AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 14, 1997

REGISTRATION STATEMENT NO. 333-34679

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 5

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

DELAWARE	6719	04-32-18510
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

TWO INTERNATIONAL PLACE, 23RD FLOOR
BOSTON, MASSACHUSETTS 02110
(617) 747-3300
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive office)

WILLIAM J. NUTT
PRESIDENT AND CHIEF EXECUTIVE OFFICER
AFFILIATED MANAGERS GROUP, INC.
TWO INTERNATIONAL PLACE, 23RD FLOOR
BOSTON, MASSACHUSETTS 02110
(617) 747-3300
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

MARTIN CARMICHAEL III, P.C.	DAVID B. HARMS, ESQ.
GOODWIN, PROCTER & HOAR LLP	SULLIVAN & CROMWELL
Exchange Place	125 Broad Street
Boston, Massachusetts 02109	New York, New York 10004
(617) 570-1000	(212) 558-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ] _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED NOVEMBER 14, 1997

[AMG LOGO]

7,000,000 SHARES
AFFILIATED MANAGERS GROUP, INC.
COMMON STOCK
(PAR VALUE $.01 PER SHARE)

Of the 7,000,000 shares of Common Stock offered, 5,600,000 shares are being offered hereby in the United States and 1,400,000 shares are being offered in a concurrent international offering outside the United States. The initial public offering price and the aggregate underwriting discount per share will be identical for both Offerings. See "Underwriting".

Prior to these Offerings, there has been no public market for the Common Stock of the Company, and there can be no assurance that an active trading market will develop or be sustained to support future transactions in the shares of Common Stock sold in the Offerings. It is currently estimated that the initial public offering price per share will be between $20 and $23. For factors to be considered in determining the initial public offering price, see "Underwriting".

PURCHASERS OF SHARES OF COMMON STOCK SOLD IN THE OFFERINGS WILL EXPERIENCE IMMEDIATE AND SUBSTANTIAL NET TANGIBLE BOOK VALUE DILUTION OF $32.95 PER SHARE.

SEE "RISK FACTORS" BEGINNING ON PAGE 9 FOR CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE COMMON STOCK.

The Common Stock has been approved for listing, subject to notice of issuance, on the New York Stock Exchange under the symbol "AMG".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	INITIAL PUBLIC OFFERING PRICE	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)
Per Share	$	$	$
Total(3)	$	$	$

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(1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting".

(2) Before deducting estimated expenses of $1,717,500 payable by the Company.

(3) The Company has granted the U.S. Underwriters an option for 30 days to purchase up to an additional 840,000 shares at the initial public offering price per share, less the underwriting discount, solely to cover over-allotments. Additionally, the Company has granted the International Underwriters a similar option with respect to an additional 210,000 shares as part of the concurrent International Offering. If such options are exercised in full, the total initial public offering price, underwriting discount and proceeds to the Company will be $, $ and $, respectively. See "Underwriting".

The shares offered hereby are offered severally by the U.S. Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that certificates for the shares will be ready for delivery in New York, New York, on or about , 1997, against payment therefor in immediately available funds.

GOLDMAN, SACHS & CO.

BT ALEX. BROWN

MERRILL LYNCH & CO.

SCHRODER & CO. INC.

The date of this Prospectus is , 1997.

[GRAPHS--ASSETS UNDER MANAGEMENT & EBITDA CONTRIBUTION]

[Graphical depiction of growth in assets under management from June 1994 to September 1997; vertical axis of assets under management (in billions) ranging from $0 to $45 billion; horizontal axis is chronology of June 1994 through September 1997; graph includes indication of approximate date the Company completed each of its ten investments; line graph begins at approximately $1 billion in June 1994 and rises to approximately $43 billion in September 1997.]

[Pie chart display of EBITDA Contribution(1) pro forma nine months ended September 30, 1997 by client type, asset class and geography; first pie chart depicting EBITDA Contribution by client type showing institutional, mutual funds, high net worth and other asset types representing 48%, 29%, 16% and 7% of EBITDA Contribution, respectively; second pie chart depicting asset class EBITDA Contribution with equities, other and fixed income at 84%, 12% and 4%, respectively; third pie chart depicting EBITDA Contribution by geography with domestic investments and global investments(2) representing 63% and 37%, respectively.]

(1) THE COMPANY HOLDS INTERESTS IN TEN INVESTMENT MANAGEMENT FIRMS (THE "AFFILIATES"). THE COMPANY HOLDS A MAJORITY INTEREST IN ALL BUT ONE OF THE AFFILIATES. EBITDA CONTRIBUTION REPRESENTS THE PORTION OF AN AFFILIATE'S REVENUES THAT IS ALLOCATED TO THE COMPANY, 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. THE COMPANY BELIEVES THAT EBITDA CONTRIBUTION MAY BE USEFUL TO INVESTORS AS AN INDICATOR OF EACH AFFILIATE'S CONTRIBUTION TO THE COMPANY'S 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 AND EBITDA, AS CALCULATED BY THE COMPANY, MAY NOT BE CONSISTENT WITH COMPARABLE COMPUTATIONS BY OTHER COMPANIES. EBITDA CONTRIBUTION ACROSS ALL AFFILIATES BY ASSET CLASS, CLIENT TYPE, AND GEOGRAPHY OF INVESTMENT IS DETERMINED BY EMPLOYING THE FOLLOWING CONVENTION: EACH AFFILIATE'S EBITDA CONTRIBUTION FOR THAT PERIOD IS MULTIPLIED BY THE PERCENTAGE OF ITS PERIOD END ASSETS UNDER MANAGEMENT IN THE RELEVANT CATEGORY. THE SUM OF THE EBITDA CONTRIBUTION BY CATEGORY FOR ALL AFFILIATES CONSTITUTES THE EBITDA CONTRIBUTION TO THE COMPANY IN THAT CATEGORY FOR THE PERIOD.

(2) GLOBAL INVESTMENTS CONSIST OF ACCOUNTS INVESTED PRIMARILY IN NON-U.S. MARKETABLE SECURITIES.

CERTAIN PERSONS PARTICIPATING IN THE OFFERINGS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE COMMON STOCK, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT-COVERING TRANSACTIONS IN SUCH SECURITIES AND THE IMPOSITION OF A PENALTY BID, IN CONNECTION WITH THE OFFERINGS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING".

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and notes thereto appearing elsewhere in this Prospectus. In this Prospectus, unless otherwise indicated, the financial information for Affiliated Managers Group, Inc. ("AMG" or the "Company") as of any date or for any period gives pro forma effect to each of the investments the Company has made to date and the related financings as if each such transaction had been completed as of such date or the beginning of such period. Except as otherwise indicated, all references in this Prospectus 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.

THE COMPANY

AMG is an asset management holding company which acquires majority interests in mid-sized investment management firms. The Company's strategy is to generate growth through investments in new affiliates, as well as through the internal growth of existing affiliated firms. With the completion of its investment in Tweedy, Browne Company LLC ("Tweedy, Browne"), the Company's most recent and largest investment to date, AMG has grown since its founding in December 1993 to ten investment management firms (the "Affiliates") with over $40 billion in assets under management.

AMG has developed an innovative transaction structure (the "AMG Structure") which it believes is a superior succession planning alternative for growing mid-sized investment management firms. The Company believes that the AMG Structure appeals to target firms for both financial and operational reasons:

- The AMG Structure allows owners of mid-sized investment management firms to sell a portion of their interest, while ongoing management retains a significant ownership interest, with the opportunity to realize value for that interest in the future.

- The AMG Structure provides management of each Affiliate with autonomy over the day-to-day operations of their firm, and includes a revenue sharing arrangement which provides that a specified percentage of revenues are retained to pay operating expenses at the discretion of the Affiliate's management.

The Company believes that the AMG Structure distinguishes AMG from other acquirors of investment management firms which generally seek to own 100% of their target firms and, in many cases, seek to participate in the day-to-day management of such firms. AMG believes that the opportunity for managers of each Affiliate to realize the value of their retained equity interest makes the AMG Structure particularly appealing to managers of firms who anticipate strong future growth and provides those managers with an ongoing incentive to continue to grow their firm.

AMG's Affiliates have achieved substantial internal growth in assets under management. For the nine months ended September 30, 1997 the Affiliates increased their assets under management 55%. Tweedy, Browne, AMG's largest Affiliate, based on EBITDA Contribution*, achieved growth of 49% in assets under management for the same period. The Affiliates manage assets across a diverse range of investment styles, asset classes and client types, with significant participation in fast-growing segments such as equities, global investments and mutual funds. For the nine months ended September 30, 1997 investments in equity securities represented 84% of EBITDA Contribution, while global investments represented 37% of EBITDA Contribution. For the same period, mutual fund assets represented 29% of EBITDA Contribution. Other asset classes, including fixed income, represented 16% of EBITDA Contribution; domestic investments represented 63% of EBITDA Contribution; and institutional, high net worth and other client types represented 71% of EBITDA Contribution for the same period. The three largest Affiliate mutual funds, Tweedy, Browne

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* EBITDA Contribution represents the portion of an Affiliate's revenues that is allocated to the Company, 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. The Company believes that EBITDA Contribution may be useful to investors as an indicator of each Affiliate's contribution to the Company's 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 and EBITDA, as calculated by the Company, may not be consistent with comparable computations by other companies.

American Value, Tweedy, Browne Global Value and Skyline Special Equities, which represented approximately 95% of the Company's total mutual fund assets under management at September 30, 1997, are each rated "five stars", by Morningstar, Inc., and these funds' assets increased 122%, 60% and 111%, respectively, for the nine months ended September 30, 1997.

On an historical basis, the Company had net income of $833,000 and net loss after extraordinary item of $281,000 for the nine months ended September 30, 1997 and 1996, respectively, a net loss after extraordinary item of $2.4 million for the year ended December 31, 1996 and a net loss of $2.9 million for the year ended December 31, 1995.

AMG believes that significant opportunities exist for future growth through acquisitions of equity interests in additional mid-sized investment management firms. The Company estimates that there are approximately 1,200 firms in the United States, Canada, and the United Kingdom in this category (which the Company generally defines as firms with assets under management of between $500 million and $10 billion). AMG believes 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. The Company also anticipates that there will be significant additional investment opportunities among firms which are currently wholly-owned by larger entities. AMG believes that it is well positioned to take advantage of these investment opportunities because it has 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.

AMG AFFILIATES

AFFILIATE	PRINCIPAL LOCATION(S)	DATE OF INVESTMENT	AMG'S EQUITY OWNERSHIP PERCENTAGE AS OF SEPTEMBER 30, 1997	ASSETS UNDER MANAGEMENT AS OF SEPTEMBER 30, 1997
				(IN MILLIONS)
The Burridge Group LLC ("Burridge")	Chicago	December 1996	55.0%	$ 1,514
First Quadrant, L.P.; First Quadrant Limited (collectively, "First Quadrant")	Pasadena, CA; London	March 1996	66.2	24,559(1)
GeoCapital, LLC ("GeoCapital")	New York	September 1997	60.0	2,375
Gofen and Glossberg, L.L.C. ("Gofen and Glossberg")	Chicago	May 1997	55.0	3,626
J.M. Hartwell Limited Partnership ("Hartwell")	New York	May 1994	75.8	344
Paradigm Asset Management Company, L.L.C. ("Paradigm")	New York	May 1995	30.0	1,871
Renaissance Investment Management ("Renaissance")	Cincinnati	November 1995	66.7	1,463
Skyline Asset Management, L.P. ("Skyline")	Chicago	August 1995	64.0	1,238
Systematic Financial Management, L.P. ("Systematic")	Fort Lee, NJ	May 1995	90.7	1,003
Tweedy, Browne Company LLC ("Tweedy, Browne")	New York; London	October 1997	71.2	5,113
Total				$ 43,106

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(1) Includes directly managed assets of $8.0 billion and $16.6 billion of assets indirectly managed using overlay strategies ("overlay strategies") which employ futures, options or other derivative securities to achieve a particular investment objective. These overlay strategies are intended to add incremental value to the underlying portfolios, which may or may not be directly managed by First Quadrant, and generate advisory fees which are generally at the lower end of the range of those generated by First Quadrant's directly managed portfolios.

THE OFFERINGS

Common Stock offered(1):	
United States Offering	5,600,000 shares
International Offering	1,400,000 shares
Total	7,000,000 shares
Common Stock to be outstanding after the Offerings(1)(2)	16,085,940 shares
Use of proceeds	The net proceeds to the Company from the offering made in the United States (the "U.S. Offering") and the concurrent international offering (the "International Offering" and, together with the U.S. Offering, the "Offerings") are estimated to be $139.0 million, all of which are expected to be used to reduce indebtedness of the Company. See "Use of Proceeds".
New York Stock Exchange symbol	AMG

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(1) Does not include shares of Common Stock that may be sold by the Company pursuant to the Underwriters' over-allotment options. See "Underwriting".

(2) Excludes 682,500 shares of Common Stock reserved for issuance upon the exercise of outstanding options pursuant to the Company's 1995 Incentive Stock Plan (the "1995 Plan") and the Company's 1997 Stock Option and Incentive Plan (the "1997 Stock Plan"). See "Management -- Compensation, Benefit and Retirement Plans".

SUMMARY RISK FACTORS

Before purchasing shares of the Common Stock offered by this Prospectus, prospective investors should consider carefully, in addition to the other information contained in this Prospectus, the matters set forth under the caption "Risk Factors". Such risks include, among others:

- The Company's growth strategy and investments may not be successful, and the Company may not be able to locate suitable investments in the future

- The Company may continue to have future operating losses

- Future debt and equity financings could adversely affect the Company and its stockholders

- The Company's existing indebtedness and its plans to use debt to finance future acquisitions could adversely affect the Company's financial condition

- The Company could be adversely affected by additional write-offs of intangible assets from current and future investments

- The performance of the Company and its Affiliates may be adversely affected by changes in economic and market conditions, and there can be no assurance that future market performance will be favorable or that growth in assets under management by Affiliates may be sustained

- Poor performance by Tweedy, Browne would adversely affect the Company's results of operations and financial condition

- The Affiliates' investment management contracts are subject to termination on short notice, and since the Company's revenues are related to the Affiliates' assets under management, changes in clients' accounts and fluctuations in securities prices could adversely affect the Company's revenues

- The Company and its Affiliates rely on key management personnel whose continued service is not guaranteed, and the loss of senior management at either level would adversely affect client relationships and the Company's business

- - The Company could be adversely affected by liens on interests in Affiliates, limitations on payment of distributions by Affiliates, and contingent repurchase obligations

- - The Company's ability to alter the management practices and policies of its Affiliates is limited in certain respects

- - The Company may be exposed to liabilities incurred by the Affiliates, and there can be no assurance that existing insurance coverage will be sufficient to offset such liabilities

- - The businesses of the Company and its Affiliates are highly competitive, and certain competitors have greater resources than the Company, which may affect the Company's ability to compete for future investments, and the ability of the Affiliate to compete for client assets, all of which could adversely affect the Company's business

- - Risks inherent in international operations could adversely affect the Company

- - The business of each of the Affiliates is highly regulated, and the failure of the Company or an Affiliate to comply with such regulation could result in fines and other sanctions

- - The ability to effect a change of control of the Company could be limited by certain provisions of the Company's charter and by-laws and Delaware law, even if such a change would be beneficial to the stockholders, which could limit the market price of the Common Stock

- - Certain stockholders may have the ability to exert significant influence over the board of directors of the Company and thus influence the outcome of certain corporate transactions requiring stockholder approval

- - Purchasers of Common Stock in the Offerings will experience immediate and substantial dilution in the net tangible book value per share of Common Stock purchased in the Offerings

- - The Company does not plan to pay dividends, and its agreement with its senior lenders prohibits dividends and other distributions to stockholders

- - The lack of a prior public market, variations in equity market conditions, and the shares eligible for future sale could adversely affect the market price of the Common Stock

BENEFITS TO RELATED PARTIES

Chase Equity Associates, L.P. ("Chase Equity Associates"), which will be the beneficial owner of approximately 10.4% of the Common Stock after giving effect to the Offerings, and The Chase Manhattan Bank, which is an affiliate of Chase Equity Associates, will realize material benefits from the Offerings, in that the Company will use the net proceeds from the Offerings, estimated to be $139.0 million, to repay approximately $60.0 million of subordinated debt owed to Chase Equity Associates and approximately $79.0 million of borrowings under a senior credit facility (the "Credit Facility") with a syndicate of banks managed by The Chase Manhattan Bank. See "Use of Proceeds". Chase Equity Associates is a limited partnership whose sole limited partner is an affiliate of Chase Manhattan Corporation (the parent company of The Chase Manhattan Bank) and whose sole general partner has as its partners certain employees of The Chase Manhattan Bank (including John M. B. O'Connor, a director of the Company) and an affiliate of Chase Manhattan Corporation.

Unless otherwise indicated, information in this Prospectus assumes no exercise of the Underwriters' over-allotment options and has been adjusted to reflect: (i) exercise of all warrants to purchase shares of the Company's convertible preferred stock (the "Convertible Preferred Stock"), the conversion of all outstanding shares of Convertible Preferred Stock into shares of Common Stock and the issuance of shares of Common Stock to the shareholders of an Affiliate, in each case upon consummation of the Offerings; and (ii) a 50-for-1 stock split of the Common Stock, effected retroactively for all periods presented in the form of a stock dividend (collectively, the "Recapitalization"). Except as otherwise indicated, all references in this Prospectus to "Common Stock" include the Class B Non-Voting Common Stock, par value $.01 per share (the "Class B Common Stock"), which is not being offered in the Offerings, and the Common Stock.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The summary historical consolidated statement of operations data and balance sheet data set forth below are derived in the relevant periods from the consolidated financial statements and the notes thereto of the Company. The Company's consolidated financial statements have been audited by Coopers & Lybrand L.L.P., independent accountants, as of December 31, 1995 and 1996, and for each of the three years in the period ended December 31, 1996, and are included elsewhere in this Prospectus, together with the report of Coopers & Lybrand L.L.P. thereon. The summary historical consolidated income statement data for the nine months ended September 30, 1996 and 1997 and balance sheet data at September 30, 1997, presented below, were derived from the Company's unaudited consolidated financial statements that are included elsewhere in this Prospectus and include, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial information for such periods. The results of operations for the nine months ended September 30, 1996 and 1997 are not necessarily indicative of the results of operations to be expected for the full year. The unaudited pro forma consolidated financial information is not necessarily indicative of the results that might have occurred had such transactions actually taken place at the beginning of the period specified and is not intended to be a projection of future results. This summary historical and pro forma financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Company's consolidated financial statements and the notes thereto, the Company's Unaudited Pro Forma Consolidated Financial Information and the notes thereto, and the other financial information included elsewhere in this Prospectus.

	HISTORICAL						
	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,		PRO FORMA NINE MONTHS ENDED SEPTEMBER 30,	PRO FORMA AS ADJUSTED NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1996	1997	1997(1)	1997(1)(2)
	(IN THOUSANDS, EXCEPT AS INDICATED AND PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA							
Revenues	$5,374	$14,182	$50,384	$32,170	$ 53,280	$ 103,859	$ 103,859
Operating expenses:							
Compensation and related expenses	3,591	6,018	21,113	13,421	18,900	31,072	31,072
Amortization of intangible assets	774	4,174	8,053	2,518	3,121	11,067	11,217
Depreciation and other amortization	19	133	932	653	1,059	2,351	2,074
Other operating expenses	1,000	2,567	13,115	9,578	21,228	26,643	26,643
Total operating expenses	5,384	12,892	43,213	26,170	44,308	71,133	71,006
Operating income (loss)	(10)	1,290	7,171	6,000	8,972	32,726	32,853
Non-operating (income) and expenses:							
Investment and other income	(966)	(265)	(337)	(763)	(814)	(832)	(832)
Interest expense	158	1,244	2,747	2,036	2,707	23,473	12,107
	(808)	979	2,410	1,273	1,893	22,641	11,275
Income before minority interest, income taxes and extraordinary item	798	311	4,761	4,727	7,079	10,085	21,578
Minority interest(3)	(305)	(2,541)	(5,969)	(3,732)	(6,025)	(14,923)	(14,734)
Income (loss) before income taxes	493	(2,230)	(1,208)	995	1,054	(4,838)	6,844
Income taxes	699	706	181	696	221	899	2,874
Income (loss) before extraordinary item	(206)	(2,936)	(1,389)	299	833	(5,737)	3,970
Extraordinary item	--	--	(983)	(580)	--	--	--
Net income (loss)	$ (206)	$(2,936)	$(2,372)	$ (281)	$ 833	$ (5,737)	$ 3,970
Net income (loss) per share(4)	$(0.05)	$ (0.58)	$ (0.36)	$ (0.04)	$ 0.12	$ (0.63)	$ 0.25
OTHER FINANCIAL DATA							
Assets under management (at period end, in millions)	$ 755	$ 4,615	$19,051	$16,074	$ 37,993	$ 43,106	$ 43,106
EBITDA(5)	1,444	3,321	10,524	6,202	7,941	32,053	32,242
EBITDA as adjusted(6)	587	1,371	7,596	3,470	5,013	7,681	17,261
Cash flow from operating activities	818	1,292	6,185	5,122	6,749	15,051	24,442
Cash flow used in investing activities	(6,156)	(37,781)	(29,210)	(28,513)	(27,007)	(327,702)	(327,702)
Cash flow from financing activities	9,509	46,414	15,650	18,419	24,032	327,107	327,107

	HISTORICAL SEPTEMBER 30, 1997	PRO FORMA SEPTEMBER 30, 1997(1)	PRO FORMA AS ADJUSTED SEPTEMBER 30, 1997(2)
		(IN THOUSANDS)	
BALANCE SHEET DATA			
Current assets	$ 33,331	$ 41,216	$ 41,216
Acquired client relationships	35,190	133,484	134,224
Goodwill	63,272	263,750	264,859
Total assets	142,400	459,397	456,540
Current liabilities	17,251	26,948	22,658
Senior debt	63,300	285,300	206,300
Subordinated debt	--	59,600	800
Total liabilities	84,800	370,597	232,797
Minority interest(3)	8,775	8,775	8,775
Preferred stock	53,577	84,777	--
Stockholders' equity	48,825	80,025	214,968

(1) Pro forma data give effect to: (i) the investments made during the year ended December 31, 1996 and the nine months ended September 30, 1997 (the "Prior Investments"); (ii) the recent investment in Tweedy, Browne which occurred subsequent to September 30, 1997 (the "Subsequent Investment"); and (iii) cash received from borrowings under the Company's new $300 million senior credit facility, from the issuance of $60 million face amount of subordinated debt and from the issuance of $30 million of Class C Convertible Preferred Stock and warrants to purchase Class C Convertible Preferred Stock in connection with the Subsequent Investment (the "Recent Financing"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Unaudited Pro Forma Consolidated Financial Information and the notes thereto included elsewhere in this Prospectus.

(2) Pro forma as adjusted data give effect to: (i) the Recapitalization; and (ii) the sale of 7,000,000 shares of Common Stock in the Offerings (at an assumed initial public offering price of $21.50 per share) and the receipt and application of the estimated net proceeds therefrom. The Company will record, in the quarter in which the Offerings are consummated, an extraordinary loss on early retirement of debt. As of September 30, 1997, the amount of such loss was estimated to be $5.9 million. See "Use of Proceeds" and "Capitalization".

(3) All but one of the Company's Affiliates are majority-owned subsidiaries (the Company owns less than a 50% interest in Paradigm which is accounted for under the equity method of accounting). The portion of each Affiliate's operating results and net assets that are owned by minority owners of each Affiliate is accounted for as minority interest.

(4) Net income (loss) per share is calculated using the weighted average number of common and common equivalent shares outstanding for the periods indicated. Using Securities and Exchange Commission (the "Commission") directives for companies contemplating an initial public offering, stock options and restricted stock issued within one year of an initial public offering have been included as outstanding shares using the treasury stock method for all periods presented. In addition, the Company's shares of Convertible Preferred Stock are considered common equivalent shares, since their respective dates of issuance, as they convert to shares of Common Stock immediately prior to the consummation of the Offerings. Pro forma net income (loss) per share has been calculated using the weighted average shares outstanding calculated as described above after giving effect to the Recapitalization and to issuances related to the investments made subsequent to January 1, 1996, including the Subsequent Investment from January 1, 1996. All proceeds received from shares sold in the Offerings will be used to retire debt. Pro forma net income (loss) per share as adjusted is computed using the pro forma weighted average shares outstanding plus the shares from the Offerings, all of which will be used to retire debt, as if such shares were issued at the beginning of the periods presented.

(5) EBITDA represents earnings before interest, income taxes, depreciation, amortization and extraordinary items. The Company believes EBITDA may be useful to investors as an indicator of the Company's ability to service debt, to make new investments and to meet working capital requirements. EBITDA, as calculated by the Company, may not be consistent with computations of EBITDA by other companies. 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.

(6) EBITDA as adjusted represents earnings after interest expense and income taxes but before depreciation and amortization and extraordinary items. The Company believes 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. EBITDA as adjusted, as calculated by the Company, may not be consistent with computations of EBITDA as adjusted by other companies. EBITDA as adjusted 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.

RISK FACTORS

This Prospectus contains certain forward-looking statements. The Company's actual results could differ materially from those set forth in the forward-looking statements as a result of matters discussed in the risk factors set forth below and elsewhere in this Prospectus. In addition to the other information contained in this Prospectus, prospective investors should consider carefully the risk factors listed below in evaluating an investment in the shares of Common Stock offered by this Prospectus.

THE COMPANY'S GROWTH STRATEGY AND INVESTMENTS MAY NOT BE SUCCESSFUL

The Company's growth strategy includes acquiring ownership interests in investment management firms. To date, AMG has invested in ten such firms and intends to continue this investment program in the future, subject to its ability to locate suitable investment management firms in which to invest and its ability to negotiate agreements with such firms on acceptable terms. There can be no assurance that AMG will be successful in locating or investing in such firms or that any of such firms will have favorable operating results.

THE COMPANY HAS A LIMITED OPERATING HISTORY AND HAS EXPERIENCED NET LOSSES

The Company has an operating history of fewer than four years and has experienced net losses in each of its first three years of operations. Since inception, the Company's growth has largely been attributable to new investments and such growth may not be sustainable. There can be no assurance that as the Company continues its investment strategy it will not experience net losses in the future, which could have an adverse effect on the Company's results of operations, financial condition and prospects.

FUTURE FINANCINGS COULD ADVERSELY AFFECT THE COMPANY AND ITS STOCKHOLDERS

The Company's acquisitions of interests in investment management firms require substantial capital investments. Although the Company believes that its existing cash resources and cash flow from operations will be sufficient to meet the Company's working capital needs for normal operations for the foreseeable future, these sources of capital are not expected to be sufficient to fund anticipated investments. Therefore, the Company will need to raise capital through the incurrence of additional long-term or short-term indebtedness or the issuance of additional equity securities in private or public transactions in order to complete further investments. This could result in dilution of existing equity positions, increased interest expense or decreased net income. In addition, significant capital requirements associated with such investments may impair the Company's ability to pay dividends (although the Company does not anticipate paying any dividends on its Common Stock in the foreseeable future). There can be no assurance that acceptable financing for future investments can be obtained on suitable terms, if at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

THE COMPANY'S USE OF DEBT TO FINANCE ACQUISITIONS COULD ADVERSELY AFFECT THE COMPANY

Upon completion of the Offerings and assuming the application of net proceeds of the Offerings of approximately $139.0 million to repay certain indebtedness, the Company expects to have approximately $206.3 million of indebtedness outstanding under the Credit Facility, with approximately $15.7 million available under the Credit Facility for future investments and working capital needs (assuming the Company maintains compliance with certain financial ratios). The Company anticipates that it will incur additional indebtedness in the future in connection with investments in investment management firms. The Company plans to seek additional borrowing capacity through the replacement of the existing Credit Facility with a new credit facility. There can be no assurance, however, that the Company will succeed in obtaining all or any portion of such replacement financing, and the Company cannot predict at this time the terms of such financing, if obtained. The Company will be subject to risks normally associated with debt financing. Accordingly, the Company will be subject to the risk that a substantial portion of the Company's cash flow may be required to

be dedicated to the payment of the Company's debt service obligations or even that its cash flow will be insufficient to meet required payments of principal and interest. The failure to make any required debt service payments or to comply with any restrictive or financial covenants contained in any debt instrument could give rise to a default permitting acceleration of the debt under such instrument as well as debt under other instruments that contain cross-acceleration or cross-default provisions, which could have an adverse effect on the Company's financial condition and prospects. The Company's borrowings under the Credit Facility are collateralized by pledges of all of its interests in the Affiliates (including all interests in the Affiliates which are directly held by the Company, as well as all interests in the Affiliates which are indirectly held by the Company through wholly-owned subsidiaries), representing in excess of 97% of the Company's assets at September 30, 1997 on a pro forma basis. The Credit Facility contains, and future debt instruments may contain, restrictive covenants that could limit the Company's ability to obtain additional debt financing and could adversely affect the Company's ability to make future investments in investment management firms. The Company's Credit Facility prohibits the payment of dividends and other distributions to stockholders of the Company and restricts the Company, the Affiliates and the Company's other subsidiaries from incurring indebtedness, incurring liens, disposing of assets and engaging in extraordinary transactions. The Company is also required to comply with certain financial covenants on an ongoing basis, with which the Company is currently in compliance. The Company's ability to borrow under the Credit Facility is conditioned upon its compliance with the requirements of the Credit Facility, and any non-compliance with those requirements could give rise to a default entitling the lenders to accelerate all outstanding borrowings under the Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources". In addition, the Credit Facility bears interest at variable rates and future indebtedness may also bear interest at variable rates. An increase in interest rates on such indebtedness would increase the Company's interest expense, which could adversely affect the Company's cash flow and ability to meet its debt service obligations. Although the Company has entered into interest rate hedging contracts designed to offset a portion of the Company's exposure to interest rate fluctuations above certain levels, there can be no assurance that this objective will be achieved, and, if prevailing interest rates drop below a given point, the Company may be obligated to pay a higher interest rate under the hedging contract than would otherwise apply under the actual indebtedness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Interest Rate Sensitivity" and "-- Interest Rate Hedging Contracts".

THE COMPANY COULD BE ADVERSELY AFFECTED BY WRITE-OFFS OF ACQUIRED CLIENT RELATIONSHIPS AND GOODWILL

On a pro forma basis at September 30, 1997, the Company's total assets were approximately $459.4 million, of which approximately $397.2 million were intangible assets consisting of acquired client relationships and goodwill. There can be no assurance that the value of such intangible assets will ever be realized by the Company. These intangible assets are being amortized on a straight-line basis over periods ranging from nine to 26 years in the case of acquired client relationships and 15 to 35 years in the case of goodwill. Pro forma for all investments in Affiliates to date, amortization of intangible assets, including goodwill, would have resulted in a charge to operations of $11.1 million for the nine months ended September 30, 1997. The Company evaluates each investment and establishes appropriate amortization periods based on the underlying facts and circumstances. Subsequent to each investment, the Company reevaluates, on a regular basis, such facts and circumstances to determine if the related intangible assets continue to be realizable and if the amortization period continues to be appropriate. In 1995 and 1996, such a reevaluation resulted in the write-off of approximately $2.5 million and $4.6 million of unamortized goodwill, respectively. Although at September 30, 1997, the net unamortized balance of intangible assets is not considered to be impaired, any such future determination requiring the write-off of a significant portion of unamortized intangible assets could adversely affect the Company's results of operations and financial position. In addition, the Company intends to invest in additional investment management firms in the future. While these firms will contribute additional revenue to the Company, such

investments will also result in the recognition of additional intangible assets which will cause further increases in amortization expense.

