interests in our Affiliates (including all interests indirectly held through wholly-owned subsidiaries).

- Our credit facility contains, and future debt instruments may contain, restrictive covenants that could limit our ability to obtain additional debt financing and could adversely affect our ability to make future investments in investment management firms.

- Our credit facility prohibits us from paying dividends and other distributions to our stockholders and restricts us, our Affiliates and any other subsidiaries we may have from incurring indebtedness,

incurring liens, disposing of assets and engaging in extraordinary transactions. We are also required to comply with the credit facility's financial covenants on an ongoing basis.

- We cannot borrow under our credit facility unless we comply with its requirements.

Because indebtedness under our credit facility bears interest at variable rates, interest rate increases will increase our interest expense, which could adversely affect our cash flow and ability to meet our debt service obligations. Although we have entered into interest rate "hedging" contracts designed to offset a portion of our exposure to interest rate fluctuations above specified levels, we cannot be certain that we will continue to maintain such hedging contracts at their existing levels of coverage, the coverage maintained will cover all our indebtedness outstanding at any such time, or that this strategy will be effective. If prevailing interest rates drop below levels set in our hedging contracts, we may have to pay higher interest rates under the hedging contracts than would otherwise apply under the actual indebtedness.

Our credit facility matures in December 2002. We may not be able to obtain new financing at terms similar to our current facility, which may have the effect of increasing our interest expense, decreasing our net income or diluting the interests of our existing shareholders.

At December 31, 1999, our total assets were $909.1 million, of which $574.9 million were intangible assets consisting of acquired client relationships and goodwill. We cannot be certain that we will ever realize the value of such intangible assets. We are amortizing (writing off) these intangible assets on a straight-line basis over periods ranging from eight to 28 years in the case of acquired client relationships and 15 to 35 years in the case of goodwill. Pro forma for all investments in our Affiliates to date, amortization of intangible assets, including goodwill, would have resulted in a charge to operations of $26.9 million for the year ended December 31, 1999.

We evaluate each investment and establish appropriate amortization periods based on a number of factors including:

- the firm's historical and potential future operating performance and rate of attrition among clients,

- the stability and longevity of existing client relationships,

- the firm's recent, as well as long-term, investment performance,

- the characteristics of the firm's products and investment styles,

- the stability and depth of the firm's management team, and

- the firm's history and perceived franchise or brand value.

After making each investment, we reevaluate these and other factors on a regular basis to determine if the related intangible assets continue to be realizable and if the amortization period continues to be appropriate. In 1995 and 1996, our reevaluations resulted in the write-off of approximately $2.5 million and $4.6 million of unamortized goodwill, respectively.

Any future determination requiring the write-off of a significant portion of unamortized intangible assets could adversely affect our results of operations and financial position. In addition, we intend to invest in additional investment management firms in the future. While these firms may contribute additional revenue to us, they will also result in the recognition of additional intangible assets which will cause further increases in amortization expense.

In September 1999, the Financial Accounting Standards Board ("FASB") released for preliminary public comment its new approach to the accounting for business combinations and intangible assets. The FASB's approach provides for one method of accounting, the purchase method, for business combinations consummated after the approach is effective. The FASB's approach will also limit the goodwill amortization period to 20 years. As proposed, the new approach will not apply to goodwill recorded on transactions

initiated before the approach is effective. The final statement on this issue, which is expected to be released and effective in the fourth quarter of 2000, may present a different approach.

We currently amortize goodwill purchased in our 15 investments on a straight line basis ranging from 15 to 35 years. As a result of the FASB approach or otherwise, any changes in generally accepted accounting principles ("GAAP") that reduce the period over which we may amortize goodwill may impact our acquisition strategy and have an adverse effect our financial results. A shorter goodwill amortization period would increase annual amortization expense and reduce our net income over the amortization period.

We depend on the efforts of William J. Nutt, our Chairman and Chief Executive Officer, Sean M. Healey, our President and Chief Operating Officer, and our other officers. Messrs. Nutt and Healey, in particular, play an important role in identifying suitable investment opportunities for us. Messrs. Nutt and Healey do not have employment agreements with us, although each of them has a significant equity interest in us (including options subject to vesting provisions).

In addition, Essex and Tweedy, Browne, our largest two Affiliates based on revenue, depend heavily on the services of key principals, who have managed their firms for over 20 years and are primarily responsible for all investment decisions. Although each of the principals has a significant equity interest in their firm and has entered into an employment agreement with their respective firm providing for continued employment until October 2007 (in the case of Tweedy, Browne) and March 2008 (in the case of Essex), these arrangements are not a guarantee that such principals will remain with their firms until that date.

Our loss of key management personnel or our inability to attract, retain and motivate sufficient numbers of qualified management personnel may adversely affect our business. The market for investment managers is extremely competitive and is increasingly characterized by frequent movement by investment managers among different firms. In addition, because individual investment managers at our Affiliates often maintain a strong, personal relationship with their clients based on the clients' trust in individual managers, the loss of a key investment manager at an Affiliate could jeopardize the Affiliate's relationships with its clients and lead to the loss of client accounts. Losing client accounts in these circumstances could have a material adverse effect on the results of our operations and our financial condition and that of our Affiliates. Although we use a combination of economic incentives, vesting provisions, and, in some instances, non-solicitation agreements and employment agreements in an attempt to retain key management personnel, we cannot guarantee that key managers will remain with us.

Because our Affiliates offer a broad range of investment management services and utilize a number of distribution channels, changing conditions in the financial and securities markets directly affect our performance.

The financial markets and the investment management industry in general have experienced both record performance and record growth in recent years. For example, for the five years ended December 31, 1999, the S&P 500 Index appreciated at an average annual rate of 28.6%. The assets under management of mutual funds increased 24% to $6.8 trillion in 1999, the fifth consecutive year of more than 20% growth, according to the Investment Company Institute. Domestic and foreign economic conditions and general trends in business and finance, among other factors, affect the financial markets and businesses operating in the securities industry. We cannot guarantee that broader market performance will be favorable in the future. Any decline in the financial markets or a lack of sustained growth may result in a corresponding decline in our Affiliates' performance and may cause our Affiliates to experience declining assets under management and/or fees, which would reduce cash flow distributable to us.

Our Affiliates derive almost all of their revenues from investment management contracts. These contracts are typically terminable without penalty upon 60 days' notice in the case of mutual fund clients or upon 30 days' notice in the case of individual and institutional clients. As a result, our Affiliates' clients

may withdraw funds from accounts managed by the Affiliates at their election. In addition, these contracts generally provide for payment based on the market value of assets under management, although a portion also provide for payment based on investment performance. Because most of these contracts provide for payments based on market values of securities, fluctuations in securities prices will directly affect our consolidated results of operations and financial condition. Changes in our clients' investment patterns will also affect the total assets under management. Moreover, some of our Affiliates' fees are higher than those of other investment managers for similar types of investment services. The ability of each of our Affiliates to maintain its fee levels in a competitive environment depends on its ability to provide clients with investment returns and services which are satisfactory to its clients. We cannot be certain that our Affiliates will be able to retain their existing clients or to attract new clients at their current fee levels.

As noted above, investment management contracts at certain of our Affiliates provide that fees are paid on the basis of investment performance. Fees based on investment performance are inherently dependent on investment results, and therefore may vary substantially from year to year. In particular, performance-based fees have been of an unusual magnitude in recent years, and may not recur to the same magnitude in future years, if at all. In addition, while the performance-based fee contracts of our Affiliates apply to investment management services in a range of investment management styles and securities market sectors, such contracts may be concentrated in certain styles and sectors. For example, in each of 1998 and 1999 we benefited from a concentration of such products in technology sectors which performed well in those years. To the extent such contracts are concentrated within styles or sectors, they are subject to the continuing impact of fluctuating securities prices in such styles and sectors as well as the performance of the relevant Affiliates.

Because we are a holding company, we receive all of our cash from distributions made to us by our Affiliates. All of our Affiliates (other than Managers) have entered into agreements with us pursuant to which they have agreed to pay to us a specified percentage of their gross revenues on a quarterly basis. In our agreements with our Affiliates, the distributions made to us by our Affiliates represent only a portion of our Affiliates' gross revenues. Our Affiliates use the portion of their revenues not required to be distributed to us to pay their operating expenses and distributions to their management teams. The payment of distributions to us by our Affiliates may be subject to the claims of our Affiliates' creditors and to limitations applicable to our Affiliates under state laws governing corporations, partnerships and limited liability companies, state and federal regulatory requirements for the securities industry and bankruptcy and insolvency laws. As a result, we cannot guarantee that our Affiliates will always make these distributions. See "Business--Our Structure and Relationship with Affiliates--Revenue Sharing Arrangements".

When we made our original investments in our Affiliates, we agreed to purchase the additional ownership interests in each Affiliate from the owners of these interests on pre-negotiated terms which are subject to several conditions and limitations. Consequently, we may have to purchase some of these interests from time to time for cash (which we may have to borrow) or in exchange for newly issued shares of our Common Stock. These purchases may result in us having more interest expense and less net income or in our existing stockholders experiencing a dilution of their ownership of us. In addition, these purchases may result in our ownership of larger portions of our Affiliates, which may have an adverse effect on our cash flow and liquidity. See "Business--Our Structure and Relationship with Affiliates--Our Purchase of Additional Interests in Our Existing Affiliates".

Although our agreements with our Affiliates give us the authority to control some types of business activities undertaken by them and we have voting rights with respect to significant decisions, our Affiliates manage and control their own day-to-day operations, including all investment management policies and fee levels, product development, client relationships, compensation programs and compliance activities. As a result, we may not become aware, for example, of one of our Affiliates' non-compliance with a regulatory requirement as quickly as if we were involved in the day-to-day business of the Affiliate or we may not become aware of such non-compliance. In such situations, our financial condition and results of operations

may be adversely affected by problems stemming from the day-to-day operations of our Affiliates. See "Business--Government Regulation". In addition, because our Affiliates conduct their own marketing and client relations, they may from time to time compete with each other for clients. See "Business--Our Structure and Relationship with Affiliates".

Some of our existing Affiliates are partnerships of which we are the general partner. Consequently, to the extent any of these Affiliates incurs liabilities or expenses which exceed its ability to pay for them, we are liable for their payment. In addition, with respect to all of our Affiliates we may be held liable in some circumstances as a control person for their acts as well as those of their employees. We and our Affiliates maintain errors and omissions and general liability insurance in amounts which we and they believe to be adequate to cover many potential liabilities. We cannot be certain, however, that we will not have claims which exceed the limits of our available insurance coverage, that our insurers will remain solvent and will meet their obligations to provide coverage, or that insurance coverage will continue to be available to us with sufficient limits or at a reasonable cost. A judgment against us or any of our Affiliates in excess of our available coverage could have a material adverse effect on us.

We are an asset management holding company which invests in mid-sized investment management firms. The market for partial or total acquisitions of interests in investment management firms is highly competitive. We have several competitors which are also set up as holding companies and invest in or buy investment management firms. In addition, many other public and private companies, including commercial and investment banks, insurance companies and investment management firms, most of which have longer operating histories and significantly greater resources than us, invest in or buy investment management firms. Moreover, some of our principal stockholders also invest in or buy investment management firms and may compete with us as we pursue additional investments. We cannot guarantee that we will be able to compete effectively with such competitors, that new competitors will not enter the market or that such competition will not make it more difficult or impracticable for us to make new investments in investment management firms.

The investment management business is also highly competitive. Our Affiliates compete with a broad range of investment managers, including public and private investment advisers as well as firms associated with securities broker-dealers, banks, insurance companies and other entities. From time to time, our Affiliates may also compete with each other for clients. Many of our Affiliates' competitors have greater resources than do we and our Affiliates. In addition to competing directly for clients, competition may reduce the fees that our Affiliates can obtain for their services. We believe that each Affiliate's ability to compete effectively with other firms is dependent upon the Affiliate's products, level of investment performance and client service, as well as the marketing and distribution of its investment products. We cannot be certain that our Affiliates will be able to achieve favorable investment performance and retain their existing clients.

Some of our Affiliates operate or advise clients outside of the United States. Furthermore, in the future we may invest in investment management firms which operate or advise clients outside of the United States and our existing Affiliates may expand their non-U.S. operations. Our Affiliates take 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, political instability, fluctuations in currency exchange rates, expatriation controls and potential adverse tax consequences. We cannot be certain that one or more of these risks will not have an adverse effect on our Affiliates, including investment management firms in which we may invest in the future, and, consequently, on our consolidated business, financial condition and results of operations.

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. There is no assurance that our Affiliates will fulfill all applicable regulatory requirements. The failure of any Affiliate

to meet regulatory requirements could subject such Affiliate to sanctions which might materially impact the Affiliate's business and our business. For further information concerning the regulations to which we and our Affiliates are subject, see "Business--Government Regulation".

Several provisions of our Amended and Restated Certificate of Incorporation, our Amended and Restated By-laws and Delaware law may, together or separately, prevent a transaction which is beneficial to our stockholders from occurring. These provisions may discourage potential purchasers from presenting acquisition proposals, delay or prevent potential purchasers from acquiring a controlling interest in us, block the removal of incumbent directors or limit the price that potential purchasers might be willing to pay in the future for shares of our Common Stock. These provisions include the issuance, without further stockholder approval, of preferred stock with rights and privileges which could be senior to the Common Stock. We are also subject to Section 203 of the Delaware General Corporation Law which, subject to a few exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested stockholder" for a period of three years following the date that such stockholder became an interested stockholder.

We have never declared or paid a cash dividend on our Common Stock. We intend to retain earnings to repay debt and to finance the growth and development of our business and do not anticipate paying cash dividends on our Common Stock in the foreseeable future. Any declaration of cash dividends in the future will depend, among other things, upon our results of operations, financial condition and capital requirements as well as general business conditions. Our credit facility also contains restrictions which prohibit us from making dividend payments to our stockholders. See "Market for Registrant's Common Equity and Related Stockholder Matters".

The market price of our Common Stock has historically experienced and may continue to experience high volatility. Our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us or our competitors could cause the market price of our Common Stock to fluctuate substantially. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our Common Stock.

If our stockholders sell substantial amounts of our Common Stock (including shares issued upon the exercise of outstanding options) in the public market, the market price of our Common Stock could fall. Such sales may also make it more difficult for us to sell equity or equity-related securities in the public market in the future at a time and at a price that we deem appropriate.

In addition, we have registered for resale the 3,250,000 shares of our Common Stock reserved for issuance under our stock plans. As of December 31, 1999, options to purchase 2,015,250 shares of our Common Stock were outstanding and will be eligible for sale in the public market from time to time subject to vesting. The possible sale of a significant number of these shares may cause the price of our Common Stock to fall.

In addition, the holders of certain shares of our Common Stock have the right in some circumstances to require us to register their shares under the Securities Act of 1933, as amended (the "Securities Act") for resale to the public, while those holders as well as others have the right to include their shares in any registration statement filed by us.

In addition, some of the managers of our Affiliates have the right under some circumstances to exchange portions of their interests in our Affiliates for shares of our Common Stock. Some of these managers also have the right to include these shares in a registration statement filed by us under the Securities Act. By exercising their registration rights and causing a large number of shares to be sold in the public market, these holders may cause the price of our Common Stock to fall. In addition, any demand to

include shares in our registration statements could have an adverse effect on our ability to raise needed capital.

We and our Affiliates transitioned into the Year 2000 without material disruption to or adverse effect on our businesses. While our Year 2000 related remediation efforts are complete, we cannot guarantee that additional Year 2000 issues will not arise (either within our operations or associated with third party service providers).