THE PERFORMANCE OF THE COMPANY AND ITS AFFILIATES MAY BE ADVERSELY AFFECTED BY CHANGES IN ECONOMIC AND MARKET CONDITIONS

The Company's Affiliates offer a broad range of investment management services and styles to institutional and retail investors. Across all the Affiliates, the Company operates in a number of sectors within the investment management industry, both with respect to products and distribution channels. Consequently, the Company's performance is directly affected by conditions in the financial and securities markets.

The financial markets and the investment management industry in general have experienced record performance and record growth in recent years. For example, between January 1, 1995 and September 30, 1997, the S&P 500 Index appreciated at a compound annual rate in excess of 30% while, according to the Federal Reserve Board and the Investment Company Institute, aggregate assets under management of mutual and pension funds grew at a compound annual rate approaching 20% for the period of January 1, 1995 through December 31, 1996. The financial markets and businesses operating in the securities industry, however, are highly volatile and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of which are beyond the control of the Company. There can be no assurance 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 performance by the Affiliates and may adversely affect assets under management and/or fees at the Affiliate level, which would reduce cash flow distributable to the Company.

POOR PERFORMANCE BY TWEEDY, BROWNE WOULD ADVERSELY AFFECT THE COMPANY

The Company has recently completed its investment in Tweedy, Browne (the "Tweedy, Browne Investment"). The Tweedy, Browne Investment represents the Company's single largest investment to date, with an aggregate purchase price of approximately $300 million. The addition of Tweedy, Browne significantly increases the aggregate size of AMG's revenue base, representing 37% of the Company's pro forma revenues for the nine months ended September 30, 1997. Poor financial performance by Tweedy, Browne would have an adverse effect on the Company's results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

THE AFFILIATES' INVESTMENT MANAGEMENT CONTRACTS ARE SUBJECT TO TERMINATION ON SHORT NOTICE

Substantially all of the Affiliates' revenues are derived from investment management contracts which are typically terminable, without the payment of a penalty, in the case of contracts with mutual fund clients, upon 60 days' notice, and, in the case of institutional contracts, upon 30 days' notice. Because of this, clients of the Affiliates may withdraw funds from accounts under management by the Affiliates generally in their sole discretion. In addition, the Affiliates' contracts generally provide for fees payable for investment management services based on the market value of assets under management, although a portion also provide for the payment of fees based on investment performance. Because most contracts provide for a fee based on market values of securities, fluctuations in securities prices may have an adverse effect on the Company's consolidated results of operations and financial condition. Changes in the investment patterns of clients will also affect the total assets under management. In addition, in the case of contracts which provide for the payment of performance-based fees, the investment performance of the Affiliates will affect the Company's consolidated results of operations and financial condition.

Some of the Affiliates' fees are higher than those of other investment managers for similar types of investment services. Each Affiliate's ability to maintain its fee structure in a competitive environment is dependent on the ability of the Affiliate to provide clients with investment returns and service that will cause clients to be willing to pay those fees. There can be no assurance that any

given Affiliate will be able to retain its fee structure or, with such fee structure, retain its clients in the future.

THE COMPANY AND ITS AFFILIATES RELY ON KEY MANAGEMENT PERSONNEL WHOSE CONTINUED SERVICE IS NOT GUARANTEED

The Company is dependent on the efforts of Mr. Nutt, its President, Chief Executive Officer and Chairman of the Board of Directors, and Sean M. Healey, its Executive Vice President, and other senior management personnel. Messrs. Nutt and Healey in particular play an important role in identifying suitable investment opportunities for the Company and in structuring and negotiating the terms of the Company's investments in investment management firms. Messrs. Nutt and Healey do not have employment agreements with the Company. The Company also believes that the business of Tweedy, Browne, its largest Affiliate based on EBITDA Contribution, is highly dependent on the services of Christopher H. Browne, William H. Browne and John D. Spears, who have been involved in the management of Tweedy, Browne for over 20 years and who continue to be primarily responsible for all of that firm's investment decisions. Although each of these individuals has entered into a 10-year employment agreement with Tweedy, Browne pursuant to which he has agreed to devote substantially all of his working time to the business and affairs of the firm, this can serve as no guarantee that he will remain with the Company for the specified term of the Agreement. The loss of key management personnel or an inability to attract, retain and motivate sufficient numbers of qualified management personnel on the part of the Company or any of its Affiliates would adversely affect the Company's business. The market for investment managers is extremely competitive and is increasingly characterized by frequent movement by investment managers among different firms. In addition, individual investment managers at the Affiliates often have regular direct contact with particular clients, which can lead to a strong client relationship based on the client's trust in that individual manager. The loss of a key investment manager of an Affiliate could jeopardize the Affiliate's relationships with its clients and lead to the loss of client accounts at such Affiliate. Losses of such accounts could have a material adverse effect on the results of operations and financial condition of the Affiliate and the Company. Although the Company uses a combination of economic incentives, vesting provisions, and, in some instances, non-solicitation agreements and employment agreements as a means of seeking to retain key management personnel at the Company and each of the Affiliates, there can be no assurance that key management personnel will remain with their respective firms.

THE COMPANY COULD BE ADVERSELY AFFECTED BY LIENS ON INTERESTS IN AFFILIATES, LIMITATIONS ON PAYMENT OF DISTRIBUTIONS BY AFFILIATES, AND CONTINGENT REPURCHASE OBLIGATIONS

LIENS ON INTERESTS IN AFFILIATES

Because AMG is structured as a holding company, all of the cash flow at the parent company level consists of distributions received from the Affiliates. Borrowings under the Credit Facility, of which approximately $206.3 million will be outstanding upon completion of the Offerings (assuming net proceeds of $139.0 million from the Offerings) and the receipt and application of the proceeds therefrom, are secured by AMG's interests in the Affiliates.

LIMITATION ON PAYMENT OF DISTRIBUTIONS BY AFFILIATES

While AMG's agreements with the Affiliates contain provisions pursuant to which each Affiliate has agreed to pay to AMG a specified percentage of such Affiliate's gross revenues, there can be no assurance that distributions will always be made by the Affiliates to AMG or as to the amounts of any distributions. See "Business -- AMG Structure and Relationship with Affiliates -- Revenue Sharing Arrangements". In the organizational documents of each Affiliate, the distributions to AMG represent only a portion of the revenues of the Affiliate, with the remainder being retained by the Affiliate or distributed to its management team. In addition, the payment of distributions to AMG may be subject to limitations under the laws of the jurisdiction of organization of each of the Affiliates, regulatory requirements, claims of creditors of each such Affiliate and applicable bankruptcy and insolvency laws.

CONTINGENT REPURCHASE OBLIGATIONS

In connection with its investments in each of its Affiliates, AMG has agreed to purchase ownership interests retained by the Affiliate's management team in certain amounts, at certain times and at certain prices. Consequently, AMG may be required to pay cash or issue new shares of Common Stock to its Affiliates' managers, and its ownership interests in its Affiliates may change from time to time, which may have an adverse affect on the Company's cash flow and liquidity. See "Business -- AMG Structure and Relationship with Affiliates - -- Capitalization of Retained Interest".

THE COMPANY'S ABILITY TO ALTER THE MANAGEMENT PRACTICES AND POLICIES OF ITS AFFILIATES IS LIMITED

Although AMG retains both the authority to prevent and cause certain types of activities by the Affiliates and has voting and veto rights regarding significant decisions pursuant to its agreements with the Affiliates, the Affiliates are authorized to manage and conduct their own day-to-day operations, including matters relating to employees who are not also owners, investment management policies and fee structures, product development, client relationships, compensation programs and compliance activities. Accordingly, under these agreements, AMG generally does not alter Affiliate day-to-day decisions, policies and strategies. Similarly, an Affiliate's non-compliance with regulatory requirements that AMG might detect if it operated the business of the Affiliates itself may not be detected by AMG as quickly, if at all, which may adversely affect the Company's financial condition and results of operations. See "Risk Factors -- Regulation". In addition, because each Affiliate is responsible for its own marketing and client relations, Affiliates may, from time to time, compete with each other for clients. See "Business -- AMG Structure and Relationship with Affiliates".

THE COMPANY MAY BE EXPOSED TO LIABILITIES INCURRED BY ITS AFFILIATES

Certain of the Company's existing Affiliates are organized as partnerships that include the Company as a general partner. Consequently, to the extent any such Affiliate incurs liabilities or expenses which exceed its ability to pay or fulfill such liabilities or expenses, the Company would be liable for their payment.

In addition, in the context of certain liabilities, the Company could be held liable, as a control person, for acts of Affiliates or their employees. The Company and each of its Affiliates maintains errors and omissions and general liability insurance in amounts which the Company and its Affiliates' management 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 any of the Affiliates or the Company in excess of available coverage could have a material adverse effect on the Company. See "Business -- Corporate Liability and Insurance".

THE BUSINESSES OF THE COMPANY AND ITS AFFILIATES ARE HIGHLY COMPETITIVE

The Company operates as an asset management holding company organized to invest in mid-sized investment management firms. The market for partial or total acquisitions of interests in investment management firms is highly competitive. The Company is aware of several other holding companies which have been organized to invest in or acquire investment management firms, and the Company views these firms as among its competitors. In addition, numerous other companies, both privately and publicly held, including commercial and investment banks, insurance companies, and investment management firms, most of which have longer established operating histories and significantly greater resources than the Company, make investments in and acquire investment management firms. Certain of the Company's principal stockholders also pursue investments in, and acquisitions of, investment management firms and the Company may, from time to time, encounter competition from such principal stockholders with respect to certain investments. There can be no assurance that the Company will be able to compete effectively with such competitors, that additional competitors will not enter the market or that such competition will not make it more

difficult or impracticable for the Company to make investments in investment management firms. See "Business -- Competition".

The investment management business is also highly competitive. Each of the Affiliates competes with a broad range of investment managers, including public and private investment advisers as well as affiliates of securities broker-dealers, banks, insurance companies and other entities. From time to time, Affiliates may also compete with each other for clients. Many of the Affiliates' competitors have greater resources than any of the Affiliates and than the Company and the Affiliates on a consolidated basis. In addition to competing directly for clients, competition can impact the Affiliates' fee structures. The Company believes 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. There can be no assurance that the Affiliates will be able to achieve favorable investment performance and retain their existing clients. See "Business -- Competition".

RISKS INHERENT IN INTERNATIONAL OPERATIONS COULD ADVERSELY AFFECT THE COMPANY

First Quadrant Limited is organized and headquartered in London, England. In addition, Tweedy, Browne and other Affiliates are investment advisers to certain funds which are organized under non-U.S. jurisdictions, including Luxembourg and Bermuda. In the future, the Company 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 an adverse effect on First Quadrant Limited or other non-U.S. investment management firms in which the Company may invest in the future and, consequently, on the Company's business, financial condition and results of operations.

THE BUSINESS OF EACH OF THE AFFILIATES IS HIGHLY REGULATED

The business of each of the Affiliates is highly regulated primarily at the federal level, and the business of certain of the Affiliates is subject to the authority of non-U.S. regulators. The failure of an Affiliate to comply with applicable 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 Affiliate (other than First Quadrant Limited) is registered with the Commission as an investment adviser 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 the Commission's regulations promulgated thereunder. The Investment Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, operational, and disclosure obligations. Each of the Affiliates (other than First Quadrant Limited) is, as an investment adviser, also subject to regulation under the securities laws and fiduciary laws of certain states. Certain of the Affiliates, including Tweedy, Browne, act as advisers or subadvisers to mutual funds which are registered with the Commission under the Investment Company Act of 1940, as amended (the "1940 Act"). As an adviser or subadviser to a registered investment company, each such Affiliate is subject to requirements under the 1940 Act and the Commission's regulations promulgated thereunder. Each Affiliate is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), and to regulations promulgated thereunder, insofar as they are "fiduciaries" under ERISA with respect to certain of their clients. ERISA and the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), impose certain duties on persons who are fiduciaries under ERISA, and prohibit certain transactions involving the assets of each ERISA plan which is a client of an Affiliate, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans. Each of First Quadrant and Renaissance is also registered with the Commodity Futures Trading Commission as a Commodity Trading Advisor and each is a member of the National Futures Association. Tweedy,

Browne is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as a broker-dealer and thus is subject to extensive regulation with respect 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.

In addition, applicable law provides that the investment management contracts under which Affiliates manage assets for other parties either terminate automatically if assigned, or are not assignable unless the applicable client consents to the assignment. Assignment, as generally defined, includes direct assignments as well as assignments which may be deemed to occur, under certain circumstances, upon the direct or indirect transfer of a "controlling block" of the voting securities of an Affiliate. Moreover, applicable law provides that all investment contracts with mutual fund clients may be terminated by such clients, without penalty, upon no later than 60 days' notice. Investment contracts with institutional and other clients are typically terminable by the client, also without penalty, upon 30 days' notice.

A number of the Affiliates are subject to the laws of non-U.S. jurisdictions and non-U.S. regulatory agencies or bodies. For example, First Quadrant Limited, located in London, is a member of the Investment Management Regulatory Organisation of the United Kingdom, and Tweedy, Browne and other Affiliates are investment advisers to certain funds which are organized under non-U.S. jurisdictions, including Luxembourg (where they are regulated by the Institute Monetaire Luxembourgeois) and Bermuda (where they are regulated by the Bermuda Monetary Authority).

AMG itself does not manage investments for clients, does not provide any investment management services and, therefore, is not registered as an investment adviser under federal or state law.

THE ABILITY TO EFFECT A CHANGE OF CONTROL OF THE COMPANY COULD BE LIMITED BY PROVISIONS OF THE COMPANY'S CHARTER AND BY-LAWS, AND DELAWARE LAW

Certain provisions of the Company's Amended and Restated Certificate of Incorporation (the "Certificate") and Amended and Restated By-laws (the "By-laws") and Delaware law could, together or separately, discourage potential acquisition proposals, delay or prevent a change in control of the Company, hinder the removal of incumbent directors, and limit the price that certain investors might be willing to pay in the future for shares of the Common Stock, all of which may be beneficial to the interests of the stockholders under certain circumstances. These provisions include the issuance, without further stockholder approval, of preferred stock with rights and privileges which could be senior to the Common Stock. The Company also is subject to Section 203 of the Delaware General Corporation Law which, subject to certain 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. See "Description of Capital Stock -- Certain Provisions of the Company's Certificate of Incorporation and By-laws" and "-- Statutory Business Combination Provision".

CERTAIN STOCKHOLDERS MAY HAVE THE ABILITY TO EXERT SIGNIFICANT INFLUENCE OVER THE BUSINESS, POLICIES AND AFFAIRS OF THE COMPANY

After giving effect to the sale of the shares of Common Stock sold in the Offerings, investors including investment funds associated with TA Associates, Inc. ("TA Associates"), Hartford Accident and Indemnity Company ("The Hartford"), members of senior management and key employees of the Company, and managers of Affiliates will beneficially own in the aggregate approximately 24.2%, 2.3%, 6.1% and 5.5%, respectively, of the outstanding Common Stock, including approximately 29.0%, 2.8%, 7.3% and 6.5% of the voting Common Stock. In addition, NationsBanc Investment Corporation ("NationsBank") and Chase Equity Associates will beneficially own in the aggregate 6.0% and 10.4% of the outstanding Common Stock after the Offerings, respectively, in the form of non-voting Class B Common Stock. To the knowledge of the Company, upon consummation of the Offerings, there will be no agreements among such persons relating to the voting of the Common Stock or otherwise relating to corporate governance issues (except that the holders of shares of non-voting Class B Common Stock have agreed that, to the extent such

shares are entitled to vote as a class on any matter, they will vote such shares in the same proportion as the votes of the holders of the shares of voting Common Stock on such matter). If such persons were to vote their shares together, these persons would have the ability to exert significant influence over the Company's Board of Directors, and, therefore, the business, policies and affairs of the Company. In addition, by reason of such holdings, these stockholders may have the ability to exert significant influence over the outcome of certain fundamental corporate transactions requiring stockholder approval, including mergers and sales of assets, and the election of the members of the Company's Board of Directors. This influence could preclude any unsolicited acquisition of the Company and, consequently, adversely affect the market price of the Common Stock. See "Certain Transactions", "Principal Stockholders" and "Shares Eligible for Future Sale".

PURCHASERS OF COMMON STOCK IN THE OFFERINGS WILL EXPERIENCE IMMEDIATE AND SUBSTANTIAL DILUTION

The initial public offering price will be substantially higher than the pro forma net tangible book value (deficit) per share of the Company which, as of September 30, 1997, was $(34.91). Purchasers of the shares of Common Stock sold in the Offerings will experience immediate and substantial pro forma net tangible book value dilution of $32.95 per share, assuming an initial public offering price of $21.50 per share. See "Dilution".

THE COMPANY DOES NOT PLAN TO PAY DIVIDENDS

Following the consummation of the Offerings, the Company intends to retain earnings to repay debt and to finance the growth and development of its business and does not anticipate paying cash dividends on its Common Stock in the foreseeable future. Any declaration of dividends in the future will depend upon, among other things, the Company's results of operations, financial condition and capital requirements as well as general business conditions. The Credit Facility also prohibits the Company from making dividend payments to its stockholders. See "Dividend Policy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

LACK OF A PRIOR MARKET, EQUITY MARKET CONDITIONS, AND SHARES AVAILABLE FOR FUTURE SALE COULD ADVERSELY AFFECT THE TRADING PRICE OF THE COMMON STOCK

NO PRIOR MARKET FOR THE COMMON STOCK

Prior to the Offerings, there has been no public market for the Common Stock, and there can be no assurance that an active trading market will develop or be sustained in the future or that the market price of the Common Stock will not decline below the initial public offering price. The initial public offering price of the Common Stock will be determined by negotiations between the Company and the representatives of the U.S. Underwriters and the International Underwriters and may not be indicative of the market price of the Common Stock after the Offerings. See "Underwriting". From time to time after the Offerings, there may be significant volatility in the market price for the Common Stock. Quarterly operating results of the Company, changes in general conditions in the economy or the financial markets, or other developments affecting the Company or its competitors, could cause the market price of the 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 the Common Stock.

SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of Common Stock in the public market after the Offerings could adversely affect the market price of the Common Stock. In addition to the 7,000,000 shares of Common Stock offered in the Offerings, up to 6,681,186 shares of Common Stock owned by the current stockholders will be eligible for sale in accordance with Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), beginning 90 days after the consummation of the Offerings, and an additional 2,339,129 shares of Common Stock will become eligible for sale in the public market under Rule 144 at various dates through November 1998. The remaining 65,625

shares of Common Stock owned by the current stockholders are subject to vesting provisions and will become eligible for sale in the public market under Rule 144 at various times after November 1998 as they become vested. If such stockholders should sell or otherwise dispose of a substantial amount of Common Stock in the public market, the prevailing market price could be adversely affected. However, subject to certain exceptions, the Company and holders of 9,085,940 shares of Common Stock outstanding before the Offerings have agreed not to offer, sell, or otherwise dispose of any shares of Common Stock for a period of 180 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters. See "Shares Eligible For Future Sale".

REGISTRATION RIGHTS

The holders of 8,076,686 shares of Common Stock have the right in certain circumstances to require the Company to register their shares under the Securities Act for resale to the public, and the holders of 8,773,540 shares have the right to include their shares in a registration statement filed by the Company. In addition, certain of the managers of the Affiliates have the right under certain circumstances to exchange portions of their interests in the Affiliate of which they are a manager for shares of Common Stock. See "Business -- AMG Structure and Relationship with Affiliates -- Capitalization of Retained Interest". Certain of the managers who have these exchange rights have the right to include the shares of Common Stock received by them in such exchange in a registration statement filed by the Company under the Securities Act. These registration rights may enable such holders to publicly sell shares which would otherwise be ineligible for sale in the public market. The Company also intends to register all of the shares of Common Stock issuable under the Company's stock plans as soon as practicable following the consummation of the Offerings. See "Management -- Compensation, Benefit and Retirement Plans". The sale of a substantial number of shares of Common Stock into the public market following the Offerings, or the availability of such shares for future sale, could adversely affect the market price for the Common Stock and could impair the Company's ability to obtain additional capital in the future through an offering of equity securities should it desire to do so. See "Shares Eligible for Future Sale" and "Underwriting".

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 7,000,000 shares of Common Stock in the Offerings, after deducting the underwriting discount and expenses payable by the Company in connection with the Offerings, are estimated to be approximately $139.0 million ($160.1 million if the Underwriters' over-allotment options are exercised in full). The Company intends to use such net proceeds to repay outstanding indebtedness, all of which was incurred to finance portions of the Company's investments in certain Affiliates, as follows: (i) approximately $60.0 million will be used to repay certain subordinated debt which bears interest initially at LIBOR plus 7.25% and matures on April 7, 1998, and (ii) approximately $79.0 million will be used to repay a portion of the outstanding borrowings under the Credit Facility, which bear interest at variable rates based on the prime rate or LIBOR as selected by the Company, and mature on October 9, 2004 and October 9, 2005. The interest rate on indebtedness under the Credit Facility at November 14, 1997 was 8.125% with respect to $118.3 million, 8.25% with respect to $117.0 million and 8.75% with respect to $50.0 million. Upon repayment of such indebtedness, and assuming the Company maintains compliance with certain financial ratios, approximately $15.7 million will be available for future borrowings under the Credit Facility.

DIVIDEND POLICY

The Company has never declared or paid a cash dividend on its Common Stock. The Company currently intends to retain earnings to finance the growth and development of its business, including possible investments, and does not anticipate paying cash dividends for the foreseeable future. Any payment of cash dividends in the future will depend upon the financial condition, capital requirements and earnings of the Company, as well as other factors the Company's Board of Directors may deem relevant. In addition, the Credit Facility prohibits the Company from making dividend payments to its stockholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

DILUTION

The pro forma net tangible book value (deficit) of the Common Stock at September 30, 1997 before adjustment for the Offerings was $(317.2) million, or $(34.91) per share after giving effect to the Recapitalization. After giving effect to the sale of the 7,000,000 shares of Common Stock in the Offerings at an assumed initial public offering price of $21.50 per share (before deducting the estimated underwriting discounts and commissions and estimated offering expenses), and applying the estimated net proceeds therefrom as set forth in "Use of Proceeds" (with the associated write-off of $5.9 million in debt issuance costs and debt discount), the pro forma net tangible book value (deficit) of the Company at September 30, 1997 would have been $(184.1) million, or $(11.45) per share.

Assumed initial public offering price per share (1).....		$ 21.50
Pro forma net tangible book value (deficit) per share before the Offerings.....	$(34.91)	
Increase in pro forma net tangible book value per share attributable to the Offerings.....	23.46	
As adjusted pro forma net tangible book value (deficit) per share after the Offerings.....		(11.45)
Dilution in pro forma net tangible book value (deficit) per share to new investors (2)(3).....		$ 32.95

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(1) Assumed initial public offering price before deduction of underwriting discounts and commissions and estimated expenses of the Offerings to be paid by the Company.

(2) Dilution is determined by subtracting the pro forma net tangible book value per share of Common Stock after the Offerings from the assumed initial public offering price paid by purchasers in the Offerings for a share of Common Stock.

(3) Assumes no exercise of outstanding stock options. As of the date of this Prospectus, there are options outstanding to purchase a total of 92,500 shares of Common Stock at an exercise price of $9.10 per share. See "Management -- Compensation, Benefit and Retirement Plans" and Note 13 of the Notes to the Company's Consolidated Financial Statements. If any of these options were exercised, there would be further dilution to purchasers of Common Stock in the Offerings.

Assuming the Underwriters' over-allotment options are exercised in full, the pro forma net tangible book value (deficit) at September 30, 1997 would be $(163.0) million or $(9.51) per share, the immediate increase in pro forma net tangible book value of shares owned by existing stockholders would be $24.41 per share, and the immediate dilution to purchasers of shares of Common Stock in the Offerings would be $31.01 per share.

The following table summarizes, at September 30, 1997, after giving effect to the sale of the shares of Common Stock in the Offerings at an assumed initial public offering price of $21.50 per share, (i) the number and percentage of shares of Common Stock purchased from the Company, (ii) the total cash consideration paid for the Common Stock, and (iii) the average price per share of Common Stock paid by existing stockholders and by purchasers of the Common Stock in the Offerings:

	SHARES OWNED		TOTAL CONSIDERATION		
	NUMBER	PERCENTAGE	AMOUNT	PERCENTAGE	AVERAGE PRICE PER SHARE
Existing stockholders.....	9,085,940	56.5%	$ 86,640,000	36.5%	$ 9.54
New investors.....	7,000,000	43.5	150,500,000	63.5	21.50
Total.....	16,085,940	100.0%	$237,140,000	100.0%	

CAPITALIZATION

The following table sets forth at September 30, 1997: (i) the historical capitalization of the Company; (ii) the pro forma capitalization reflecting the Subsequent Investment and the Recent Financing; and (iii) the pro forma capitalization described in clause (ii) as adjusted to give effect to the Recapitalization and sale of the shares of Common Stock in the Offerings (at an assumed initial public offering price of $21.50 per share) and the application of the net proceeds therefrom as described under "Use of Proceeds".

	SEPTEMBER 30, 1997		
	HISTORICAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)		
Senior debt, current portion	$ --	$ 5,500	$ 1,210
Senior debt, long-term portion	63,300	279,800	205,090
Subordinated debt	--	59,600	800
Total debt	63,300	344,900	207,100
Stockholders' equity:			
Preferred stock, $.01 par value; 5,000,000 shares authorized; none issued and outstanding historical, pro forma and pro forma as adjusted	--	--	--
Convertible preferred stock, $.01 par value; 137,396 shares authorized and 125,916 shares issued and outstanding historical; 213,935 shares authorized and 159,249(1) shares issued and outstanding pro forma; and none authorized, issued or outstanding pro forma as adjusted	53,577	84,777	--
Common Stock, $.01 par value; 17,160,050 shares authorized and 1,037,500 shares issued and outstanding historical; 10,961,000 shares authorized and 1,037,500(2) shares issued and outstanding pro forma; and 40,000,000 shares authorized and 13,449,140 shares issued and outstanding pro forma as adjusted	--	--	134
Class B Common Stock, $.01 par value, non-voting; 970,150 shares authorized and none issued and outstanding historical; 3,342,250 shares authorized and none issued and outstanding pro forma; and 3,000,000 shares authorized and 2,636,800 shares issued and outstanding pro forma as adjusted	--	--	26
Additional paid-in capital on common stock	15	15	225,481
Foreign translation adjustment	(86)	(86)	(86)
Accumulated deficit	(4,681)	(4,681)	(10,587)
Total stockholders' equity	48,825	80,025	214,968
Total capitalization	$ 112,125	$ 424,925	$ 422,068

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(1) Includes the issuance of 5,333 shares of Series C-2 Non-Voting Convertible Preferred Stock and assumes the exercise of warrants to purchase 28,000 shares of Series C-2 Non-Voting Convertible Preferred Stock subsequent to September 30, 1997.

(2) Excludes 92,500 shares of Common Stock reserved for issuance under options outstanding under the 1995 Plan, of which 23,125 shares were issuable at September 30, 1997 upon the exercise of outstanding stock options at $9.10 per share. See "Management--Compensation, Benefit and Retirement Plans".

SELECTED PRO FORMA FINANCIAL DATA

The selected pro forma statement of operations data and balance sheet data set forth below are derived from the unaudited pro forma consolidated statement of operations and balance sheet for the Company as of and for the nine months ended September 30, 1997, and the related notes thereto, as set forth in the Unaudited Pro Forma Consolidated Financial Statements included elsewhere in this Prospectus. The selected pro forma data are adjusted to reflect: (i) the Prior Investments (in the case of the selected pro forma statement of operations data) and the Subsequent Investment; (ii) the Recent Financing (as defined below), which was entered into in connection with the Subsequent Investment; and (iii) the Offerings (including the application of the net proceeds therefrom) and the Recapitalization in connection with the Offerings. The selected pro forma statement of operations data for the nine months ended September 30, 1997 assume that each of these transactions occurred on January 1, 1996. The selected pro forma balance sheet data assume that each of these transactions occurred on September 30, 1997.

The pro forma adjustments are based on available information and upon certain assumptions that management believes are reasonable under the circumstances. The Prior Investments and the Subsequent Investment are accounted for under the purchase method of accounting. Under this method of accounting, the purchase price has been allocated to the assets and liabilities acquired based upon estimates of fair value. See "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Prior Investments were primarily funded with cash received from borrowings under the Company's revolving credit facility and from issuances of the Company's Convertible Preferred Stock. The Subsequent Investment has been funded by: (i) cash received from borrowings ("Senior Debt") under the Company's new $300 million senior credit facility (the "Credit Facility"), (ii) cash received from the issuance of $60 million face amount of subordinated debt (the "Subordinated Debt"), and (iii) cash received from the issuance of $30 million of Class C Convertible Preferred Stock and warrants to purchase Class C Convertible Preferred Stock (clauses (i) - (iii) collectively, the "Recent Financing"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

The selected pro forma financial data should be read in conjunction with the Unaudited Pro Forma Consolidated Financial Information and the related notes thereto, and the Consolidated Financial Statements of the Company (including the unaudited information as of and for the nine months ended September 30, 1997) and the related notes thereto, included elsewhere in this Prospectus. The pro forma information is based on the historical data with respect to the Company and the acquired businesses comprising the Prior Investments and the Subsequent Investment, is not necessarily indicative of the results that might have occurred had the transactions reflected actually taken place at the beginning of the period specified and is not intended to be a projection of future results.

SELECTED PRO FORMA FINANCIAL DATA

NINE MONTHS ENDED SEPTEMBER 30, 1997

	HISTORICAL	INVESTMENTS(1)	FINANCING ADJUSTMENTS(2)	PRO FORMA	OFFERING ADJUSTMENTS(3)	PRO FORMA AS ADJUSTED
	(IN THOUSANDS, EXCEPT WHERE INDICATED AND PER SHARE DATA)					
STATEMENT OF OPERATIONS DATA						
Revenues	$ 53,280	$ 50,579	$ --	$103,859	$ --	$ 103,859
Operating expenses:						
Compensation and related expenses	18,900	12,172	--	31,072	--	31,072
Amortization of intangible assets	3,121	7,946	--	11,067	150	11,217
Depreciation and other amortization	1,059	499	793	2,351	(277)	2,074
Other operating expenses	21,228	5,415	--	26,643	--	26,643
Total operating expenses	44,308	26,032	793	71,133	(127)	71,006
Operating income (loss)	8,972	24,547	(793)	32,726	127	32,853
Non-operating (income) and expenses:						
Investment and other income	(814)	(18)	--	(832)	--	(832)
Interest expense	2,707	36	20,730	23,473	(11,366)	12,107
	1,893	18	20,730	22,641	(11,366)	11,275
Income (loss) before minority interest and income taxes	7,079	24,529	(21,523)	10,085	11,493	21,578
Minority interest	(6,025)	(8,898)	--	(14,923)	189	(14,734)
Income (loss) before income taxes	1,054	15,631	(21,523)	(4,838)	11,682	6,844
Income taxes	221	678	--	899	1,975	2,874
Net income (loss)	$ 833	$ 14,953	$ (21,523)	$ (5,737)	$ 9,707	$ 3,970
Net income (loss) per share (4)	$ .12			$ (.63)		$ .25
Number of shares used in net income (loss) per share	6,853			9,053		16,139
OTHER FINANCIAL DATA						
Assets under management (at period end, in millions)	$ 37,993	$ 5,113	$ --	$ 43,106	$ --	$ 43,106
EBITDA (5)	7,941	24,112	--	32,053	189	32,242
EBITDA as adjusted(5)	5,013	23,398	(20,730)	7,681	9,580	17,261
Cash flow from (used in) operating activities	6,749	29,107	(20,805)	15,051	9,391	24,442
Cash flow used in investing activities	(27,007)	(370)	(300,325)	(327,702)	--	(327,702)
Cash flow from financing activities	24,032	--	303,075	327,107	--	327,107
BALANCE SHEET DATA						
Current assets	$ 33,331	$ 5,385	$ 2,500	$ 41,216	$ --	$ 41,216
Acquired client relationships	35,190	98,294	--	133,484	740	134,224
Goodwill	63,272	200,478	--	263,750	1,109	264,859
Total assets	142,400	305,597	11,400	459,397	(2,857)	456,540
Current liabilities	17,251	9,697	--	26,948	(4,290)	22,658
Senior debt	63,300	210,600	11,400	285,300	(79,000)	206,300
Subordinated debt	--	59,600	--	59,600	(58,800)	800
Total liabilities	84,800	274,397	11,400	370,597	(137,800)	232,797
Minority interest	8,775	--	--	8,775	--	8,775
Preferred stock	53,577	31,200	--	84,777	(84,777)	--
Stockholders' equity	48,825	31,200	--	80,025	134,943	214,968

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(1) Gives effect to the recent investment in Tweedy, Browne (the "Subsequent Investment"), which occurred subsequent to September 30, 1997, and, in the case of the selected statement of operations data, to the investments made during the year ended December 31, 1996 and the nine months ended September 30, 1997 (the "Prior Investments"). See notes (B), (C) and (H)-(L) to the Unaudited Pro Forma Consolidated Financial Information included elsewhere in this Prospectus.

(2) To adjust for the Recent Financing, which was entered into in connection with the Subsequent Investment. See notes (B), (D) and (M) to the Unaudited Pro Forma Consolidated Financial Information included elsewhere in this Prospectus.

(3) To adjust for (i) the sale of Common Stock offered by the Offerings and the application of the net proceeds therefrom, and (ii) the related Recapitalization, consisting of a 50-for-1 stock split of the Common Stock effected in the form of a stock dividend and the issuance of 86,023 shares of Common Stock to shareholders of an Affiliate upon consummation of the Offerings, in each case as of the date of this Prospectus, the exercise of all warrants to purchase shares of the Company's convertible preferred stock (the "Convertible Preferred Stock") and the conversion of all outstanding shares of the Convertible Preferred Stock into shares of Common Stock, in each case upon consummation of the Offerings. See notes (E)-(G) and (N)-(Q) to the Unaudited Pro Forma Consolidated Financial Information included elsewhere in this Prospectus.

(4) See note (4) to the Summary Historical and Pro Forma Financial Data included elsewhere in this Prospectus.

(5) See notes (5) and (6) to the Summary Historical and Pro Forma Financial Data included elsewhere in this Prospectus.

SELECTED HISTORICAL FINANCIAL DATA

The selected consolidated statement of operations data and balance sheet data set forth below are derived in the relevant periods from the consolidated financial statements and the notes thereto of the Company. The Company's consolidated financial statements have been audited by Coopers & Lybrand L.L.P., independent accountants, as of December 31, 1995 and 1996, and for each of the three years in the period ended December 31, 1996, and are included elsewhere in this Prospectus, together with the report of Coopers & Lybrand L.L.P. thereon. The selected consolidated statement of operations data for the nine months ended September 30, 1996 and 1997 and balance sheet data at September 30, 1997, presented below, were derived from the Company's unaudited consolidated financial statements that are included elsewhere in this Prospectus and include, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial information for such periods. The results of operations for the nine months ended September 30, 1996 and 1997 are not necessarily indicative of the results of operations to be expected for the full year. This selected historical financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Company's consolidated financial statements and the notes thereto, and the other financial information included elsewhere in this Prospectus.

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996	1997
	(IN THOUSANDS, EXCEPT AS INDICATED AND PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA					
Revenues	$5,374	$14,182	$50,384	$32,170	$53,280
Operating expenses:					
Compensation and related expenses	3,591	6,018	21,113	13,421	18,900
Amortization of intangible assets	774	4,174	8,053	2,518	3,121
Depreciation and other amortization	19	133	932	653	1,059
Other operating expenses	1,000	2,567	13,115	9,578	21,228
Total operating expenses	5,384	12,892	43,213	26,170	44,308
Operating income	(10)	1,290	7,171	6,000	8,972
Non-operating (income) and expenses:					
Investment and other income	(966)	(265)	(337)	(763)	(814)
Interest expense	158	1,244	2,747	2,036	2,707
	(808)	979	2,410	1,273	1,893
Income before minority interest, income taxes and extraordinary item	798	311	4,761	4,727	7,079
Minority interest (3)	(305)	(2,541)	(5,969)	(3,732)	(6,025)
Income (loss) before income taxes	493	(2,230)	(1,208)	995	1,054
Income taxes	699	706	181	696	221
Income (loss) before extraordinary item	(206)	(2,936)	(1,389)	299	833
Extraordinary item	--	--	(983)	(580)	--
Net income (loss)	$ (206)	$(2,936)	$(2,372)	$ (281)	833
Net income (loss) per share (1)	$(0.05)	$ (0.58)	$ (0.36)	$ (0.04)	$ .12
OTHER FINANCIAL DATA					
Assets under management (at period end, in millions)	$ 755	$ 4,615	$19,051	$16,074	$37,993
EBITDA (2)	1,444	3,321	10,524	6,202	7,941
EBITDA as adjusted(2)	587	1,371	7,596	3,470	5,013
Cash flow from operating activities	818	1,292	6,185	5,122	6,749
Cash flow used in investing activities	(6,156)	(37,781)	(29,210)	(28,513)	(27,007)
Cash flow from financing activities	9,509	46,414	15,650	18,419	24,032

	DECEMBER 31,			SEPTEMBER 30,
	1994	1995	1996	1997
	(IN THOUSANDS)			
BALANCE SHEET DATA				
Current assets	$ 4,791	$16,847	$ 23,064	$ 33,331
Acquired client relationships	3,482	18,192	30,663	35,190
Goodwill	5,417	26,293	40,809	63,272
Total assets	13,808	64,699	101,335	142,400
Current liabilities	2,021	4,111	23,591	17,251
Senior debt	--	18,400	33,400	63,300
Total liabilities	3,925	26,620	60,856	84,800
Minority interest (3)	80	1,212	3,490	8,775
Preferred stock	10,004	40,008	42,476	53,577
Stockholders' equity	9,803	36,867	36,989	48,825

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(1) See note (4) to the Summary Historical and Pro Forma Financial Data included elsewhere in this Prospectus.

(2) See notes (5) and (6) to the Summary Historical and Pro Forma Financial Data included elsewhere in this Prospectus.

(3) See note (3) to the Summary Historical and Pro Forma Financial Data included elsewhere in this Prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus.

OVERVIEW

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

One of the purposes of the revenue sharing arrangements is to provide ongoing incentives for the managers of the Affiliates. The revenue sharing arrangements are designed to allow each Affiliate's managers to participate in that firm's growth (through their compensation paid out of the Operating Allocation and their ownership of a portion of the Owners' Allocation) and to make operating expenditures freely within the limits of the Operating Allocation. The portion of the Operating Allocation that is not used to pay salaries and other operating expenses (the "Excess Operating Allocation") is available for payment to the managers and other key employees of such Affiliate in the form of bonuses. The managers of each Affiliate thus have an incentive to increase revenues (thereby increasing the Operating Allocation) and control expenses (thereby increasing the Excess Operating Allocation). The ownership by an Affiliate's management of a portion of the Affiliate, which entitles them to a portion of the Owners' Allocation, provides a further incentive to managers of each Affiliate to increase revenues.

The revenue sharing arrangements allow AMG to participate in the growth of revenues of each Affiliate, because as revenues increase, the Owners' Allocation also increases. However, the Company participates in that growth to a lesser extent than the managers of the Affiliate, because AMG does not participate in the growth of the Operating Allocation.

The portion of each Affiliate's revenues which is included in its Operating Allocation and retained by it to pay salaries, bonuses and other operating expenses, as well as the portion of each Affiliate's revenues which is included in its Owners' Allocation and distributed to AMG and the other owners of the Affiliate, are both included as "revenues" on the Company's Consolidated Statements of Operations. The expenses of each Affiliate which are paid out of the Operating Allocation, as well as the holding company expenses of AMG which are paid by the Company out of the amounts of the Owners' Allocation which AMG receives from the Affiliates, are both included in Operating Expenses on the Company's Consolidated Statements of Operations. The portion of each Affiliate's Owners' Allocation which is allocated to owners of the Affiliates other than the Company is included in "minority interest" on the Company's Consolidated Statements of Operations.

The following diagram depicts the allocation of the Affiliates' revenues.

[Description of Flow Diagram:]
[Diagram demonstrating the flow of revenues from an Affiliate to the Company, to management owners of the Affiliate, and to pay operating expenses of the Affiliate.]
[Diagram begins on the left side of the page with a square with "Affiliate" written inside; an arrow moves from left to right, beginning on the right side of the square, and connects to a rectangle entitled "Revenue Sharing Agreement".]
[Two arrows originate from the right side of the "Revenue Sharing Agreement" rectangle; one arrow begins at the top right corner and moves diagonally upwards to the right to an oval shape with "Operating Allocation" written inside; the bottom arrow moves diagonally downwards to the right from the lower right corner of the rectangle and connects to an oval shape with "Owners' Allocation" written inside.]
[Two arrows originate from the right side of the oval titled "Operating Allocation"; one arrow moves diagonally upwards and to the right and connects with another oval shape entitled "Salary and Bonuses to Employees; Other Operating Expenses"; the second arrow, with the words "Excess Operating Allocation" written on the arrow, moves diagonally downwards and to the right to a rectangle entitled "Affiliate Management Equity Holders".]
[The "Owners' Allocation" oval has two arrows originating on the right side; one arrow, with the words "Owners' Allocation" written on it, moves diagonally upwards and to the right and connects to the rectangle called "Affiliate Management Equity Holders" described above; the second arrow, with the words "Owners' Allocation" written on it, moves diagonally downwards and to the right and connects to a pennant-shaped symbol with "AMG" written inside.]

The EBITDA Contribution of an Affiliate represents the Owners' Allocation of that Affiliate allocated to AMG before interest, taxes, depreciation and amortization of that Affiliate. EBITDA Contribution does not include holding company expenses of AMG.

The Affiliates' revenues are derived from the provision of investment management services for fees. Investment management fees are usually determined as a percentage fee charged on periodic values of a client's assets under management. Certain of the Affiliates, including Tweedy, Browne, 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"). 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 if specified levels of investment performance are achieved. 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.

The Company's 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 the Affiliates 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) the receipt of Owners' Allocation, which is dependent on the ability of the Affiliates and future affiliates to maintain certain levels of operating profit margins; (iii) the availability and cost of the capital with which AMG finances its investments; (iv) the Company's success in attracting new investments and the terms upon which such transactions are completed; (v) the level of intangible assets and the associated amortization resulting from the Company's

investments; (vi) the level of expenses incurred by AMG for holding company operations, including compensation for its employees; and (vii) the level of taxation to which the Company is subject, all of which are, to some extent, dependent on factors which are not in the Company's control, such as general securities market conditions.

Since its founding in December 1993, the Company has completed ten investments in Affiliates. In September and October 1997, the Company completed investments in GeoCapital and Tweedy, Browne, respectively. The Company also made investments during 1996 and 1997 in First Quadrant (March 1996), Burridge (December 1996) and Gofen and Glossberg (May 1997). The Tweedy, Browne Investment is the Company's largest to date, representing 53% of the Affiliates' pro forma EBITDA Contribution for the nine months ended September 30, 1997.

In the Tweedy, Browne Investment, AMG paid $300 million in cash for a 71.2% interest in Tweedy, Browne's Owners' Allocation. In August 1997, when the Tweedy, Browne purchase agreement was executed, AMG's interest represented an estimated $30 million of annualized EBITDA Contribution based on Tweedy, Browne's assets under management as of such date. There can be no assurance that the actual EBITDA Contribution of Tweedy, Browne will equal this estimate. On a pro forma basis for the year ended December 31, 1996 and the nine months ended September 30, 1997, Tweedy, Browne's EBITDA Contribution was approximately $21.4 million and $20.6 million, respectively.

The remaining portion of the firm's Owners' Allocation is owned by the senior management of Tweedy, Browne, including Christopher H. Browne, William H. Browne, and John D. Spears (collectively, the "Original Partners"). In connection with the transaction, the Original Partners signed ten year employment agreements with Tweedy, Browne. In addition, the Original Partners agreed to invest $100 million of the sale proceeds in accounts under Tweedy, Browne's management for a ten year period, bringing the total assets of the Original Partners, former partners and employees of Tweedy, Browne and their respective families under management by the firm to over $300 million (although no fees are paid with respect to most of these assets under management and, other than the $100 million described above, there is no requirement that such funds remain under the management of the firm).

Pursuant to the Tweedy, Browne Company LLC Limited Liability Company Agreement (the "Tweedy, Browne LLC Agreement"), the management members have certain rights to require the Company to purchase their retained interests in the firm (the "Tweedy, Browne Puts") and AMG has certain rights to require management members to sell their retained interest in the firm (the "Tweedy, Browne Calls"). For the Original Partners, the Tweedy, Browne Puts are exercisable beginning in 2003, with the maximum aggregate percentage of the retained interest which may be sold in any year limited to 2.5% of the firm until 2008, when all of the Original Partners' remaining interests are eligible to be put to AMG. The Tweedy, Browne Calls are exercisable with respect to each management member after they reach a certain defined age, and are limited in any one year to 20% of the maximum interests held by each person. The Tweedy, Browne LLC Agreement provides that, except in limited circumstances (e.g., death or disability), if an Original Partner (or other management member) terminates his employment prior to the agreed upon retirement eligibility date, his interest will be repurchased at a substantial discount to the Fair Value Purchase Price. See "Business -- AMG Structure and Relationship with Affiliates -- Capitalization of Retained Interest". In a separate provision of the Tweedy, Browne LLC Agreement, the Original Partners agreed to provide for an 8% interest in the firm to be sold to key employees over the five years following AMG's investment (in addition to 2% which was sold to such employees). These employees will be granted Tweedy, Browne Puts with respect to one half of their interest which will be exercisable beginning five years after their issuance subject to annual limitations.

The Company's investments, including the Tweedy, Browne Investment, have been accounted for under the purchase method of accounting under which goodwill is recorded for the excess of the

purchase price for the acquisition of interests in Affiliates over the fair value of the net assets acquired, including acquired client relationships.

As a result of the series of investments made by the Company, intangible assets (goodwill and acquired client relationships) constitute a substantial percentage of the assets of the Company and the Company's results of operations have included increased charges for amortization of those intangible assets. As of September 30, 1997, the Company's total assets, on a pro forma basis for the inclusion of the Subsequent Investment, were approximately $459.4 million, of which approximately $133.5 million consisted of "acquired client relationships" and $263.8 million consisted of "goodwill" (acquired client relationships and goodwill are collectively referred to as "intangible assets"). The amortization period for intangible assets from each investment is assessed individually, with amortization periods for the Company's investments to date, including the Subsequent Investment occurring after September 30, 1997, ranging from nine to 26 years in the case of acquired client relationships and 15 to 35 years in the case of goodwill. In determining the amortization period for intangible assets acquired, the Company considers a number of factors including: the firm's historical and potential future operating performance; the firm's historical and potential future rates of attrition among clients; the stability and longevity of existing client relationships; the firm's recent, as well as long-term, investment performance; the characteristics of the firm's products and investment styles; the stability and depth of the firm's management team and the firm's history and perceived franchise or brand value. The Company continuously evaluates all components of intangible assets to determine whether there has been any impairment in its carrying value or its useful life. The Company makes such evaluations quarterly on an Affiliate-by-Affiliate basis to assess if facts and circumstances exist which suggest an impairment has occurred in the value of the intangible assets or if the amortization period needs to be shortened. If such a condition exists, the Company will evaluate the recoverability of the intangible asset by preparing a projection of the undiscounted future cash flows of the Affiliate. If impairment is indicated, then the carrying amount of intangible assets, including goodwill, will be reduced to their fair values. See "Risk Factors -- Risks Related to Write-Offs of Acquired Client Relationships and Goodwill".

While amortization of intangible assets has been charged to the results of operations and is expected to be a continuing material component of the Company's operating expenses, management believes 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 the Company's distributions from its Affiliates are based on their Owners' Allocation, management has provided additional supplemental information in this Prospectus 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 the Company believes is useful to investors as an indicator of the Company's ability to service debt, make new investments and meet working capital requirements, and (ii) EBITDA as adjusted, which the Company believes is 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.

RESULTS OF OPERATIONS

SUPPLEMENTAL PRO FORMA INFORMATION

Affiliate operations are included in the Company's historical financial statements from their respective dates of acquisition. The Company consolidates Affiliates when it owns a controlling interest and includes in minority interest the portion of capital and Owners' Allocation owned by persons other than the Company. One of the Company's Affiliates, Paradigm, is not controlled by the Company and is accounted for under the equity method.

Because the Company has made investments in each of the periods for which financial statements are presented, the Company believes that the operating results for these periods are not directly comparable. Substantially all of the changes in the Company's income, expense and balance sheet categories result from the inclusion of the acquired businesses from the dates of their acquisition.

The Unaudited Pro Forma Consolidated Statements of Operations appearing elsewhere in this Prospectus present the results of operations of the Company for the year ended December 31, 1996 and the nine months ended September 30, 1997, as if the Prior Investments, the Subsequent Investment, the Recent Financing, the Recapitalization and the sale of Common Stock offered in the Offerings and the application of the net proceeds therefrom had occurred on January 1, 1996 (without any cumulative effect). The Unaudited Pro Forma Consolidated Balance Sheet reflects the Subsequent Investment and the Recent Financing as if they had occurred on September 30, 1997. Such Pro Forma Consolidated Financial Statements are based on the historical financial information of the Subsequent Investment and have been adjusted to reflect the new cost basis of net assets acquired and such other adjustments as further described in the Notes to the Unaudited Pro Forma Consolidated Financial Statements. The Unaudited Pro Forma Consolidated Financial Statements are not necessarily indicative of the results that would have occurred had the transactions occurred on the dates indicated or which may be realized in the future.

The following table presents supplemental unaudited pro forma information prepared on the same basis as the pro forma information appearing in the Unaudited Pro Forma Consolidated Financial Statements described above. Such information is provided to enhance the reader's understanding and evaluation of the effects to the Company of the Tweedy, Browne Investment, the Company's largest investment to date.

UNAUDITED PRO FORMA SUPPLEMENTAL INFORMATION(1)

	DECEMBER 31, 1996 (IN MILLIONS)	SEPTEMBER 30, 1997 (IN MILLIONS)
Assets under Management -- at period end:		
Tweedy, Browne	$ 3,422	$ 5,113
Other Affiliates	24,325	37,993
Total	$ 27,747	$ 43,106

	YEAR ENDED DECEMBER 31, 1996 (IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30, 1997 (IN THOUSANDS)
Revenues:		
Tweedy, Browne	$ 39,905	$ 38,108
Other Affiliates	81,094	65,751
Total	$ 120,999	$ 103,859
Owners' Allocation(2):		
Tweedy, Browne	$ 26,623	$ 25,853
Other Affiliates(3)	33,078	25,144
Total	$ 59,701	$ 50,997
EBITDA Contribution(4):		
Tweedy, Browne	$ 21,374	$ 20,566
Other Affiliates(5)	24,036	18,478
Total	$ 45,410	$ 39,044
OTHER FINANCIAL DATA		
Reconciliation of EBITDA Contribution to EBITDA:		
Total EBITDA Contribution (as above)	$ 45,410	$ 39,044
Less holding company expenses	(5,602)	(6,802)
EBITDA	39,808	32,242
EBITDA as adjusted(6)	22,884	17,261
Cash flow from operating activities	24,225	24,442
Cash flow used in investing activities	(358,844)	(327,702)
Cash flow from financing activities	350,624	327,107

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(1) All amounts are pro forma for the inclusion of the Prior Investments and the Subsequent Investment as if such transactions occurred on January 1, 1996. See Notes to Unaudited Pro Forma Consolidated Financial Statements.

(2) Owners' Allocation represents the portion of an Affiliate's revenues which is allocated to the owners of that Affiliate, including AMG, generally in proportion to their ownership interest, pursuant to the revenue sharing agreement with such Affiliate. The Company believes that the Owners' Allocation may be useful to investors as an indicator of the revenues an Affiliate has available for distribution to the Company. Owners' Allocation, as calculated by the Company, may not be consistent with comparable computations of Owners' Allocation by other companies with revenue sharing agreements.

(3) No Affiliate other than Tweedy, Browne accounted for more than 16% and 15% of Owners' Allocation for the periods ended December 31, 1996 and September 30, 1997, respectively. No single client relationship accounted for more than 3% of Owners' Allocation for the nine months ended September 30, 1997.

(4) EBITDA Contribution represents the portion of an Affiliate's revenues that is allocated to the Company, 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. The Company believes EBITDA Contribution may be useful to investors as an indicator of each Affiliate's contribution to the Company's 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 and EBITDA, as calculated by the Company, may not be consistent with comparable computations by other companies.

(5) No Affiliate other than Tweedy, Browne accounted for more than 16% and 17% of EBITDA Contribution for the periods ended December 31, 1996 and September 30, 1997, respectively. No single client relationship accounted for more than 3% of EBITDA Contribution for the nine months ended September 30, 1997.

(6) EBITDA as adjusted represents earnings after interest expense and income taxes but before depreciation and amortization and extraordinary items. The Company believes 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. EBITDA as adjusted, as calculated by the Company, may not be consistent with computations of EBITDA as adjusted by other companies. EBITDA as adjusted 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.

On a pro forma basis for the nine months ended September 30, 1997 assets under management increased $15.4 billion, or 55%, to $43.1 billion from $27.7 billion at December 31, 1996.

Pro forma consolidated revenues were $103.9 million for the nine months ended September 30, 1997 while pro forma Owners' Allocation and pro forma EBITDA Contribution were $51.0 million and $39.0 million for the same period, respectively. Of the $39.0 million of EBITDA Contribution, $20.6 million was related to Tweedy, Browne, while the remaining $18.4 million was related to the other Affiliates.

Tweedy, Browne's pro forma EBITDA Contribution was based on revenues of $38.1 million for the nine months ended September 30, 1997 which were partially based upon advisory fees billed in advance. For the other Affiliates, the $18.4 million of EBITDA Contribution was based on revenues of $65.8 million for the nine months ended September 30, 1997. The consolidated pro forma EBITDA Contribution did not increase proportionately to the increase in assets under management for the same period, in part because the fees for Tweedy, Browne and certain other Affiliates were billed in advance rather than in arrears.

HISTORICAL

NINE MONTHS ENDED SEPTEMBER 30, 1997 AS COMPARED TO SEPTEMBER 30, 1996

As a result of the factors described below, the Company had net income of $833,000 for the nine months ended September 30, 1997 compared to a net loss of $281,000 for the nine months ended September 30, 1996. The net loss for the nine months ended September 30, 1996 resulted primarily from an extraordinary loss of $580,000, net of related tax benefit, from the early extinguishment of debt.

Assets under management increased by $21.9 billion to $38.0 billion at September 30, 1997 from $16.1 billion at September 30, 1996 in part due to the investments made in Burridge, Gofen and Glossberg and GeoCapital which were completed in December 1996, May 1997 and September 1997, respectively. Excluding the initial assets under management of these Affiliates at the respective dates of the Company's investments, assets under management increased by $14.9 billion, as a result of $4.1 billion in market appreciation and $10.8 billion from net new sales.

Consolidated revenues increased by $21.1 million to $53.3 million for the nine months ended September 30, 1997 from $32.2 million for the nine months ended September 30, 1996. Since September 30, 1996 the Company invested in Burridge in December 1996 and Gofen and Glossberg in May 1997 and included their results from their respective purchase dates. In addition, the Company invested in First Quadrant in March 1996 and its results were included in the results for the nine months ended September 30, 1996 from its purchase date. Revenues from these investments accounted for $21.7 million of the increase in revenues from 1996 to 1997 and were partially offset by a $2.5 million decline in revenues at Systematic following a period during 1996 of net client asset withdrawals. Performance-based fees, primarily earned by First Quadrant, increased by $6.0 million to $11.0 million for the nine months ended September 30, 1997 compared to the nine months ended September 30, 1996. The Company completed its investment in GeoCapital on September 30, 1997 and therefore, GeoCapital's results were not included in either period.

Compensation and related expenses increased by $5.5 million to $18.9 million for the nine months ended September 30, 1997 from $13.4 million for the nine months ended September 30, 1996. The inclusion of the First Quadrant, Burridge and Gofen and Glossberg investments accounted for $4.2 million of this increase and the remainder was due to increased compensation and related expenses at AMG and other Affiliates, including the costs of new hires to support the Company's growth.

Amortization of intangible assets increased by $602,000 to $3.1 million for the nine months ended September 30, 1997 from $2.5 million for the nine months ended September 30, 1996 as a result of the inclusion of the First Quadrant, Burridge and Gofen and Glossberg investments.

Selling, general and administrative expenses increased by $10.2 million to $17.8 million for the nine months ended September 30, 1997 from $7.6 million for the nine months ended September 30, 1996. The First Quadrant, Burridge and Gofen and Glossberg investments accounted for $8.2 million of this increase and the remainder was primarily due to increases in AMG and other Affiliates' selling, general and administrative expense.

Other operating expenses increased by approximately $1.5 million to $3.5 million for the nine months ended September 30, 1997 from $2.0 million for the nine months ended September 30, 1996. The First Quadrant, Burridge and Gofen and Glossberg investments accounted for most of this increase.

Minority interest increased by $2.3 million to $6.0 million for the nine months ended September 30, 1997 from $3.7 million for the nine months ended September 30, 1996 as a result of the addition of new Affiliates as described above and the Owners' Allocation growth at the Company's Affiliates.

EBITDA increased by $1.7 million to $7.9 million for the nine months ended September 30, 1997 from $6.2 million for the nine months ended September 30, 1996 as a result of the inclusion of new Affiliates as described above and revenue growth.

Interest expense increased $671,000 to $2.7 million for the nine months ended September 30, 1997 from $2.0 million for the nine months ended September 30, 1996 as a result of the increased indebtedness incurred in connection with the investments described above.

Income tax expense of $221,000 for the nine months ended September 30, 1997 consisted of current provisions for state and local income taxes and a deferred provision for future taxes. For the nine months ended September 30, 1997, the Company did not accrue a current provision for federal income taxes as a result of its utilization of historical net operating loss carryforwards. As a result of the above, the effective tax rate for the nine months ended September 30, 1997 was 21%. Income tax expense of $696,000 consisted of $596,000 of deferred taxes for the effects of timing differences between the recognition of deductions for book and tax purposes primarily related to accelerated amortization of certain intangible assets and $100,000 of current state and local taxes.

EBITDA as adjusted increased by $1.5 million to $5.0 million for the nine months ended September 30, 1997 from $3.5 million for the nine months ended September 30, 1996 as a result of the factors affecting net income as described above, before non-cash expenses such as amortization of intangible assets, depreciation and extraordinary items of $4.2 million for the nine months ended September 30, 1997 and $3.8 million for the nine months ended September 30, 1996.

YEAR ENDED DECEMBER 31, 1996 AS COMPARED TO YEAR ENDED DECEMBER 31, 1995

Net loss was $2.4 million for the year ended December 31, 1996 compared to $2.9 million for the year ended December 31, 1995. The change was a result of the higher operating income from Affiliates in 1996 which was offset by an extraordinary item of $983,000 and higher depreciation and amortization, interest and minority interest expenses resulting from the inclusion of certain Affiliate results for a full year in 1996 compared to a partial period in 1995 and from the inclusion of First Quadrant's results from its acquisition date in March 1996.

Assets under management increased by $14.5 billion to $19.1 billion at December 31, 1996 from $4.6 billion at December 31, 1995, primarily as a result of the investments made in First Quadrant and Burridge which were completed in March 1996 and December 1996, respectively. Excluding the initial assets under management of these Affiliates at their date of investment, assets under management increased by $2.0 billion as a result of new sales of $495.0 million and $1.5 billion in market appreciation.

Consolidated revenues increased $36.2 million to $50.4 million for the year ended December 31, 1996 from $14.2 million for the year ended December 31, 1995. Of this increase, $25.5 million was attributable to the investment in First Quadrant in March 1996. In addition, for the year ended December 31, 1996, the results of Systematic, Paradigm, Skyline and Renaissance were included for the full period. Each of those Affiliates was only included for a portion of the year ended December 31, 1995. Performance-based fees increased by $11.8 million to $13.2 million for the year ended December 31, 1996 primarily due to the inclusion of First Quadrant which earned performance fees of $11.5 million for the period ended December 31, 1996. The Company completed its investment in Burridge on December 31, 1996.

Compensation and related expenses increased $15.1 million to $21.1 million for the year ended December 31, 1996 from $6.0 million for the year ended December 31, 1995. Of this increase, $8.1 million was attributable to the inclusion of First Quadrant. As noted above, for the year ended December 31, 1996, the expenses of each of Systematic, Skyline and Renaissance were included for the full period. In addition, $1.1 million was attributable to the increased compensation costs of AMG personnel, including the cost of new hires to support the Company's growth.

The amortization of intangible assets increased by $3.9 million to $8.1 million for the year ended December 31, 1996 from $4.2 million for the year ended December 31, 1995. Of this increase, approximately $700,000 was attributable to the First Quadrant investment and $1.2 million was due to the inclusion of the other recently acquired Affiliates for the full period. In the year ended December 31, 1996, the Company also recognized an impairment loss of $4.6 million in connection with its investment in Systematic which is included in amortization of intangible assets. The loss reflects the write down of the Company's intangible assets to its net realizable value following a period of net client asset withdrawals. In the year ended December 31, 1995, AMG also recognized $2.5 million of impairment loss amortization in connection with its Hartwell investment following a loss of client assets.