ITEM 2. PROPERTIES

Our executive offices are located at Two International Place, 23rd Floor, Boston, Massachusetts 02110. In Boston, we occupy 10,569 square feet under a lease that expires in March 2003. Each of our Affiliates also leases office space in the city or cities in which it conducts business.

In December 1999, we signed a purchase and sale agreement to acquire property in Prides Crossing, Massachusetts in anticipation of the development of our future corporate headquarters. We intend to close our acquisition of the property in the second quarter of the year 2000 and to develop the site within twenty-four months after closing. We believe this site will provide suitable capacity for our future business activities.

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 shareholders 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 AND RELATED STOCKHOLDER MATTERS

Our Common Stock is traded on the New York Stock Exchange (symbol: AMG). The following table sets forth the high and low closing prices as reported on the New York Stock Exchange composite tape during the last two years.

	HIGH	LOW
1999		
First Quarter	$33 1/16	$24
Second Quarter	32 1/4	25
Third Quarter	31 3/8	24 7/8
Fourth Quarter	40 7/16	23
1998		
First Quarter	$37 3/16	$27 1/4
Second Quarter	39 3/16	34 1/16
Third Quarter	37 7/16	13 11/16
Fourth Quarter	30 3/4	13 11/16

The closing price for the shares on the New York Stock Exchange on March 23, 2000 was $50.00.

As of March 23, 2000, we had repurchased 681,600 shares of Common Stock since December 31, 1999 at an average price per share of $37.44 under the share repurchase program.

As of December 31, 1999 there were 101 stockholders of record. As of March 23, 2000 there were 85 stockholders of record.

We have not declared a dividend with respect to the periods presented. We intend to retain earnings to finance investments in new Affiliates, repay indebtedness, pay interest and income taxes, repurchase our Common Stock when appropriate, and develop our existing business and do not anticipate paying cash dividends on our Common Stock in the foreseeable future. Our credit facility also prohibits us from making dividend payments to our stockholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operation--Liquidity and Capital Resources".

ITEM 6. SELECTED HISTORICAL 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 financial statements and accompanying notes included elsewhere in this Form 10-K.

	FOR THE YEARS ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
	(IN THOUSANDS, EXCEPT AS INDICATED AND PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA					
Revenues	$14,182	$ 50,384	$ 95,287	$238,494	$518,726
Net income (loss)	(2,936)	(2,372)	(8,368)	25,551	72,188
Earnings per share--diluted	(2.95)	(5.49)	(1.02)	1.33	$ 3.18
Average shares outstanding--diluted(1)	996	432	8,236	19,223	22,693
OTHER FINANCIAL DATA					
Assets under management (at period end, in millions)	$ 4,615	$ 19,051	$ 45,673	$ 57,731	$ 82,041
EBITDA(2)	3,321	10,524	20,044	76,312	166,801
Cash Net Income(3)	1,371	7,596	10,201	45,675	98,318
BALANCE SHEET DATA					
Intangible assets(4)	$44,485	$ 71,472	$392,573	$490,949	$574,881
Total assets	64,699	101,335	456,990	605,334	909,073
Senior debt	18,400	33,400	159,500	212,500	174,500
Stockholders' equity(1)	36,867	36,989	259,740	313,655	477,986

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

WHEN USED IN THIS FORM 10-K AND IN OUR FUTURE FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, IN OUR PRESS RELEASES AND IN ORAL STATEMENTS MADE WITH THE APPROVAL OF AN AUTHORIZED OFFICER, THE WORDS OR PHRASES "WILL LIKELY RESULT", "ARE EXPECTED TO", "WILL CONTINUE", "IS ANTICIPATED", "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 THOSE DISCUSSED UNDER THE CAPTION "BUSINESS--CAUTIONARY STATEMENTS" THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL EARNINGS AND THOSE PRESENTLY ANTICIPATED OR PROJECTED. WE WISH TO CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE MADE. WE WISH TO ADVISE READERS THAT THE FACTORS UNDER THE CAPTION "BUSINESS--CAUTIONARY STATEMENTS" COULD AFFECT OUR FINANCIAL PERFORMANCE AND COULD CAUSE OUR ACTUAL RESULTS FOR FUTURE PERIODS TO DIFFER MATERIALLY FROM ANY OPINIONS OR STATEMENTS EXPRESSED WITH RESPECT TO FUTURE PERIODS IN ANY CURRENT STATEMENTS.

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.

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(1) In connection with out initial public offering in November 1997, we raised $189 million from the sale of 8.7 million shares of Common Stock and 8.0 million shares of preferred stock converted to shares of Common Stock. In March 1999, we raised $102.3 million from our sale of an additional 4.0 million shares of Common Stock.
(2) As defined by Note(2) on page 12.
(3) As defined by Note(3) on page 12.
(4) Intangible assets have increased with each new investment in an Affiliate. From our inception through December 31, 1999, we made investments in fourteen Affiliates.

OVERVIEW

We buy and hold equity interests in mid-sized investment management firms (our "Affiliates") and currently derive all of our revenues from those firms. We hold investments in 15 Affiliates that in aggregate managed $87.0 billion in assets at December 31, 1999. Our most recent investments were Rorer (January 1999), Managers (April 1999) and Frontier (January 2000).

We have a revenue sharing arrangement with each of our Affiliates (other than Managers) which allocates a specified percentage of revenues (typically 50-70%) for use by management of that Affiliate in paying operating expenses, including salaries and bonuses (the "Operating Allocation"). The remaining portion of revenues of each such Affiliate, typically 30-50% (the "Owners' Allocation"), is allocated to the owners of that Affiliate (including AMG), generally in proportion to their ownership of the Affiliate. At some Affiliates, we receive a guaranteed payment for the use of our capital or a license fee which in each case is paid from that portion of revenues which we refer to as our Owners' Allocation. One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for the managers of these Affiliates by allowing them:

- to participate in their firm's growth through their compensation from the Operating Allocation,

- to receive a portion of the Owners' Allocation based on their ownership interest in the Affiliate, and

- to control operating expenses, thereby increasing the portion of the Operating Allocation which is available for growth initiatives and bonuses for management of such Affiliate.

Under the revenue sharing arrangements, the managers of our Affiliates have an incentive to both increase revenues of the Affiliate (thereby increasing the Operating Allocation and their Owners' Allocation) and to control expenses of the Affiliate (thereby increasing the excess Operating Allocation).

The revenue sharing arrangements allow us to participate in the revenue growth of our Affiliates because we receive a portion of the additional revenue as our share of the Owners' Allocation. However, we participate in that growth to a lesser extent than the managers of our Affiliates, because we do not share in the growth of the Operating Allocation.

Under the organizational documents of the Affiliates (other than Managers), the allocations and distributions of cash to us generally take priority over the allocations and distributions to the other owners of the Affiliates. This further protects us if there are any expenses in excess of the Operating Allocation of an Affiliate. Thus, if an Affiliate's expenses exceed its Operating Allocation, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's management owners, until that portion is eliminated, and then reduce 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 future Affiliate management Owners' Allocation. Unlike all other Affiliates, Managers is not subject to a revenue sharing arrangement since we own substantially all of the firm. As a result, we participate fully in any increase or decrease in the revenues or expenses of Managers.

The portion of our Affiliates' revenues which is included in their Operating Allocation and retained by them to pay salaries, bonuses and other operating expenses, as well as the portion of our Affiliates' revenues which are included in their Owners' Allocation and distributed to us and the other owners of the Affiliates, are included as "revenues" in our Consolidated Statements of Operations. The expenses of our Affiliates which are paid out of the Operating Allocation, as well as our holding company expenses which we pay out of the amounts of the Owners' Allocation which we receive from the Affiliates, are both included in "operating expenses" on our Consolidated Statements of Operations. Since Managers is not subject to a revenue sharing arrangement, all revenues and expenses of Managers are consolidated into the revenues and operating expenses in our Consolidated Statements of Operations. The portion of our

Affiliates' revenues which is allocated to owners of the Affiliates other than us is included in "minority interest" on our Consolidated Statements of Operations.

The EBITDA Contribution of an Affiliate represents the Owners' Allocation of that Affiliate allocated to AMG (or, in the case of Managers, the income allocated to AMG) before interest, taxes, depreciation and amortization of that Affiliate. EBITDA Contribution does not include our holding company expenses.

Our revenues are generally derived from the provision of investment management services for fees by our Affiliates. Investment management fees are usually determined as a percentage fee charged on periodic values of a client's assets under management. Certain of the Affiliates bill advisory fees for all or a portion of their clients based upon assets under management valued at the beginning of a billing period ("in advance"). Other Affiliates bill advisory fees for all or a portion of their clients based upon assets under management valued at the end of the billing period ("in arrears"), while mutual fund clients are billed based upon daily assets. Advisory fees billed in advance will not reflect subsequent changes in the market value of assets under management for that period. Conversely, advisory fees billed in arrears will reflect changes in the market value of assets under management for that period. In addition, several of the Affiliates charge performance-based fees to certain of their clients; these performance-based fees result in payments to the applicable Affiliate based on levels of investment performance achieved. While the Affiliates bill performance-based fees at various times throughout the year, the greatest portion of these fees have historically been billed in the fourth quarter in any given year. All references to "assets under management" include assets directly managed as well as assets underlying overlay strategies which employ futures, options or other derivative securities to achieve a particular investment objective.

Our level of profitability will depend on a variety of factors including principally: (i) the level of Affiliate revenues, 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; (ii) a variety of factors affecting the securities markets generally, which could potentially result in considerable increases or decreases in the assets under management at our Affiliates; (iii) the receipt of Owners' Allocation, which is dependent on the ability of our existing and future Affiliates to maintain certain levels of operating profit margins; (iv) the availability and cost of the capital with which we finance our existing and new investments; (v) our success in attracting new investments and the terms upon which such transactions are completed; (vi) the level of intangible assets and the associated amortization expense resulting from our investments; (vii) the level of expenses incurred for holding company operations, including compensation for its employees; and (viii) the level of taxation to which we are subject. In addition, our profitability will depend upon fees paid on the basis of investment performance at certain of our Affiliates. Fees based on investment performance are inherently dependent on investment results, and therefore may vary substantially from year to year. In particular, performance-based fees have been of an unusual magnitude in recent years, and may not recur to the same magnitude in future years, if at all. In addition, while the performance-based fee contracts of our Affiliates apply to investment management services in a range of investment management styles and securities market sectors, such contracts may be concentrated in certain styles and sectors. For example, in each of 1998 and 1999 we benefited from a concentration of such products in technology sectors which performed well in those years. To the extent such contracts are concentrated within styles or sectors, they are subject to the continuing impact of fluctuating securities prices in such styles and sectors as well as the performance of the relevant Affiliates.

Assets under management on a historical basis increased by $24.3 billion to $82.0 billion at December 31, 1999 from $57.7 billion at December 31, 1998. The increase in assets under management during the year was principally due to investment performance of $17.4 billion. Assets under management at our new Affiliates at the time of investment ($4.4 billion at Rorer, $1.7 billion at Managers) and First Quadrant's purchase of Objective ($1.4 billion) also contributed to the increase in assets under management. Net

client cash flows for directly managed assets increased by $0.5 billion, offset by a decline in overlay assets (which generally carry lower fees than directly managed assets) of $1.1 billion for the year.

Our investments have been accounted for using the purchase method of accounting under which goodwill is recorded for the excess of the purchase price for the acquisition of interests in Affiliates over the fair value of the net assets acquired, including acquired client relationships.

As a result of our investments, intangible assets, consisting of acquired client relationships and goodwill, constitute a substantial percentage of our consolidated assets. As of December 31, 1999, our total assets were approximately $909.1 million, of which approximately $186.5 million consisted of acquired client relationships and $385.4 million consisted of goodwill.

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

While amortization of intangible assets has been charged to the results of operations and is expected to be a continuing material component of our operating expenses, management believes it is important to distinguish this expense from other operating expenses since such amortization does not require the use of cash. Because of this, and because our distributions from our Affiliates are based on their Owners' Allocation, we have provided additional supplemental information in this report for "cash" related earnings, as an addition to, but not as a substitute for, measures related to net income. Such measures are (i) EBITDA, which we believe is useful to investors as an indicator of our ability to service debt, to make new investments and meet working capital requirements, and (ii) Cash Net Income, which we believe is useful to investors as another indicator of funds available which may be used to make new investments, to repay debt obligations, to repurchase shares of our Common Stock or pay dividends on our Common Stock (although the Company has no current plans to pay dividends). Cash Net Income has historically been referred to by us as "EBITDA as adjusted".

RESULTS OF OPERATIONS

SUPPLEMENTAL PRO FORMA INFORMATION

Affiliate operations are included in our historical financial statements from their respective dates of investment. We consolidate Affiliates when we own a controlling interest and include in minority interest the portion of capital and Owners' Allocation owned by persons other than us.

Because we have made investments in each of the periods for which financial statements are presented, we believe that the operating results for these periods are not directly comparable. We have provided the following pro forma data, which should be read with our consolidated financial statements and the notes to such statements, which are included elsewhere in this report.

All amounts below are pro forma for the inclusion of all investments made as of December 31, 1999 and the Frontier investment completed on January 18, 2000 as if such investments occurred on January 1, 1998.

UNAUDITED PRO FORMA SUPPLEMENTAL INFORMATION
(IN THOUSANDS UNLESS OTHERWISE NOTED)

	DECEMBER 31, 1998	DECEMBER 31, 1999
PRO FORMA ASSETS UNDER MANAGEMENT DATA (IN MILLIONS):		
Assets under management--beginning	$ 60,524	$ 68,877
Net client cash flows--directly managed assets	4,127	644
Net client cash flows--overlay assets(1)	(1,572)	(1,142)
Market appreciation	5,798	18,649
Assets under management--ending	$ 68,877	$ 87,028
PRO FORMA FINANCIAL DATA:		
Revenues	$321,488	$550,139
Owners' Allocation(2)	155,624	284,586
EBITDA Contribution(3)	109,391	202,946
EBITDA(4)	101,743	185,293
Cash Net Income(5)	58,351	112,593
RECONCILIATION OF EBITDA CONTRIBUTION TO EBITDA		
Total EBITDA Contribution (as above)	$109,391	$202,946
Less holding company expenses	(7,648)	(17,653)
EBITDA(4)	$101,743	$185,293
HISTORICAL FINANCIAL DATA:		
Cash flow from operating activities	$ 45,424	$ 89,119
Cash flow used in investing activities	(72,665)	(112,939)
Cash flow from financing activities	28,163	54,035
EBITDA(4)	76,312	166,801
Cash Net Income(5)	45,674	98,318

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(1) Overlay assets are assets managed subject to strategies which employ futures, options or other derivative securities to add incremental value to directly managed portfolios. These strategies generate fees which are generally at the low end of the range of fees generated in other investment management strategies.

(2) As defined in "Revenue Sharing Arrangements" on page 6.

(3) As defined by Note(1) on page 11.

(4) As defined by Note(2) on page 12.

(5) As defined by Note(3) on page 12.

HISTORICAL

YEAR ENDED DECEMBER 31, 1999 AS COMPARED TO YEAR ENDED DECEMBER 31, 1998

We had net income of $72.2 million for the year ended December 31, 1999 compared to net income of $25.6 million for the year ended December 31, 1998. The increase in net income resulted primarily from a growth in the EBITDA Contribution of our Affiliates. This growth resulted from a substantial increase in performance-based fees earned by several Affiliates (principally Essex), as well as growth in asset-based fees resulting from positive investment performance. In addition, the new investments we made in 1998 and 1999 significantly contributed to the growth in EBITDA Contribution. We invested in Essex in March 1998, DHJA in December 1998, Rorer in January 1999 and Managers in April 1999 and have included their results from the respective dates of investment.