Selling, general and administrative expenses increased from $2.2 million for the year ended December 31, 1995 to $10.9 million for the year ended December 31, 1996 for the reasons stated above related to the periods of inclusion in the results of operations of the new Affiliates and due to $1.8 million of higher selling, general and administrative expenses incurred by AMG relating to its investment activities.

Other operating expenses increased from $330,000 for the year ended December 31, 1995 to $2.3 million for the year ended December 31, 1996. This $2.0 million increase was primarily due to the inclusion of operations for the First Quadrant investment for nine months and the Renaissance investment for a full year in 1996.

Minority interest increased by $3.5 million to $6.0 million for the year ended December 31, 1996 from $2.5 million for the year ended December 31, 1995, as a result of the addition of new Affiliates during the year and revenue growth at the Company's Affiliates.

EBITDA increased $7.2 million to $10.5 million for the year ended December 31, 1996 from $3.3 million for the year ended December 31, 1995 as a result of the inclusion of new Affiliates as described above and revenue growth.

Interest expense increased from $1.2 million for the year ended December 31, 1995 to $2.7 million for the year ended December 31, 1996. The increase in the interest expense was due to the incurrence of $16.1 million of average bank borrowings by the Company in connection with the Systematic, Paradigm, Skyline and Renaissance transactions and $16.0 million of average bank borrowings incurred in connection with the 1996 investment in First Quadrant for the nine months ended December 31, 1996.

Income tax expense was $181,000 for the year ended December 31, 1996 compared to $706,000 for the year ended December 31, 1995. The Company did not accrue a current provision for federal income taxes in 1996 as a result of its utilization of net operating loss carryforwards. The net operating loss carryforwards resulted from prior periods of net losses from operations. The Company has established a valuation allowance against the resulting net deferred tax asset. The effective tax rate for the year ended December 31, 1996 was 15% compared to 32% for the year ended December 31, 1995. The 1995 provision for taxes included $445,000 for state and local income taxes and $261,000 of federal income taxes. The federal income tax provision included $201,000 of deferred taxes for the effects of timing differences between the recognition of deductions for book and tax purposes primarily related to the accelerated amortization of certain intangible assets.

EBITDA as adjusted increased by $6.2 million to $7.6 million for the year ended December 31, 1996 from $1.4 million for the year ended December 31, 1995, as a result of factors affecting net income as described above before non-cash charges such as amortization of intangible assets, depreciation and extraordinary items of $10.0 million for the year ended December 31, 1996 and $4.3 million for the year ended December 31, 1995.

YEAR ENDED DECEMBER 31, 1995 AS COMPARED TO DECEMBER 31, 1994

Net loss was $2.9 million for the year ended December 31, 1995 compared to $206,000 for the year ended December 31, 1994. The change occurred as a result of higher amortization of intangible assets and interest expense and was partially offset by higher operating income from Affiliates.

Assets under management increased by $3.8 billion to $4.6 billion at December 31, 1995 from $755.0 million at December 31, 1994, primarily as a result of the investments made in Systematic, Paradigm, Skyline and Renaissance which were completed in May 1995, May 1995, August 1995 and November 1995, respectively. Excluding the assets under management of these Affiliates at the dates of investment, assets under management decreased by $21.6 million as a result of net client out flows of $320.6 million and was partially offset by $299.0 million of market appreciation.

Consolidated revenues increased $8.8 million to $14.2 million for the year ended December 31, 1995 from $5.4 million for the year ended December 31, 1994. Substantially all of this increase was attributable to investments in Affiliates after December 31, 1994. In addition, for the year ended December 31, 1995, the results of Hartwell were included for the full year. Hartwell, the only Affiliate included in the results of operations for the year ended December 31, 1994, was acquired in a series of transactions in 1994. Performance fees were $1.4 million for the year ended December 31, 1995. There were no performance fees for the year ended December 31, 1994.

Compensation and related benefits expenses increased $2.4 million to $6.0 million for the year ended December 31, 1995 from $3.6 million for the year ended December 31, 1994 due to the inclusion of the new Affiliates. In addition, for the year ended December 31, 1995, the results of Hartwell were included for the full year.

The amortization of intangible assets increased by $3.4 million to $4.2 million for the year ended December 31, 1995 from $774,000 for the year ended December 31, 1994. Of this increase, $900,000, or 26%, was attributable to the investments in Affiliates during the year ended December 31, 1995 and $2.5 million was attributable to an accelerated write-off of intangible assets for the Hartwell investment following a loss of client assets.

Minority interest increased $2.2 million to $2.5 million for the year ended December 31, 1995 from $305,000 for the year ended December 31, 1994, as a result of the addition of new Affiliates during the year and revenue growth at the Company's Affiliates.

EBITDA increased by $1.9 million to $3.3 million for the year ended December 31, 1995 from $1.4 million for the year ended December 31, 1994 as a result of the inclusion of new Affiliates as described above and revenue growth.

Interest expense increased $1.0 million to $1.2 million for the year ended December 31, 1995 from $158,000 for the year ended December 31, 1994. The increase in interest expense was due to the incurrence of additional indebtedness by the Company in connection with the investments consummated during 1995.

Income tax expense was $706,000 for the year ended December 31, 1995 compared to $699,000 for the year ended December 31, 1994. The tax provision for 1994 included $335,000 of federal income taxes primarily relating to Hartwell prior to its inclusion in the Company's consolidated federal income tax return. The remaining $364,000 of income taxes in 1994 related to state and local taxes, primarily relating to Hartwell. The 1995 provision for taxes included $261,000 in federal income taxes including $201,000 in federal deferred taxes relating to timing differences in connection with the recognition of deductions for intangible assets.

EBITDA as adjusted increased by approximately $800,000 to $1.4 million for the year ended December 31, 1995 from $587,000 for the year ended December 31, 1994 as a result of factors affecting net income as described above before non-cash charges such as amortization of intangible assets, depreciation and extraordinary items of $4.3 million for the year ended Decem-

ber 31, 1995 and $793,000 for the year ended December 31, 1994 and from the inclusion of Affiliates for the whole period which were acquired during the previous year.

LIQUIDITY AND CAPITAL RESOURCES

The Company has met its cash requirements primarily through cash generated by its operating activities, bank borrowings, and the issuance by the Company of equity and debt securities in private placement transactions. See "Certain Transactions". The Company anticipates that it will use cash flow from its operating activities to repay debt and to finance its working capital needs and will use bank borrowings and issue equity securities to finance future affiliate investments. The Company's principal uses of cash have been to make investments in Affiliates, to retire indebtedness, and to support the Company's and its Affiliates' operating activities. The Company expects that its principal use of funds for the foreseeable future will be for investments in additional affiliates, repayments of debt, including interest payments on outstanding debt, distributions of the Owners' Allocation to owners of Affiliates other than AMG, additional investments in existing Affiliates including upon the exercise of Puts (as defined herein) and for working capital purposes. The Company does not expect to make commitments for material capital expenditures.

Net cash flow from operating activities was $6.2 million, $1.3 million and $818,000 for the years ended December 31, 1996, 1995 and 1994, respectively, and $6.7 million and $5.1 million for the nine months ended September 30, 1997 and 1996, respectively.

Net cash flow used in investing activities was $29.2 million, $37.8 million and $6.2 million for the years ended December 31, 1996, 1995 and 1994, respectively. Of these amounts, $25.6 million, $38.0 million and $6.5 million, respectively, were used to make investments in Affiliates. Net cash flow used in investing activities was $27.0 million and $28.5 million for the nine months ended September 30, 1997 and 1996, respectively. Of these amounts, $25.6 million and $25.2 million, respectively, were used to make investments in Affiliates.

At September 30, 1997 the Company had outstanding borrowings under its then existing lines of credit of $63.3 million, all of which were subsequently repaid in October 1997 with proceeds from the Credit Facility described below.

In October 1997 the Company completed its investment in Tweedy, Browne, which required approximately $298.0 million in cash (including transaction costs). See "Unaudited Pro Forma Consolidated Financial Statements".

The Company obtained the financing for the Subsequent Investment pursuant to (i) borrowings under the Credit Facility (the "Senior Debt"), (ii) $60.0 million face amount of Subordinated Bridge Notes (the "Subordinated Debt") and (iii) $30.0 million from the issuance of Class C Convertible Preferred Stock and warrants to purchase Class C Convertible Preferred Stock (clauses (i) - (iii) collectively, the "Recent Financing"). The Credit Facility includes $200.0 million in revolving credit with a 7-year maturity, $50.0 million of 7-year Tranche A and $50.0 million of 8-year Tranche B term loans. Interest on the $200.0 million revolving credit and the Tranche A term loan is based on LIBOR plus up to 2.5% based upon the Company's ratio of Senior Debt to EBITDA (adjusted for certain items). Interest on the Tranche B term loan is based upon LIBOR plus a margin of 3%. The Subordinated Debt bears interest initially at LIBOR plus 7.25% which margin increases by 1/2 of 1% every quarter to a maximum cash paying rate of 15% and a maximum total interest rate of 17%. Interest accruing above 15% will be added to the face amount of the Subordinated Debt.

The Tranche A and Tranche B term loans can be prepaid without penalty at any time and the Subordinated Debt can be prepaid without penalty within six months of its issuance out of proceeds from an initial public offering. Principal repayments, if not otherwise retired from the proceeds of the Offerings, are required on the term loans in aggregate semi-annual amounts of $2.75 million during the first four years of the loans, $5.25 million during the fifth and sixth years, $16.75 million during the seventh year and $11.75 million during the eighth year.

The Company intends to retire the Subordinated Debt and to repay approximately $78.0 million of the $100.0 million of term loans under the Credit Facility and to repay approximately $1.0 million of the revolving credit portion of the Credit Facility with the net proceeds of the Offerings. As a result, upon completion of the Offerings and the application of the net proceeds therefrom and assuming the Company maintains compliance with certain financial ratios, the Company will have approximately $206.3 million of indebtedness outstanding under the Credit Facility, with approximately $15.7 million available under the Credit Facility for future investments and working capital needs. The Company plans to seek additional borrowing capacity to fund such needs through the replacement of the existing Credit Facility with a new credit facility. There can be no assurance, however, that the Company will succeed in obtaining all or any portion of such replacement financing, and the Company cannot predict at this time the terms of such financing, if obtained.

The Company's borrowings under the Credit Facility are collateralized by pledges of all of its interests in Affiliates (including all interests in Affiliates which are directly held by the Company, as well as all interests in Affiliates which are indirectly held by the Company through wholly-owned subsidiaries), representing in excess of 97% of the Company's assets at September 30, 1997 on a pro forma basis. The credit agreement (the "Credit Agreement") evidencing the Credit Facility contains a number of negative covenants, including those which prevent the Company and its Affiliates from: (i) incurring additional indebtedness (with certain enumerated exceptions, including additional borrowings under the Credit Facility and borrowings which constitute Subordinated Indebtedness (as that term is defined in the Credit Agreement)), (ii) creating any liens or encumbrances on any of their assets (with certain enumerated exceptions), (iii) selling assets outside the ordinary course of business or making certain fundamental changes with respect to the Company or any of its subsidiaries, including a restriction on the Company's ability to transfer interests in its subsidiaries if, as a result of such transfer, the Company would own less than 51% of such subsidiary, and (iv) declaring or paying dividends on the Common Stock of the Company. The Credit Agreement also requires the Company to comply with certain financial covenants on an ongoing basis. These include a covenant requiring minimum stockholders' equity of $36.0 million (plus 85% of net proceeds from offerings of equity and Subordinated Indebtedness (as such term is defined in the Credit Agreement) and 50% of quarterly net income after the date of the Credit Agreement (subject to certain adjustments in the case of any net losses)); a covenant requiring that Consolidated EBITDA (as such term is defined in the Credit Agreement) exceed interest expense by 1.75 to 1.0 (rising to 2.25 in 1999 and 3.0 thereafter); and a covenant requiring that senior debt not exceed Adjusted EBITDA (as such term is defined in the Credit Agreement) during any trailing twelve-month period by more than 6.5 to 1.0 (declining to 4.5 on October 1, 1998 and 3.5 on June 30, 1999). As of the date of this Prospectus, the Company remains in compliance with each of the foregoing financial covenants. The Company's ability to borrow under the Credit Agreement is conditioned upon its compliance with the requirements of that agreement, and any non-compliance with those requirements could give rise to a default entitling the lenders to accelerate all outstanding borrowings under that agreement.

As part of the Recent Financing, the Company also issued to Chase Equity Associates 5,333 shares of Series C-2 Non-Voting Convertible Preferred Stock and warrants to purchase at nominal cost 28,000 shares of Series C-2 Non-Voting Convertible Preferred Stock for aggregate cash consideration of $30.0 million. As partial consideration in the GeoCapital investment, the Company issued 10,667 shares of Class D Convertible Preferred Stock valued at $9.6 million. See "Certain Transactions".

Net cash flow from financing activities was $15.7 million, $46.4 million, and $9.5 million for the years ended December 31, 1996, 1995 and 1994, respectively, and was $24.0 million and $18.4 million for the nine months ended September 30, 1997 and 1996, respectively. The principal sources of cash from financing activities has been from borrowings under senior credit facilities and private placements of the Company's equity securities.

The uses of cash from financing activities were for the repayment of bank debt, repayment of notes issued as purchase price consideration and for payment of debt issuance costs.

The Company's cash flows from equity issuances were $2.5 million, $30.0 million and $10.0 million for the years ended December 31, 1996, 1995 and 1994, respectively, and $2.5 million for the nine months ended September 30, 1996. The 1996 cash flows from equity issuances were from the issuance and sale of 3,703 shares of Series B-1 Voting Convertible Preferred Stock in an exempt offering under Rule 701(c) of the Securities Act of 1933, as amended (the "Securities Act"), to officers, employees and consultants of Affiliates. The 1995 cash flows from equity issuances were from 19,403 shares of Series B-2 Non-Voting Convertible Preferred Stock sold to NationsBank for $13.0 million, 10,448 shares of Series B-1 Voting Convertible Preferred Stock sold primarily to The Hartford and TA Associates for an aggregate of $7.0 million, and 40,000 shares of Class A Convertible Preferred Stock sold primarily to TA Associates for $10.0 million. The 1994 cash flows from equity issuances were from 40,000 shares of Class A Convertible Preferred Stock sold primarily to TA Associates.

In March 1996, the Company replaced its then-existing $50.0 million credit facility with a $125.0 million credit facility (the "1996 Credit Facility"). The 1996 Credit Facility provided for borrowings to finance the Company's investment activities and for limited amounts of working capital. The indebtedness under the 1996 Credit Facility had a stated maturity of March 6, 2001, and accrued interest at fluctuating rates based on the prime rate or LIBOR, plus a margin ranging from 1.00% to 2.25% depending on the Company's Senior Debt to EBITDA (adjusted for certain items), as selected by the Company in connection with each borrowing under the 1996 Credit Facility. The 1996 Credit Facility was replaced by the Credit Facility as part of the Recent Financing described above.

The Company estimates that it will have approximately $206.3 million in outstanding indebtedness under the Credit Facility following the completion of the Offerings and the application of the net proceeds therefrom. See "Capitalization" and "Use of Proceeds".

In order to provide the funds necessary for the Company to continue to acquire interests in investment management firms including its Affiliates upon the exercise of Puts, it will be necessary for the Company 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 on terms acceptable to the Company.

INTEREST RATE SENSITIVITY

The Company's revenues are derived almost exclusively 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. The Company cannot predict the effects that interest rates or changes in interest rates may have on either the broader financial markets or its assets under management and associated fees.

With respect to its debt financings, the Company is exposed to potential fluctuations in the amount of interest expense resulting from changing interest rates. The Company seeks to offset such exposure in part by entering into interest rate hedging contracts. See "-- Interest Rate Hedging Contracts".

Assuming outstanding Senior Debt of $206.3 million after application of proceeds of the Offerings, the Company's annual interest expense would increase or decrease by $258,000 for each 1/8 of 1% change in interest rates assuming LIBOR is between 5% and 6.67%.

INTEREST RATE HEDGING CONTRACTS

The Company seeks to offset its exposure under its debt financing arrangements to changing interest rates by entering into interest rate hedging contracts. As of October 15, 1997, the Company

is a party, with two major commercial banks as counterparties, to $185.0 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 at or 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 payment of interest at equivalent LIBOR rates of 6.78% or less on up to $185.0 million of indebtedness. However, there can be no assurance that the Company will continue to maintain such hedging contracts at their existing levels of coverage or that the amount of coverage maintained will cover all of the Company's indebtedness outstanding at any such time. In addition, as noted above, the Company's existing hedging contracts subject the Company to the risk of payments of higher interest rates when prevailing LIBOR rates are at 5% or less. Therefore, there can be no assurance that the hedging contracts will meet their overall objective of reducing the Company's interest expense. In addition, there can be no assurance that the Company will be successful in obtaining hedging contracts in the future on any new indebtedness.

RECENT ACCOUNTING DEVELOPMENTS

In February 1997, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 128, Earnings Per Share ("FAS 128"). FAS 128 specifies the computation, presentation and disclosure requirements for earnings per share. In June 1997, the FASB issued Statement of Financial Standards No. 130, Reporting Comprehensive Income ("FAS 130"). FAS 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. FAS 128 and FAS 130 are effective for fiscal years beginning after December 15, 1997. Early application is permitted for FAS 130 but not for FAS 128. If comparative financial statements are presented for earlier periods, those statements must be restated to reflect the application of FAS 128 and FAS 130. The Company intends to comply with the disclosure requirements of these pronouncements in 1998.

ECONOMIC AND MARKET CONDITIONS

The financial markets and the investment management industry in general have experienced record performance and record growth in recent years. For example, between January 1, 1995 and September 30, 1997, the S&P 500 Index appreciated at a compound annual rate in excess of 30% while, according to the Federal Reserve Board and the Investment Company Institute, aggregate assets under management of mutual and pension funds grew at a compound annual rate approaching 20% for the period January 1, 1995 to December 31, 1996. The financial markets and businesses operating in the securities industry, however, are highly volatile and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of which are beyond the control of the Company. There can be no assurance 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 performance by the Affiliates and may adversely affect assets under management and/or fees at the Affiliate level, which would reduce cash flow distributions to the Company.

INTERNATIONAL OPERATIONS

First Quadrant Limited is organized and headquartered in London, England. In the future, the Company 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 the Company may invest in the future and, consequently, on the Company's business, financial condition and results of operations.

INFLATION

The Company does not believe that inflation or changing prices have had a material impact on its results of operations.

BUSINESS

OVERVIEW

AMG is an asset management holding company which acquires majority interests in mid-sized investment management firms. The Company's strategy is to generate growth through investments in new affiliates, as well as through the internal growth of existing affiliated firms. With the completion of its investment in Tweedy, Browne, the Company's most recent and largest investment to date, AMG has grown since its founding in December 1993 to ten investment management firms with over $40 billion in assets under management.

The Company was founded in December 1993 by William J. Nutt, the Company's President, Chief Executive Officer and Chairman of the Board of Directors, and TA Associates, a Boston-based private equity investment firm. Mr. Nutt has extensive previous experience in the money management industry, including as President of The Boston Company, a leading institutional asset manager, administrator and adviser of mutual funds, and private banking institution.

AMG was established to address the succession and transition issues facing the founders and principal owners of many mid-sized investment management firms. Before AMG, succession planning alternatives for mid-sized firms were typically limited to (i) internal transfers to firm employees (at prices generally below fair market value), or (ii) the sale of 100% of the firm's equity, which often failed to provide adequate incentives for succeeding management to grow the firm.

AMG has developed an innovative transaction structure which it believes addresses the succession planning needs of growing mid-sized investment management firms. The Company believes that the AMG Structure appeals to target firms for both financial and operational reasons:

- The AMG Structure allows owners of mid-sized investment management firms to sell a portion of their interest, while ongoing management retains a significant ownership interest, with the opportunity to realize value for that interest in the future.

- The AMG Structure provides management of each Affiliate with autonomy over the day-to-day operations of their firm, and includes a revenue sharing arrangement which provides that a specified percentage of revenues are retained to pay operating expenses at the discretion of the Affiliate's management.

The Company believes that the AMG Structure distinguishes AMG from other acquirors of investment management firms which generally seek to own 100% of their target firms and, in many cases, seek to participate in the day-to-day management of such firms. AMG believes that the opportunity for managers of each Affiliate to realize the value of their retained equity interest makes the AMG Structure particularly appealing to managers of firms who anticipate strong future growth and provides those managers with an ongoing incentive to continue to grow their firm.

AMG's Affiliates have achieved substantial internal growth in assets under management. For the nine months ended September 30, 1997, the Affiliates increased their assets under management 55%. Tweedy, Browne, AMG's largest Affiliate, based on EBITDA Contribution*, achieved growth of 49% in assets under management for the same period.

The table below depicts the pro forma change in the Company's assets under management (assuming all Affiliates were included for the entire periods presented).

	YEAR ENDED DECEMBER 31, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997
	(IN MILLIONS)	
Assets under management -- beginning	$ 24,549	$27,747
Net new sales	666	10,668
Market appreciation	2,532	4,691
Assets under management -- ending	$ 27,747	$43,106

The Affiliates manage assets across a diverse range of investment styles, asset classes and client types, with significant participation in fast-growing segments such as equities, global investments and mutual funds. For the nine months ended September 30, 1997, investments in equity securities represented 84% of EBITDA Contribution, while global investments represented 37% of EBITDA Contribution. For the same period, mutual fund assets represented 29% of EBITDA Contribution. Other asset classes, including fixed income, represented 16% of EBITDA Contribution; domestic investments represented 63% of EBITDA Contribution; and institutional, high net worth and other client types represented 71% of EBITDA Contribution for the same period. The three largest Affiliate mutual funds, Tweedy, Browne American Value, Tweedy, Browne Global Value and Skyline Special Equities, which represented approximately 95% of the Company's total mutual fund assets under management at September 30, 1997, are each rated "five stars", by Morningstar, Inc., and these funds' assets increased 122%, 60% and 111%, respectively, for the nine months ended September 30, 1997.

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* EBITDA Contribution represents the portion of an Affiliate's revenues that is allocated to the Company, 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. The Company believes that EBITDA Contribution may be useful to investors as an indicator of each Affiliate's contribution to the Company's 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 and EBITDA, as calculated by the Company, may not be consistent with comparable computations by other companies.

The following table provides the pro forma composition of the Company's assets under management and relative EBITDA Contribution of the Affiliates for the nine months ended September 30, 1997.

PRO FORMA ASSETS UNDER MANAGEMENT AND EBITDA CONTRIBUTION(1)

	NINE MONTHS ENDED SEPTEMBER 30, 1997			
	ASSETS UNDER MANAGEMENT	PERCENTAGE OF TOTAL	EBITDA CONTRIBUTION	PERCENTAGE OF TOTAL
	(IN MILLIONS)		(IN THOUSANDS)	
CLIENT TYPE:				
Institutional	$ 34,312	80%	$ 18,645	48%
Mutual fund	3,176	7	11,490	29
High net worth	4,949	11	6,220	16
Other	669	2	2,689	7
Total	$ 43,106	100%	$ 39,044	100%
ASSET CLASS:				
Equity	$ 23,215	54%	$ 32,856	84%
Fixed income	2,608	6	1,586	4
Tactical asset allocation	17,283	40	4,602	12
Total	$ 43,106	100%	$ 39,044	100%
GEOGRAPHY:				
Domestic investments	$ 22,742	53%	$ 24,579	63%
Global investments	20,364	47	14,465	37
Total	$ 43,106	100%	$ 39,044	100%
OTHER FINANCIAL DATA:				
Reconciliation of EBITDA Contribution to EBITDA:				
Total EBITDA Contribution (as above)			$ 39,044	
Less holding company expenses			(6,802)	
EBITDA			32,242	
EBITDA as adjusted(2)			17,261	
Pro forma cash flow from operating activities			24,442	
Pro forma cash flow used in investing activities			(327,702)	
Pro forma cash flow from financing activities			327,107	

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(1) EBITDA Contribution represents the portion of an Affiliate's revenues that is allocated to the Company, 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. The Company believes that EBITDA Contribution may be useful to investors as an indicator of each Affiliate's contribution to the Company's 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 and EBITDA, as calculated by the Company, may not be consistent with comparable computations by other companies.

(2) EBITDA as adjusted represents earnings after interest expense and income taxes but before depreciation and amortization and extraordinary items. The Company believes 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. EBITDA as adjusted, as calculated by the Company, may not be consistent with computations of EBITDA as adjusted by other companies. EBITDA as adjusted 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.

On an historical basis, the Company had net income of $833,000 and net loss after extraordinary item of $281,000 for the nine months ended September 30, 1997 and 1996, respectively, a net loss after extraordinary item of $2.4 million for the year ended December 31, 1996 and a net loss of $2.9 million for the year ended December 31, 1995.

THE INDUSTRY

ASSETS UNDER MANAGEMENT

The investment management sector is one of the fastest growing sectors in the financial services industry. According to U.S. Federal Reserve "Flow of Funds Account" data, from 1986-1996, mutual fund assets under management grew at a compound annual growth rate of approximately 25.3%, while the aggregate assets managed on behalf of pension funds increased at a compound annual growth rate of approximately 11.9%. These assets, which totaled over $8.6 trillion in 1996, represent only a portion of the funds available for investment management. In addition, 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. The Company believes 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 AMG's principal targeted size range of $500 million to $10.0 billion of assets under management. Within this size range, the Company has identified over 1,000 investment management firms in the United States, and over 200 additional investment management firms in Canada, the United Kingdom and in other European and Asian countries. AMG believes 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. The Company also anticipates that there will be significant additional investment opportunities among firms which are currently wholly-owned by larger entities. AMG believes that it is well positioned to take advantage of these investment opportunities because it has 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.

HOLDING COMPANY OPERATIONS

AMG's management performs two primary functions: (i) implementing the Company's strategy of growth through acquisitions of interests in prospective affiliates; and (ii) supporting, enhancing, and monitoring the activities of the existing Affiliates.

ACQUISITION OF INTERESTS IN PROSPECTIVE AFFILIATES

The acquisition of interests in new affiliates is a primary element of AMG's growth strategy. AMG management is responsible for each step in the new investment process, including identification and contact of potential affiliates, and the valuation, structuring and negotiation of transactions. In general, the Company seeks to initiate its contacts with potential affiliates on an exclusive basis and does not actively seek to participate in competitive auction processes or employ investment bankers or finders. Of the Company's ten Affiliates, three were represented by investment bankers while the remaining seven were transactions initiated by AMG management.

AMG's management identifies and develops relationships with promising potential affiliates based on a thorough understanding of its principal target universe, mid-sized investment management firms. Using its proprietary database - -- comprised of data from third party vendors, public and industry sources, and AMG research -- AMG screens and prioritizes prospects within its target universe. AMG also utilizes the database to monitor the level and frequency of interaction with

potential affiliates. AMG's database and contact management system enhances the Company's ability to identify promising potential affiliates and to develop and maintain relationships with these firms.

AMG's management seeks to increase awareness of AMG's approach to investing by sending periodic mailings to 5,000 individuals involved in the industry and by actively participating in conferences and seminars related to succession planning for investment management firms. Such activities lead to a substantial number of unsolicited calls to AMG by firms which are considering succession planning issues. In addition, AMG management maintains an active calling program in order to develop relationships with prospective affiliates. In the past two years, AMG management has had discussions with over 400 firms, including visits to over 300 of these firms. The Company believes that it has 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, AMG's management team performs all of the functions related to the valuation, structuring, and negotiation of the transaction. The Company's management team includes professionals with substantial experience in mergers and acquisitions of investment management firms.

Upon the negotiation and execution of definitive agreements, the 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 and, with respect to mutual fund clients, seeks new contracts (as required by the Investment Company Act) through a proxy process.

AFFILIATE SUPPORT

In addition to its new investment efforts, AMG seeks to support and enhance the growth and operations of its Affiliates. AMG believes 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, when requested by Affiliate management, AMG provides strategic, marketing, and operational assistance. The Company believes that these support services are attractive to the Affiliates because such services otherwise may not be as accessible or as affordable to mid-sized investment management firms.

In addition to the diverse industry experience and knowledge of AMG's senior management, AMG maintains relationships with numerous consultants whose specific expertise enhances AMG's ability to offer a wide range of assistance. Specific Affiliate support initiatives have included: new product development, marketing material development, institutional sales assistance, recruiting, compensation evaluation, regulatory compliance audits, client satisfaction surveys, and evaluation of acquisitions of other firms by Affiliates. The Company also endeavors to negotiate discounted pricing on products and services useful to the operations of the Affiliates. For example, AMG has arranged discounts on services such as sales training seminars, sponsored conferences, public relations services, audit and tax services, insurance, and retirement benefits.

Where appropriate, AMG may assist Affiliates by facilitating access to the various resources and distribution channels of AMG's institutional investors, TA Associates, NationsBank, The Hartford, and Chase Equity Associates. For example, one of Skyline's mutual funds is made available through the NationsBanc Investments, Inc. no-load mutual fund program. Similarly, The Hartford has provided initial "seed capital" for new products at Systematic and Skyline, as well as made certain fund products available for sale to clients of its retirement planning programs. In addition, TA Associates, which in the past has introduced opportunities for new affiliate investments to the Company, has also introduced certain of the Affiliates to a number of large pension plans and endowments which are limited partners of various private equity funds sponsored by TA Associates.

AMG STRUCTURE AND RELATIONSHIP WITH AFFILIATES

As part of AMG's investment structure, each of the Affiliates is (and the Company believes that each future affiliate will be) organized as a separate and largely autonomous limited liability company or partnership. Each Affiliate operates under its own limited liability company agreement or partnership agreement (such Affiliate's "organizational document"), which includes provisions regarding the use of the Affiliate's revenues and the management of the Affiliate. The organizational document of each Affiliate also gives management owners the ability to realize the value of their retained equity interests in the future.

OPERATIONAL AUTONOMY OF AFFILIATES

The management provisions in each organizational document are jointly developed by AMG and the Affiliate's senior management at the time AMG makes its investment. These provisions, while varying among Affiliates, provide for delegation to the Affiliate's management team of the power and authority to carry on the day-to-day operation and management of the Affiliate, including matters relating to personnel, investment management policies and fee structures, product development, client relationships and employee compensation programs. AMG does, however, retain the authority to prevent certain specified types of actions which AMG believes could adversely affect cash distributions to AMG. For instance, none of the Affiliates may incur material indebtedness without the consent of AMG. AMG itself does not manage investments for clients, does not provide any investment management services and is not registered as an investment adviser under federal or state law.

REVENUE SHARING ARRANGEMENTS

AMG has a revenue sharing arrangement with each Affiliate which is contained in the organizational documents of that Affiliate. Each such arrangement allocates a specified percentage of revenues (typically 50-70%) for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses (the "Operating Allocation"). The percentage of revenues included in each Affiliate's Operating Allocation is determined by the Company and the managers of the Affiliate at the time of the Company's investment, based on the Affiliate's historic and projected operating margins. The remaining portion of revenues of the Affiliate (typically 30-50%) is allocated to the owners of that Affiliate (including AMG), generally in proportion to their ownership of the Affiliate. The Company defines the portion of revenues that is allocated to the owners of each Affiliate as the "Owners' Allocation" because it is the portion of both revenues and cash flow which the Affiliate's management is prohibited from spending on operating expenses (under the Affiliate's organizational document) without the prior consent of AMG.

One of the purposes of the revenue sharing arrangements is to provide ongoing incentives for the managers of the Affiliates. The revenue sharing arrangements are designed to allow each Affiliate's managers to participate in their firm's growth (through their compensation from the Operating Allocation and their ownership of a portion of the Owners' Allocation) and to make operating expenditures freely within the limits of the Operating Allocation. The portion of the Operating Allocation that is not used to pay salaries and other operating expenses (the "Excess Operating Allocation") is available for payment to the managers and other key employees of such Affiliate in the form of bonuses. The managers of each Affiliate thus have an incentive to both increase revenues (thereby increasing the Operating Allocation) and to control expenses (thereby increasing the Excess Operating Allocation). The ownership by an Affiliate's management of a portion of the Affiliate, which entitles them to a portion of the Owners' Allocation, provides a further incentive to managers of each Affiliate to increase revenues.

The revenue sharing arrangements allow AMG to participate in the growth of revenues of each Affiliate, because as revenues increase, the Owners' Allocation also increases. However, the Company participates in that growth to a lesser extent than the managers of the Affiliate, because AMG does not participate in the growth of the Operating Allocation. In addition, according to the

organizational documents of the Affiliates, the allocations and distributions to AMG generally take priority over the allocations and distributions to the management owners of the Affiliates, to further protect the Company if there are any expenses in excess of the Operating Allocation of the 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 AMG.

The following diagram depicts the allocation of the Affiliates' revenues.

[Description of Flow Diagram:]
[Diagram demonstrating the flow of revenues from an Affiliate to the Company, to management owners of the Affiliate, and to pay operating expenses of the Affiliate.]
[Diagram begins on the left side of the page with a square with "Affiliate" written inside; an arrow moves from left to right, beginning on the right side of the square, and connects to a rectangle entitled "Revenue Sharing Agreement".]
[Two arrows originate from the right side of the "Revenue Sharing Agreement" rectangle; one arrow begins at the top right corner and moves diagonally upwards to the right to an oval shape with "Operating Allocation" written inside; the bottom arrow moves diagonally downwards to the right from the lower right corner of the rectangle and connects to an oval shape with "Owners' Allocation" written inside.]
[Two arrows originate from the right side of the oval titled "Operating Allocation"; one arrow moves diagonally upwards and to the right and connects with another oval shape entitled "Salary and Bonuses to Employees; Other Operating Expenses"; the second arrow, with the words "Excess Operating Allocation" written on the arrow, moves diagonally downwards and to the right to a rectangle entitled "Affiliate Management Equity Holders".]
[The "Owners' Allocation" oval has two arrows originating on the right side; one arrow, with the words "Owners' Allocation" written on it, moves diagonally upwards and to the right and connects to the rectangle called "Affiliate Management Equity Holders" described above; the second arrow, with the words "Owners' Allocation" written on it, moves diagonally downwards and to the right and connects to a pennant-shaped symbol with "AMG" written inside.]

When AMG makes an investment in an Affiliate, the organizational document of the Affiliate includes provisions which divide revenues of the firm into the Owners' Allocation and the Operating Allocation by allocating a certain percentage to the Operating Allocation and allocating a certain percentage to the Owners' Allocation. Before agreeing to these allocations, AMG examines the revenue and expense base of the firm and only agrees to a division of revenues if AMG believes that the allocation to the Operating Allocation both (i) is sufficient to provide for the payment of all operating expenses of the Affiliate, including salaries and bonuses, and (ii) includes some Excess Operating Allocation to provide a cushion against an increase in expenses, or a decrease in revenues which is not accompanied by a corresponding decrease in operating expenses. While the Company and its management have significant experience in the asset management industry, there can be no assurance that the Company will successfully anticipate changes in the revenue and expense base of any firm and, therefore, no assurance that the agreed-upon allocation of revenues to the Operating Allocation will be sufficient to pay for all operating expenses, including salaries and bonuses of the Affiliate.

CAPITALIZATION OF RETAINED INTEREST

The incentive effect of retained equity is an integral part of the AMG Structure. In order to maximize this incentive effect, the organizational documents of each Affiliate (other than Paradigm) include various provisions for the management owners of that Affiliate to periodically realize the equity value they have created, by requiring the Company to purchase portions of their interests in the Affiliate ("Puts"). In addition, the organizational documents of certain of the Affiliates provide

AMG with the ability to require the management owners to sell portions of their interests in the Affiliate to AMG ("Calls"). Finally, the organizational documents of each Affiliate include provisions obligating each management owner to sell his or her remaining interests after the termination of his or her employment with the Affiliate. Underlying all of these provisions is AMG's basic philosophy that the Company should maintain an ownership level in each Affiliate (and, conversely, the ownership level of management of that Affiliate) within a range that the Company believes offers the management of that Affiliate sufficient incentives to grow and improve their business to create equity value for themselves.

The Puts are designed to let the management owners of an Affiliate realize portions of the equity value they have created 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 Puts enable AMG to purchase additional interests in the Affiliates at a more gradual rate. The Company believes that a more gradual purchase of interests in Affiliates will make it easier for AMG to keep its ownership of each Affiliate within a desired range, by transferring purchased interests in the Affiliate to more junior members of that Affiliate's management. In most cases, the Puts do not become exercisable for a period of several years from the date of AMG's investment in an Affiliate, and once exercisable, are generally limited in the aggregate to a percentage of a given management owner's ownership interests. The most common formulation among all the Affiliates is that a management owner's Puts (i) do not commence for five years from the date of AMG's investment (or, if later, the date he or she purchased his or her interest in the Affiliate), (ii) are limited, in the aggregate, to fifty percent of the interests he or she holds in the Affiliate, and (iii) 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 most Affiliates contain a limitation on the maximum aggregate amount that management of any Affiliate may require AMG to purchase pursuant to their Puts in any given twelve-month period. The purchase price for Puts is based on a multiple of the Owners' Allocation of the Affiliate at the time the Put is exercised, with the multiple having been determined at the time AMG made its initial investment (the "Fair Value Purchase Price").

The Calls are designed to provide the Company and management members of the Affiliates with the assurance that a mechanism exists for AMG to facilitate a certain degree of transition within the senior management team after an agreed-upon period of time. While the Calls vary in each specific instance, in all cases, the timing, mechanism and price are agreed upon when AMG makes its investment, with the price generally being the Fair Value Purchase Price.

The organizational documents of each Affiliate provide that the management owners will realize the remaining equity value they have created upon 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 AMG's consent), that management owner is required to sell to AMG (and AMG is required to purchase from the management owner) his or her remaining interests for the Fair Value Purchase Price. In general, if a management owner quits early or is terminated for cause, his or her interests will be purchased by AMG at a reduced multiple which represents a substantial discount to the Fair Value Purchase Price, and if he or she quits or is terminated for cause within the first several years following AMG's investment (or, if later, the date he or she purchased his or her interest in the Affiliate) he or she generally receives nothing for his or her retained interest.

To the extent of the proceeds of any key-man life insurance or lump-sum disability insurance which are collected by an Affiliate upon the death or permanent incapacity of a management owner, the Affiliate, rather than AMG, would purchase that management owner's interests. A purchase by an Affiliate would have the effect of ratably increasing the ownership percentage of AMG and each of the remaining management owners, whereas the purchase by AMG only increases AMG's ownership percentage. The organizational documents of most of the Affiliates provide for the

purchase of such insurance, to the extent requested by AMG, with the premiums to be paid by all owners (including AMG and management) as a deduction to the Owners' Allocation of the Affiliate.

In general, the organizational documents of each Affiliate provide the management owners with the opportunity to receive the purchase price for Puts, or sales upon termination of employment, in cash or in shares of Common Stock of AMG. The most common formulation of the right to receive the purchase price in shares of Common Stock of AMG is as follows: AMG will exchange a number of shares of Common Stock as is equal in value to seventy-five percent of the Owners' Allocation purchased in the transaction, multiplied by the multiple of EBITDA at which AMG Common Stock is then trading in the public market.

The Company believes that its investment structure, which permits management of each Affiliate to receive ownership interests in the Affiliate and to have AMG purchase such interests in accordance with a predetermined pricing formula, provides each Affiliate with an important incentive and recruiting tool. The Company also believes that the AMG Structure, which allows individuals to determine, within agreed upon limits, when to sell their interests and which permits additional issuances to future generations of management of each Affiliate, will enable the Affiliates to continue to grow as successive generations of management assume control of their firm.

THE AFFILIATES

In general, the Affiliates derive revenues by charging fees to their clients which 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.

AMG's Affiliates are listed below in alphabetical order. Unless otherwise indicated, AMG holds a majority ownership interest in each such Affiliate.

AFFILIATE	PRINCIPAL LOCATION(S)	DATE OF INVESTMENT	AMG'S EQUITY OWNERSHIP PERCENTAGE AS OF SEPTEMBER 30, 1997	ASSETS UNDER MANAGEMENT AS OF SEPTEMBER 30, 1997
				(IN MILLIONS)
Burridge.....	Chicago	December 1996	55.0%	$ 1,514
First Quadrant....	Pasadena, CA; London	March 1996	66.2	24,559(1)
GeoCapital.....	New York	September 1997	60.0	2,375
Gofen and Glossberg.....	Chicago	May 1997	55.0	3,626
Hartwell.....	New York	May 1994	75.8	344
Paradigm.....	New York	May 1995	30.0	1,871
Renaissance.....	Cincinnati	November 1995	66.7	1,463
Skyline.....	Chicago	August 1995	64.0	1,238
Systematic.....	Fort Lee, NJ	May 1995	90.7	1,003
Tweedy, Browne....	New York; London	October 1997	71.2	5,113
Total.....				$43,106

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(1) Includes directly managed assets of $8.0 billion and $16.6 billion of assets indirectly managed using overlay strategies ("overlay strategies") which employ futures, options or other derivative securities to achieve a particular investment objective. These overlay strategies are intended to add incremental value to the underlying portfolios, which may or may not be directly managed by First Quadrant, and generate advisory fees which are generally at the lower end of the range of those generated by First Quadrant's directly managed portfolios.

BURRIDGE

Burridge, founded in 1986, is a Chicago-based firm which specializes in the management of mid-capitalization growth equity portfolios. Burridge's clients include corporate, Taft-Hartley, and public pension plans, as well as foundations, endowments and individuals. The firm applies its investment strategy through a combination of separate accounts, regional and national wrap-fee

programs, and a recently introduced mutual fund. Burridge's management team is led by Chairman, Richard M. Burridge, President and Chief Executive Officer, John H. Streur, Jr., and Vice-Chairman, Kenneth M. Arenberg.

Burridge utilizes proven valuation disciplines to invest in mid-capitalization stocks with superior projected earnings growth based upon fundamental company analysis. Burridge concentrates its analysis on companies which fit the following criteria: (i) a focus on one business line; (ii) an increasing market share; (iii) a strong balance sheet; (iv) superior projected earnings growth; and (v) a proven, shareholder-oriented management team. Burridge constructs a fully invested portfolio of the 35 most attractive of such companies prioritized on anticipated earnings growth relative to their price/earnings ratios. On average, these securities are held for approximately three years, resulting in a low turnover ratio.

FIRST QUADRANT

First Quadrant, one of the largest quantitative investment managers in the world, specializes in asset allocation and style management on a global basis. First Quadrant, L.P. is headed by Robert D. Arnott, its Chief Executive Officer, a recognized leader in the field of quantitative investing, and its sister company, First Quadrant Limited, is led by William A. R. Goodsall. First Quadrant employs a highly disciplined quantitative methodology to guide its investment strategy. First Quadrant seeks to add value by assessing relative valuations across major segments of the portfolio: among asset classes, across global markets, between equity styles, and in currency allocation.

First Quadrant's management pioneered the application of style management strategies to the U.S. and major international equity markets. The firm has also pioneered a global approach to tactical asset allocation, and the Company believes it maintains a leading market share in these two products. First Quadrant offers various tailored approaches in each of the following product areas: U.S. tactical asset allocation; global tactical asset allocation (developed and/or emerging markets); U.S. equity style management; global equity style management (multi- or specific country strategies); currency management strategies; and policy allocation control strategies.

With an emphasis on research and publishing, the firm applies advanced information technology and artificial intelligence techniques to leverage traditional econometric methods in building quantitative investment systems. First Quadrant is also committed to continued innovation and product development in applying these techniques to new markets and products. Coupled with First Quadrant's management's focus on providing superior service to their large institutional clients, this innovation and performance has led to significant growth in First Quadrant's business. First Quadrant provides its services to large domestic and international corporate and public entities and pension plans. First Quadrant, L.P. has offices in Pasadena and Boston, while First Quadrant Limited is based in London. First Quadrant also maintains joint ventures with firms in Toronto, Tokyo and Paris.

GEOCAPITAL

Founded in 1979, GeoCapital invests in domestic small-capitalization equities on behalf of corporations, retirement programs, foundations, high net worth individuals and private partnerships. With principal offices in New York, the firm is led by its Chairman and Chief Investment Officer, Irwin Lieber, and its President, Barry K. Fingerhut.

GeoCapital's investment approach is to manage fully invested portfolios which blend two kinds of stocks: "growth companies" that create, commercialize, and market new technologies and services, and "special situation" companies with undervalued or unrecognized assets or earnings. GeoCapital believes that the combination of these two types of investments in a single portfolio can lessen the market risks, while providing the superior returns of investing in small companies. Utilizing their own independent fundamental analysis, GeoCapital's management studies a company from the bottom up beginning with its strategic, financial, and management strengths. Above all,

GeoCapital evaluates and monitors a company's management, both before and after an investment is made. A typical investment is held for three to five years, to give either the growth or special situation stock time to realize its inherent value.

GOFEN AND GLOSSBERG

Gofen and Glossberg is one of the oldest and most respected investment counseling firms in the United States. Founded in 1932, the firm has a long history of managing assets for prominent individuals, families, retirement plans, foundations and endowments. Based in Chicago, the firm is led by its President, William H. Gofen, and its Executive Vice President, Joseph B. Glossberg.

Gofen and Glossberg custom tailors portfolios to meet the specific financial goals of each client. With the perspective that comes from managing client portfolios through numerous market cycles, Gofen and Glossberg takes a longer term approach to portfolio management (typically three to five year growth targets) in order to preserve capital while encouraging growth. Portfolio managers at Gofen and Glossberg build investment portfolios around a solid nucleus of common stocks and/or fixed income securities. The firm invests in quality companies that have strong management, a dominant market share or proprietary products and services, and growing income or cash flow.

HARTWELL

Founded in 1961, Hartwell is a New York-based growth stock manager, whose clients include high net worth individuals, an offshore hedge fund and several large private foundations. The management team is led by William C. Miller, IV.

Hartwell applies a fundamental, bottom-up approach to investing in stocks of growth companies. The firm uses a disciplined stock selection process to identify stocks of companies with strong fundamental characteristics and exposure to longer term secular trends, which the portfolio managers believe can lead to sales and earnings growth in excess of 20% per year.

Hartwell's investment professionals tailor portfolio construction to meet specific client needs. On a standardized basis, Hartwell offers three products: small-capitalization growth, medium-to large-capitalization growth and balanced accounts.

PARADIGM

Paradigm is a leader in equity style management, with an investment approach that combines passive management technology with active management insights. Paradigm's sophisticated investment process typically begins by identifying several portfolio management styles from a prototypical set of active managers who exemplify certain risk and return characteristics of the chosen styles. The process then takes the aggregate portfolios and, using a sophisticated optimization model, arrives at a smaller portfolio of stocks with risk and return characteristics that match the larger group. Paradigm offers six styles which employ this investment process: large-capitalization growth; large-capitalization value; mid-capitalization growth; mid-capitalization value; small-capitalization growth; and small-capitalization value.

Based in New York, Paradigm is led by James E. Francis, President and Chief Executive Officer. Paradigm has a diversified client list of public and private endowments and Taft-Hartley plans. AMG holds less than a 50% ownership interest in Paradigm, which is a minority-owned business.

RENAISSANCE

Based in Cincinnati, Ohio, Renaissance provides quantitatively-based investment management strategies to a variety of institutional and individual clients. The firm is led by managing directors Michael A. Schroer, Donald W. Kennedy and Paul A. Radomski.

Renaissance employs a quantitative approach to its equity, fixed income, and tactical allocation decisions. The stock selection decision is characterized by companies that have a demonstrated ability in sustaining above-average levels of profitability and below-average levels of debt. Valuation

standards are further applied to determine stock-price momentum and trends in a company's earnings. Balanced and tactical asset allocation begins with a series of asset allocation models which measure and consistently monitor the relative attractiveness of cash, bonds, and equities. The models then assign an expected capital return period for each asset class which is the final measure of investment value.

Renaissance offers large-capitalization and small-capitalization growth and American depositary receipt equity products in addition to balanced, tactical asset allocation and fixed income strategies. The firm's dynamic and flexible process allows the investment manager to customize portfolios to include client-specific needs.

SKYLINE

Skyline is a Chicago-based firm which specializes in small-capitalization and mid-capitalization value equities. Skyline manages assets for institutional clients, as well as two no-load mutual funds, Skyline Special Equities and Skyline Special Equities II. The firm is led by its President, William Dutton, who was named Morningstar Portfolio Manager of the Year in 1992.

Skyline manages equities in three value-driven portfolio styles: Small Cap Value, Small Cap Value II, and Skyline Select. The Small Cap Value approach holds stocks of small-capitalization companies ($100 million to $700 million in market capitalization). The Small Cap Value II approach holds stocks of small-capitalization to mid-capitalization companies ($400 million to $2 billion in market capitalization). The Skyline Select portfolios combines select holdings of both the Small Cap Value and Small Cap Value II series ($100 million to $2 billion in market capitalization). Each of these three strategies leads to selections of stocks which have a low price to trailing earnings multiple relative to the market, attractive earnings prospects (typically in the 10% to 20% per year range) as estimated by fundamental, in-house research, and are under-followed by the broader marketplace.

SYSTEMATIC

Located in Fort Lee, New Jersey, Systematic manages assets on behalf of a variety of corporations, jointly-trusteed and public pension funds as well as for high net worth individuals, principally through wrap programs. Systematic is led by its President, Charles J. Mohr, and its Chief Investment Officer Gyanendra (Joe) Joshi. Systematic offers three products: core value equity, small-capitalization value equity, and free cash flow value equity.

Systematic's core value equity investment approach begins with a disciplined strategy of selecting large-capitalization, low price/earnings stocks that have reported earnings in excess of consensus expectations. A quantitative screen is applied and overlayed with intensive fundamental analysis to create an equally weighted portfolio of approximately 50 to 60 stocks.

Systematic's small-capitalization value and free cash flow value equity products quantify a firm's true free cash flow and then identify stocks that are trading at a discount to the median market multiple of free cash flow. Fundamental analysis is applied to a focused list of approximately 125 stocks for the free cash flow product and 100 stocks for the small-capitalization value product from which the portfolio managers select a portfolio of approximately 40 to 50 stocks.

TWEEDY, BROWNE

Tweedy, Browne is recognized as a leading practitioner of the value-oriented investment approach first advocated by Benjamin Graham. Tweedy, Browne manages domestic, international and global equity portfolios for institutions, individuals, partnerships, and mutual funds. The firm, which is the successor to Tweedy & Co., a brokerage firm founded in 1920, is led by Christopher H. Browne, William H. Browne and John D. Spears. Based in New York, the firm also maintains a research office in London.

Tweedy, Browne's investment philosophy is to invest in companies at a substantial discount to their true business value. The firm does not attempt to time markets or focus on particular market sectors, but rather emphasizes a long-term, low turnover strategy grounded in individual stock selection.

Tweedy, Browne applies its value-oriented investment strategy to international, as well as domestic equities, with global assets representing approximately 43% of total assets under management at September 30, 1997. The firm established its two no-load mutual funds, Tweedy, Browne American Value, and Tweedy, Browne Global Value, in 1993. The funds, which are each rated "five stars" by Morningstar, Inc., represent approximately 50% of Tweedy, Browne's total assets under management at September 30, 1997.

COMPETITION

The Company operates as an asset management holding company organized to invest in mid-sized investment management firms. The Company is aware of several other holding companies which have been organized to invest in or acquire investment management firms, and the Company views these firms as among its competitors. The Company believes that the market for investments in asset management companies is and will continue to remain highly competitive. The Company competes 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 the Company, which may make them more attractive to the owners of firms in which AMG is considering an investment and may enable them to offer greater consideration to such owners. Certain of the Company's principal stockholders also pursue investments in, and acquisitions of, investment management firms, and the Company may, from time to time, encounter competition from such principal stockholders with respect to certain investments. The Company believes that important factors affecting its ability to compete for future investments are (i) the degree to which target firms view the AMG Structure as preferable, financially and operationally, to acquisition or investment arrangements offered by other potential purchasers, (ii) the market value of AMG's Common Stock, which may be a form of consideration in acquisitions, and (iii) the reputation and performance of the existing Affiliates and future affiliates, by which target firms will judge AMG and its future prospects.

The 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 the Affiliates, and offer a broader array of investment products and services than any of the Affiliates. From time to time, Affiliates may also compete with the other Affiliates for clients. In addition, there are relatively few barriers to entry by new investment management firms, especially in the institutional managed accounts business. AMG believes that the most important factors affecting its Affiliates' ability to compete for clients are (i) the products offered, (ii) the abilities, performance records and reputation of its Affiliates and their management teams, (iii) the management fees charged, (iv) the level of client service offered, and (v) the development of new investment strategies and marketing. The importance 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 their respective investment philosophies and methods under then prevailing market conditions.

GOVERNMENT REGULATION

Virtually all aspects of the Affiliates' businesses are subject to extensive regulation. Each Affiliate (other than First Quadrant Limited) is registered with the Commission as an investment adviser under the Investment Advisers Act. As an investment adviser, each such Affiliate is subject to the provisions of the Investment Advisers Act and the Commission's regulations promulgated thereunder. The Investment Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, recordkeeping, operational, and disclosure obligations. Each of the Affiliates (other than First Quadrant Limited) is, as an investment adviser, also subject to regulation under the securities laws and fiduciary laws of certain states. Each of the mutual funds for which Tweedy, Browne, Skyline, and Burridge are advisors, and Renaissance and Systematic are subadvisors, is registered with the Commission under the Investment Company Act, shares of each such fund are registered with the Commission under the Securities Act, and the shares of each such fund are qualified for sale (or exempt from such qualification) under the laws of each state and the District of Columbia to the extent such shares are sold in any of such jurisdictions. As an adviser or subadviser to a registered investment company, each such Affiliate is subject to requirements under the 1940 Act and the Commission's regulations promulgated thereunder. Each Affiliate is also subject to ERISA, and to regulations promulgated thereunder, insofar as they are "fiduciaries" under ERISA with respect to certain of their clients. ERISA and the applicable provisions of the Code impose certain duties on persons who are fiduciaries under ERISA, and prohibit certain transactions involving the assets of each ERISA plan which is a client of an Affiliate, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans. Each of First Quadrant, L.P. and Renaissance are also registered with the Commodity Futures Trading Commission as a Commodity Trading Advisor and each is a member of the National Futures Association. Tweedy, Browne is registered as a broker-dealer under the Exchange Act and is subject to regulation by the Commission, the National Association of Securities Dealers, Inc. and other federal and state agencies. As a registered broker-dealer, Tweedy, Browne is subject to the Commission's net capital rules. Under certain circumstances, these rules may limit the ability of Tweedy, Browne to make distributions to the Company.

A number of the Affiliates are subject to the laws of non-U.S. jurisdictions and non-U.S. regulatory agencies or bodies. For example, First Quadrant Limited, located in London, is a member of the Investment Management Regulatory Organisation of the United Kingdom, and Tweedy, Browne and other Affiliates are investment advisers to certain funds which are organized under non-U.S. jurisdictions, including Luxembourg (where they are regulated by the Institute Monetaire Luxembourgeois) and Bermuda (where they are regulated by the Bermuda Monetary Authority).

Under the Investment Advisers Act, every investment advisory contract between a registered investment adviser and its clients must provide that it may not be assigned by the investment adviser without the consent of the client. In addition, under the Investment Company Act, each contract with a registered investment company must provide that it terminates upon its assignment. Under both the Investment Advisers Act and the Investment Company Act, an investment advisory contract is deemed to have been assigned in the case of a direct "assignment" of the contract as well as in the case of a sale, directly or indirectly, of a "controlling block" of the adviser's voting securities. Such an assignment may be deemed to take place when a firm is acquired by AMG. Prior to AMG's investment, each Affiliate sought to obtain the consent of its clients to the assignment of the advisory contracts which results from the acquisition (and, in the case of mutual fund clients, sought to obtain new advisory contracts on substantially the same terms). Each investment consummated thus far has been, and the Company expects that each future investment will be, conditioned on the obtaining of such consents (and, to the extent applicable, new contracts) from substantially all of the clients of the acquired firm. The change of control provisions may limit the ability of AMG to issue Common Stock or to be acquired by a third party.

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 the profitability and mode of operations of the Company and each of its Affiliates.

The officers, directors and employees of AMG and each of the Affiliates may, from time to time, own securities which are also owned by one or more of the Affiliates' clients. Each Affiliate and AMG has internal policies with respect to individual investments and requires reports of securities transactions and restricts certain transactions so as to minimize possible conflicts of interest.

EMPLOYEES

As of September 30, 1997, the Company and its Affiliates employed approximately 310 persons, approximately 293 of which are full-time employees. The Company and its Affiliates are not subject to any collective bargaining agreements and the Company believes that its labor relations are good.

PROPERTIES

AMG's executive offices are located at Two International Place, 23rd Floor, Boston, Massachusetts 02110. In Boston, AMG occupies 4,413 square feet under a lease which expires in July 2000. Each of the Affiliates also leases office space in the cities in which they conduct business.

LEGAL PROCEEDINGS

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

CORPORATE LIABILITY AND INSURANCE

The businesses of the Affiliates entail the inherent risk of liability related to litigation from clients and actions taken by regulatory agencies. In addition, the Company faces liability both directly as a control person, and indirectly as a direct or indirect general partner of certain of the Affiliates. To protect its overall operations from such potential liabilities, the Company and each of its Affiliates, other than Hartwell, maintains errors and omissions and general liability insurance in amounts which the Company and its Affiliates' management 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 the Affiliates or the Company in excess of available coverage could have a material adverse effect on the Company. See "Risk Factors -- Exposure to Liability".

TRADEMARKS

"Affiliated Managers Group" is a registered trademark of the Company, with registration expiring October 2007. "Skyline Fund", the Skyline logo, Skyline Special Equities Portfolio and Skyline Special Equities II are all registered marks of the Company, with registrations expiring between November 2002 and April 2009.

MANAGEMENT

EXECUTIVE OFFICERS

The names, ages and positions of each of the executive officers of the Company, as well as a description of their business experience and past employment are as set forth below:

NAME	AGE	POSITION
William J. Nutt.....	52	President, Chief Executive Officer and Chairman of the Board of Directors
Sean M. Healey.....	36	Executive Vice President
Levon Chertavian, Jr.	38	Senior Vice President, Affiliate Support
Nathaniel Dalton.....	31	Senior Vice President, General Counsel and Secretary
Brian J. Girvan.....	42	Senior Vice President, Chief Financial Officer and Treasurer
Seth W. Brennan.....	27	Vice President
Jeffrey S. Murphy.....	31	Vice President

William J. Nutt founded the Company in December 1993 and has served as its Chairman, President and Chief Executive Officer since that time. Mr. Nutt began his career at the law firm of Ballard, Spahr, Andrews & Ingersoll in Philadelphia, where he was a Partner until he joined The Boston Company in 1982. As Senior Executive Vice President of that firm, Mr. Nutt built The Boston Company's mutual fund administration, distribution and custody business serving over 45 fund sponsors with assets of $119.0 billion. In 1989, he became President, assuming overall responsibility for The Boston Company's $36.0 billion institutional money management business, its $190.0 billion master trustee and custodian business, and the personal banking and trust business of the Boston Safe Deposit and Trust Company. Mr. Nutt received a J.D. from the University of Pennsylvania and a B.A. from Grove City College. From 1991 to 1994, Mr. Nutt served on the Executive Committee of the Board of Governors of the Investment Company Institute.

Sean M. Healey joined the Company as its Executive Vice President in 1995. Prior to joining AMG, Mr. Healey was a Vice President in the Mergers and Acquisitions Department at Goldman, Sachs & Co. focusing on financial institutions. In eight years at Goldman Sachs, Mr. Healey had substantial experience advising clients and executing transactions in the investment management and related industries. Mr. Healey received a J.D. from Harvard Law School, an M.A. from University College, Dublin and an A.B. from Harvard College.

Levon Chertavian, Jr. joined the Company as a Senior Vice President of Affiliate Support in 1995. Mr. Chertavian was formerly President of USAffinity Advisers, the mutual fund operation of TransNational Group. Prior to Trans National Group, Mr. Chertavian held positions with Bain & Company, Fidelity Investments, Bankers Trust Company and Equitable Life. Mr. Chertavian received an M.B.A. from the Harvard Business School and a B.A. from Bowdoin College.

Nathaniel Dalton joined the Company as a Senior Vice President and General Counsel in 1996. Prior to joining AMG, Mr. Dalton was an attorney at Goodwin, Procter & Hoar LLP, focusing on mergers and acquisitions, including those in the asset management industry. Mr. Dalton received a J.D. from Boston University School of Law and a B.A. from the University of Pennsylvania.

Brian J. Girvan joined the Company as a Senior Vice President and Chief Financial Officer in 1997. Mr. Girvan possesses twenty years of experience in senior roles primarily within leading asset management firms. Most recently he was Chief Financial Officer of Fidelity Investments Institutional Services. Prior to that, Mr. Girvan served in various roles including Chief Financial Officer at PIMCO Advisors L.P. and Thomson Advisory Group L.P. Before joining Thomson Advisory Group, Mr. Girvan was a Vice President at Thomson McKinnon Securities and was an auditor with Coopers

& Lybrand. Mr. Girvan received a B.S. (B.B.A.) from Manhattan College and is a member of the American Institute of Certified Public Accountants.

Seth W. Brennan joined the Company as an Assistant Vice President in 1995, and became a Vice President in 1996. Prior to joining AMG, Mr. Brennan was a Financial Analyst in the Global Insurance Investment Banking Group at Morgan Stanley & Co. Incorporated. Before joining Morgan Stanley, Mr. Brennan was a Financial Analyst in the Financial Institutions Group at Wasserstein, Perella & Co. Mr. Brennan received a B.A. from Hamilton College.

Jeffrey S. Murphy joined the Company as an Assistant Vice President in 1995, and became a Vice President in 1996. Prior to joining AMG, Mr. Murphy was a Financial Analyst at United Asset Management Corporation, and prior to that, Mr. Murphy was the Assistant Controller of TA Associates, Inc. Mr. Murphy received a B.S. in Business Administration from Northeastern University.