Revenues for the year ended December 31, 1999 were $518.7 million, an increase of $280.2 million over the year ended December 31, 1998. The increase in revenues resulted from a substantial increase in performance-based fees earned by several Affiliates, as well as growth in asset-based fees resulting from positive investment performance and investments in new Affiliates. Revenues from performance-based fees increased from approximately 18% of total revenues for the year ended December 31, 1998 to approximately 39% of total revenues for the year ended December 31, 1999. The increase in performance-based fees is primarily the result of performance-based fee contracts in place at Essex. Performance-based fees realized during the year were of an unusual magnitude, and, as they are inherently dependent on investment results, they may not recur to the same magnitude in future years.

Operating expenses increased by $160.4 million to $306.1 million for the year ended December 31, 1999 over the year ended December 31, 1998. Compensation and related expenses increased by $130.1 million to $217.8 million, amortization of intangible assets increased by $4.8 million to $22.2 million, selling, general and administrative expenses increased by $21.6 million to $53.3 million, and other operating expenses increased by $2.6 million to $8.9 million. The growth in operating expenses was principally a result of an increase in Affiliates' Operating Allocation due to a substantial increase in performance-based fees earned by several Affiliates, growth in asset-based fees resulting from positive investment performance and investments in new Affiliates.

Investment and other income increased by $12.0 million to $14.2 million for the year ended December 31, 1999 over the year ended December 31, 1998, substantially from our allocation of income from capital maintained in Affiliate private partnerships.

Minority interest increased by $47.4 million to $86.2 million for the year ended December 31, 1999 over the year ended December 31, 1998, primarily as a result of the increase in Affiliates' Owners' Allocation due to a substantial increase in performance-based fees earned by several Affiliates, growth in asset-based fees resulting from positive investment performance and investments in new Affiliates.

Interest expense decreased by $1.8 million to $11.8 million for the year ended December 31, 1999 over the year ended December 31, 1998. The reduction in interest expense resulted from repayments of senior bank debt with the net proceeds from our public offering of Common Stock in March 1999 and cash flow from ongoing operations, and was partially offset by borrowings related to new investments. In addition, interest expense decreased due to the favorable impact of the public offering on our LIBOR margin as well as a favorable interest rate environment.

Income tax expense was $56.7 million for the year ended December 31, 1999 compared to $17.0 million for the year ended December 31, 1998. The change in income tax expense is related principally to the increase in income before taxes in the year ended December 31, 1999.

EBITDA increased by $90.5 million to $166.8 million for the year ended December 31, 1999 over the year ended December 31, 1998, resulting from a substantial increase in performance-based fees earned by

several Affiliates, growth in asset-based fees resulting from positive investment performance and investments in new Affiliates.

Cash Net Income increased by $52.6 million to $98.3 million for the year ended December 31, 1999 over the year ended December 31, 1998 as a result of the factors affecting net income as described above, with the exception of the amortization of intangible assets.

YEAR ENDED DECEMBER 31, 1998 AS COMPARED TO YEAR ENDED DECEMBER 31, 1997

We had net income of $25.6 million for the year ended December 31, 1998 compared to net income before extraordinary item of $1.6 million for the year ended December 31, 1997. The increase in net income resulted substantially from net income from new investments. We invested in Gofen and Glossberg in May 1997, GeoCapital in September 1997, Tweedy, Browne in October 1997, and Essex in March 1998 (collectively, the "New Affiliates") and included their results from the respective dates of investment. Our net loss after extraordinary item of $8.4 million for the year ended December 31, 1997 resulted from a $10.0 million extraordinary item, net of related tax benefit, from the write-off of debt issuance costs related to the early extinguishment of debt.

Revenues for the year ended December 31, 1998 were $238.5 million, an increase of $143.2 million over the year ended December 31, 1997. Such increase was primarily a result of the addition of the New Affiliates. Performance-based fees earned by our Affiliates were approximately 18% of revenues, increasing $26.8 million to $44.0 million for the year ended December 31, 1998 compared to $17.2 million for the year ended December 31, 1997, primarily as a result of the addition of the New Affiliates.

Operating expenses increased by $73.0 million to $145.7 million for the year ended December 31, 1998 over the year ended December 31, 1997. Compensation and related expenses increased by $46.1 million to $87.7 million, amortization of intangible assets increased by $10.8 million to $17.4 million, selling, general and administrative expenses increased by $12.7 million to $31.6 million, and other operating expenses increased by $2.6 million to $6.3 million. The growth in operating expenses was primarily a result of the addition of the New Affiliates.

Minority interest increased by $26.6 million to $38.8 million for the year ended December 31, 1998 over the year ended December 31, 1997, primarily as a result of the addition of the New Affiliates.

Interest expense increased by $5.1 million to $13.6 million for the year ended December 31, 1998 over the year ended December 31, 1997, as a result of the increased indebtedness incurred in connection with the investments in the New Affiliates.

Income tax expense was $17.0 million for the year ended December 31, 1998 compared to $1.4 million for the year ended December 31, 1997. The change in income tax expense is principally related to the increase in income before taxes in the year ended December 31, 1998.

EBITDA increased by $56.3 million to $76.3 million for the year ended December 31, 1998 over the year ended December 31, 1997, primarily as a result of the inclusion of the New Affiliates.

Cash Net Income increased by $35.5 million to $45.7 million for the year ended December 31, 1998 over the year ended December 31, 1997 as a result of the factors affecting net income as described above, before non-cash expenses such as amortization of intangible assets and depreciation of $20.1 million for the year ended December 31, 1998.

LIQUIDITY AND CAPITAL RESOURCES

We have met our cash requirements primarily through cash generated by operating activities, bank borrowings, and the issuance of equity securities in public transactions. We anticipate that we will use cash flow from our operating activities to repay debt, pay interest and income taxes and to finance our working capital needs, and we will use bank borrowings and issue equity and debt securities to finance future

investments. Our principal uses of cash have been to make investments, retire indebtedness, pay income taxes, repurchase shares and support our and our Affiliates' operating activities. We expect that our principal use of funds for the foreseeable future will be for additional investments, repayments of debt, including interest payments on outstanding debt, payment of income taxes, repurchase of shares, capital expenditures, distributions to management owners of Affiliates, additional investments in existing Affiliates, including our purchase of management owners' retained equity, and for working capital purposes.

At December 31, 1999, we had outstanding borrowings of senior debt under our credit facility of $174.5 million. In January 2000, we financed our investment in Frontier with a borrowing under the credit facility. Giving effect to the Frontier transaction and other borrowing and repayment activity, at March 23, 2000, we had outstanding borrowings under our credit facility of $240.5 million, and the ability to borrow an additional $89.5 million. We have the option, with the consent of our lenders, to increase the facility by another $70 million to a total of $400 million.

Our borrowings under the credit facility are collateralized by pledges of all of our interests in Affiliates (including all interests which are directly held by us, as well as all interests which are indirectly held by us through wholly-owned subsidiaries), which interests represent substantially all of our assets. Our credit facility contains a number of negative covenants, including those which generally prevent us and our Affiliates from: (i) incurring additional indebtedness (other than subordinated indebtedness), (ii) creating any liens or encumbrances on material assets (with certain enumerated exceptions), (iii) selling assets outside the ordinary course of business or making certain fundamental changes with respect to our businesses, including a restriction on our ability to transfer interests in any majority owned Affiliate if, as a result of such transfer, we would own less than 51% of such firm, and (iv) declaring or paying dividends on our Common Stock. Our credit facility bears interest at either LIBOR plus a margin or the Prime Rate plus a margin. We pay a commitment fee on the daily unused portion of the facility. In order to partially offset our exposure to changing interest rates we have entered into interest rate hedging contracts. See "Interest Rate Hedging Contracts". The credit facility matures during December 2002.

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

Net cash flow from operating activities was $89.1 million, $45.4 million and $16.2 million for the years ended December 31, 1999, 1998 and 1997, respectively. The increase in net cash flow from operating activities from 1998 to 1999 resulted from a substantial increase in performance-based fees earned by several Affiliates, as well as growth in asset-based fees resulting from positive investment performance. In addition, the new investments made in 1999 contributed to the increase in these cash flows.

Net cash flow used in investing activities was $112.9 million, $72.7 million and $327.3 million for the years ended December 31, 1999, 1998 and 1997, respectively. Of these amounts, $103.5 million, $66.6 million, and $325.9 million, respectively, were used to make investments in Affiliates.

In January 1999, we acquired an approximately 65% interest in Rorer, a Philadelphia based investment adviser. We paid $65 million in cash for our investment in Rorer. In April 1999, we acquired substantially all of the interests in Managers. We financed these two investments with borrowings under our credit facility. In addition, in January 2000, we acquired an approximately 70% interest in Frontier. The investment in Frontier was also financed with a borrowing under our credit facility.

Net cash flow from financing activities was $54.0 million, $28.2 million and $327.1 million for the years ended December 31, 1999, 1998 and 1997, respectively. The principal sources of cash from financing activities have been borrowings under senior credit facilities and subordinated debt, and our public offerings. The uses of cash from financing activities during these periods were for the repayment of debt

and notes issued as purchase price consideration and for the repurchase of Common Stock and payment of debt issuance costs.

In March 1999, we completed a public offering of Common Stock. In the offering, 5,529,954 shares of Common Stock were sold, of which 4,000,000 shares were sold by the Company and 1,529,954 shares were sold by selling stockholders. We used the net proceeds from the offering to reduce indebtedness under our credit facility and did not receive any proceeds from the sale of Common Stock by the selling stockholders.

In October 1999, our Board of Directors authorized a share repurchase program (the "Share Repurchase Program") pursuant to which we can repurchase up to five percent of our issued and outstanding shares of Common Stock in open market transactions, with the timing of purchases and the amount of stock purchased determined at our discretion. As of December 31, 1999, we had repurchased 346,900 shares of Common Stock at an average price per share of $26.83.

In December 1999, we signed a purchase and sale agreement to acquire property in Prides Crossing, Massachusetts in anticipation of the development of our future corporate headquarters. We intend to close our acquisition of the property in the second quarter of the year 2000 and to develop the site within twenty-four months after closing.

YEAR 2000

We and our Affiliates transitioned into the Year 2000 without material disruption to or adverse effect on our businesses. Our Year 2000 related remediation efforts are complete, although we cannot guarantee that additional Year 2000 issues will not arise (either within our operations or associated with third party service providers).

AMG'S HOLDING COMPANY AND AFFILIATES' REMEDIATION EFFORTS

In anticipation of the Year 2000 problem, we modified, upgraded or replaced computers, software applications and related equipment to the extent required to minimize the probability of a material disruption to our business. We incurred $500,000 of costs in remediating the Year 2000 problem in the last four years. Each of our Affiliates completed its assessment and renovation or replacement of all non-compatible systems and the subsequent testing of such systems.

OUTSIDE SERVICE PROVIDERS

In preparing for the Year 2000, we closely monitored the progress of all outsider service providers, and we believe our third party service providers have resolved all of their Year 2000 related issues. We have to date experienced no material disruptions in service provider operations as a result of the onset of the Year 2000 and we have no reason to believe that we will experience any disruptions as a result of Year 2000 issues in the future. However, as described above, we cannot guarantee that additional Year 2000 issues will not arise as associated with third party service providers.

INTEREST RATE SENSITIVITY

Our revenues are derived primarily from fees which are based on the values of assets managed. Such values are affected by changes in the broader financial markets which are, in part, affected 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.

With respect to our debt financing, we are exposed to potential fluctuations in the amount of interest expense resulting from changing interest rates. We seek to offset such exposure in part by entering into interest rate hedging contracts. See "Interest Rate Hedging Contracts".

Our annual interest expense increases or decreases by $221,155 for each 1/8 of 1% change in interest rates assuming LIBOR is between 5% and 6.78% and assuming current interest rate margins on current bank debt.

INTEREST RATE HEDGING CONTRACTS

We seek to offset our exposure under our debt financing arrangements to changing interest rates by entering into interest rate hedging contracts. As of December 31, 1999, we were a party, with two major commercial banks as counterparties, to $185 million notional amount of swap contracts which are designed to limit interest rate increases on our borrowings and are linked to the three-month LIBOR. These swap contracts, upon quarterly reset dates, cap interest rates on the notional amounts at rates ranging between 6.67% and 6.78%. When LIBOR is below 5%, our floating interest rate debt is swapped for fixed rate debt at rates ranging between 6.67% and 6.78%. We generally borrow at LIBOR and pay an additional interest margin as described above. The hedging contracts limit the effects of our payment of interest at equivalent LIBOR rates of 6.78% or less on up to $185 million of indebtedness.

As of December 31, 1999, we were also a party to a $75 million notional swap contract that limited interest rates on $75 million of the $185 million of swap contracts identified above at 5.99%. This contract was designed to limit interest rate increases if floating rate debt was swapped for higher fixed rate debt under the terms of the original swap contracts. On January 15, 2000, this interest rate swap contract expired.

There can be no assurance that we will continue to maintain such hedging contracts at their existing levels of coverage or that the amount of coverage maintained will cover all of our indebtedness outstanding at any such time. In addition, as noted above, our existing hedging contracts subject us to the risk of payments of higher interest rates when prevailing LIBOR rates are less than 5%. Therefore, there can be no assurance that the hedging contracts will meet their overall objective of reducing our interest expense. In addition, there can be no assurance that we will be successful in obtaining hedging contracts in the future on our existing or any new indebtedness.

RECENT ACCOUNTING DEVELOPMENTS

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 133 standardizes the accounting for derivative instruments by requiring that all derivatives be recognized as assets and liabilities and measured at fair value. In June 1999, Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of Effective Date of FASB Statement No 133--an amendment to FASB Statement 133" deferred the effective date of FAS 133 to financial statements for fiscal years beginning after June 15, 2000.

We do not believe that the implementation of FAS 133 will have a material impact on our financial statements.

ECONOMIC AND MARKET CONDITIONS

The financial markets and the investment management industry in general have experienced both record performance and record growth in recent years. As one example of investment management industry growth, the assets under management of mutual funds increased 24% to $6.8 trillion in 1999, the fifth consecutive year of more than 20% growth, according to the Investment Company Institute. Domestic and foreign economic conditions and general trends in business and finance, among other factors, affect the financial markets and businesses operating in the securities industry. We cannot guarantee that broader market performance will be favorable in the future. Any decline in the financial markets or a lack of sustained growth may result in a corresponding decline in our Affiliates' performance and may cause our

Affiliates to experience declining assets under management and/or fees, which would reduce cash flow distributable to us.

INTERNATIONAL OPERATIONS

First Quadrant Limited, a sister company to First Quadrant, L.P., is organized and headquartered in London, England. During 1999, First Quadrant acquired Objective Asset Management Ltd., a London-based money manager, and merged it into the operations of First Quadrant Limited. Tweedy, Browne, based in New York, also maintains a research office in London. In the future, we may seek to invest in other investment management firms which are located and/or 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, political instability, fluctuations in currency exchange rates, expatriation controls 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 First Quadrant Limited or other non-U.S. 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We use interest rate swaps to manage market exposures associated with our variable rate debt by creating offsetting market exposures. These instruments are not held for trading purposes. In the normal course of operations, we also face risks that are either nonfinancial or nonquantifiable. Such risks principally include country risk, credit risk, and legal risk, and are not represented in the analysis that follows.

At December 31, 1999, $185 million was subject to interest rate swaps (the "Original Swaps"), and our exposure was to changes in three-month LIBOR rates. In January 1999, we became a party to additional contracts with a $75 million notional amount (the "Subsequent Swaps"). The Subsequent Swaps expired on January 15, 2000.

This analysis presents the hypothetical loss in earnings of the derivative instruments we held at December 31, 1999 that are sensitive to changes in interest rates. Interest rate swaps allow us to achieve a level of variable-rate and fixed-rate debt that is acceptable to us, and to reduce interest rate exposure. In each of our interest rate swaps, we have agreed with another party to exchange the difference between fixed-rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Under the Original Swaps, our interest rates on the notional amounts are capped at rates ranging between 6.67% and 6.78% upon quarterly reset dates. In addition, if LIBOR falls below 5% at a quarterly reset date, we are required to make a payment to our counterparty equal to the difference between the interest rate on our floating rate LIBOR debt on an annualized rate of between 6.67% and 6.78%, multiplied by the notional principal amount. The Subsequent Swaps were designed to limit interest rate increases to 5.99% on $75 million of the original $185 million notional amount if three-month LIBOR rates fell below 5%.

Under these derivative instruments, a hypothetical change of 10 percent in three-month LIBOR rates, sustained for three months, would have resulted in no loss in earnings. Because our net-earnings exposure under the combined debt and interest rate swap was to three-month LIBOR rates, any hypothetical loss would be calculated as follows: multiplying the notional amount of the swap by the effect of a 10% reduction in LIBOR under the Original Swaps and interest savings on the underlying debt.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors and Stockholders of
Affiliated Managers Group, Inc.

In our opinion, the accompanying consolidated balance sheets and the related statements of operations, comprehensive income, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of Affiliated Managers Group, Inc. at December 31, 1998 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Boston, Massachusetts
January 25, 2000

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

	DECEMBER 31, 1998	DECEMBER 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,735	$ 53,879
Investment advisory fees receivable	66,939	239,383
Other current assets	5,137	6,705
Total current assets	95,811	299,967
Fixed assets, net	8,001	12,321
Equity investment in Affiliate	1,340	1,563
Acquired client relationships, net of accumulated amortization of $13,870 in 1998 and $23,202 in 1999	169,065	186,499
Goodwill, net of accumulated amortization of $23,206 in 1998 and $36,103 in 1999	321,884	385,382
Notes receivable from related parties	1,700	5,411
Other assets	7,533	17,930
Total assets	$605,334	$909,073
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 42,617	$170,299
Notes payable to related parties	22,000	--
Total current liabilities	64,617	170,299
Senior bank debt	190,500	174,500
Deferred taxes	10,410	25,346
Other long-term liabilities	1,204	1,346
Subordinated debt	800	800
Total liabilities	267,531	372,291
Minority interest	24,148	58,796
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred stock	--	--
Convertible stock	30,992	--
Common stock	177	235
Additional paid-in capital	273,413	405,883
Accumulated other comprehensive income	16	(55)
Retained earnings	11,669	83,857
	316,267	489,920
Less treasury shares	(2,612)	(11,934)
Total stockholders' equity	313,655	477,986
Total liabilities and stockholders' equity	$605,334	$909,073

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

AFFILIATED MANAGERS GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Revenues	$ 95,287	$ 238,494	$ 518,726
Operating expenses:			
Compensation and related expenses	41,619	87,669	217,780
Amortization of intangible assets	6,643	17,417	22,229
Depreciation and other amortization	1,915	2,707	3,901
Selling, general and administrative	18,912	31,643	53,251
Other operating expenses	3,637	6,278	8,906
	72,726	145,714	306,067
Operating income	22,561	92,780	212,659
Non-operating (income) and expenses:			
Investment and other income	(1,174)	(2,251)	(14,237)
Interest expense	8,479	13,603	11,764
	7,305	11,352	(2,473)
Income before minority interest, income taxes and extraordinary item	15,256	81,428	215,132
Minority interest	(12,249)	(38,843)	(86,225)
Income before income taxes and Extraordinary item	3,007	42,585	128,907
Income taxes	1,364	17,034	56,719
Income before extraordinary item	1,643	25,551	72,188
Extraordinary item, net	(10,011)	--	--
Net income (loss)	$ (8,368)	$ 25,551	$ 72,188
Earnings (loss) per share--basic:			
Income before extraordinary item	$ 0.72	$ 1.45	$ 3.25
Extraordinary item, net	(4.41)	--	--
Earnings (loss)	$ (3.69)	$ 1.45	$ 3.25
Earnings (loss) per share--diluted:			
Income before extraordinary item	$ 0.20	$ 1.33	$ 3.18
Extraordinary item, net	(1.22)	--	--
Earnings (loss)	$ (1.02)	$ 1.33	$ 3.18
Average shares outstanding--basic	2,270,684	17,582,900	22,180,112
Average shares outstanding--diluted	8,235,529	19,222,831	22,693,016

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)

	FOR THE YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Net income (loss)	$(8,368)	$25,551	$72,188
Foreign currency translation adjustment, net of taxes	(52)	46	(71)
Comprehensive income (loss)	$(8,420)	$25,597	$72,117

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,		
	1997	1998	1999
Cash flow from operating activities:			
Net income (loss)	$ (8,368)	$25,551	$ 72,188
Adjustments to reconcile net income (loss) to net cash flow from operating activities:			
Amortization of intangible assets	6,643	17,417	22,229
Extraordinary item	10,011	--	--
Depreciation and other amortization	1,915	2,707	3,901
Deferred income tax provision	1,012	10,410	14,936
Changes in assets and liabilities:			
Increase in investment advisory fees receivable	(3,980)	(38,053)	(163,262)
Increase in other current assets	(977)	(2,766)	(1,260)
Increase in non-current other receivables	--	--	(10,779)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(3,159)	22,489	116,518
Minority interest	13,108	7,669	34,648
Cash flow from operating activities	16,205	45,424	89,119
Cash flow used in investing activities:			
Purchase of fixed assets	(1,648)	(4,313)	(6,050)
Costs of investments, net of cash acquired	(325,896)	(66,577)	(103,500)
Distributions received from Affiliate equity investment	229	675	550
Decrease (increase) in other assets	40	(750)	(486)
Loans to employees	--	(1,700)	(3,453)
Cash flow used in investing activities	(327,275)	(72,665)	(112,939)
Cash flow from financing activities:			
Borrowings of senior bank debt	303,900	78,800	155,800
Repayments of senior bank debt	(177,800)	(47,800)	(171,800)
Repayments of notes payable to related parties	(5,878)	--	(22,000)
Borrowings of subordinated bank debt	58,800	--	--
Repayments of subordinated bank debt	(60,000)	--	--
Issuances of equity securities	217,021	(62)	101,536
Issuance of warrants	1,200	--	--
Repurchase of stock	--	(2,612)	(9,322)
Debt issuance costs	(10,131)	(163)	(179)
Cash flow from financing activities	327,112	28,163	54,035
Effect of foreign exchange rate changes on cash flow	(43)	47	(71)
Net increase in cash and cash equivalents	15,999	969	30,144
Cash and cash equivalents at beginning of year	6,767	22,766	23,735
Cash and cash equivalents at end of year	$ 22,766	$23,735	$ 53,879
Supplemental disclosure of cash flow information:			
Interest paid	$ 8,559	$11,780	$ 11,654
Income taxes paid	256	3,358	20,576
Supplemental disclosure of non-cash investing activities:			
Decrease in liabilities related to acquisitions	(3,200)	--	--
Supplemental disclosure of non-cash financing activities:			
Stock issued in acquisitions	11,101	30,992	--
Common stock issued in exchange for Affiliate equity interests	1,849	--	--
Notes issued in acquisitions	--	22,000	--
Conversion of preferred stock to common stock	83,576	--	--
Conversion of convertible stock to common stock	--	--	30,992

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)

	PREFERRED SHARES	COMMON SHARES	CONVERTIBLE SHARES	PREFERRED STOCK	COMMON STOCK	CONVERTIBLE STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY SHARES	TREASURY SHARES AT COST
December 31, 1996.....	113,534	987,500	--	$42,476	$ --	$ --	$ 5	$ (5,492)	--	$ --
Issuance of common stock..............	--	8,753,667	--	--	98	--	188,773	--	--	--
Issuance of preferred stock and warrants...........	45,715	--	--	41,100	--	--	1,200	--	--	--
Conversion of preferred stock.....	(159,249)	7,962,450	--	(83,576)	79	--	83,497	--	--	--
Net loss.............	--	--	--	--	--	--	--	(8,368)	--	--
Other comprehensive income.............	--	--	--	--	--	--	--	(52)	--	--
December 31, 1997.....	--	17,703,617	--	--	177	--	273,475	(13,912)	--	--
Issuance of common stock..............	--	--	--	--	--	--	(62)	--	--	--
Issuance of convertible stock...	--	--	1,750,942	--	--	30,992	--	--	--	--
Purchase of common stock..............	--	--	--	--	--	--	--	--	(172,000)	(2,612)
Net income...........	--	--	--	--	--	--	--	25,551	--	--
Other comprehensive income.............	--	--	--	--	--	--	--	46	--	--
December 31, 1998.....	--	17,703,617	1,750,942	--	177	30,992	273,413	11,685	(172,000)	(2,612)
Issuance of common stock..............	--	4,000,938	--	--	40	--	101,496	--	--	--
Conversion of convertible stock...	--	1,750,942	(1,750,942)	--	18	(30,992)	30,974	--	--	--
Purchase of common stock..............	--	--	--	--	--	--	--	--	(346,900)	(9,322)
Net income...........	--	--	--	--	--	--	--	72,188	--	--
Other comprehensive income.............	--	--	--	--	--	--	--	(71)	--	--
December 31, 1999.....	--	23,455,497	--	$ --	$ 235	$ --	$405,883	$ 83,802	(518,900)	$(11,934)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF OPERATIONS

The principal business activity of Affiliated Managers Group, Inc. ("AMG" or the "Company") is the acquisition of equity interests in investment management firms ("Affiliates"). AMG's Affiliates operate in one industry segment, that of providing investment management services, primarily in the United States and Europe, to mutual funds, partnerships and institutional and individual clients.

Affiliates are either organized as limited partnerships, general partnerships or limited liability companies. AMG has contractual arrangements with each Affiliate (other than Managers) whereby a percentage of revenues is allocable to fund Affiliate operating expenses, including compensation (the Operating Allocation), while the remaining portion of revenues (the Owners' Allocation) is allocable to AMG and the other partners or members, generally with a priority to AMG. Unlike all other Affiliates, Managers is not subject to a revenue sharing arrangement since AMG owns substantially all of the firm. As a result, the Company participates fully in any increase or decrease in the revenues or expenses of Managers.

CONSOLIDATION

These consolidated financial statements include the accounts of AMG and each Affiliate in which AMG has a controlling interest. In each such instance, AMG is, directly or indirectly, the sole general partner (in the case of Affiliates which are limited partnerships), sole managing general partner (in the case of the Affiliate which is a general partnership) or sole manager member (in the case of Affiliates which are limited liability companies). For Affiliate operations consolidated into these financial statements, the portion of the Owners' Allocation allocated to owners other than AMG is included in minority interest in the statement of operations. Minority interest on the consolidated balance sheet includes capital and undistributed Owners' Allocation owned by the owners of consolidated Affiliates.

Investments where AMG or an Affiliate does not hold a controlling interest are accounted for under the equity method of accounting and AMG's portion of net income is included in investment and other income. All intercompany balances and transactions have been eliminated. All dollar amounts 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 with the current year's presentation.

SEGMENT REPORTING

The Company has adopted Statement of Financial Accounting Standards (FAS) 131, "Disclosures about Segments of an Enterprise and Related Information". FAS 131 superseded FAS 14, "Financial Reporting for Segments of a Business Enterprise", replacing the "industry segment" approach with the "management" approach. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. FAS 131 also requires disclosures about products and services, geographic areas, and major customers. The adoption of FAS 131 did not affect results of operations or financial position (see Note 16).

REVENUE RECOGNITION

The Company's consolidated revenues represent advisory fees billed quarterly and annually by Affiliates for managing the assets of clients. Asset-based advisory fees are recognized monthly as services

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
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 recognized when earned based upon either the positive difference between the investment returns on a client's portfolio compared to a benchmark index or indices, or an absolute percentage of gain in the client's account.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments 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.

FIXED ASSETS

Equipment and other fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease.

ACQUIRED CLIENT RELATIONSHIPS AND GOODWILL

The purchase price for the acquisition of interests in Affiliates is allocated based on the fair value of assets acquired, primarily acquired client relationships. In determining the allocation of 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 cost assigned to acquired client relationships is amortized using the straight-line method over periods ranging from eight to 28 years. The expected useful lives of acquired client relationships are analyzed separately for each acquired Affiliate and determined based on an analysis of the historical and potential future attrition rates of each Affiliate's existing clients, as well as a consideration of the specific attributes of the business of each Affiliate.

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 classified as goodwill. Goodwill is amortized using the straight-line method over periods ranging from 15 to 35 years. In determining the amortization period for goodwill, the Company considers a number of factors including: the firm's historical and potential future operating performance; the characteristics of the firm's clients, products and investment styles; as well as the firm's history and perceived franchise or brand value. Unamortized intangible assets, including acquired client relationships and goodwill, are periodically re-evaluated and if experience subsequent to the acquisition indicates that there has been an impairment in value, other than temporary fluctuations, an impairment loss is recognized. Management evaluates the recoverability of unamortized intangible assets quarterly for each acquisition using estimates of undiscounted cash flows factoring in known or expected trends, future prospects and other relevant information. If impairment is indicated, the Company measures its loss as the excess of the carrying value of the intangible assets for each Affiliate

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
over its fair value determined using valuation models such as discounted cash flows and market comparables. Fair value in such cases was determined using market comparables based on revenues, cash flow and assets under management. No impairment loss was recorded for in any of the three years ended December 31, 1999.

DEBT ISSUANCE COSTS

Debt issuance costs incurred in securing credit facility financing are capitalized and subsequently amortized over the term of the credit facility using the effective interest method. Unamortized debt issuance costs of $10,011, net of tax were written off as an extraordinary item in 1997 as part of the Company's replacement of its previous credit facilities with new facilities.

INTEREST RATE HEDGING AGREEMENTS

The Company periodically enters into interest rate hedging agreements to hedge against potential increases in interest rates on the Company's outstanding borrowings. The Company's policy is to accrue amounts receivable or payable under such agreements as reductions or increases in interest expense, respectively.

INCOME TAXES

In accordance with FAS 109, the Company recognizes deferred tax assets and liabilities for the expected consequences of temporary differences between the financial statement basis and tax basis of the Company's assets and liabilities. A deferred tax valuation allowance is established if, in management's opinion, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized.

FOREIGN CURRENCY TRANSLATION

The assets and liabilities of non-U.S. based Affiliates are translated into U.S. dollars at the exchange rates in effect as of the balance sheet date. Revenues and expenses are translated at the average monthly exchange rates then in effect.

PUTS AND CALLS

As further described in Note 10, 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 such acquired interests. The estimated cost of purchases from equity holders who have been awarded equity interests in connection with their employment is accrued, net of estimated forfeitures, over the service period as equity-based compensation.