EXECUTIVE COMPENSATION

The following table sets forth information concerning the cash compensation awarded to the Company's Chief Executive Officer and the Company's four (4) other most highly compensated executive officers whose total salary and bonus exceeded $100,000 during the fiscal year ended December 31, 1996 (collectively, the "Named Executive Officers").

1996 SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	1996 ANNUAL COMPENSATION		ALL OTHER COMPENSATION(1)
	SALARY	BONUS	
William J. Nutt, Chairman, President and Chief Executive Officer	$354,350	$315,000	$ 26,750
Sean M. Healey, Executive Vice President	270,460	277,500	26,750
Levon Chertavian, Jr., Senior Vice President	159,227	116,667	24,813
Nathaniel Dalton, Senior Vice President (2)	98,498	100,000	17,068
Seth W. Brennan, Vice President	56,277	55,000	15,806

(1) Includes (i) contributions by the Company under its 401(k) Profit Sharing Plan in the amount of $22,500 on behalf of each of Messrs. Nutt, Healey and Chertavian, $14,755 on behalf of Mr. Dalton and $14,375 on behalf of Mr. Brennan; and (ii) the dollar value of insurance premiums paid by the Company with respect to term life and long term disability insurance policies for the benefit of the Named Executive Officers in the amount of $4,250 on behalf of Messrs. Nutt and Healey, $2,313 on behalf of Messrs. Chertavian and Dalton and $1,431 on behalf of Mr. Brennan.

(2) Mr. Dalton's employment with the Company commenced in May 1996.

DIRECTORS

The names, ages and a description of the business experience, principal occupation and past employment during at least the last five years of each of the directors of the Company are set forth below.

NAME	AGE
William J. Nutt(1)	52
Richard E. Floor(2)	57
Roger B. Kafker(2)(3)	35
P. Andrews McLane(1)(3)	50
John M. B. O'Connor(1)(3)	43
W. W. Walker, Jr.(2)(3)	50

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(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Messrs. McLane, Kafker, Walker and O'Connor were elected as directors in accordance with the terms of a certain Amended and Restated Stockholders' Agreement dated as of October 9, 1997 (the "Stockholders' Agreement") among the Company and certain of the Company's stockholders, including TA Associates, NationsBank, The Hartford and Chase Equity Associates, which was entered into in connection with the recent equity investment by Chase Equity Associates in the Company. These provisions of the Stockholders' Agreement will be terminated upon consummation of the Offerings.

For Mr. Nutt's biographical information, see information under "--Executive Officers".

Richard E. Floor has been a director of the Company since its formation. A professional corporation of which Mr. Floor is the sole stockholder is and has been a partner at the law firm of Goodwin, Procter & Hoar LLP or its predecessor since 1975. Mr. Floor is also a director of Town & Country Corporation, a jewelry manufacturer, and New America High Income Fund, a closed-end investment company.

Roger B. Kafker has been a director of the Company since its formation. Mr. Kafker has been associated with TA Associates, Inc. or its predecessor since 1989 and became a Principal of that firm in 1994 and a Managing Director in 1995. Mr. Kafker is also a director of ANSYS Inc., a software company, Boron, LePore & Associates, Inc., a service provider to the pharmaceutical industry, and Monarch Dental Corporation, a dental practice management company.

P. Andrews McLane has been a director of the Company since its formation. He has been at TA Associates, Inc. or its predecessors since 1979, where he is a Managing Director and a member of the firm's Executive Committee. Mr. McLane leads TA Associates' investment activities in the asset management industry. Mr. McLane is also a director of Altamira Management Ltd, an investment management firm based in Toronto, Canada, and Allegis Realty Investors, LLC, a real estate investment management firm.

John M. B. O'Connor has been a director of the Company since October 9, 1997. Mr. O'Connor is a General Partner of Chase Capital Partners which he joined in May 1995. Mr. O'Connor has been employed by Chase Manhattan Corporation or its predecessors since 1987 in a variety of senior investment banking positions including management of Corporate Securities Sales, Trading and Research. Mr. O'Connor is also a director of United States Corrections Corporation, a correctional services company, and Hamilton Services Limited, a technology and insurance services provider to insurance and reinsurance companies.

W. W. Walker, Jr. has been a director of the Company since April 1997. Since 1972, Mr. Walker has been employed by NationsBank, N.A. or its predecessor, where he has held positions in various departments including corporate banking, private placements, syndications and project finance.

Mr. Walker founded NationsBank Capital Investors in 1993 and is presently a Managing Director of that group.

The number of members of the Board of Directors of the Company is currently fixed at six. Within 90 days after the completion of the Offerings, the Company intends to expand the Board of Directors and elect at least two additional Directors who will not be officers or employees of the Company.

The Company's Board of Directors has established an Audit Committee (the "Audit Committee") and a Compensation Committee (the "Compensation Committee"). The Audit Committee recommends the firm to be appointed as independent accountants to audit financial statements and to perform services related to the audit, reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants the Company's year-end operating results, considers the adequacy of internal accounting procedures and considers the effect of such procedures on the accountants' independence. The Audit Committee will consist, upon consummation of the Offerings, of Messrs. Floor, Kafker and Walker. The Compensation Committee, which will consist, upon consummation of the Offerings, of Messrs. Nutt, McLane and O'Connor, reviews and recommends the compensation arrangements for all directors and officers, except that Mr. Nutt does not participate in the recommendation of his compensation arrangements.

COMPENSATION OF DIRECTORS

Directors of the Company who are also employees receive no additional compensation for their services as a director. Non-employee directors ("Independent Directors") do not currently receive a fee for their service as directors, although the Board of Directors may determine to pay such a fee in the future. Also, Independent Directors may be entitled to receive options to purchase shares of Common Stock. See "-- The 1997 Stock Plan".

All directors of the Company are reimbursed for travel expenses incurred in attending meetings of the Board of Directors and its committees.

COMPENSATION, BENEFIT AND RETIREMENT PLANS

The Company currently has in place the following stock plans: The Affiliated Managers Group, Inc. 1994 Incentive Stock Plan, The Affiliated Managers Group, Inc. 1995 Incentive Stock Plan, The Affiliated Managers Group, Inc. 1995 Stock Purchase Plan, and The Affiliated Managers Group, Inc. 1997 Stock Option and Incentive Plan (collectively, the "Plans"). Upon consummation of the Offerings and after giving effect to the grants made in connection with the Offerings, under the Plans, the Company will have (i) awarded options to purchase up to 672,500 shares of Common Stock, or approximately 4.2% of the outstanding Common Stock of the Company, to members of senior management, (ii) issued 337,500 shares of restricted Common Stock, or approximately 2.1% of the outstanding Common Stock of the Company, to members of senior management, (iii) issued for sale 184,150 shares of Common Stock, or approximately 1.1% of the outstanding Common Stock of the Company, to certain officers, managers of Affiliates and consultants and advisors of the Company, and (iv) reserved 2,523,850 shares, or approximately 13.6% of the outstanding Common Stock of the Company (including shares reserved under the Plans), for issuance under the Plans. Overall, members of the Company's senior management own an aggregate 1,657,046 shares of Common Stock (on a fully diluted basis and giving effect to the Recapitalization and including shares of stock purchased outside of the Plans), or approximately 9.9% of the outstanding Common Stock of the Company. The following is a brief summary of each of the Plans.

THE 1994 PLAN

On March 31, 1994, the Board of Directors adopted, and the stockholders of the Company subsequently approved, the Affiliated Managers Group, Inc. 1994 Incentive Stock Plan. On November 7, 1995, the Board of Directors adopted, and the stockholders of the Company approved, an

amendment and restatement of the 1994 Incentive Stock Plan (as so amended and restated, the "1994 Plan") pursuant to which the number of shares of Common Stock reserved under the 1994 Plan was reduced to 125,000.

The 1994 Plan permits (i) the grant of options to purchase shares of Common Stock intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, (the "Code") ("Incentive Options"), (ii) the grant of options that do not so qualify ("Non-Qualified Options"), and (iii) the issuance of stock which may be subject to certain restrictions ("Restricted Stock"). The 1994 Plan was designed and intended as a performance incentive for officers, employees, consultants and other key persons performing services for the Company to encourage such persons to acquire or increase a proprietary interest in the success and progress of the Company. As of September 30, 1997, no options had been awarded under the 1994 Plan, and the Company had issued an aggregate of 125,000 shares of Restricted Stock under the 1994 Plan. The Company does not intend to make any grants under the 1994 Plan after the consummation of the Offerings.

THE 1995 PLAN

On November 7, 1995, the Board of Directors adopted, and the stockholders of the Company subsequently approved, the Affiliated Managers Group, Inc. 1995 Incentive Stock Plan, under which 425,000 shares of Common Stock were authorized and reserved for issuance. In May 1997, the Board of Directors voted to amend and restate, and the stockholders of the Company subsequently approved the amendment and restatement of, the 1995 Incentive Stock Plan (as so amended and restated, the "1995 Plan"). Under the 1995 Plan, a total of 425,000 shares of Common Stock are authorized and reserved for issuance.

The 1995 Plan permits (i) the grant of Incentive Options, (ii) the grant of Non-Qualified Options, and (iii) the issuance of Restricted Stock. Like the 1994 Plan, the 1995 Plan was designed and intended as a performance incentive for officers, employees, consultants and other key persons performing services for the Company to encourage such persons to acquire or increase a proprietary interest in the success and progress of the Company. In May 1997, the Company granted options to purchase an aggregate of 1,850 shares of Class A Convertible Preferred Stock (carrying a $250 per share liquidation preference and convertible into an aggregate of 92,500 shares of Common Stock) at an exercise price of $455 per share (or $9.10 per underlying share of Common Stock), consisting of options to purchase 500, 500, 200, 300, 250 and 100 shares of Class A Convertible Preferred Stock granted to Messrs. Nutt, Healey, Chertavian, Dalton, Brennan and Murphy, respectively. As of September 30, 1997, the Company had issued an aggregate 212,500 shares of Restricted Stock under the 1995 Plan. The Company does not intend to make any grants under the 1995 Plan after the consummation of the Offerings.

THE 1997 STOCK PLAN

The 1997 Stock Option and Incentive Plan (the "1997 Stock Plan") was adopted by the Board of Directors in October 1997 and was subsequently approved by the Company's stockholders. The 1997 Stock Plan permits (i) the grant of Incentive Options, (ii) the grant of Non-Qualified Options, (iii) the grant of stock appreciation rights, (iv) the issuance or sale of Common Stock with vesting or other restrictions, (v) the issuance or sale of Common Stock without restrictions ("Unrestricted Stock"), (vi) the grant of the right to receive Common Stock in the future with or without vesting or other restrictions ("Deferred Stock Awards"), (vii) the grant of Common Stock upon the attainment of specified performance goals ("Performance Share Awards"), and (viii) the grant of the right to receive cash dividends with the holders of the Common Stock as if the recipient held a specified number of shares of the Common Stock ("Dividend Equivalent Rights"). These grants may be made to officers and other employees, directors, advisors, consultants and other key persons of the Company and its subsidiaries. The 1997 Stock Plan provides for the issuance of 1,750,000 shares of Common Stock. Certain Incentive Options and Non-Qualified Options will be granted to employees in connection with the Offerings. See "-- New Plan Benefits". On and after

the date the 1997 Stock Plan becomes subject to Section 162(m) of the Code, options or stock appreciation rights with respect to no more than 700,000 shares of Common Stock may be granted to any one individual in any calendar year.

The following summary description is qualified in its entirety by the 1997 Stock Plan, a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

PLAN ADMINISTRATION; ELIGIBILITY. The 1997 Stock Plan is administered by the Board of Directors or the Compensation Committee (the "Administrator"). If the 1997 Stock Plan is administered by the Compensation Committee, then all members of the Compensation Committee must be "disinterested persons" as that term is defined under the rules promulgated by the Commission. On and after the date the 1997 Stock Plan becomes subject to Section 162(m) of the Code, all members of the Compensation Committee must be "outside directors" as defined in Section 162(m) of the Code and the regulations promulgated thereunder.

The Administrator has full power to select, from among the employees and other persons eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 1997 Stock Plan.

Persons eligible to participate in the 1997 Stock Plan will be those officers, employees and other key persons, such as consultants, of the Company and its subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company and its subsidiaries, as selected from time to time by the Administrator. Independent Directors will also be eligible for certain awards under the 1997 Stock Plan.

STOCK OPTIONS. The 1997 Stock Plan permits the granting of (i) Incentive Options and (ii) Non-Qualified Options. Only employees of the Company and its subsidiaries may be granted Incentive Options. The option exercise price of each option will be determined by the Administrator but may not be less than 100% of the fair market value of the Common Stock on the date of grant in the case of Incentive Options, and may not be less than 85% of the fair market value of the Common Stock on the date of grant in the case of Non-Qualified Options. Employees participating in the 1997 Stock Plan may, however, elect, with the consent of the Administrator, to receive discounted Non-Qualified Options in lieu of cash bonuses. In the case of such grants, the option exercise price may be less than 85% of the fair market value of the Common Stock on the date of grant.

STOCK OPTIONS GRANTED TO INDEPENDENT DIRECTORS. The 1997 Stock Plan contemplates the grant to each additional Independent Director of a Non-Qualified Option upon his or her initial election to the Board of Directors. The exercise price of each such Non-Qualified Option would be the fair market value of the Common Stock on the date of grant, and each such grant would be subject to vesting requirements as determined by the Administrator. The Administrator may also grant additional Non-Qualified Options to Independent Directors.

STOCK APPRECIATION RIGHTS. The Administrator may award a stock appreciation right ("SAR") either as a freestanding award or in tandem with a stock option. Upon exercise of the SAR, the holder will be entitled to receive an amount equal to the excess of the fair market value on the date of exercise of one share of Common Stock over the exercise price per share specified in the related stock option (or, in the case of a freestanding SAR, the price per share specified in such right, which price may not be less than 85% of the fair market value of the Common Stock on the date of grant) times the number of shares of Common Stock with respect to which the SAR is exercised. This amount may be paid in cash, Common Stock, or a combination thereof, as determined by the Administrator.

RESTRICTED STOCK. The Administrator may also award shares of Restricted Stock to officers, other employees and key persons of the Company. The conditions and restrictions applicable to the Restricted Stock may include the achievement of certain performance goals and/or continued employment with the Company through a specified restricted period. These conditions and restric-

tions, as well as the purchase price of shares of Restricted Stock, will be determined by the Administrator. If the performance goals and other restrictions are not attained, the employees will forfeit their awards of Restricted Stock.

UNRESTRICTED STOCK. The Administrator may also grant shares (at no cost or for a purchase price determined by the Administrator) of Unrestricted Stock to employees and key persons in recognition of past services or other valid consideration, and shares of Unrestricted Stock may be issued in lieu of cash compensation to be paid to such employees and key persons.

DEFERRED STOCK AWARDS. The Administrator may also award Deferred Stock Awards which are ultimately payable in the form of shares of Unrestricted Stock. The Deferred Stock Awards may be subject to such conditions and restrictions as the Administrator may determine, including the achievement of certain performance goals and/or continued employment with the Company through a specified restricted period. If the performance goals and other restrictions are not attained, the participants will forfeit their Deferred Stock Awards.

Subject to the consent of the Administrator, an Independent Director, an employee or key person of the Company may make an irrevocable election to receive a portion of his fees or compensation in Deferred Stock Awards (valued at fair market value on the date the cash compensation would otherwise be paid).

PERFORMANCE SHARE AWARDS. The Administrator may also grant Performance Share Awards to employees or other key persons of the Company entitling the recipient to receive shares of Common Stock upon the achievement of individual or Company performance goals and such other conditions as the Administrator shall determine.

DIVIDEND EQUIVALENT RIGHTS. The Administrator may grant Dividend Equivalent Rights, which give the recipient the right to receive credits for dividends that would be paid if the grantee had held specified shares of Common Stock. Dividend Equivalent Rights may be settled in cash, shares, or a combination thereof.

AMENDMENTS AND TERMINATION. The Board of Directors may at any time amend or discontinue the 1997 Stock Plan and the Administrator may at any time amend or cancel outstanding awards for the purpose of satisfying changes in the law or for any other lawful purpose. No such action may be taken, however, which adversely affects any rights under outstanding awards without the holder's consent. Further, amendments to the 1997 Stock Plan shall be subject to approval by the Company's stockholders if and to the extent required by the Code to preserve the qualified status of Incentive Options or to preserve tax deductibility of compensation earned under stock options and stock appreciation rights.

CHANGE IN CONTROL PROVISIONS. The 1997 Stock Plan provides that in the event of a sale of all or substantially all of the assets or Common Stock of the Company, a merger or consolidation which results in a change in control of the Company or the liquidation or dissolution of the Company (a "Change in Control"), all stock options and stock appreciation rights shall automatically become fully exercisable. In addition, at any time prior to or after a Change of Control, the Administrator may accelerate awards and waive conditions and restrictions on any awards to the extent it may determine appropriate.

NEW PLAN BENEFITS. Approximately 310 employees and 5 non-employee directors are currently eligible to participate in the 1997 Stock Plan. The table below shows the options that will be granted to employees in connection with the Offerings.

1997 STOCK PLAN

NAME AND POSITION	NUMBER OF SHARES UNDERLYING STOCK OPTIONS(1)
William J. Nutt, Chairman, President and Chief Executive Officer....	180,000
Sean M. Healey, Executive Vice President.....	170,000
Levon Chertavian, Jr., Senior Vice President.....	30,000
Nathaniel Dalton, Senior Vice President.....	57,500
Brian J. Girvan, Senior Vice President.....	57,500
Seth W. Brennan, Vice President.....	50,000
Jeffrey S. Murphy, Vice President.....	35,000
Executive Group (7 persons).....	580,000
Non-Executive Officer Employee Group (2 persons).....	10,000

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(1) All options will be granted to the employees with an exercise price equal to the initial public offering price per share. In general, the options will be exercisable over seven years, with 15% exercisable at the end of each of the first six anniversaries of the date of grant and 10% exercisable on the seventh anniversary. The exercisability of these options will be accelerated upon a change in control (as defined in the 1997 Stock Plan) and upon the achievement with respect to any future calendar quarter of a level of pro forma cash net income per share which, on a comparable basis, equals or exceeds 2.44 times adjusted pro forma EBITDA as adjusted per share for the quarter ended September 30, 1997.

TAX ASPECTS UNDER THE CODE. The following is a summary of the principal Federal income tax consequences of option grants under the 1997 Stock Plan. It does not describe all Federal tax consequences under the 1997 Stock Plan, nor does it describe state or local tax consequences.

Incentive Options. Under the Code, an employee will not realize taxable income by reason of the grant or the exercise of an Incentive Option. If an employee exercises an Incentive Option and does not dispose of the shares until the later of (a) two years from the date the option was granted or (b) one year from the date the shares were transferred to the employee, the entire gain, if any, realized upon disposition of such shares will be taxable to the employee as long-term capital gain, and the Company will not be entitled to any deduction. If an employee disposes of the shares within such one-year or two-year period in a manner so as to violate the holding period requirements (a "disqualifying disposition"), the employee generally will realize ordinary income in the year of disposition, and, provided the Company complies with applicable withholding requirements, the Company will receive a corresponding deduction, in an amount equal to the excess of (i) the lesser of (x) the amount, if any, realized on the disposition and (y) the fair market value of the shares on the date the option was exercised over (ii) the option price. Any additional gain realized on the disposition of the shares acquired upon exercise of the option will be long-term or short-term capital gain and any loss will be long-term or short-term capital loss depending upon the holding period for such shares. The employee will be considered to have disposed of his shares if he sells, exchanges, makes a gift of or transfers legal title to the shares (except by pledge or by transfer on death). If the disposition of shares is by gift and violates the holding period requirement, the amount of the employee's ordinary income (and the Company's deductions) is equal to the fair market value of the shares on the date of exercise less the option price. If the disposition is by sale or exchange, the employee' tax basis will equal the amount paid for the shares plus any ordinary income realized as a

result of the disqualifying distribution. The exercise of an Incentive Option may subject the employee to the alternative minimum tax.

Special rules apply if an employee surrenders shares of Common Stock in payment of the exercise price of an Incentive Option.

An Incentive Option that is exercised by an employee more than three months after an employee's employment terminates will be treated as a Non-Qualified Option for Federal income tax purposes. In the case of an employee who is disabled, the three-month period is extended to one year and in the case of an employee who dies, the three-month employment rule does not apply.

Non-Qualified Options. There are no Federal income tax consequences to either the optionee or the Company on the grant of a Non-Qualified Option. On the exercise of a Non-Qualified Option, the optionee has taxable ordinary income equal to the excess of the fair market value of the Common Stock received on the exercise date over the option price of the shares. The optionee's tax basis for the shares acquired upon exercise of a Non-Qualified Option is increased by the amount of such taxable income. The Company will be entitled to a Federal income tax deduction in an amount equal to such excess. Upon the sale of the shares acquired by exercise of a Non-Qualified Option, the optionee will realize long-term or short-term capital gain or loss depending upon his or her holding period for such shares.

Special rules apply if an optionee surrenders shares of Common Stock in payment of the exercise price of a Non-Qualified Option.

1995 STOCK PURCHASE PLAN

On November 28, 1995, the Board of Directors adopted the Affiliated Managers Group, Inc. 1995 Stock Purchase Plan (the "1995 Purchase Plan"), under which 4,477 shares of Series B-1 Voting Convertible Preferred Stock of the Company (convertible into 223,850 shares of Common Stock) were authorized for issuance. The 1995 Purchase Plan was designed to provide certain employees, directors, general partners, officers, consultants and advisors with the opportunity to purchase shares of capital stock of the Company. In June 1996, the Company issued an aggregate 3,703 shares of Series B-1 Voting Convertible Preferred Stock (which are convertible, in the aggregate, into 185,150 shares of Common Stock immediately prior to the Offerings), to certain members of management and advisors of the Company, including 150 and 38 shares of Series B-1 Voting Convertible Preferred Stock (convertible into 7,500 and 1,900 shares of Common Stock, respectively) to Mr. Chertavian and Mr. Murphy, respectively, as well as managers of certain Affiliates, for an aggregate consideration of approximately $2.5 million (the "1996 Offering"). In connection with the 1996 Offering, each of the purchasers executed a stock purchase and restriction agreement pursuant to which the shares purchased by each such purchaser are subject to certain restrictions on transfer. There are currently 774 shares of Series B-1 Voting Convertible Preferred Stock (convertible into 38,700 shares of Common Stock) available for issuance and sale under the 1995 Purchase Plan. The Company does not intend to issue any additional shares of stock under the 1995 Purchase Plan.

KEY EXECUTIVE LIFE INSURANCE

The Company currently maintains, and is the sole beneficiary of, $10,000,000 in life insurance policies on William J. Nutt and a $2,000,000 life insurance policy on Sean M. Healey. In addition, the Company and the Affiliates carry life insurance policies on the lives of certain key members of management of the Affiliates in amounts which the Company considers sufficient to repurchase such individuals' direct or indirect interest in the applicable Affiliate. The Company also currently maintains, and is the sole beneficiary of, additional life insurance policies on the lives of certain key members of management of the Affiliates. These key executive life insurance policies range from $100,000 to $10,000,000. See "Business -- AMG Structure and Relationship with Affiliates -- Capitalization of Retained Interest" and "Risk Factors -- Reliance on Key Management".

PENSION AND PROFIT SHARING PLANS

The Company currently maintains the Affiliated Managers Group, Inc. 401(k) Profit Sharing Plan (the "Profit Sharing Plan"). Under the Profit Sharing Plan, qualifying employees of the Company and the participating Affiliates are able to both accumulate savings by means of a salary reduction, as well as participate in the profits of their participating employer (either the Company or the applicable Affiliate). Any contributions by the Company under the Profit Sharing Plan are determined annually by the Compensation Committee, while contributions by participating Affiliates are determined by their respective management teams and funded out of such respective Affiliate's Operating Allocation. Certain of the Affiliates maintain their own 401(k) and profit sharing plans.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Since January 1, 1996, the Company's executive compensation decisions have been made by the Compensation Committee of the Board of Directors, consisting of Messrs. McLane and Floor, neither of whom is an employee of the Company. Upon consummation of the Offerings, the Company's Compensation Committee will consist of Messrs. McLane, Nutt and O'Connor. After the Offerings, the Compensation Committee will review and recommend executive compensation arrangements for all officers and employees other than Mr. Nutt, and the members of the Compensation Committee other than Mr. Nutt will review and recommend all executive compensation arrangements with respect to Mr. Nutt.

CERTAIN TRANSACTIONS

In August 1997, the Company entered into a series of transactions in connection with the Tweedy, Browne Investment, including:

(i) entering into a Preferred Stock and Warrant Purchase Agreement (the "Preferred Stock Purchase Agreement") with Chase Equity Associates, whereby on October 9, 1997, Chase Equity Associates invested $30 million in the Company and acquired 5,333 shares of Series C-2 Non-Voting Convertible Preferred Stock of the Company and warrants to purchase up to an additional 28,000 shares of Series C-2 Non-Voting Convertible Preferred Stock of the Company (convertible into 266,650 and 1,400,000 shares of Common Stock, respectively); and

(ii) entering into a Securities Purchase Agreement (the "Securities Purchase Agreement") with Chase Equity Associates, whereby on October 9, 1997, Chase Equity Associates invested $60 million and acquired senior subordinated notes (the "Subordinated Notes"). In addition, warrants to purchase Class B Common Stock (the "Class B Warrants") of the Company were issued into an escrow, to be issued to the holders of the Subordinated Notes, if such Subordinated Notes were not paid on or prior to April 7, 1998.

In connection with these transactions, on October 9, 1997, the Company entered into an Amended and Restated Stockholders' Agreement (the "Stockholders' Agreement") with TA Associates, NationsBank, The Hartford, Chase Equity Associates and certain members of senior management and their transferees (collectively, the "Investors").

Pursuant to the terms of the Stockholders' Agreement, (i) each Investor and the holders of shares of Class B Common Stock after exercise of the Class B Warrants (the "Warrant Shareholders") received from the Investors holding shares of Class A Convertible Preferred Stock of the Company (the "Class A Investors"), and the Class A Investors granted to the other Investors and the Warrant Shareholders, rights (the "Class A Co-Sale Rights") to participate on a pro rata basis in certain resales of shares of Class A Convertible Preferred Stock (or Common Stock issuable upon conversion thereof), (ii) the Investors holding shares of Class B Preferred Stock of the Company (the "Class B Investors") and the Investors holding shares of Class C Preferred Stock of the Company (the "Class C Investors") agreed to certain restrictions on transfers of shares, (iii) each Class B Investor and each Class C Investor granted to the Warrant Shareholders rights

(the "Warrant Shareholder Co-Sale Rights") to participate on a pro-rata basis in certain resales of shares of capital stock, (iv) each Investor agreed to sell such Investor's shares of capital stock in the Company in certain circumstances if a majority-in-interest of the stockholders negotiated such a sale with an unaffiliated third party, (v) Chase Equity Associates granted to NationsBank a right (the "Right of First Offer") to purchase its shares of capital stock and Class B Warrants in certain circumstances, (vi) each Investor and Warrant Shareholder received "piggy-back" registration rights, (vii) each Investor and Warrant Shareholder received demand registration rights, (viii) each Investor and Warrant Shareholder was granted participation rights with respect to certain future issuances of securities by the Company, and (ix) each Investor agreed to elect one individual nominated by the Class C Investors, one individual nominated by NationsBank and The Hartford, and two individuals nominated by TA Associates to the Board of Directors. Messrs. O'Connor, Walker, Kafker and McLane have been elected as directors of the Company pursuant to the Stockholders' Agreement. Each of the rights of the Warrant Shareholders under the Stockholders' Agreement are of no force or effect unless or until the Class B Warrants become eligible to be released from escrow. The Class B Warrants will terminate unexercised in connection with the repayment of the Subordinated Debt.

Effective upon and subject to the consummation of the Offerings, provisions of the Stockholders' Agreement relating to the participation rights, the Class A Co-Sale Rights, the Warrant Shareholder Co-Sale Rights, the Right of First Offer, the restrictions on transfer of shares, and the election of the directors will terminate in accordance with their terms.

In connection with these transactions, the Company has paid certain fees to Chase Equity Associates, including (i) a facility fee of $1.2 million, (ii) a commitment fee of approximately $45,000 and (iii) a take down fee of $1.2 million. Chase Equity Associates is a limited partnership whose sole limited partner is an affiliate of Chase Manhattan Corporation (the parent company of The Chase Manhattan Bank) and whose sole general partner has as its partners certain employees of The Chase Manhattan Bank (including John M. B. O'Connor, a director of the Company) and an affiliate of Chase Manhattan Corporation.

In October 1997, the Company entered into the Credit Facility. In connection with entering into the Credit Facility, the Company has paid The Chase Manhattan Bank an underwriting fee of $6 million. In addition, in connection with the Credit Facility, the Company agreed to pay Chase Securities, Inc. an annual administrative agency fee of $75,000. The Company also paid The Chase Manhattan Bank a commitment fee of approximately $437,500 for the period June 26, 1997 through October 1997.

Chase Securities, Inc., an affiliate of The Chase Manhattan Bank and Chase Equity Associates, is a participant in the underwriting syndicate in the Offerings.

In September 1997, the Company paid $14.4 million in cash and issued an aggregate of approximately 10,667 shares of Class D Convertible Preferred Stock (convertible into 533,331 shares of Common Stock) with a value of approximately $9.6 million in connection with the merger of GeoCapital Corporation with and into a wholly owned subsidiary of the Company. The stockholders of GeoCapital Corporation were Irwin Lieber and Barry K. Fingerhut and members of their immediate families. Before giving effect to the Offerings, Messrs. Lieber and Fingerhut and their families are the sole holders of the Class D Convertible Preferred Stock.

In June 1996, a retirement plan for the benefit of Mr. Chertavian, an executive officer of the Company, invested $100,500 to purchase 150 shares of the Company's Series B-1 Voting Convertible Preferred Stock (convertible into 7,500 shares of Common Stock) pursuant to an offering under the Company's 1995 Stock Purchase Plan.

In August 1995, the Skyline Funds, for which Skyline provides investment advisory services, retained Funds Distributor, Inc., as a distributor of shares in the Skyline Funds. Mr. Nutt is Chairman of Funds Distributor, Inc., and the Chairman and Chief Executive Officer and majority stockholder of

its parent, Boston Institutional Group, Inc. Since January 1996, the Skyline Funds have paid Funds Distributor, Inc. approximately $175,000.

In December 1996, the Burridge Capital Development Fund, for which Burridge provides investment advisory services, retained Funds Distributor, Inc., as a distributor of shares in the Burridge Capital Development Fund. Since this time, the Burridge Capital Development Fund has paid Funds Distributor, Inc. approximately $82,000.

Since January 1996, the Company has retained Goodwin, Procter & Hoar LLP (and its predecessor Goodwin, Procter & Hoar) for certain legal services. Richard E. Floor, a director of the Company, is the sole shareholder of Richard E. Floor, P.C., which is a partner in Goodwin, Procter & Hoar LLP and was a partner in its predecessor.

The Company believes that all of the transactions identified above were conducted on terms no less favorable to the Company than could have been obtained from unaffiliated third parties.