EQUITY-BASED COMPENSATION PLANS

FAS 123, "Accounting for Stock-Based Compensation", encourages but does not require adoption of a fair value-based accounting method for stock-based compensation arrangements which include stock option grants and grants of equity based interests in Affiliates to certain limited partners or members. An entity may continue to apply Accounting Principles Board Opinion No. 25 ("APB 25") and related interpretations, provided the entity discloses its pro forma net income and earnings per share as if the fair

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
value based method had been applied in measuring compensation cost. The Company continues to apply APB 25 and related interpretations.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

RECENT ACCOUNTING DEVELOPMENTS

In June 1998, the FASB issued FAS 133, "Accounting for Derivative Instruments and Hedging Activities". FAS 133 standardizes the accounting for derivative instruments by requiring that all derivatives be recognized as assets and liabilities and measured at fair value. In June 1999, FAS 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of Effective Date of FASB Statement No 133--an amendment to FASB Statement 133" deferred the effective date of FAS 133 to financial statements for fiscal years beginning after June 15, 2000.

The Company does not believe that the implementation of FAS 133 will have a material impact on the Company's 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 and investment advisory fees receivable. The Company maintains cash and cash equivalents, short-term investments and certain off-balance-sheet financial instruments with various financial institutions. These financial institutions are located in cities in which AMG and its Affiliates operate. For AMG and certain Affiliates, cash deposits at a financial institution may exceed FDIC insurance limits.

3. FIXED ASSETS AND LEASE COMMITMENTS

Fixed assets consist of the following:

	AT DECEMBER 31,	
	1998	1999
Office equipment	$ 8,282	$ 10,735
Furniture and fixtures	4,534	7,804
Leasehold improvements	3,473	3,872
Computer software	1,742	2,169
Total fixed assets	18,031	24,580
Accumulated depreciation	(10,030)	(12,259)
Fixed assets, net	$ 8,001	$ 12,321

3. FIXED ASSETS AND LEASE COMMITMENTS (CONTINUED)

The Company and its Affiliates lease computer equipment and office space for their operations. At December 31, 1999, the Company's aggregate future minimum payments for operating leases having initial or noncancelable lease terms greater than one year are payable as follows:

YEAR ENDING DECEMBER 31,	REQUIRED MINIMUM PAYMENTS
2000	$7,213
2001	6,270
2002	5,752
2003	4,225
2004	3,507
Thereafter	7,658

Consolidated rent expense for 1997, 1998 and 1999 was $3,637, $6,278 and $8,906, respectively.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	AT DECEMBER 31,	
	1998	1999
Accounts payable	$ 928	$ 2,538
Accrued compensation	25,201	126,461
Accrued income taxes	6,297	24,964
Accrued rent	2,413	2,196
Accrued interest	1,858	1,731
Deferred revenue	1,602	1,774
Accrued professional services	524	1,291
Other	3,794	9,344
	$42,617	$170,299

5. BENEFIT PLANS

AMG has a defined contribution retirement plan covering substantially all of its full-time employees and four of its Affiliates. Eight of AMG's other Affiliates have separate defined contribution retirement plans. Under each of the plans, AMG and each Affiliate are able to make discretionary contributions to qualified plan participants up to IRS limits. Consolidated expenses related to these plans in 1997, 1998 and 1999 were $1,020, $2,589 and $3,728, respectively.

In addition to the defined contribution retirement plan, in December 1999, the Company established a non-qualified defined contribution plan (the "Plan") for certain senior employees. The initial irrevocable contribution to the Plan will vest and be distributable to each participant in 12.5% installments on the second and third anniversary of the contribution and in 37.5% installments on the fourth and fifth anniversary of the contribution. Such vesting and distribution is subject to the participant satisfying certain conditions, among them that the participant has not terminated his employment or been terminated for cause. Forfeited contributions remain in the Plan and will be reallocated to the remaining participants. The Company's contribution and expense related to the Plan was $5,000 for the year ended December 31, 1999.

6. SENIOR BANK DEBT AND SUBORDINATED DEBT

The Company has a $330 million revolving Credit Facility ("Credit Facility"), which matures in December 2002. The Company has the option, with the consent of its lenders, to increase the facility by another $70 million to a total of $400 million. Interest is payable at rates up to 1.25% over the Prime Rate or up to 2.25% over LIBOR on amounts borrowed. The Company pays a commitment fee of up to 1/2 of 1% on the daily unused portion of the facility, which amounted to $347, $341 and $297 for the years ended December 31, 1997, 1998 and 1999, respectively. The Company had $174.5 million outstanding on the Credit Facility at December 31, 1999.

The effective interest rates on the outstanding borrowings were 5.7% and 6.7% at December 31, 1998 and 1999, respectively. All borrowings under the Credit Facility are collateralized by pledges of all capital stock or other equity interests in each AMG Affiliate owned and to be acquired. The credit agreement contains certain financial covenants which require the Company to maintain specified minimum levels of net worth and interest coverage ratios and maximum levels of indebtedness, all as defined in the credit agreement. The credit agreement also limits the Company's ability to pay dividends and incur additional indebtedness.

As of December 31, 1999, the Company was a party, with two major commercial banks as counterparties, to $185 million notional amount of swap contracts which are designed to limit interest rate increases on the Company's borrowings and are linked to the three-month LIBOR. The swap contracts, upon quarterly reset dates, cap interest rates on the notional amounts at rates ranging between 6.67% and 6.78%. When LIBOR is below 5%, the Company's floating interest rate debt is swapped for fixed rate debt at rates ranging between 6.67% and 6.78%. The Company generally borrows at LIBOR and pays an additional interest margin as described above. The hedging contracts limit the effects of the Company's payments of interest at equivalent LIBOR rates of 6.78% or less on up to $185 million of indebtedness. The contracts mature between March 2001 and October 2002.

As of December 31, 1999, the Company was also a party to a one-year interest swap contract that limited interest rates on $75 million of the $185 million of swap contracts identified above at 5.99%. This contract was designed to limit interest rate increases if floating rate debt was swapped for higher fixed rate debt under the terms of the original swap contracts. On January 15, 2000, this interest rate swap contract expired.

Two of the Company's Affiliates also operate as broker-dealers and must maintain specified minimum amounts of "net capital" as defined in SEC Rule 15c3-1. In connection with this requirement, one Affiliate has $800 of subordinated indebtedness which qualifies as net capital under the net capital rule, while the second Affiliate maintains no such indebtedness. The subordinated indebtedness is subordinated to claims of general creditors and is secured by notes and marketable securities of certain of this Affiliate's members other than AMG.

7. INCOME TAXES

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

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
Federal:			
Current	$ --	$ --	$35,658
Deferred	776	10,238	12,762
State:			
Current	352	6,624	6,125
Deferred	236	172	2,174
Provision for income taxes	$ 1,346	$17,034	$56,719

The effective income tax rate differs from the amount computed on income before income taxes and extraordinary item by applying the U.S. federal income tax rate because of the effect of the following items:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
Tax at U.S. federal income tax rate	35%	35%	35%
Nondeductible expenses	15	2	3
State income taxes, net of federal benefit	13	5	7
Valuation allowance	(17)	(2)	(1)
	46%	40%	44%

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

	DECEMBER 31,	
	1998	1999
Deferred assets (liabilities):		
Net operating loss carryforwards	$ 6,086	$ 1,326
Intangible amortization	(17,455)	(26,770)
Accruals	2,363	1,271
	(9,006)	(24,173)
Valuation allowance	(1,404)	(1,173)
Net deferred income taxes	$(10,410)	$(25,346)

At December 31, 1999, the Company had state net operating loss carryforwards which begin to expire in the year 2000. The realization of these carryforwards is dependent on generating sufficient taxable income prior to their expiration. The valuation allowance at December 31, 1999 is related to the uncertainty of the realization of some of these loss carryforwards.

8. 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 unfavorably to the Company or its Affiliates. The Company and its Affiliates establish accruals for matters that are 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.

In December 1999, AMG signed a purchase and sale agreement to acquire property in Prides Crossing, Massachusetts for the future site of its corporate headquarters. The Company intends to close on the property in the second quarter of the year 2000.

9. ACQUISITIONS

1999

On January 6, 1999, the Company acquired an approximately 65% interest in Rorer, a Philadelphia based investment advisor. On April 1, 1999, the Company acquired substantially all of the interests in Managers, which serves as the adviser to a family of nine equity and fixed income no-load mutual funds. AMG financed these two investments with borrowings under its credit facility.

The results of operations of Rorer and Managers are included in the consolidated results of operations of the Company from their respective dates of acquisition, January 6, 1999 and April 1, 1999.

1998

On March 20, 1998, the Company completed its investment in Essex. Essex is a Boston-based manager which specializes in investing in growth equities, using a fundamental research driven approach. AMG paid $69.6 million in cash and 1,750,942 shares of its Series C Convertible Non-Voting Stock, for an indirect 68.0% interest in the Owners' Allocation (as defined in Note 1 above) of Essex. The Series C Stock is non-voting stock and carries no preferences with respect to dividends or liquidation. Each share of Series C Stock converted into one share of Common Stock on March 20, 1999.

On December 31, 1998, AMG acquired a 65% interest in DHJA. DHJA is a Houston based asset management firm with approximately $3.5 billion of assets under management at December 31, 1998. The Company issued notes to close the transaction which were settled on January 4, 1999. AMG financed these two investments with borrowings under its Credit Facility.

The results of operations of Essex and DHJA are included in the consolidated results of operations of the Company from their respective dates of acquisition, March 20, 1998 and December 31, 1998.

1997

During 1997, the Company acquired in purchase transactions majority interests in Gofen and Glossberg, GeoCapital and Tweedy, Browne. The Company also acquired additional interests in two of its existing Affiliates.

9. ACQUISITIONS (CONTINUED)

The Company issued 10,667 shares of Class D Convertible Preferred Stock as partial consideration in the GeoCapital transaction. The preferred stock was exchanged for 533,350 shares of the Company's Common Stock in connection with the Company's initial public offering.

The results of operations of Gofen and Glossberg, GeoCapital and Tweedy, Browne are included in the consolidated results of operations of the Company from their respective dates of acquisition, May 7, 1997, September 30, 1997 and October 9, 1997.

PURCHASE PRICE OF INVESTMENTS

The total purchase price, including cash, notes, common and preferred stock and capitalized transaction costs, associated with these investments is allocated as follows:

	DECEMBER 31,		
	1997	1998	1999
Allocation of Purchase Price:			
Tangible equity, net of cash acquired	$ 5,924	$ 3,776	$ 340
Intangible assets	331,421	115,793	103,160
Total purchase price	$337,345	$119,569	$103,500

Unaudited pro forma data for the years ended December 31, 1998 and 1999 are set forth below, giving consideration to the acquisitions occurring in the respective two-year period as if such transactions occurred as of the beginning of 1998, assuming revenue sharing arrangements had been in effect for the entire period and after making certain other pro forma adjustments.

	YEAR ENDED DECEMBER 31,	
	1998	1999
Revenues	$296,027	$523,894
Net income	$ 32,817	$ 72,375
Earnings per share--basic	1.87	3.26
Earnings per share--diluted	1.67	3.19

In conjunction with certain acquisitions, the Company has entered into agreements and is contingently liable, upon achievement of specified revenue targets over a five-year period, to make additional purchase payments of up to $26 million plus interest as applicable. These contingent payments, if achieved, will be settled for cash with most coming due beginning January 1, 2001 and January 1, 2002 and will be accounted for as an adjustment to the purchase price of the Affiliate. In addition, subject to achievement of performance goals, certain key Affiliate employees have options to receive additional equity interests in their Affiliates.

10. PUTS AND CALLS

Affiliate management owners have options ("Puts"), which require the Company to purchase certain portions of their equity interests at staged intervals. The Company is also obligated to purchase all remaining management owners' interests (each, a "Purchase," and collectively, the "Purchases") in Affiliates upon death, disability or termination of employment. All of the Puts and Purchases would take place based on a multiple of the respective Affiliate's Owners' Allocation but using reduced multiples for terminations for cause or for voluntary terminations occurring prior to agreed upon dates, all as defined in the general partnership, limited partnership or limited liability company agreements of the Affiliates. In addition, to ensure the availability of continued ownership participation to future key employees, Affiliate management owners have options to repurchase ("Calls") certain equity interests in Affiliates owned by partners or members.

The Company's contingent obligations under the Put and Purchase arrangements at December 31, 1999 ranged from $83.6 million on the one hand, assuming all such obligations occur due to early resignations or terminations for cause, and $386.9 million on the other hand, assuming all such obligations occur due to death, disability or terminations without cause. Assuming the closing of all such Put and Purchase transactions, AMG would own the prospective Owners' Allocation of all interests owned by Affiliate management described above, an amount which totalled approximately $86.3 million in the year ended December 31, 1999.

11. 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 Certificate. Any such Preferred Stock issued by the Company may rank prior to the 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.

CONVERTIBLE STOCK

In March 1998, the Company issued 1,750,942 shares of Series C Convertible Stock in completing its investment in Essex Investment Management Company, LLC. This stock is a series of the Preferred Stock described above. Each share of Series C Stock converted into one share of Common Stock on March 20, 1999.

COMMON STOCK

The Company has 43,000,000 authorized shares of Common Stock (including Class B Non-Voting Common Stock) with a par value of $0.01 per share. Shares issued and outstanding at December 31, 1998 and 1999, were 17,531,617 and 22,936,597, respectively, of which 1,886,800 and 1,492,079, respectively, are Class B Non-Voting Common Stock shares.

On March 3, 1999, the Company completed a public offering of 5,529,954 shares of Common Stock, of which 4,000,000 shares were sold by the Company and 1,529,954 shares were sold by selling stockholders. AMG used the net proceeds from the offering to reduce indebtedness and did not receive any proceeds from the sale of Common Stock by the selling stockholders.

11. STOCKHOLDERS' EQUITY (CONTINUED)

On October 21, 1999, the Company announced that its Board of Directors had authorized a share repurchase program pursuant to which AMG can repurchase up to five percent of its issued and outstanding shares of Common Stock in open market transactions, with the timing of purchases and the amount of stock purchased determined at the discretion of AMG's management. As of December 31, 1999, AMG had repurchased 346,900 shares of Common Stock at an average price of $26.83. On September 11, 1998, the Company's Board of Directors authorized a share repurchase program pursuant to which the Company could repurchase up to five percent of its outstanding shares of Common Stock. As of December 31, 1998, the Company repurchased 147,000 shares at an average price of $17.69.

STOCK INCENTIVE PLANS

The Company has established the 1997 Stock Option and Incentive Plan, under which it is authorized to grant stock options and to grant or sell shares of restricted stock to employees and directors. In 1999, shareholders approved an amendment to increase to 3,250,000 the shares available to be issued under this plan. The Company has two other incentive stock plans which provide for the issuance of 550,000 shares of Common Stock. The Company has issued 312,500 shares of restricted stock under these two plans.

The plans are administered by a committee of the Board of Directors. The exercise price of stock options is the fair market value of the Common Stock on the date of grant. The stock options generally vest over periods ranging up to four years and expire ten years after the grant date. In connection with the Company's initial public offering in 1997, the Company granted stock options which were exercisable over seven years, subject to acceleration if the Company achieved certain financial goals. These options became fully vested on December 31, 1999 when the Company achieved these goals.

The following table summarizes the transactions of the Company's stock option plans for the two year period ended December 31, 1999.

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Unexercised options outstanding-- December 31, 1997	692,500	$21.60
Options granted	536,750	32.16
Options exercised	--	--
Options forfeited	(57,500)	23.50
Unexercised options outstanding-- December 31, 1998	1,171,750	$26.34
Options granted	845,000	28.86
Options exercised	(938)	21.65
Options forfeited	(562)	14.25
Unexercised options outstanding-- December 31, 1999	2,015,250	$27.40
Exercisable options		
December 31, 1998	233,730	$23.90
December 31, 1999	887,750	$24.62

11. STOCKHOLDERS' EQUITY (CONTINUED)

The following table summarizes information about the Company's stock options at December 31, 1999:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AS OF 12/31/99	WEIGHTED AVG. REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVG. EXERCISE PRICE	NUMBER EXERCISABLE AS OF 12/31/99	WEIGHTED AVG. EXERCISE PRICE
0$-10..	92,500	7.4	$ 9.10	92,500	$ 9.10
10-20..	4,500	8.8	14.25	2,250	14.25
20-30..	1,562,250	9.0	26.88	615,000	24.10
30-40..	356,000	8.3	34.63	178,000	34.63
	2,015,250	8.8	$27.40	887,750	$24.62

SUPPLEMENTAL DISCLOSURE FOR EQUITY-BASED COMPENSATION

The Company continues to apply APB 25 and related interpretations in accounting for its sales of Restricted Stock, grants of stock options and equity based interests in Affiliates. FAS 123 defines a fair value method of accounting for the above arrangements whose impact requires disclosure. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the expected service period. The required disclosures under FAS 123 as if the Company had applied the new method of accounting are made below.

Had compensation costs for the Company's equity-based compensation arrangements been determined based on the fair value at grant date for awards consistent with the requirements of FAS 123, the Company's net income (loss) and net income (loss) per share would have been as follows:

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
Net income (loss)--as reported	$(8,368)	$25,551	$72,188
Net income (loss)--FAS 123 pro forma	(8,837)	24,408	68,463
Net income (loss) per share--basic--as reported	(3.69)	1.45	3.25
Net income (loss) per share--basic--FAS 123 pro forma	(3.89)	1.39	3.09
Net income (loss) per share--diluted--as reported	(1.02)	1.33	3.18
Net income (loss) per share--diluted--FAS 123 pro forma	(1.07)	1.27	3.02

The fair value of options granted in the year ended December 31, 1997 was estimated using the minimum value method prior to the initial public offering in November 1997 and the Black-Scholes option pricing model after the offering. The weighted average fair value of options granted in the years ended December 31, 1998 and 1999 were estimated at $14.24 and $15.62 per option, respectively, using the Black-

11. STOCKHOLDERS' EQUITY (CONTINUED)
Scholes option pricing model. The following weighted average assumptions were used for the option valuations.

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
Dividend yield	0%	0%	0%
Stock price volatility	26.0%	60.0%	50.8%
Risk-free interest rate	5.96%	5.38%	5.49%
Expected life of options (in years)	6.7	7.0	8.4

12. EARNINGS PER SHARE

The calculation for the basic earnings per share is based on the weighted average of common shares outstanding during the period. The calculation for the diluted earnings per share is based on the weighted average of common and common equivalent shares outstanding during the period. All calculations are of earnings before extraordinary item, if any. The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations.

	1997	1998	1999
Numerator:			
Income before extraordinary item	$1,643,000	$25,551,000	$72,188,000
Denominator:			
Average shares outstanding--basic	2,270,684	17,582,900	22,180,112
Convertible preferred stock	5,496,330	1,376,768	374,174
Stock options and unvested restricted stock	468,515	263,163	138,730
Average shares outstanding--diluted	8,235,529	19,222,831	22,693,016
Earnings per share:			
Basic	$ 0.72	$ 1.45	$ 3.25
Diluted	$ 0.20	$ 1.33	$ 3.18

In March 1998, the Company issued 1,750,942 shares of Series C Convertible Stock in completing its investment in Essex. Each share converted into one share of Common Stock in March 1999. In March 1999, the Company sold 4,000,000 shares in a public offering.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to market risks brought on by changes in interest rates. Derivative financial instruments are used by the Company to reduce those risks, as explained in this note.

(A) NOTIONAL AMOUNTS AND CREDIT EXPOSURES OF DERIVATIVES

The notional amount of derivatives do 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 swap derivatives, and the volatility of these rates and prices.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company would be exposed to credit-related losses in the event of nonperformance by the counter-parties that issued the financial instruments. The Company does not expect that the counter-parties to interest rate swaps will fail to meet their obligations, given their 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 swaps due to its own credit rating and that of its counter-parties.

(B) INTEREST RATE RISK MANAGEMENT

The Company enters into interest rate swaps to reduce exposure to interest-rate risk connected to existing liabilities. The Company does not hold or issue derivative financial instruments for trading purposes. Interest rate swaps allow the Company to achieve a level of variable-rate and fixed-rate debt that is acceptable to management, and to cap 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.

(C) FAIR VALUE

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 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 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 and cash equivalents 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 note. The carrying value of senior bank debt approximates fair value because the debt is a revolving credit facility with variable interest based on three-month LIBOR rates. The fair values of interest rate hedging agreements are quoted market prices based on the estimated amount necessary to terminate the agreements. The fair market values of interest rate hedging agreements were $(7,446) and $1,218 at December 31, 1998 and 1999.

14. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations of the Company for 1998 and 1999.

	1998			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Revenues	$45,723	$56,586	$55,892	$80,293
Operating income	16,693	22,233	21,349	32,505
Income before income taxes	7,437	9,858	9,773	15,517
Net Income	4,462	5,915	5,864	9,310
Earnings per share--diluted	$ 0.25	$ 0.30	$ 0.30	$ 0.48

	1999			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Revenues	$68,127	$78,577	$85,395	$286,627
Operating income	25,847	30,238	32,254	124,320
Income before income taxes	12,786	16,127	17,722	82,272
Net income	7,544	9,515	10,456	44,673
Earnings per share--diluted	$ 0.36	$ 0.41	$ 0.45	$ 1.92

During the fourth quarter of 1999, the Company experienced increases in revenues, operating income and income before income taxes from the same period in 1998 due to a substantial increase in performance-based fees earned by several Affiliates, as well as growth in asset-based fees resulting from positive investment performance. In 1999, revenues from performance-based fees increased from approximately 18% for the year ended December 31, 1998 to approximately 39% for the year ended December 31, 1999.

15. RELATED PARTY TRANSACTIONS

During 1998, the Company initiated an employee loan program. Loans to employees accrue interest at the lower of 6.25% or the Applicable Federal Rate, have a stated 30-year maturity date and are collateralized by real property. Outstanding balances are payable in full generally one year after termination of employment with the Company. At December 31, 1998 and 1999, loans outstanding, including accrued interest, totaled $1.7 million and $5.4 million, respectively.

16. SEGMENT INFORMATION

The Company and its Affiliates provide investment advisory services to mutual funds and individual and institutional accounts. The Company's revenues are generated substantially from providing these investment advisory services to domestic customers.

The Affiliates are all managed by separate Affiliate management teams in accordance with the respective agreements between the Company and each Affiliate. While the Company has determined that each of its Affiliates represents a separate reportable operating segment, because the Affiliates offer comparable investment products and services, have similar customers and distribution channels, and

16. SEGMENT INFORMATION (CONTINUED)

operate in a similar regulatory environment, the Affiliates have been aggregated into one reportable segment for financial statement disclosure purposes.

17. EVENTS SUBSEQUENT TO DECEMBER 31, 1999 (UNAUDITED)

On January 18, 2000, the Company completed its investment in Frontier. The investment in Frontier was financed with a borrowing under our Credit Facility.

As of March 23, 2000, AMG had repurchased 681,600 shares of Common Stock since December 31, 1999 at an average price of $37.44 under the share repurchase program.

Giving effect to the purchase of Frontier and repurchase of shares of Common Stock, the Company had $240.5 million outstanding on the Credit Facility at March 23, 2000.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The information in Part III (Items 10, 11, 12 and 13) is incorporated by reference to the Company's definitive Proxy Statement, which will be filed not later than 120 days after the end of the Company's fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON 8-K

(a)(1) Financial Statements: See Item 8

(2) Financial Statement Schedules: See Item 8

(3) Exhibits

2.1	Purchase Agreement dated August 15, 1997 by and among the Registrant, Tweedy, Browne Company L.P. and the partners of Tweedy, Browne Company L.P. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
2.2	Agreement and Plan of Reorganization dated August 15, 1997 by and among the Registrant, AMG Merger Sub, Inc., GeoCapital Corporation, GeoCapital, LLC and the stockholders of GeoCapital Corporation (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
2.3	Stock Purchase Agreement dated as of January 17, 1996 by and among the Registrant, First Quadrant Holdings, Inc., Talegen Holdings, Inc., certain employees of First Quadrant Corp. and the other parties identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
2.4	Amendment to Stock Purchase Agreement by and among the Registrant, First Quadrant Holdings, Inc., Talegen Holdings, Inc., certain managers of First Quadrant Corp. and the Management Corporations identified therein, effective as of March 28, 1996 (2)
2.5	Partnership Interest Purchase Agreement dated as of June 6, 1995 by and among the Registrant, Mesirow Asset Management, Inc., Mesirow Financial Holdings, Inc., Skyline Asset Management, L.P., certain managers of Mesirow Asset Management, Inc. and the Management Corporations identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
2.6	Amendment, made by and among Mesirow Financial Holdings, Inc. and the Registrant, to Partnership Interest Purchase Agreement by and among the Registrant, Mesirow Asset Management, Inc., Mesirow Financial Holdings, Inc., Skyline Asset Management, L.P., certain managers of Mesirow Asset Management, Inc. and the Management Corporations identified therein, effective as of August 30, 1995 (2)

2.7	Agreement and Plan of Reorganization dated January 15, 1998 by and among the Registrant, Constitution Merger Sub, Inc., Essex Investment Management Company, Inc. and certain of the stockholders of Essex Investment Management Company, Inc. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request)(3)
2.8	Amendment to Agreement and Plan of Reorganization dated March 19, 1998 by and among the Registrant, Constitution Merger Sub, Inc., Essex Investment Management Company, Inc. and certain of the stockholders of Essex Investment Management Company, Inc. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (3)
2.9	Stock Purchase Agreement dated November 9, 1998 by and among the Registrant, Edward C. Rorer & Co., Inc. and the stockholders of Edward C. Rorer & Co., Inc. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (4)
3.1	Amended and Restated Certificate of Incorporation (2)
3.2	Amended and Restated By-laws (2)
3.3	Certificate of Designations, Preferences and Rights of a Series of Stock (5)
4.1	Specimen certificate for shares of Common Stock of the Registrant (2)
4.2	Credit Agreement dated as of December 22, 1997 by and among Chase Manhattan Bank, Nations Bank N.A. and the other lenders identified therein and the Registrant (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (3)
4.3	Stock Purchase Agreement dated November 7, 1995 by and among the Registrant, TA Associates, NationsBank, The Hartford, and the additional parties listed on the signature pages thereto (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
4.4	Preferred Stock and Warrant Purchase Agreement dated August 15, 1997 between the Registrant and Chase Equity Associates (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
4.5	Amendment No. 1 to Preferred Stock and Warrant Purchase Agreement dated as of October 9, 1997 between the Registrant and Chase Equity Associates (2)
4.6	Securities Purchase Agreement dated August 15, 1997 between the Registrant and Chase Equity Associates (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
4.7	Securities Purchase Agreement Amendment No. 1 dated as of October 9, 1997 between the Registrant and Chase Equity Associates (2)
10.1	Amended and Restated Stockholders' Agreement dated October 9, 1997 by and among the Registrant and TA Associates, NationsBank, The Hartford, Chase Capital and the additional parties listed on the signature pages thereto (2)
10.2	Tweedy, Browne Company LLC Limited Liability Company Agreement dated October 9, 1997 by and among the Registrant and the other members identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

10.3	GeoCapital, LLC Amended and Restated Limited Liability Company Agreement dated September 30, 1997 by and among the Registrant and the members identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
10.4	First Quadrant, L.P. Amended and Restated Limited Partnership Agreement dated March 28, 1996 by and among the Registrant and the partners identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
10.5	Amendment to First Quadrant, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of October 1, 1996 (2)
10.6	Second Amendment to First Quadrant, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of December 31, 1996 (2)
10.7	First Quadrant U.K., L.P. Limited Partnership Agreement dated March 28, 1996 by and among the Registrant and the partners identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
10.8	Skyline Asset Management, L.P. Amended and Restated Limited Partnership Agreement dated August 31, 1995 by and among the Registrant and the partners identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)
10.9	Amendment to Skyline Asset Management, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of August 1, 1996 (2)
10.10	Second Amendment to Skyline Asset Management, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of December 31, 1996 (2)
10.11	Affiliated Managers Group, Inc. 1997 Stock Option and Incentive Plan (2)
10.13	Affiliated Managers Group. Inc. 1995 Incentive Stock Plan (2)
10.14	Form of Tweedy, Browne Employment Agreement (2)
10.15	Essex Investment Management Company, LLC Amended and Restated Limited Liability Company Agreement dated March 20, 1998 by and among the Registrant and the members identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (3)
10.16	Form of Essex Employment Agreement (3)
10.17	Rorer Asset Management, LLC Amended and Restated Limited Liability Company Agreement dated January 6, 1999 by and among the Registrant and the members identified therein (excluded schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (6)
10.18	Form of Rorer Employment Agreement (6)
10.19	Affiliated Managers Group, Inc. Amended and Restated 1997 Stock Option and Incentive Plan (7)

10.20	Affiliated Managers Group, Inc. Defined Contribution Plan (1)
21.1	Schedule of Subsidiaries (1)
23.2	Consent of PricewaterhouseCoopers LLP (1)
24.1	Financial Data Schedule (1)

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(1) Filed herewith

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

(3) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997

(4) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 1998

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

(6) Incorporated by reference to the Company's Current Report on Form 8-K filed January 21, 1999

(7) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1999

(b) Reports on 8-K

The following Current Report on Form 8-K was filed by the Company during the quarter ended December 31, 1999:

1. Current Report on Form 8-K dated November 4, 1999, containing the press release reporting the authorization of a share repurchase program by the Company.

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

Board of Directors and Stockholders
Affiliated Managers Group, Inc.

Our audits of the consolidated financial statements referred to in our report dated January 25, 2000 of Affiliated Managers Group, Inc. (which report and consolidated financial statements are included in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Boston, Massachusetts
January 25, 2000

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

	BALANCE BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS AND WRITE-OFFS	BALANCE END OF PERIOD
	(IN THOUSANDS)			
Income Tax Valuation Allowance				
Year Ending December 31,				
1999	$1,404	$ --	$(231)	$1,173
1998	1,989	--	(585)	1,404
1997	477	1,512	--	1,989

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 30, 2000

By /s/ WILLIAM J. NUTT

William J. Nutt
CHIEF EXECUTIVE OFFICER AND
CHAIRMAN OF THE BOARD OF DIRECTORS

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)	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	March 30, 2000
/s/ DARRELL W. CRATE (Darrell W. Crate)	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Principal Accounting Officer)	March 30, 2000
/s/ RICHARD E. FLOOR (Richard E. Floor)	Director	March 30, 2000
/s/ STEPHEN J. LOCKWOOD (Stephen J. Lockwood)	Director	March 30, 2000
/s/ P. ANDREWS MCLANE (P. Andrews McLane)	Director	March 30, 2000
/s/ HAROLD J. MEYERMAN (Harold J. Meyerman)	Director	March 30, 2000
/s/ JOHN M.B. O'CONNOR (John M.B. O'Connor)	Director	March 30, 2000
/s/ RITA M. RODRIGUEZ (Rita M. Rodriguez)	Director	March 30, 2000
/s/ W.W. WALKER, JR. (W.W. Walker, Jr.)	Director	March 30, 2000
/s/ WILLIAM F. WELD (William F. Weld)	Director	March 30, 2000

THE AFFILIATED MANAGERS GROUP, INC.
DEFINED CONTRIBUTION PLAN

PREAMBLE

This Plan shall be known as The Affiliated Managers Group, Inc. Defined Contribution Plan (the "Plan"). The object of the Plan is to provide certain select management employees of the Affiliated Managers Group, Inc. ("AMG") with an ownership interest in AMG and certain investments managed by AMG's affiliates and subsidiaries and to align the interests of those employees with those of AMG's shareholders.