PRINCIPAL STOCKHOLDERS

The following table sets forth as of October 15, 1997 and as adjusted to reflect the sale of the shares of Common Stock in the Offerings certain information regarding the beneficial ownership of Common Stock by (i) each person or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act) known by the Company to beneficially own more than 5% of the Common Stock, (ii) each Named Executive Officer, (iii) each director of the Company and (iv) all directors and executive officers as a group (12 persons). Except as otherwise indicated, the Company believes, based on information furnished by such persons, that each person listed below has sole voting and investment power over the shares of Common Stock shown as beneficially owned, subject to community property laws, where applicable.

NAME OF BENEFICIAL OWNER(1)	NUMBER OF SHARES BENEFICIALLY OWNED(2)	PERCENTAGE OF SHARES BENEFICIALLY OWNED(2) BEFORE OFFERINGS	PERCENTAGE OF SHARES BENEFICIALLY OWNED(2) AFTER OFFERINGS
TA Associates Group (3)	3,895,106	42.9%	24.2%
Chase Equity Associates, L.P. (4)	1,666,650	18.3	10.4
NationsBanc Investment Corporation (4)	970,150	10.7	6.0
William J. Nutt (5)	540,793	5.9	3.4
Hartford Accident and Indemnity Company	373,150	4.1	2.3
Sean M. Healey (6)	248,519	2.7	1.5
Levon Chertavian, Jr. (7)	85,833	*	*
Nathaniel Dalton (8)	55,000	*	*
Brian J. Girvan (9)	50,000	*	*
Seth W. Brennan (10)	21,667	*	*
Jeffrey S. Murphy (11)	13,567	*	*
Richard E. Floor	41,492	*	*
Roger B. Kafker (12)	5,972	*	*
P. Andrews McLane (13)	5,972	*	*
John M. B. O'Connor (14)	1,666,650	18.3	10.4
W. W. Walker, Jr.	--	--	--
All directors and executive officers as a group (12 persons) (15)	2,735,465	30.0%	17.0%

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* Less than 1%

(1) The address of the TA Associates Group and Messrs. Kafker and McLane is c/o TA Associates, Inc., High Street Tower, Suite 2500, 125 High Street, Boston, Massachusetts 02110-2720. The address of Chase Equity Associates, L.P. and Mr. O'Connor is 380 Madison Avenue, 12th Floor, New York, New York 10017. The address of NationsBanc Investment Corporation and Mr. Walker is c/o NationsBank Capital Investors, NationsBank Corporate Center, 10th Floor, 100 North Tryon Street, Charlotte, North Carolina 28255. The address of Hartford Accident and Indemnity Company is 200 Hopmeadow Street, P.O. Box 2999, Simsbury, Connecticut 06104. The address of Mr. Floor is c/o Goodwin, Procter & Hoar LLP, Exchange Place, Boston, Massachusetts 02109. The address of all other listed stockholders is c/o Affiliated Managers Group, Inc., Two International Place, 23rd Floor, Boston, Massachusetts 02110.

(2) In computing the number of shares of Common Stock beneficially owned by a person, shares of Common Stock subject to options and warrants held by that person that are currently exercisable or that become exercisable within 60 days of October 15, 1997 are deemed outstanding. For purposes of computing the percentage of outstanding shares of Common Stock beneficially owned by such person, such shares of stock subject to options or warrants that are currently exercisable or that become exercisable within 60 days are deemed to be outstanding for such person but are not deemed to be outstanding for purposes of computing the ownership percentage of any other person. As of October 15, 1997 a total of 9,116,783

shares of Common Stock were either outstanding or subject to options, warrants or other convertible securities that are exercisable or that will become exercisable within 60 days.

(3) Includes (i) 2,596,756 shares of Common Stock owned by Advent VII L.P., (ii) 533,956 shares of Common Stock owned by Advent Atlantic and Pacific II L.P., (iii) 192,525 shares of Common Stock owned by Advent Industrial II L.P., (iv) 259,691 shares of Common Stock owned by Advent New York L.P. and (v) 42,841 shares of Common Stock owned by TA Venture Investors Limited Partnership. The foregoing partnerships are part of an affiliated group of investment partnerships referred to, collectively, as the TA Associates Group. The general partner of Advent VII L.P. is TA Associates VII L.P. The general partner of each of Advent Industrial II L.P. and Advent New York L.P. is TA Associates VI L.P. The general partner of Advent Atlantic and Pacific II L.P. is TA Associates AAP II Partners L.P. The general partner of each of TA Associates VII L.P., TA Associates VI L.P. and TA Associates AAP II Partners L.P. is TA Associates, Inc. In such capacity, TA Associates, Inc. exercises sole voting and investment power with respect to all the shares of Common Stock held of record by the named investment partnerships, with the exception of those shares held by TA Venture Investors Limited Partnership; individually no stockholder, director or officer of TA Associates, Inc. is deemed to have or share such voting or investment power. Principals and employees of TA Associates, Inc. (including Messrs. Kafker and McLane, directors of the Company) comprise the general partners of TA Venture Investors Limited Partnership. In such capacity, Messrs. Kafker and McLane may be deemed to share voting and investment power with respect to the 42,841 shares of Common Stock held of record by TA Venture Investors Limited Partnership. Messrs. Kafker and McLane disclaim beneficial ownership of such shares, except in the case of Mr. Kafker to the extent of 5,972 shares as to which he holds a pecuniary interest and in the case of Mr. McLane to the extent of 5,972 shares as to which he holds a pecuniary interest. Also includes (i) 201,964 shares of Common Stock held by Chestnut III Limited Partnership and (ii) 67,373 shares of Common Stock held by Chestnut Capital International III L.P. TA Associates, Inc. has voting and investment power with respect to these shares pursuant to a proxy.

(4) The 1,666,650 shares beneficially owned by Chase Equity Associates, L.P. and the 970,150 shares beneficially owned by NationsBanc Investment Corporation are shares of non-voting Class B Common Stock. See "Description of Capital Stock -- Class B Common Stock".

(5) Includes (i) 381,987 shares of restricted Common Stock, 352,406 of which have vested, 11,646 of which will vest in annual installments through March 1999, and 17,935 of which will vest on January 1, 1998, and (ii) 8,333 shares of Common Stock subject to options exercisable within 60 days. Excludes (i) 196,667 shares subject to unvested options and (ii) 199,992 shares held by irrevocable trusts for the benefit of members of Mr. Nutt's immediate family of which Mr. Nutt is not a trustee, as to which shares Mr. Nutt disclaims beneficial ownership.

(6) Includes (i) 235,000 shares of restricted Common Stock, 217,500 of which have vested and 17,500 of which will vest in annual installments through March 1999, and (ii) 8,333 shares of Common Stock subject to options exercisable within 60 days. Excludes 186,667 shares subject to unvested options.

(7) Includes (i) 75,000 shares of restricted Common Stock, 50,000 of which have vested, 12,500 of which will vest in annual installments through March 1999, and 12,500 of which will vest in August 1998, and (ii) 3,333 shares of Common Stock subject to options exercisable within 60 days. Excludes 36,667 shares subject to unvested options.

(8) Includes (i) 50,000 shares of restricted Common Stock, 25,000 of which have vested and 25,000 of which will vest in equal annual installments through May 1999, and (ii) 5,000 shares of Common Stock subject to options exercisable within 60 days. Excludes 67,500 shares subject to unvested options.

(9) Includes 50,000 shares of restricted Common Stock, 12,500 of which have vested and 37,500 of which will vest in equal annual installments through February 2000. Excludes 57,500 shares subject to unvested options.

(10) Includes (i) 17,500 shares of restricted Common Stock, 8,750 of which have vested and 8,750 of which will vest in equal annual installments through March 1999, and (ii) 4,167 shares of Common Stock subject to options exercisable within 60 days. Excludes 58,333 shares subject to unvested options.

(11) Includes (i) 10,000 shares of restricted Common Stock, 5,000 of which have vested and 5,000 of which will vest in equal annual installments through March 1999, and (ii) 1,667 shares of Common Stock subject to options exercisable within 60 days. Excludes 38,333 shares subject to unvested options.

(12) Includes 5,972 shares beneficially owned by Mr. Kafker through TA Venture Investors Limited Partnership, all of which shares are included in the 3,895,106 shares described in footnote (3) above. Does not include any shares owned by Advent VII L.P., Advent Atlantic and Pacific II L.P., Advent Industrial II L.P., Advent New York L.P., Chestnut III Limited Partnership or Chestnut Capital International III L.P., of which shares Mr. Kafker disclaims beneficial ownership.

(13) Includes 5,972 shares of Common Stock beneficially owned by Mr. McLane through TA Venture Investors Limited Partnership, all of which shares are included in the 3,895,106 shares described in footnote (3) above. Does not include any shares owned by Advent VII L.P., Advent Atlantic and Pacific II L.P., Advent Industrial II L.P., Advent New York L.P., Chestnut III Limited Partnership or Chestnut Capital International III L.P., of which shares Mr. McLane disclaims beneficial ownership.

(14) Includes 1,666,650 shares of Class B Common Stock beneficially owned by Chase Equity Associates, L.P., of which Mr. O'Connor disclaims beneficial ownership.

(15) Includes 819,487 shares of Common Stock held by executive officers and directors which are subject to vesting and repurchase in certain circumstances.

DESCRIPTION OF CAPITAL STOCK

AUTHORIZED AND OUTSTANDING CAPITAL STOCK

Immediately upon consummation of the Offerings, the Company will file and cause to become effective an Amended and Restated Certificate of Incorporation (the "Certificate"), which has previously been adopted by the Board of Directors and approved by the stockholders of the Company. Pursuant to the Certificate, the Company is authorized to issue (i) 40,000,000 shares of Common Stock, (ii) 3,000,000 shares of Class B Common Stock, and (iii) 5,000,000 shares of undesignated preferred stock, par value $.01 per share (the "Preferred Stock"). Immediately upon consummation of the Offerings, approximately 13,449,140 shares of Common Stock will be issued and outstanding, 2,636,800 shares of Class B Common Stock will be issued and outstanding and no shares of Preferred Stock will be issued and outstanding. The following summary description of the capital stock of the Company is qualified in its entirety by reference to the Certificate and the Company's Amended and Restated By-laws (the "By-laws"), copies of which are filed as exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

Holders of Common Stock are entitled to one vote per share on all matters to be voted on by stockholders. Holders of Common Stock are not entitled to cumulative voting rights. Therefore, the holders of a majority of the shares voted in the election of directors can elect all of the directors then standing for election, subject to the rights of the holders of Preferred Stock, if and when issued. The holders of Common Stock have no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to the Common Stock.

The holders of Common Stock and Class B Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by the Board of Directors from funds legally available therefor, with each share of Common Stock and each share of Class B Common Stock sharing equally in such dividends. If dividends are declared which are payable in shares of Common Stock or shares of Class B Common Stock, dividends shall be declared which are payable at the same rate in both classes of stock and the dividends payable in shares of Common Stock shall be payable to the holders of shares of Common Stock, and the dividends payable in shares of Class B Common Stock shall be payable to the holders of shares of Class B Common Stock. See "Dividend Policy". The possible issuance of Preferred Stock with a preference over Common Stock and Class B Common Stock as to dividends could impact the dividend rights of holders of Common Stock and Class B Common Stock. All outstanding shares of Common Stock and Class B Common Stock, including the shares offered by this Prospectus, are, or will be upon consummation of the Offerings, fully paid and non-assessable.

The By-laws provide, subject to the rights of the holders of the Preferred Stock, if and when issued, that the number of directors shall be fixed by the Board of Directors. Subject to any rights of the holders of Preferred Stock, if and when issued, to elect directors, and to remove any director whom the holders of any such Preferred Stock had the right to elect, any director of the Company may be removed from office only with cause and by the affirmative vote of at least two-thirds of the total votes which would be eligible to be cast by stockholders in the election of such director.

CLASS B COMMON STOCK

Holders of Class B Common Stock generally have the same rights and privileges as holders of Common Stock, except that holders of Class B Common Stock do not have any voting rights other than those which may be provided by applicable law. Each share of Class B Common Stock is convertible, at the option of the holder thereof, into one share of Common Stock (subject to adjustment to reflect any dividend in Common Stock or Class B Common Stock) if such share of Class B Common Stock is to be distributed, disposed of or sold by the holder thereof in connection

with any sale; provided, that such conversion is not inconsistent with any regulation, rule or other requirement of any governmental authority applicable to such holder at such time.

UNDESIGNATED PREFERRED STOCK

The Board of Directors of the Company is authorized, without further action of the stockholders of the Company, 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. The purpose of authorizing the Board of Directors to issue Preferred Stock is, in part, to eliminate delays associated with a stockholder vote on specific issuances. The issuance of Preferred Stock could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring or seeking to acquire, a significant portion of the outstanding stock of the Company.

CERTAIN PROVISIONS OF THE COMPANY'S CERTIFICATE OF INCORPORATION AND BY-LAWS

GENERAL

A number of provisions of the Company's Certificate and By-laws concern matters of corporate governance and the rights of stockholders. Certain of these provisions, including those which grant the Board of Directors the ability to issue shares of Preferred Stock and to set the voting rights, preferences and other terms thereof, may be deemed to have an anti-takeover effect and may discourage takeover attempts not first approved by the Board of Directors (including takeovers which certain stockholders may deem to be in their best interests). To the extent takeover attempts are discouraged, temporary fluctuations in the market price of the Common Stock, which may result from actual or rumored takeover attempts, may be inhibited. Certain of these provisions also could delay or frustrate the removal of incumbent directors or the assumption of control by stockholders, even if such removal or assumption would be beneficial to stockholders of the Company. These provisions also could discourage or make more difficult a merger, tender offer or proxy contest, even if they could be favorable to the interests of stockholders, and could potentially depress the market price of the Common Stock. The Board of Directors of the Company believes that these provisions are appropriate to protect the interests of the Company and all of its stockholders. The Board of Directors has no present plans to adopt any other measures or devices which may be deemed to have an "anti-takeover effect".

MEETINGS OF STOCKHOLDERS

The By-laws provide that a special meeting of stockholders may be called only by the Board of Directors unless otherwise required by law. The By-laws provide that only those matters set forth in the notice of the special meeting may be considered or acted upon at that special meeting, unless otherwise provided by law. In addition, the By-laws set forth certain advance notice and informational requirements and time limitations on any director nomination or any new business which a stockholder wishes to propose for consideration at an annual meeting of stockholders.

NO STOCKHOLDER ACTION BY WRITTEN CONSENT

The Certificate provides that any action required or permitted to be taken by the stockholders of the Company at an annual or special meeting of stockholders must be effected at a duly called meeting and may not be taken or effected by a written consent of stockholders in lieu thereof.

INDEMNIFICATION AND LIMITATION OF LIABILITY

The By-laws of the Company provide that directors and officers of the Company shall be, and in the discretion of the Board of Directors non-officer employees may be, indemnified by the Company to the fullest extent authorized by Delaware law, as it now exists or may in the future be amended,

against all expenses and liabilities reasonably incurred in connection with service for or on behalf of the Company. The By-laws of the Company also provide that the right of directors and officers to indemnification shall be a contract right and shall not be exclusive of any other right now possessed or hereafter acquired under any by-law, agreement, vote of stockholders or otherwise. The Certificate contains a provision permitted by Delaware law that generally eliminates the personal liability of directors for monetary damages for breaches of their fiduciary duty, including breaches involving negligence or gross negligence in business combinations, unless the director has breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or a knowing violation of law, paid a dividend or approved a stock repurchase in violation of the Delaware General Corporation Law or obtained an improper personal benefit. This provision does not alter a director's liability under the federal securities laws. In addition, this provision does not affect the availability of equitable remedies, such as an injunction or rescission, for breach of fiduciary duty.

AMENDMENT OF THE CERTIFICATE

The Certificate provides that an amendment thereof must first be approved by a majority of the Board of Directors and (with certain exceptions) thereafter must be approved by the holders of a majority of the total votes eligible to be cast by holders of Common Stock with respect to such amendment or repeal.

AMENDMENT OF BY-LAWS

The Certificate provides that the By-laws may be amended or repealed by the Board of Directors or by the stockholders. Such action by the Board of Directors requires the affirmative vote of a majority of the directors then in office. Such action by the stockholders requires the affirmative vote of the holders of at least two-thirds of the total votes eligible to be cast by holders of Common Stock with respect to such amendment or repeal at an annual meeting of stockholders or a special meeting called for such purpose, unless the Board of Directors recommends that the stockholders approve such amendment or repeal at such meeting, in which case such amendment or repeal shall only require the affirmative vote of a majority of the total votes eligible to be cast by holders of Common Stock with respect to such amendment or repeal.

STATUTORY BUSINESS COMBINATION PROVISION

Upon completion of the Offerings, the Company will be subject to the provisions of Section 203 of the Delaware General Corporation Law ("Section 203"). Section 203 provides, with certain exceptions, that a Delaware corporation may not engage in any of a broad range of business combinations with a person, or an affiliate or associate of such person, who is an "interested stockholder" for a period of three years from the date that such person became an interested stockholder unless: (i) the transaction resulting in the person becoming an interested stockholder, or the business combination, is approved by the board of directors of the corporation before the person becomes an interested stockholder; (ii) the interested stockholder acquired 85% or more of the outstanding voting stock of the corporation in the same transaction that makes it an interested stockholder (excluding shares owned by persons who are both officers and directors of the corporation, and shares held by certain employee stock ownership plans); or (iii) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's board of directors and by the holders of at least 66 2/3% of the corporation's outstanding voting stock at an annual or special meeting, excluding shares owned by the interested stockholder. Under Section 203, an "interested stockholder" is defined (with certain limited exceptions) as any person that is (A) the owner of 15% or more of the outstanding voting stock of the corporation or (B) an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder.

A corporation may, at its option, exclude itself from the coverage of Section 203 by amending its certificate of incorporation or by-laws by action of its stockholders to exempt itself from coverage, provided that, with certain limited exceptions, such by-law or charter amendment shall not become effective until 12 months after the date it is adopted. Neither the Certificate nor the By-laws contains any such exclusion.

REGISTRATION RIGHTS

Pursuant to the terms of the Stockholders' Agreement, holders of 8,076,686 shares of Common Stock, including TA Associates, NationsBank, The Hartford, Chase Equity Associates and certain members of senior management of the Company, have the right in certain circumstances to require the Company to register shares of Common Stock under the Securities Act for resale to the public. The Stockholders' Agreement also provides that holders of 8,076,686 shares of Common Stock have the right to include their shares of Common Stock in a registration statement filed by the Company. See "Certain Transactions". The holders of an additional 696,854 shares of Common Stock also have the right to include their shares of Common Stock in a registration statement filed by the Company. In addition, a number of managers of the Affiliates have registration rights under the transaction documents pursuant to which AMG made its investment in each such Affiliate. These registration rights relate to shares of Common Stock which such managers acquire upon the exchange of certain of their interests in the respective Affiliates. See "Business -- AMG Structure and Relationship with Affiliates -- Capitalization of Retained Interest". Each of such manager's rights are subject to the right of an underwriter participating in the offering to limit the number of shares included in the registration. All expenses relating to the filing of such registration statements, excluding underwriting discounts and selling expenses, will be paid by the Company. The foregoing rights will be waived in connection with the Offerings but will remain in effect following the Offerings.

TRANSFER AGENT AND REGISTRAR

The Company has selected ChaseMellon Shareholder Services L.L.C. as the transfer agent and registrar for the Common Stock.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offerings, the Company will have a total of 16,085,940 shares of Common Stock outstanding. Of these shares, the 7,000,000 shares sold in the Offerings will be freely transferable without restriction or registration under the Securities Act, except for any shares held by "affiliates" of the Company, as that term is used under the Securities Act and the regulations promulgated thereunder, and except to the extent such shares are subject to the agreements with the Underwriters described below. The remaining 9,085,940 shares, held by officers, directors, employees and other stockholders of the Company and its Affiliates, were sold by the Company in private transactions in reliance on exemptions from the registration requirements of the Securities Act and will be "restricted securities" within the meaning of Rule 144 ("Rule 144") adopted under the Securities Act (the "Restricted Shares"). Of these Restricted Shares, 8,773,540 shares of Common Stock will be subject to the registration rights of certain stockholders. See "Description of Capital Stock - -- Registration Rights".

In general, under Rule 144 as currently in effect, any person (or persons whose shares are aggregated), including an affiliate of the Company, who has beneficially owned Restricted Shares for at least one year (as computed under Rule 144) is entitled to sell within any three-month period a number of shares that does not exceed the greater of (i) 1% of the number of shares of Common Stock then outstanding (approximately 160,859 shares after giving effect to the Offerings), or (ii) the average weekly trading volume in the Common Stock during the four calendar weeks immediately preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain provisions relating to the manner of sale and notice requirements, and to the availability of current public information about the Company. In addition, under Rule 144(k), a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of the Company at any time during the 90 days immediately preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years (as computed under Rule 144), will be entitled to sell such shares under Rule 144(k) without regard to the volume requirements described above. Rule 144 also provides that affiliates that are selling shares of Common Stock that are not Restricted Shares must nonetheless comply with the provisions of Rule 144 other than the holding period requirement.

Beginning 180 days after the date of this Prospectus, upon the expiration of certain agreements entered into between the Underwriters and certain of the Company's officers, directors, stockholders and holders of outstanding options or warrants (the "Lock-up Agreements"), the Company believes that 75,000 of the Restricted Shares will be eligible for sale in the public market pursuant to Rule 144(k) and 6,646,561 additional Restricted Shares will be eligible for sale in the public market subject to the provisions of Rule 144 referred to above. Of the remaining 2,364,379 Restricted Shares, the Company estimates that 2,298,754 shares will become eligible for sale pursuant to Rule 144 at various dates through November 1998. The remaining 65,625 Restricted Shares will become eligible for sale in the public market under Rule 144 (including paragraph (k) thereof) at various times as they become vested.

Under the 1995 Plan and the 1997 Stock Plan, there are an aggregate of 2,175,000 shares of Common Stock reserved for issuance. As of the Effective Date, options to purchase 682,500 shares have been granted pursuant to the 1995 Plan and the 1997 Stock Plan, and all of such options remain outstanding. Beginning 180 days after the date of this Prospectus, upon the expiration of the Lock-up Agreements, 43,681 of these option shares, if exercised, will be eligible for sale in the public market in accordance with the requirements of Rule 701, to the extent the options are exercised. Rule 701 promulgated under the Securities Act provides that shares of Common Stock acquired pursuant to the exercise of options outstanding prior to the Offerings or the grant of Common Stock prior to the Offerings pursuant to written compensation plans or contracts may be resold by persons other than affiliates beginning 90 days after the date of the Offerings, subject only to the manner of sale provisions of Rule 144, and by affiliates, beginning 90 days after the date of the Offerings, subject to all provisions of Rule 144 except its one-year minimum holding period

requirement. Of the option shares of Common Stock described above, all of such shares of Common Stock are held by affiliates of the Company.

As soon as practicable following the Offerings, the Company intends to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Common Stock reserved for issuance under the 1995 Plan and the 1997 Stock Plan. If the Company files one or more registration statements on Form S-8, non-affiliate holders of shares registered under the Form S-8 that are issuable upon exercise of stock options granted pursuant to the 1995 Plan and the 1997 Stock Plan will be eligible to sell such shares in the public market without regard to the restrictions of Rule 144, subject to the Lock-Up Agreements, as applicable. Affiliates will continue to be subject to certain limitations on sale, including the volume restrictions described above, as well as the Lock-up Agreements.

The Lock-up Agreements provide that the holders of all of the outstanding shares of Common Stock prior to the Offerings will not, without the prior written consent of the Underwriters, offer, sell, pledge, contract to sell, grant any option to purchase or otherwise dispose of any shares of Common Stock beneficially owned or otherwise held or any securities convertible into, derivative of or exercisable or exchangeable for such Common Stock during the 180-day period commencing on the Effective Date. In addition, the Company has also agreed that the Company will not, without the prior written consent of the Underwriters, offer, sell, pledge, contract to sell, grant any option to purchase or otherwise dispose of any Common Stock (other than pursuant to employee stock option or purchase plans existing, or on the conversion or exchange of convertible or exchangeable securities or the exercise of warrants outstanding, on the date of this Prospectus) or any securities of the Company which are substantially similar to the shares of Common Stock, or which are convertible into or exercisable or exchangeable for Common Stock or any such other securities during the 180-day period commencing on the date of this Prospectus, except for (i) shares of Common Stock offered in connection with the Offerings and (ii) shares of Common Stock or such other securities issued as consideration in future investments, provided that such securities are made subject to such 180-day restriction.

Prior to the Offerings, there has been no public market for the Company's Common Stock. No prediction can be made as to the effect, if any, that sales of shares of Common Stock into the public market or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of Common Stock into the public market after the restrictions described above lapse could adversely affect the prevailing market price and the ability of the Company to obtain equity capital in the future. See "Risk Factors -- Shares Eligible for Future Sale".

VALIDITY OF SECURITIES

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Goodwin, Procter & Hoar LLP, Boston, Massachusetts, and for the Underwriters by Sullivan & Cromwell, New York, New York. Partners (or, in the case of partners which are professional corporations, the sole stockholders of such corporations) of Goodwin, Procter & Hoar LLP own an aggregate of 43,392 shares of Common Stock.

EXPERTS

The financial statements included in this Prospectus listed on page F-1 for Affiliated Managers Group, Inc., Gofen and Glossberg, Inc., The Burridge Group Inc., GeoCapital Corporation and Tweedy, Browne Company L.P. have been included herein in reliance on the reports of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

The combined statements of income of First Quadrant Institutional and First Quadrant Limited for the period from January 1, 1996 to March 25, 1996 and for the year ended December 31, 1995 have been included herein and in the registration statement in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement on Form S-1 (including all amendments thereto, the "Registration Statement") under the Securities Act with respect to the Common Stock offered by this Prospectus. As permitted by the rules and regulations of the Commission, this Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. Statements contained in this Prospectus as to the contents of any agreement or other document referred to are not necessarily complete. With respect to each such agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in all respects by such reference.

The Registration Statement, including the exhibits and schedules thereto, may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, DC 20549 and at the following regional offices of the Commission: Seven World Trade Center, New York, New York 10048, and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such materials may be obtained from the public referrals section of the Commission at its Washington address upon payment of the prescribed fees. The Company is required to file electronic versions of these documents with the Commission through the Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") System. The electronically filed documents, which also include reports, proxy statements and other information, are maintained by the Commission and may be found at the World Wide Web site http://www.sec.gov. The Common Stock has been approved for listing, subject to notice of issuance, on the NYSE. Certain reports, proxy statements and other information of listed companies can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Company intends to furnish to its stockholders annual reports containing audited financial statements for each fiscal year.

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AFFILIATED MANAGERS GROUP, INC. AND AFFILIATES
INDEX TO FINANCIAL STATEMENTS

AFFILIATED MANAGERS GROUP, INC.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the unaudited pro forma consolidated statements of operations for the Company for the year ended December 31, 1996 and the nine months ended September 30, 1997, and the unaudited pro forma consolidated balance sheet of the Company as of September 30, 1997, after giving effect to: (i) the investments made during the year ended December 31, 1996 and the nine months ended September 30, 1997 (the "Prior Investments"); (ii) the recent investment in Tweedy, Browne (the "Subsequent Investment"), which occurred subsequent to September 30, 1997; (iii) the Company's Recent Financing (as defined below), which was entered into in connection with the Subsequent Investment; (iv) a 50-for-1 stock split of the Common Stock effected in the form of a stock dividend as of the date of this Prospectus, the exercise of all warrants to purchase Shares of the Company's convertible preferred stock (the "Convertible Preferred Stock") and the conversion of all outstanding shares of the Convertible Preferred Stock into shares of Common Stock upon consummation of the Offerings and the issuance of 86,023 shares of Common Stock to shareholders of an Affiliate (the "Recapitalization"); and (v) the sale of Common Stock offered in the Offerings and the application of the net proceeds therefrom. The unaudited pro forma consolidated statement of operations for the year ended December 31, 1996 and the nine months ended September 30, 1997 assume that each of the transactions occurred on January 1, 1996. The unaudited pro forma consolidated balance sheet assumes that each of these transactions occurred on September 30, 1997.

The pro forma adjustments are based on available information and upon certain assumptions that management believes are reasonable under the circumstances. The Prior Investments and the Subsequent Investment are accounted for under the purchase method of accounting. Under this method of accounting, the purchase price has been allocated to the fair value of net assets acquired, primarily acquired client relationships, and any remaining excess purchase price over net assets acquired is categorized as goodwill. See "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Prior Investments were primarily funded with cash received from borrowings under the Company's revolving credit facility and from issuances of the Company's Convertible Preferred Stock. The Subsequent Investment has been funded by: (i) cash received from borrowings ("Senior Debt") under the Credit Facility, (ii) cash received from the issuance of $60 million face amount of subordinated debt (the "Subordinated Debt"), and (iii) cash received from the issuance of $30 million of Class C Convertible Preferred Stock and warrants to purchase Class C Convertible Preferred Stock (clauses (i) - (iii) collectively, the "Recent Financing"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources".

The unaudited pro forma consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Company (including the unaudited information as of and for the nine months ended September 30, 1997) and the related notes thereto included elsewhere in this Prospectus. The unaudited pro forma consolidated financial information is based on the historical data with respect to the Company and the acquired businesses comprising the Prior Investments and the Subsequent Investment, and is not necessarily indicative of the results that might have occurred had such transactions actually taken place at the beginning of the period specified and is not intended to be a projection of future results.