The Plan is not intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is not subject to the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE I

DEFINITIONS

Section I.1 "Account" means one or more of a Participant's AMG Stock Account, a Participant's Affiliate Investments Account or the Unallocated Account, as the context requires.

Section I.2 "Administrative Committee" means the committee of the Board appointed by the Board to administer the Plan.

Section I.3 "Affiliate Investment" means an equity investment by the Trust in investment products managed or advised by an affiliate or subsidiary of AMG.

Section I.4 "Affiliate Investments Account" means the separate account established in the name of each Participant under Section 4.1 to hold cash (and Affiliate Investments purchased with such cash) that has been allocated to such Participant and any distribution received with respect to such cash or Affiliate Investments.

Section I.5 "AMG Stock Account" means the separate account established in the name of each Participant under Section 4.1 to hold cash, shares of Stock and any distributions received with respect to such Stock.

Section I.6 "Beneficiary" means the person or persons (including a trust or estate) who are entitled to receive any benefit payable hereunder by reason of the death of a Participant, as designated pursuant to Section 9.1.

Section I.7 "Board" means the Board of Directors of AMG.

Section I.8 "Cause" means any of the following: (a) the Participant's conviction, whether following trial or by plea of guilty or nolo contendere (or similar plea), in a criminal proceeding (i) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (ii) on a felony charge or (iii) on an equivalent charge to those in clauses (i) and (ii) in jurisdictions which do not use those designations; (b) the Participant's willful or grossly negligent failure to perform duties owed to AMG; (c) the Participant's willful violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AMG or any of its subsidiaries or affiliates is a member; or (d) the Participant's willful violation of any Firm policy concerning hedging or confidential or proprietary information, or material violation of any other Firm policy as in effect from time to time. The determination as to whether "Cause" has occurred shall be made by the Administrative Committee. In the event the Administrative Committee believes that a Participant has engaged in of any of Causes (b) through (d) above, the Administrative Committee shall give written notice to such Participant of such Cause with sufficient particularity to permit the Participant to cure such Cause within 30 days following such written notice. The Administrative Committee shall also have the authority to waive the consequences under the Plan of the existence or occurrence of any of the events, acts or omissions constituting "Cause".

Section I.9 "Change in Control" means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving AMG (a "Reorganization") or sale or other disposition of all or substantially all of AMG's assets to an entity that is not an affiliate of AMG (a "Sale"), that in each case requires the approval of AMG's stockholders under the law of AMG's jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of AMG in such Reorganization or Sale), unless, immediately following such Reorganization or Sale, at least a majority of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the parent entity (or, if there is no parent entity, the surviving entity) following the consummation of the Reorganization or Sale were, at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the "Incumbent Directors") who either (1) were members of the Board on the Effective Date or (2) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of AMG's proxy statement in which such persons are named as a nominee for director); but provided further that any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director.

Section I.10 "Code" means the Internal Revenue Code of 1986, as amended, from time to time.

Section I.11 "Disability" means a disability as defined in any long-term disability plan of AMG or, in the absence of such plan, the inability of the Participant to perform the functions of his or her position with AMG for a period of 150 consecutive business days or 200 business days in a period of 365 consecutive days as determined by a physician selected by the Administrative Committee in its reasonable business judgment.

Section I.12 "Effective Date" means December 31, 1999.

Section I.13 "Employment" means a Participant's performance of services for AMG, as determined by the Administrative Committee. The terms "employ" and "employed" shall have their correlative meanings.

Section I.14 "Fair Market Value" means, with respect to Plan Assets on any day, for any security listed on nationally recognized securities exchange, the closing asked price on the most recent day on which such security was traded or, if not so listed, the fair market value as determined in accordance with a valuation methodology approved by the Administrative Committee.

Section I.15 "Initial Contribution" means the initial shares of Stock or cash contributed to the Plan and Trust.

Section I.16 "Investment Committee" means the committee appointed by the Administrative Committee with the power to direct the Trustee as to investment of Plan Assets other than the AMG Stock Accounts. The Investment Committee currently is composed of Sean M. Healey, Darrell W. Crate and Nathaniel Dalton.

Section I.17 "Participant" means an employee of AMG who is designated as a Participant by the Administrative Committee pursuant to Article II.

Section I.18 "Participant's Accounts" means a Participant's AMG Stock Account and Affiliate Investment Account

Section I.19 "Plan" means The Affiliated Managers Group, Inc. Executive Retention Plan, as described herein and as hereafter amended from time to time.

Section I.20 "Plan Assets" means cash, Stock or other assets contributed to the Trust by AMG and any other assets or instruments into which such contributions are converted pursuant to the Trust, without regard to whether such Plan Assets are held in the Unallocated Account, an AMG Stock Account or an Affiliate Investments Account.

Section I.21 "Plan Year" means any calendar year or part thereof beginning on the Effective Date.

Section I.22 "Stock" means shares of AMG's common stock, par value $0.01 per share.

Section I.23 "Trust" means the legal entity created by the Trust Agreement.

Section I.24 "Trust Agreement" means the agreement, dated as of the Effective Date, by and between AMG and the Trustee, including any amendments thereto, setting forth the rights and obligations of the parties thereto in respect of the contributions to and distributions from the Trust, and the establishment and administration of the Accounts pursuant to the Plan.

Section I.25 "Trustee" means any corporation, individual or individuals who shall accept the appointment as trustee to execute the duties of the trustee pursuant to the Trust Agreement.

Section I.26 "Unallocated Account" means a separate account established under Section 4.1 to hold Plan Assets arising from AMG's contributions, forfeitures or distributions in respect of such Plan Assets pending the allocation and reallocation of such Plan Assets to the AMG Stock Accounts or Affiliate Investment Accounts of Participants.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

Each employee designated by the Administrative Committee shall become a Participant in the Plan on the date he or she is so designated. A Participant shall remain a Participant until the date he or she receives a distribution of the entire vested portion of his or her Participant's Accounts or, if earlier, the date such Participant's interest in his or her Participant's Accounts is forfeited in accordance with Article V.

ARTICLE III

CONTRIBUTIONS

On December 31. 1999, AMG shall establish the Trust and irrevocably contribute the Initial Contribution to the Trust. AMG may contribute additional shares of Stock or cash to the Trust from time to time at its sole discretion.

ARTICLE IV

ALLOCATION OF CONTRIBUTIONS

Section IV.1 ESTABLISHMENT OF ACCOUNTS. There shall be established an AMG Stock Account and an Affiliate Investment Account in the name of each Participant and a separate account (the Unallocated Account) to which any forfeitures occurring hereunder may be credited pending allocation to Participants. The Accounts shall also hold any distributions with respect to the Plan Assets held therein until such distributions are payable pursuant to the Plan.

Section IV.2 ALLOCATIONS TO PARTICIPANTS' ACCOUNTS. The Administrative Committee shall in its sole discretion designate the total of any contributions and forfeitures allocable to each Participant's Accounts each Plan Year. In the absence of a designation by the Administrative Committee as to any Plan Year, the allocation formula of the previous Plan Year shall be used as of the end of such Plan Year, adjusted as follows: any allocation from such previous Plan Year for Plan Participants whose accounts were forfeited pursuant to Section 5.5 or who are no longer employees of AMG shall be allocated among the remaining Participants such that the ratio of allocations relating to the previous Plan Year among such remaining Participants is preserved. The allocation shall be split evenly between the eligible Participant's AMG Stock Account and Affiliate Investment Account unless the Administrative Committee shall decide otherwise prior to any such allocation. Notwithstanding the foregoing, the allocation of the Initial Contribution is set forth in Schedule A attached hereto.

Section IV.3 INVESTMENT. The AMG Stock Account shall be invested solely in shares of AMG Stock that shall be contributed by AMG or that the Trustee shall purchase from AMG with any cash contribution made by AMG. The Affiliate Investments Account shall be invested by the Trustee in such Affiliate Investments as directed by the Investment Committee from cash contributions made by AMG.

Section IV.4 VOTING OF STOCK; TENDER OR EXCHANGE OFFERS. With respect to the Plan Assets allocated to Participant's Accounts, each Participant shall be entitled to instruct the Trustee, on a confidential basis (a) as to the manner in which the Trustee's rights will be exercised with respect to any matter which involves the voting or other similar rights attached to such Plan Assets, and (b) in the event of a tender or exchange offer for all or substantially all of the Stock of AMG, whether such Stock shall be tendered or exchanged by the Trustee. Without limiting the foregoing, the Trust Agreement shall provide that the Trustee shall have no discretion and shall be required to vote, tender or exchange Plan Assets held by the Trust as follows: (i) Plan Assets allocated to Participant's Accounts shall be voted, tendered or exchanged, as applicable, in accordance with any instructions received from such Participant or such Participant's authorized representative pursuant to a duly executed power of attorney or similar instrument, (ii) Plan Assets held in Participant's Accounts with respect to which the Trustee does not receive instructions shall not be voted, tendered or exchanged, as applicable, and (iii) Plan Assets held in the Unallocated Account shall be voted, tendered or exchanged, as applicable, in the same proportion as the applicable Plan Assets allocated to Participant's

Accounts with respect to which instructions are received by the Trustee are voted, tendered or exchanged.

ARTICLE V

VESTING

Section V.1 VESTING IN THE INITIAL CONTRIBUTION.

(a) VESTING IN THE AMG STOCK ACCOUNT. A Participant's interest in his or her AMG Stock Account attributable to the Initial Contribution shall vest and be distributable as follows:

VESTING DATE	ADDITIONAL VESTING PERCENTAGE IN THE AMG STOCK ACCOUNT	CUMULATIVE VESTING PERCENTAGE IN THE AMG STOCK ACCOUNT
December 31, 2001	25%	25%
December 31, 2002	25%	50%
December 31, 2003	25%	75%
December 31, 2004	25%	100%

Subject to the determination of the Administrative Committee, vesting of Stock in the AMG Stock Account shall be subject to rounding to avoid the vesting of fractional shares of Stock.

(b) VESTING IN THE AFFILIATE INVESTMENT ACCOUNT. A Participant's interest in his or her Affiliate Investment Account attributable to the Initial Contribution shall vest as follows:

VESTING DATE	ADDITIONAL VESTING IN THE AFFILIATE INVESTMENT ACCOUNT	CUMULATIVE VESTING IN THE AFFILIATE INVESTMENT ACCOUNT
December 31, 2003	50%	50%
December 31, 2004	50%	100%

Section V.2 VESTING IN CONTRIBUTIONS FOLLOWING THE INITIAL CONTRIBUTION. The Administrative Committee, in its sole discretion, shall determine the vesting schedule for the contributions and forfeitures attributable to each Plan Year prior to any allocation to Participant's Accounts.

Section V.3 VESTING OF FORFEITURES. Forfeitures allocated among Participants pursuant to Section 5.5 shall vest according to Sections 5.1 and 5.2 above as appropriate, unless otherwise decided by the Administrative Committee.

Section V.4 SPECIAL RULE. Notwithstanding any other provision of this Plan, provided that a Participant's Accounts have not previously been forfeited, such Participant shall be 100% vested in his or her Participant's Accounts upon (i) the death or Disability of such Participant, (ii) such Participant's termination of Employment by AMG without Cause, (iii) the termination of the Plan or (iv) a Change in Control.

Section V.5 FORFEITURE. Unless the Administrative Committee determines otherwise, and except under the circumstances specified in Section 5.4, SPECIAL RULE, unvested Plan Assets in any Participant's Accounts shall be immediately forfeited and such unvested Plan Assets shall not be distributable to such Participant upon the termination of Employment of the Participant.

In the event of such forfeiture, all unvested Plan Assets in any such former Participant's Accounts shall be returned to the Unallocated Account, added to any contributions for such Plan Year and allocated as of the end of the Plan Year in accordance with the provisions of Section 4.2.

ARTICLE VI

DISTRIBUTIONS

Section VI.1 GENERAL. Except as provided below and in Section 9.10, all vested Plan Assets credited to any Participant's Accounts shall be promptly distributed to such Participant (or, if applicable, his or her Beneficiary) and shall be subject to the provisions of Sections 9.8 and 9.9. The distribution of shares of Stock shall be in whole shares only with any remainder being paid in cash; all other distributions shall be in cash.

Section VI.2 EARNINGS. Any taxable income or capital gain in respect of Plan Assets allocated to a Participant's Accounts on the record date for such dividend or payment shall be distributed to such Participant as soon as practicable following the end of the calendar quarter in which such dividend or payment is received without regard to whether such Participant is vested in such Plan Assets. No taxable income or capital gain in respect of Plan Assets shall be allocated to the Unallocated Account. No interest shall be payable on any dividends or other earnings allocated to a Participant's Accounts but not yet distributed.

ARTICLE VII

ADMINISTRATION OF PLAN

Section VII.1 PLAN ADMINISTRATOR. The Plan Administrator shall be the Administrative Committee which shall have complete control over the administration of the Plan and shall have the authority in its sole discretion to (a) exercise all of the powers granted to it under this Plan, (b) construe, interpret and implement the Plan, (c) prescribe, amend and rescind rules and regulations relating to the Plan, including rules governing its own operations, (d) make all determinations necessary or advisable in administering the Plan, and (e) correct any defect, supply any omission and reconcile any inconsistency in the Plan. Action by the Administrative Committee may be taken by the vote of a majority of its members. Any action may be taken by a written instrument signed by a majority of the members of the Administrative Committee and action so taken shall be fully as effective as if it had been taken by a vote at a meeting. The determinations of the Administrative Committee on all matters relating to the Plan shall be final, binding and conclusive. The responsibility of the Administrative Committee with respect to the management or control of the assets of the Trust may be delegated or allocated to the Trustee and, for investment direction to the Investment Committee.

Section VII.2 INDEMNIFICATION. No member of the Administrative Committee or the Investment Committee or any employee of AMG shall be liable for any action or determination made in good faith with respect to the Plan. Each such person shall be indemnified and held harmless by AMG against and from any loss, cost, liability, or expense that may be imposed upon or incurred by such person in connection with or resulting from any action, suit or proceeding to which such person may be a party or in which such person may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by such person, with AMG's approval, in settlement thereof, or paid by such person in satisfaction of any judgment in any such action, suit or proceeding against such person, provided that AMG shall have the right, at its own expense, to assume and defend the same. The foregoing right of indemnification shall not be available to a person to the extent that a final judgment or other final adjudication binding upon such person establishes that the acts or omissions of such person giving rise to the indemnification claim resulted from such person's bad faith, fraud or willful criminal act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under AMG's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AMG may have to indemnify such persons or hold them harmless.

Section VII.3 COMMUNICATION BY ADMINISTRATIVE COMMITTEE OR INVESTMENT COMMITTEE. Decisions and directions of the Administrative Committee or the Investment Committee may

be communicated to the other Committee, the Trustee, a Participant, a Beneficiary, AMG or any other person who is to receive such decision or direction by a document signed by any one or more members of the Administrative Committee or Investment Committee (or persons other than members) so authorized, and such decision or direction of the Administrative Committee or Investment Committee may be relied upon by the recipient as being the decision of the applicable Committee. The Administrative Committee or Investment Committee may authorize one or more of its members, or a designee who is not a member, to sign on behalf of the entire applicable Committee.

Section VII.4 INVESTMENT COMMITTEE. The Investment Committee shall be the Investment Fiduciary, as described in the Trust Agreement, and shall direct the Trustee in respect of specific investments in the Affiliate Investment Accounts in order that the holdings in such Affiliate Investment Accounts readily may satisfy any requirement for payment of cash (a) to Participants upon vesting of such Affiliate Investment Accounts and (b) to AMG for satisfaction of any applicable withholding taxes in respect of such Affiliate Investment Accounts.

ARTICLE VIII

AMENDMENT, TERMINATION, ETC.

The Board reserves the right at any time and from time to time to modify, alter, amend, suspend, discontinue and terminate the Plan or the Trust Agreement; provided that, no such modification, alteration, amendment, suspension, discontinuance or termination shall materially adversely affect, without the consent of the individual affected Participant, the rights of any Participant under this Plan with respect to contributions previously made, except that the Board reserves to itself alone the right to (a) accelerate the vesting of Participants' Accounts and (b) make distributions to Participants upon the termination of the Plan. Notwithstanding the foregoing, no modification, alteration, amendment or termination of the Plan may be made which would cause or permit any part of the assets of the Trust to be used for, or diverted to, purposes other than for the exclusive benefit of Participants or their Beneficiaries, or which would cause any part of the assets of the Trust to revert to or become the property of AMG. Any modification, alteration or amendment to the Plan shall be in writing signed by the Chief Executive Officer of AMG or his designee.

ARTICLE IX

MISCELLANEOUS

Section IX.1 DESIGNATION OF BENEFICIARIES. A Participant may designate, in accordance with procedures established by the Administrative Committee, a Beneficiary or

Beneficiaries to receive all or part of the amounts payable hereunder in the event of such Participant's death. A designation of a Beneficiary may be replaced by a new designation or may be revoked by a Participant at any time in accordance with procedures established by the Administrative Committee. In the event of a Participant's death, the amounts payable hereunder with respect to which a designation of Beneficiary has been made shall be paid in accordance with the Plan to such designated Beneficiary or Beneficiaries. Any amounts payable upon death and not subject to such designation shall be distributed to the Participant's estate. If there is any question as to the legal right of any Beneficiary to receive payment of amounts hereunder, the amounts in question may be paid to the Participant's estate, in which event AMG shall have no further liability to anyone with respect to such amounts. A Beneficiary shall have no rights under the Plan other than the right, subject to the immediately preceding sentence, to receive such amounts, if any, as may be payable under this Section 9.1.

Section IX.2 NONASSIGNABILITY. No rights granted to any Participant or any Beneficiary under the Plan (including any interest in the Accounts) may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of (including through the use of any cash-settled instrument) (each such action being hereinafter referred to as an "assignment"), whether voluntarily or involuntarily, other than by will or by the laws of descent and distribution. Any assignment in violation of the provisions of this Section 9.2 shall be void. All the terms of this Plan shall be binding upon such permitted successors and assigns.

Section IX.3 PLAN CREATES NO EMPLOYMENT RIGHTS. Nothing in the Plan shall confer upon any Participant the right to continue in the employ of AMG or affect any right which AMG may have to terminate such Employment.

Section IX.4 LIMIT ON LIABILITY. No person shall have any right or interest in the Plan or the Trust other than as provided herein. The Trust assets shall under no circumstances be available to the creditors of AMG. All distributions under the Plan shall be paid or provided solely from the Trust assets, and AMG shall have no responsibility or liability to any Participant or Beneficiary relating to any assets (including Stock) contributed to the Trust. Any final distribution to any Participant or Beneficiary in accordance with the provisions of the Plan shall be in full satisfaction of all claims against the Trust, the Trustee, the Administrative Committee, the Investment Committee, the Board, AMG and its employees with respect to the Plan or Trust.

Section IX.5 ARBITRATION. Any dispute, controversy or claim between AMG and any Participant arising out of or relating to or concerning the provisions of the Plan or the Trust shall be finally settled by arbitration in Boston, Massachusetts before the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by any Participant must first be submitted to the Administrative Committee in accordance with claim procedures determined by the Administrative Committee in its sole discretion. This Section is subject to the provisions of Section 9.6.

Section IX.6 CHOICE OF FORUM.

(a) AMG AND EACH PARTICIPANT, AS A CONDITION TO SUCH PARTICIPANT'S PARTICIPATION IN THE PLAN, HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF BOSTON, MASSACHUSETTS OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO THE PROVISIONS OF SECTION 9.5. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. AMG and each Participant, as a condition to such Participant's participation in the Plan, acknowledge that the forum designated by this Section 9.6(a) has a reasonable relation to the Plan, and to the relationship between such Participant and AMG. Notwithstanding the foregoing, nothing herein shall preclude AMG from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Sections 9.5 and 9.6.

(b) The agreement by AMG and each Participant as to forum is independent of the law that may be applied in the action, and AMG and each Participant, as a condition to such Participant's participation in the Plan, (i) agree to such forum even if the forum may under applicable law choose to apply non-forum law, (ii) hereby waive, to the fullest extent permitted by applicable law, any objection which AMG or such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 9.6(a), (iii) undertake not to commence any action arising out of or relating to or concerning the Plan in any forum other than the forum described in this Section 9.6 and (iv) agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon AMG and each Participant.

(c) Each Participant, as a condition to such Participant's participation in the Plan, hereby irrevocably appoints the General Counsel of AMG as such Participant's agent for service of process in connection with any action or proceeding arising out of or relating to or concerning the Plan which is not arbitrated pursuant to the provisions of Section 9.5, who shall promptly advise such Participant of any such service of process.

(d) Each Participant hereby agrees, as a condition to such Participant's participation in the Plan, to keep confidential the existence of, and any information concerning, a dispute described in Section 9.5 or 9.6, except that a Participant may disclose information concerning such dispute to the arbitrator or court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(e) Each Participant recognizes and agrees that prior to being selected by the

Administrative Committee to participate in the Plan such Participant has no right to any benefits hereunder. Accordingly, in consideration of a Participant's selection to participate in the Plan, each Participant expressly waives any right to contest the amount of any contribution to the Plan, the terms of the Plan, any determination, action or omission hereunder by the Administrative Committee, AMG or the Board, or any amendment to the Plan (other than an amendment to which such Participant's consent is expressly required by Article VIII).

Section IX.7 GOVERNING LAW. ALL RIGHTS AND OBLIGATIONS UNDER THE PLAN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

Section IX.8 TAXES AND WITHHOLDING.

(a) Upon a Participant's vesting in all or any portion of his or her Participant's Accounts, or in connection with any distribution or other event that gives rise to a federal or other governmental tax withholding obligation relating to the Plan (including, without limitation, FICA and Medicare tax), the Trustee shall satisfy such withholding obligation as provided herein. If the event giving rise to the withholding obligation involves a transfer of shares of Stock, then the Trustee shall remit to AMG shares of Stock having a Fair Market Value equal to the amount of tax to be withheld, or, at the discretion of the Participant, the Participant may pay such withholding obligation directly to AMG in cash. If the event giving rise to the withholding obligation involves the Affiliate Investments Account or distribution of income or capital gains of the Trust, then the Trustee shall take such actions as shall permit it to remit cash to AMG. For this purpose, Fair Market Value shall be determined as of the date on which the amount of tax to be withheld is determined (and any fractional share amount may be settled in cash).

(b) The Trustee may transfer to AMG any amounts (cash or shares of Stock or other securities) withheld or received from the Participant pursuant to Section 9.8(a). Any deduction of cash, shares of Stock or other securities from the Participant's Accounts by the Trustee pursuant to this Section 9.8 shall be treated as a distribution from the Trust to such Participant and an election by the Participant to have such shares of Stock or other securities applied to satisfy the withholding obligation.

(c) No Participant may make an election pursuant to section 83(b) of the Code with respect to his or her interest in the Trust, any shares of Stock or any other property held by the Trust.

Section IX.9 CONSENTS AND LEGENDS. The vesting and distribution to a Participant of any shares of Stock or other securities may be conditioned on the receipt, to the full satisfaction of the Administrative Committee, of (a) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state or

local law, or law, rule or regulation of a jurisdiction outside the United States, (b) any and all written agreements and representations by the Participant with respect to the disposition of shares of Stock or other securities, or with respect to any other matter, which the Administrative Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (c) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency that the Administrative Committee may determine to be necessary or advisable and (d) any and all consents or authorizations required to comply with, or required to be obtained under, applicable local law or otherwise required by the Administrative Committee. Nothing herein shall require AMG to list, register or qualify the shares of Stock or other securities on any securities exchange. AMG may affix to any stock certificate (or other document or evidence of ownership) representing shares of Stock or other securities distributed under the Plan any legend that the Administrative Committee determines in its sole discretion to be necessary or advisable (including to reflect any restrictions to which a Participant may be subject under a separate agreement with AMG). AMG may advise the transfer agent to place a stop order against any legended shares of Stock or other Securities.

Section IX.10 FORFEITURE AND REPAYMENT AFTER ERRONEOUS VESTING. If, following any date on which a Participant becomes vested in all or any portion of his or her Participant's Accounts (the "Erroneously Vested Portion"), the Administrative Committee determines that all terms and conditions of the Plan were not satisfied on the relevant vesting date, such Participant or former Participant shall cease to be vested in, and shall forfeit, such Erroneously Vested Portion, and the Trust shall be entitled to receive, and such Participant or former Participant shall be obligated to pay the Trust immediately upon demand therefor the Fair Market Value of any shares of Stock or interest in Affiliate Investments (determined as of the date of vesting) and the amount of any cash delivered in respect of any distribution of the Erroneously Vested Portion, without reduction for any shares of Stock or other securities or cash, applied to satisfy withholding tax or other obligations in respect of such erroneous vesting event.

Section IX.11 SEVERABILITY; ENTIRE AGREEMENT. If any of the provisions of this Plan is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby; provided, that if any of the provisions of this Plan is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter hereof.

Section IX.12 EXPENSES. All expenses incurred by the Administrative Committee and the Trustee in connection with administering this Plan and the Trust shall be paid by AMG. All taxes imposed on the Trust related to income credited to or attributable to Trust assets shall be paid from such assets and charged against the Participant's Account to which the income is allocated as though it were payable directly to the Participant.

Section IX.13 SUCCESSORS AND ASSIGNS. The terms of this Plan shall be binding upon and inure to the benefit of AMG and its successors.

Section IX.14 PLAN HEADINGS. The headings in this Plan are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

Section IX.15 CONSTRUCTION. In the construction of this Plan, the singular shall include the plural, and vice-versa, in all cases where such meanings would be appropriate.

IN WITNESS WHEREOF, and as evidence of the adoption of this Plan effective as of December 31, 1999 by AMG, it has caused the same to be signed by its duly authorized officer this 31st day of December, 1999.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ SEAN M. HEALEY

Name: Sean M. Healey
Title: President and Chief Operating Officer

SCHEDULE A

THE AFFILIATED MANAGERS GROUP, INC.
DEFINED CONTRIBUTION PLAN

ALLOCATION OF INITIAL CONTRIBUTION

PARTICIPANT	AMG STOCK ACCOUNT	AFFILIATE INVESTMENTS ACCOUNT
William J. Nutt	$750,000	$750,000
Sean M. Healey	$500,000	$500,000
Darrell W. Crate	$375,000	$375,000
Nathaniel Dalton	$375,000	$375,000
Seth W. Brennan	$300,000	$300,000
Levon Chertavian, Jr.	$200,000	$200,000

EXHIBIT 21.1

LIST OF SUBSIDIARIES
(in alphabetical order)

WHOLLY OWNED SUBSIDIARIES OF THE REGISTRANT

AMG/Midwest Holdings, Inc., a Delaware corporation

AMG/SouthwestGP Holdings, Inc. a Delaware corporation

AMG/TBC Holdings, Inc., a Delaware corporation

AMG Service Corp., a Delaware corporation

AMG Finance Trust, a Massachusetts business trust (through AMG Service Corp.)

The Burridge Group Inc., an Illinois corporation

Edward C. Rorer & Co., Inc., a Delaware corporation

FCMC Holdings, Inc., a Delaware corporation

First Quadrant Corp., a New Jersey corporation (through First Quadrant Holdings, Inc.)

First Quadrant Holdings, Inc., a Delaware corporation

GeoCapital Corporation, a Delaware corporation

J M H Management Corporation, a Delaware corporation

Suite 3000 Holdings, Inc., a Delaware corporation

TMF Corp., a Delaware corporation

ENTITIES IN WHICH THE REGISTRANT HAS A MAJORITY INTEREST (DIRECT AND INDIRECT)

Davis Hamilton Jackson & Associates, L.P., a Delaware limited partnership (through AMG/SouthwestGP Holdings, Inc. and AMG/TBC Holdings, Inc.)

Essex Investment Management Company, LLC, a Delaware limited liability company

First Quadrant, L.P., a Delaware limited partnership (through First Quadrant Corp.)

First Quadrant U.K., L.P., a Delaware limited partnership (through First Quadrant Corp.)

First Quadrant Limited, a U.K. corporation (through First Quadrant U.K., L.P.)

Frontier Capital Management Company, LLC, a Delaware limited liability company (through FCMC Holdings, Inc.)

GeoCapital, LLC, a Delaware limited liability company (through GeoCapital Corporation)

Gofen and Glossberg, L.L.C., a Delaware limited liability company

J.M. Hartwell Limited Partnership, a Delaware limited partnership (through J M H Management Corporation)

LIST OF SUBSIDIARIES (continued)
(in alphabetical order)

The Managers Funds LLC, a Delaware limited liability company (through TMF Corp.)

Renaissance Investment Management, a Delaware partnership

Rorer Asset Management, LLC, a Delaware limited liability company (through Edward C. Rorer & Co., Inc.)

Skyline Asset Management, L.P., a Delaware limited partnership

Systematic Financial Management, L.P., a Delaware limited partnership

The Burridge Group LLC, a Delaware limited liability company (through The Burridge Group Inc.)

Tweedy, Browne Company LLC, a Delaware limited liability company (through AMG/TBC Holdings, Inc.)

ENTITIES IN WHICH THE REGISTRANT HAS A MINORITY INTEREST

Paradigm Asset Management Company, L.L.C., a Delaware limited liability company

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Affiliated Managers Group, Inc. on Form S-3 (File No. 333-71561) and Form S-8 (File No. 333-72967 and File No. 333-84485) of our reports dated January 25, 2000, on our audits of the consolidated financial statements and financial statement schedule of Affiliated Managers Group, Inc. as of December 31, 1998 and 1999, and for the years ended December 31, 1997, 1998, and 1999, which reports are included in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 30, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR
DEC-31-1999
JAN-01-1999
DEC-31-1999
53,879
0
239,383
0
0
299,967
12,321
0
909,073
170,299
174,500
0
0
406,118
71,868
909,073
0
518,726
0
306,067
86,225
0
11,764
128,907
56,719
72,188
0
0
0
72,188
3.25
3.18

minority interest