AFFILIATED MANAGERS GROUP, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1997

(IN THOUSANDS)

	HISTORICAL (A)	SUBSEQUENT INVESTMENT (B)	FINANCING ADJUSTMENTS	PRO FORMA COMBINED	OFFERING ADJUSTMENTS	PRO FORMA AS ADJUSTED SEPTEMBER 30, 1997
ASSETS						
Cash and cash equivalents	$ 10,442	$ 2,647	$ 2,425(D)	$ 15,514	$ --	$ 15,514
Investment advisory fees receivable	19,580	2,734	--	22,314	--	22,314
Prepaid expenses and other current assets	3,309	4	75(D)	3,388	--	3,388
Total current assets	33,331	5,385	2,500	41,216	--	41,216
Fixed assets, net	4,071	640	--	4,711	--	4,711
Secured demand notes receivable	--	800	--	800	--	800
Equity investment in Affiliate	1,211	--	--	1,211	--	1,211
Acquired client relationships, net of accumulated amortization	35,190	98,294(C)	--	133,484	740(E)	134,224
Goodwill, net of accumulated amortization	63,272	200,478(C)	--	263,750	1,109(E)	264,859
Other assets	5,325	--	8,900(D)	14,225	(4,706)(F)	9,519
Total assets	$142,400	$ 305,597	$11,400	$459,397	$ (2,857)	$456,540
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable and accrued liabilities	$ 17,251	$ 4,197	$ --	$ 21,448	$ --	$ 21,448
Senior debt -- current portion	--	5,500	--	5,500	(4,290)(G)	1,210
Total current liabilities	17,251	9,697	--	26,948	(4,290)	22,658
Senior debt	63,300	205,100	11,400(D)	279,800	(74,710)(G)	205,090
Other long-term liabilities	4,249	--	--	4,249	--	4,249
Subordinated debt	--	59,600	--	59,600	(58,800)(G)(F)	800
Total liabilities	84,800	274,397	11,400	370,597	(137,800)	232,797
Minority interest	8,775	--	--	8,775	--	8,775
Stockholders' equity:						
Preferred stock	53,577	31,200	--	84,777	(84,777)(G)	--
Common stock	15	--	--	15	225,626(G)(E)	225,641
Foreign translation adjustment	(86)	--	--	(86)	--	(86)
Accumulated deficit	(4,681)	--	--	(4,681)	(5,906)(F)	(10,587)
Total stockholders' equity	48,825	31,200	--	80,025	134,943	214,968
Total liabilities and stockholders' equity	$142,400	$ 305,597	$11,400	$459,397	$ (2,857)	$456,540

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

AFFILIATED MANAGERS GROUP, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1996
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL	PRIOR INVESTMENTS (H)	SUBSEQUENT INVESTMENT (I)	ADJUSTMENTS FOR INVESTMENTS	FINANCING ADJUSTMENTS	PRO FORMA
Revenues	$ 50,384	$29,997	$ 36,942	$ 3,676(J)	$ --	$120,999
Operating expenses:						
Compensation and related expenses	21,113	21,494	5,402	(9,917)(J)	--	38,092
Amortization of intangible assets	8,053	--	--	11,277(K)	--	19,330
Depreciation and other amortization	932	308	328	--	1,078(M)	2,646
Other operating expenses	13,115	7,253	5,623	--	--	25,991
Total operating expenses	43,213	29,055	11,353	1,360	1,078	86,059
Operating income (loss)	7,171	942	25,589	2,316	(1,078)	34,940
Non-operating (income) and expenses:						
Investment and other income	(337)	(93)	(1)	--	--	(431)
Interest expense	2,747	--	48	--	28,501(M)	31,296
	2,410	(93)	47	--	28,501	30,865
Income (loss) before minority interest and income taxes	4,761	1,035	25,542	2,316	(29,579)	4,075
Minority interest	(5,969)	--	--	(11,570)(J)	--	(17,539)
Income (loss) before income taxes	(1,208)	1,035	25,542	(9,254)	(29,579)	(13,464)
Income taxes	181	604	938	(604)(L)	--	1,119
Net income (loss)	$ (1,389)	$ 431	$ 24,604	$ (8,650)	$(29,579)	$(14,583)
Net income (loss) per share	$ (0.21)(R)					$ (1.64)(Q)
Number of shares used in net income (loss) per share	6,631					8,916(Q)

	OFFERING ADJUSTMENTS	PRO FORMA AS ADJUSTED
Revenues	$ --	$120,999
Operating expenses:		
Compensation and related expenses	--	38,092
Amortization of intangible assets	200(N)	19,530
Depreciation and other amortization	(370)(O)	2,276
Other operating expenses	--	25,991
Total operating expenses	(170)	85,889
Operating income (loss)	170	35,110
Non-operating (income) and expenses:		
Investment and other income	--	(431)
Interest expense	(15,153)(O)	16,143
	(15,153)	15,712
Income (loss) before minority interest and income taxes	15,323	19,398
Minority interest	--	(17,539)
Income (loss) before income taxes	15,323	1,859
Income taxes	(338)(P)	781
Net income (loss)	$ 15,661	$ 1,078
Net income (loss) per share		$ 0.07 (Q)
Number of shares used in net income (loss) per share		16,002 (Q)

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

AFFILIATED MANAGERS GROUP, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 1997

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL	PRIOR INVESTMENTS (H)	SUBSEQUENT INVESTMENT (I)	ADJUSTMENTS FOR INVESTMENTS	FINANCING ADJUSTMENTS	PRO FORMA	OFFERING ADJUSTMENTS	PRO FORMA AS ADJUSTED
Revenues.....	$ 53,280	$11,566	$ 35,519	$ 3,494(J)	$ --	$103,859	$ --	$103,859
Operating expenses:								
Compensation and related expenses.....	18,900	9,539	5,735	(3,102)(J)	--	31,072	--	31,072
Amortization of intangible assets.....	3,121	--	--	7,946(K)	--	11,067	150(N)	11,217
Depreciation and other amortization.....	1,059	26	473	--	793(M)	2,351	(277)(O)	2,074
Other operating expenses.....	21,228	1,496	3,919	--	--	26,643	--	26,643
Total operating expenses.....	44,308	11,061	10,127	4,844	793	71,133	(127)	71,006
Operating income (loss).....	8,972	505	25,392	(1,350)	(793)	32,726	127	32,853
Non-operating (income) and expenses:								
Investment and other income.....	(814)	(10)	(8)	--	--	(832)	--	(832)
Interest expense...	2,707	--	36	--	20,730(M)	23,473	(11,366)(O)	12,107
	1,893	(10)	28	--	20,730	22,641	(11,366)	11,275
Income (loss) before minority interest and income taxes...	7,079	515	25,364	(1,350)	(21,523)	10,085	11,493	21,578
Minority interest....	(6,025)	--	--	(8,898)(J)	--	(14,923)	189(N)	(14,734)
Income (loss) before income taxes.....	1,054	515	25,364	(10,248)	(21,523)	(4,838)	11,682	6,844
Income taxes.....	221	94	678	(94)(L)	--	899	1,975(P)	2,874
Net income (loss)....	$ 833	$ 421	$ 24,686	$ (10,154)	$ (21,523)	$ (5,737)	$ 9,707	$ 3,970
Net income (loss) per share.....	$ .12					$ (0.63) (Q)		$ 0.25 (Q)
Number of shares used in net income (loss) per share...	6,853					9,053 (Q)		16,139 (Q)

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

AFFILIATED MANAGERS GROUP, INC.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

PRO FORMA CONSOLIDATED BALANCE SHEET

The accompanying pro forma consolidated balance sheet as of September 30, 1997 gives effect to the Subsequent Investment and the adjustments as a result of the Offerings. The estimated fair market values reflected below are based on the assumption that the Subsequent Investment had occurred on September 30, 1997 after giving effect to the new cost basis, including intangible assets, in the net assets acquired and to the minimum amounts of cash, net working capital and net worth contractually required to remain in the business acquired. The estimated fair market values reflected below use estimates and make assumptions about purchase price allocation for the Subsequent Investment and are subject to revision but, in management's opinion, such revisions are not expected to be material.

(A) Represents the historical unaudited consolidated condensed balance sheet of the Company at September 30, 1997.

(B) Reflects the Subsequent Investment as if such investment had occurred on September 30, 1997. The consideration paid for the Subsequent Investment, net of cash acquired and including transaction costs, consisted of $298.0 million in cash. In conjunction with the Subsequent Investment certain senior employees have entered into long-term employment and non-competition agreements with Tweedy, Browne and the Company.

The estimated fair market value of the assets and liabilities of the Subsequent Investment is as follows:

NET ASSETS ACQUIRED

DESCRIPTION	TWEEDY, BROWNE
	(IN THOUSANDS)
Accounts receivable	$ 2,734
Other current assets	4
Fixed assets, net	640
Secured demand note receivables	800
Acquired client relationships	98,294
Goodwill	200,478
Accounts payable and accrued liabilities	(4,197)
Subordinated debt	(800)
Total	$297,953

Net assets acquired are as shown net of $2.5 million of cash acquired and includes capitalized transaction costs (see note C below).

In determining the carrying value and associated amortization periods of intangible assets, the Company considers the attributes of each of the businesses in which it invests. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 -- "Acquired Client Relationships and Goodwill" to the Company's consolidated financial statements.

The Company financed the purchase price of the Subsequent Investment as follows (see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources").

FINANCING FOR CONSIDERATION PAID

DESCRIPTION	TWEEDY, BROWNE
	(IN THOUSANDS)
Senior debt	$210,500
Subordinated debt	58,800
Class C Convertible Preferred Stock and warrants	31,200
Cash acquired	(2,547)
Total	$297,953

(C) The purchase price of the Company's investments have been allocated to acquired client relationships based on the net present value of client relationships existing at the acquisition date. The excess of purchase price for the acquisition of Affiliates over the fair value of the net assets acquired, including acquired client relationships, was classified as goodwill. (See Note (K) to the Unaudited Pro Forma Consolidated Financial Statements and Note 1 - --"Acquired Client Relationships and Goodwill" to the Company's consolidated financial statements.) The purchase price of the Company's investments also includes $500,000 of estimated capitalized transaction costs in connection with the Subsequent Investment.

(D) Includes $8.9 million of estimated capitalized debt issuance costs and $75,000 of prepaid Senior Debt fees borrowed in connection with the Senior Debt and the Subordinated Debt and $2.4 million borrowed for working capital purposes. Does not include $2.6 million under a letter of credit which the Company has caused to be issued and upon which the Company is contingently liable. The $2.6 million contingent liability is canceled, upon the achievement before July 1999 of (i) a Qualified Public Offering (as such term is defined in the Subordinated Debt agreement) having an initial sales price to the public of $22.50 per share, or (ii) a Qualified Public Float (as defined in the Subordinated Debt agreement) of at least $22.50 per share for 20 consecutive trading days. The contingent liability is canceled in part upon the achievement of a Qualified Public Offering at a price above $20.70. Assuming an initial public offering price of $21.50 per share in the Offerings, the Company's remaining contingent liability under this agreement would be $1.3 million plus accrued interest from October 1997.

(E) Reflects the issuance of 86,023 shares of Common Stock issued to shareholders of an Affiliate upon consummation of the Offerings in exchange for an additional purchased interest in the Affiliate. (See Note (N) below.)

(F) Reflects the amortization of $1.2 million in debt discount in connection with the retired Subordinated Debt, the write-off of $418,000 of capitalized debt issuance costs related to the Company's outstanding Senior Debt, which was retired with the proceeds from the Recent Financing, and the write-off of $4.3 million of capitalized debt issuance costs related to the repayment of Senior Debt and the retirement of Subordinated Debt incurred in connection with the Subsequent Investment with the application of the net proceeds of the Offerings.

(G) Reflects the issuance of 7,000,000 shares of the Company's Common Stock, par value $.01 per share, at an estimated price of $21.50 per share in the Offerings, resulting in a combined net increase of $139.0 million to Common Stock and Additional Paid-In Capital on Common Stock.

Gross proceeds to the Company are expected to be $150.5 million and transaction costs, including the underwriting discount, are expected to be $11.5 million. Also reflects the application of the net proceeds of the proposed Offerings to retire $4.3 million of current portion of Senior Debt, $74.7 million of long-term portion of Senior Debt and $60.0 million face amount of Subordinated Debt after amortization of $1.2 million of debt discount.

Also reflects the conversion of the Company's Convertible Preferred Stock and warrants to purchase Class C Convertible Preferred Stock into Common Stock immediately prior to the Offerings. Upon the closing of the Offerings, $84.8 million of Convertible Preferred Stock will be converted at the specified conversion prices into Common Stock which would represent an increase of $80,000 to Common Stock and $84.7 million to Additional Paid-In Capital on Common Stock.

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

The accompanying unaudited pro forma consolidated statements of operations for the year ended December 31, 1996 and the nine months ended September 30, 1997 are presented as if each of the following transactions and events had occurred on January 1, 1996: (i) the Prior Investments and the Subsequent Investment, (ii) the Recent Financing and (iii) the proposed Offerings and application of proceeds therefrom. The Unaudited Pro Forma Consolidated Statements of Operations reflect the historical operations of each acquired entity, as adjusted to reflect certain pro forma adjustments primarily relating to: (i) increases in revenues from significant investment advisory contracts with managed funds, previously managed directly by certain key employees, which were entered into in connection with the investments in Tweedy, Browne and GeoCapital, (ii) reductions in expenses from discretionary compensation plans and arrangements to give effect to the contractually agreed upon cash flow distribution obligations of the Affiliate, (iii) amortization of intangible assets arising in connection with the acquisitions, (iv) interest expense related to debt incurred to finance such acquisitions and (v) tax effects of the above.

(H) Reflects the combined historical results of the Prior Investments beginning January 1, 1996 and ending on the date of investment.

(I) Reflects the historical results of operations of Tweedy, Browne as if the Subsequent Investment occurred on January 1, 1996.

(J) Reflects the pro forma increase in revenues from significant investment advisory contracts entered into by the acquired businesses on assets managed directly by certain key employees of the acquired businesses prior to AMG's investment, and the reduction in compensation expense from discretionary compensation plans and arrangements, and increases in minority interest expense to give effect to accrued cash flow distributions as determined under the organizational documents of the businesses comprising the Prior Investments and the Subsequent Investment.

(K) Reflects adjustments for increased amortization expense of the Company's intangible assets for each of the Prior Investments and Subsequent Investment as if they had been acquired on January 1, 1996. The amortization period for intangible assets from each investment is assessed individually, with amortization periods for the Company's investments to date, including the Subsequent Investment occurring after September 30, 1997, ranging from nine to 26 years in the case of acquired client relationships and 15 to 35 years for goodwill. The expected useful lives of acquired client relationships is 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. In determining the amortization period for goodwill acquired, the Company considers a number of factors for each

investment including: the firm's historical and potential future operating performance; the firm's historical and potential future rates of attrition among clients; the stability and longevity of existing client relationships; the firm's recent, as well as long-term, investment performance; the characteristics of the firm's products and investment styles; the stability and depth of the firm's management team and the firm's history and perceived franchise or brand value. (See Note (C) to the Unaudited Pro Forma Consolidated Financial Statements and Note 1 -- "Acquired Client Relationships and Goodwill" to the Company's consolidated financial statements.)

(L) Reflects, upon AMG's investment, the elimination of income taxes based upon the pre-acquisition conversion into a limited partnership or limited liability company form from corporate form.

(M) Reflects the additional interest expense and amortization of debt issuance costs of $28.5 million and $1.1 million, respectively, for the year ended December 31, 1996 and $20.7 million and $793,000, respectively, for the nine months ended September 30, 1997, which would have been incurred by the Company assuming (i) the Prior Investments and the Subsequent Investment had occurred on January 1, 1996, (ii) the Recent Financing occurred as of January 1, 1996 and (iii) such Recent Financing amounts and the associated interest rates had remained unchanged for the year ended December 31, 1996 and for the nine months ended September 30, 1997. The borrowings made as part of the Recent Financing contain interest rate terms which vary. For each 1/8 of 1% change in interest rates, annual interest expense related to the Recent Financing after application of the net proceeds from the Offerings, would increase or decrease by $258,000.

(N) Reflects the increased amortization of intangible assets and reduction in minority interest associated with the additional purchased interest in an Affiliate acquired in exchange for Common Stock issued to shareholders of the Affiliate in connection with the Offerings. (See Note (E) above.)

(O) Reflects the elimination of interest expense of $15.1 million for the year ended December 31, 1996 and $11.4 million for the nine months ended September 30, 1997 related to the application of the estimated net proceeds of the Offerings to the retirement of $4.3 million current portion of Senior Debt, $74.7 million long-term portion of Senior Debt and $60.0 million face amount of Subordinated Debt (after amortization of $1.2 million of debt discount). Also reflects the reduction of $370,000 and $277,000 for the year ended December 31, 1996 and nine months ended September 30, 1997, respectively, in amortization of capitalized issuance costs upon the retirement of debt.

(P) Reflects the provision for federal and state income taxes at an effective statutory rate of 42%.

(Q) Net income (loss) per share is computed on the weighted average number of shares of Common Stock and common equivalent shares for the respective period. Using Securities and Exchange Commission directives for companies contemplating an initial public offering, stock options and restricted stock issued within one year of an initial public offering have been included as outstanding shares using the treasury stock method for all periods presented. In addition, the Company's shares of Convertible Preferred Stock are considered common equivalent shares, since their respective dates of issuance, as they convert to shares of Common Stock immediately prior to the consummation of the Offerings.

Pro forma net income (loss) per share has been calculated using the weighted average shares outstanding calculated as described above after giving effect to the Recapitalization excluding the

issuance of shares of Common Stock to the shareholders of an Affiliate and to issuances related to the investments made subsequent to January 1, 1996, including the Subsequent Investment from January 1, 1996. All proceeds received from shares sold in the Offerings will be used to retire debt. Pro forma net income (loss) per share as adjusted is computed using the pro forma weighted average shares outstanding plus the shares from the issuance of shares of Common Stock to the shareholders of an Affiliate and the Offerings, all of which will be used to retire debt, as if such shares were issued at the beginning of the periods presented.

(R) Before extraordinary items.

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Affiliated Managers Group, Inc. and Affiliates as of December 31, 1996 and 1995, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. 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 audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Affiliated Managers Group, Inc. and Affiliates as of December 31, 1996 and 1995 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Boston, Massachusetts
April 26, 1997, except for
Note 16 for which the
date is October 27, 1997

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
			(UNAUDITED)
ASSETS			
Current assets:			
Cash and cash equivalents	$14,096	$ 6,767	$ 10,442
Investment advisory fees receivable	2,545	15,491	19,580
Other current assets	206	806	3,309
Total current assets	16,847	23,064	33,331
Fixed assets, net	1,086	2,999	4,071
Equity investment in Affiliate	976	1,032	1,211
Acquired client relationships, net of accumulated amortization of $1,242 in 1995, $2,979 in 1996 and $4,623 in 1997	18,192	30,663	35,190
Goodwill, net of accumulated amortization of $3,706 in 1995, $10,022 in 1996 and $11,499 in 1997	26,293	40,809	63,272
Other assets	1,305	2,768	5,325
Total assets	$64,699	$101,335	$ 142,400
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 316	$ 396	$ 3,908
Notes payable to related parties	1,212	7,379	--
Accrued liabilities	2,583	15,816	13,343
Total current liabilities	4,111	23,591	17,251
Senior bank debt	18,400	33,400	63,300
Deferred income tax liabilities	216	--	69
Accrued affiliate liability	3,200	3,200	3,200
Notes payable to related party	693	--	--
Other long-term liabilities	--	665	980
Total liabilities	26,620	60,856	84,800
Minority interest	1,212	3,490	8,775
Commitments and contingencies	--	--	--
Stockholders' equity:			
Class A Preferred Stock	20,008	20,008	20,008
Class B Preferred Stock:			
Series B-1 Voting Preferred stock	7,000	9,468	10,968
Series B-2 Non-voting Preferred stock	13,000	13,000	13,000
Class D Preferred Stock	--	--	9,601
Common stock	--	--	--
Additional paid-in capital on common stock	1	5	15
Foreign translation adjustment	--	22	(86)
Accumulated deficit	(3,142)	(5,514)	(4,681)
Total stockholders' equity	36,867	36,989	48,825
Total liabilities and stockholders' equity	$64,699	$101,335	$ 142,400

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEARS ENDED DECEMBER 31,			FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996	1997
				(UNAUDITED)	
Revenues	$ 5,374	$ 14,182	$ 50,384	$ 32,170	$ 53,280
Operating expenses:					
Compensation and related expenses	3,591	6,018	21,113	13,421	18,900
Amortization of intangible assets	774	4,174	8,053	2,518	3,121
Depreciation and other amortization	19	133	932	653	1,059
Selling, general and administrative	743	2,237	10,854	7,615	17,767
Other operating expenses	257	330	2,261	1,963	3,461
	5,384	12,892	43,213	26,170	44,308
Operating income (loss)	(10)	1,290	7,171	6,000	8,972
Non-operating (income) and expenses:					
Investment and other income	(966)	(265)	(337)	(763)	(814)
Interest expense	158	1,244	2,747	2,036	2,707
	(808)	979	2,410	1,273	1,893
Income before minority interest, income taxes and extraordinary item	798	311	4,761	4,727	7,079
Minority interest	(305)	(2,541)	(5,969)	(3,732)	(6,025)
Income (loss) before income taxes and extraordinary item	493	(2,230)	(1,208)	995	1,054
Income taxes	699	706	181	696	221
Income (loss) before extraordinary item	(206)	(2,936)	(1,389)	299	833
Extraordinary item	--	--	(983)	(580)	--
Net income (loss)	$ (206)	$ (2,936)	$ (2,372)	$ (281)	$ 833
Net income (loss) per share:					
Income (loss) per common and common equivalent share before extraordinary item	$ (0.05)	$ (0.58)	$ (0.21)	$ .05	$ 0.12
Extraordinary item	--	--	(0.15)	(.09)	--
Net income (loss) per common and common equivalent share	$ (0.05)	$ (0.58)	$ (0.36)	$ (0.04)	$ 0.12
Weighted average number of common and common equivalent shares outstanding	4,478,089	5,054,638	6,630,594	6,584,598	6,852,559

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,			FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996	1997
				(UNAUDITED)	
Cash flow from operating activities:					
Net income (loss)	$ (206)	$ (2,936)	$ (2,372)	$ (281)	$ 833
Adjustments to reconcile net income (loss) to net cash flow from operating activities:					
Amortization of intangible assets	774	4,174	8,053	2,519	3,121
Equity-based compensation costs	--	--	665	478	314
Extraordinary item	--	--	983	580	--
Minority interest	80	631	2,309	2,756	776
Depreciation and other amortization	19	133	932	653	1,059
Realized gain	(865)	--	--	--	--
Changes in assets and liabilities:					
(Increase) decrease in investment advisory fees receivable	170	(186)	(8,473)	(1,907)	(212)
(Increase) decrease in other current assets	2,747	(397)	(1,881)	(565)	(2,304)
Increase (decrease) in accounts payable and accrued expenses	(426)	(268)	6,184	889	3,162
Increase (decrease) in deferred income taxes	(1,475)	141	(215)	--	--
Cash flow from operating activities	818	1,292	6,185	5,122	6,749
Cash flow used in investing activities:					
Purchase of fixed assets	(87)	(287)	(922)	(811)	(1,545)
Costs of investments, net of cash acquired	(6,477)	(38,031)	(25,646)	(25,187)	(25,629)
Sale of investment	--	--	642	--	--
Distribution received	--	--	275	--	--
Increase (decrease) in other assets	(55)	216	(3,639)	(2,595)	167
Proceeds from sale of business	463	--	--	--	--
Repayment on notes recorded in sale of business	--	321	80	80	--
Cash flow used in investing activities	(6,156)	(37,781)	(29,210)	(28,513)	(27,007)
Cash flow from financing activities:					
Borrowings of senior bank debt	--	28,400	21,000	21,000	31,900
Repayments of senior bank debt	--	(10,000)	(6,000)	(4,000)	(2,000)
Repayments of notes payable	(500)	(962)	(1,212)	(462)	(5,878)
Issuances of equity securities	10,009	20,001	2,484	2,484	10
Repayment of subscription receivable	--	10,000	--	--	--
Repurchase of preferred stock	--	--	(13)	--	--
Debt issuance costs	--	(1,025)	(609)	(603)	--
Cash flow from financing activities	9,509	46,414	15,650	18,419	24,032
Effect of foreign exchange rate changes on cash flow	--	--	46	(47)	(99)
Net increase (decrease) in cash and cash equivalents	4,171	9,925	(7,329)	(5,019)	3,675
Cash and cash equivalents at beginning of year	--	4,171	14,096	14,096	6,767
Cash and cash equivalents at end of year	$ 4,171	$ 14,096	$ 6,767	$ 9,077	$ 10,442
Supplemental disclosure of cash flow information:					
Interest paid	$ 104	$ 1,005	$ 2,905	$ 2,216	$ 2,264
Income taxes paid	192	696	436	433	129
Supplemental disclosure of non-cash investing activities:					
Notes received in sale of business	401	--	--	--	--
Increase in long-term liabilities related to acquisitions	--	3,200	--	--	--
Supplemental disclosure of non-cash financing activities:					
Preferred stock issued	--	--	--	--	11,101
Notes issued in acquisitions	3,367	--	6,686	--	--

Equity securities subscribed.....	10,000	--	--	--	--

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	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	FOREIGN TRANSLATION ADJUSTMENTS	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
Balance, January 1, 1994....	--	--	$ --	$ --	$ --	$ --	$ --	$ --
Issuance of common stock....	--	4,550,000	--	--	20,009	--	--	20,009
Subscription receivable.....	--	--	--	--	(10,000)	--	--	(10,000)
Exchange of common stock for preferred stock.....	40,000	(2,000,000)	10,004	--	(10,004)	--	--	--
Net loss.....	--	--	--	--	--	--	(206)	(206)
Balance, December 31, 1994..	40,000	2,550,000	10,004	--	5	--	(206)	9,803
Issuance of common stock....	--	275,000	--	--	--	--	--	--
Payment of subscription receivable.....	--	--	--	--	10,000	--	--	10,000
Exchange of common stock for preferred stock.....	40,000	(2,000,000)	10,004	--	(10,004)	--	--	--
Issuance of preferred stock.....	29,851	--	20,000	--	--	--	--	20,000
Net loss.....	--	--	--	--	--	--	(2,936)	(2,936)
Balance, December 31, 1995..	109,851	825,000	40,008	--	1	--	(3,142)	36,867
Issuance of common stock....	--	162,500	--	--	4	--	--	4
Issuance of preferred stock.....	3,703	--	2,481	--	--	--	--	2,481
Repurchase of preferred stock.....	(20)	--	(13)	--	--	--	--	(13)
Net loss.....	--	--	--	--	--	--	(2,372)	(2,372)
Foreign translation adjustment.....	--	--	--	--	--	22	--	22
Balance, December 31, 1996..	113,534	987,500	42,476	--	5	22	(5,514)	36,989
Issuance of common stock....	--	50,000	--	--	10	--	--	10
Issuance of preferred stock.....	12,382	--	11,101	--	--	--	--	11,101
Net income.....	--	--	--	--	--	--	833	833
Foreign translation adjustment.....	--	--	--	--	--	(108)	--	(108)
Balance, September 30, 1997 (unaudited).....	125,916	1,037,500	$53,577	$ --	$ 15	$ (86)	$(4,681)	$ 48,825

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

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

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 whereby a percentage of revenues is allocable to fund Affiliate operating expenses, including compensation, while the remaining portion of revenues (the Owners' Allocation) is allocable to AMG and the other partners or members with a priority to AMG. Affiliate operations are consolidated in 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 sheets includes undistributed Owners' Allocation and capital owned by owners other than AMG.

Unaudited Interim Financial Statements

The unaudited interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments necessary for a fair presentation of interim results of operations (consisting only of normal recurring accruals and adjustments) have been made to the interim financial statements. Results of operations for interim periods are not necessarily indicative of results of operations for the respective full year.

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). Investments where AMG does not hold a controlling interest are accounted for under the equity method and AMG's portion of net income is included in investment and other income. All intercompany balances and transactions have been eliminated.

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 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, and are accrued in amounts expected to be realized.

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 nine to 25 years. The expected useful lives of acquired client relationships is 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 30 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 over its fair value determined using valuation models such as discounted cash flows and market comparables. Included in amortization expense for 1996 and 1995 are impairment losses of $4,628 and $2,500, respectively, relating to two of AMG's affiliates following periods of significant client asset withdrawals. Fair value in such cases was determined using market comparables based on revenues, cash flow and assets under management. No impairment loss was recorded in 1994 or for the nine months ended September 30, 1997.

Debt Issuance Costs

Debt issuance costs incurred in securing credit facility financing are capitalized and subsequently amortized over the term of the credit facility. Debt issuance costs of $983 were written off as

an extraordinary item in 1996 as part of the Company's replacement of its previous credit facility with a new facility.

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

The Company has adopted Statement of Financial Accounting Standards No. 109 ("FAS 109") which requires the use of the asset and liability approach for accounting for income taxes. Under FAS 109, the Company recognizes deferred tax assets and liabilities for the expected consequences of temporary differences between the financial statement amount 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 12, the Company periodically purchases additional equity interests in Affiliates from minority interest owners (prior shareholders of acquired Affiliates). Resulting payments made to such owners are 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

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"). This standard became effective January 1, 1996. The standard encourages, but does not require, adoption of a fair value-based accounting method for stock-based compensation arrangements which includes stock option grants, sales of restricted stock 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 proforma net income and earnings per share as if the fair value based method had been applied in measuring compensation cost. The Company continues to apply APB 25.

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.

2. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and accounts 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 places where AMG and its Affiliates operate. For certain Affiliates, cash deposits at a financial institution may exceed FDIC insurance limits.

Substantially all of the Company's revenues are derived from the investment management operations of its Affiliates. For the year ended December 31, 1996, one of those Affiliates accounted for approximately 34% of AMG's share of the Owners' Allocation.

3. FIXED ASSETS AND LEASE COMMITMENTS:

Fixed assets consist of the following:

	DECEMBER 31,	
	1995	1996
Office equipment	$ 683	$ 2,614
Furniture and fixtures	313	1,677
Leasehold improvements	59	538
Computer software	156	184
Total fixed assets	1,211	5,013
Accumulated depreciation	(125)	(2,014)
Fixed assets, net	$1,086	$ 2,999

The Company and its Affiliates lease computer equipment and office space for their operations. At December 31, 1996, the Company's aggregate future minimal rentals for operating leases having initial or noncancelable lease terms greater than one year are payable as follows:

YEAR ENDING DECEMBER 31,	REQUIRED MINIMUM PAYMENTS
1997	$1,040
1998	744
1999	550
2000	488
2001	343
Thereafter	--

Consolidated rent expense for 1994, 1995 and 1996 was $260, $493 and $2,359, respectively.

4. ACCRUED LIABILITIES:

Accrued liabilities consist of the following:

	DECEMBER 31, 1995	DECEMBER 31, 1996
Accrued compensation	$1,283	$ 9,264
Accrued rent	27	3,509
Accrued interest	304	121
Accrued taxes	298	4
Deferred revenue	9	796
Accrued commissions	201	236
Accrued professional services	66	1,350
Other	395	536
	$2,583	$ 15,816

5. RETIREMENT PLANS:

At December 31, 1996, AMG had a defined contribution retirement plan (the "Plan") covering substantially all of its full-time employees and four of its Affiliates. Three of AMG's other Affiliates had separate defined contribution retirement plans. Under each of the plans, AMG and each Affiliate is able to make discretionary contributions to qualified plan participants up to IRS limits. Consolidated expenses related to these plans in 1996 and 1995 were $656 and $222, respectively. The Company did not make any discretionary contributions to the Plan in 1994.

6. SENIOR BANK DEBT PAYABLE:

In 1995, the Company negotiated a Senior Revolving Credit Agreement (the "Credit Agreement") with a syndicate of banks enabling the Company to borrow, on a revolving credit basis, up to $50 million. The Credit Agreement had a five-year term and reduced the amount available for borrowing during its term. A commitment fee of 1/2 of 1% was payable on the daily average unused portion of the $50 million commitment. Interest rates on borrowings varied according to a sliding scale with a maximum interest rate of either 1.75% over the Prime Rate or 2.75% over the London Interbank Offered Rates ("LIBOR").

In March 1996, the Company replaced the Credit Agreement with a $125 million senior revolving credit facility, with principal repayment due on March 6, 2001. The Company pays a commitment fee of 1/2 of 1% on the daily unused portion of the facility. Interest is payable at rates up to 1.25% over the Prime Rate or 2.25% over LIBOR on amounts borrowed.

The effective interest rates on the outstanding borrowings were 6.5% and 8.5% at December 31, 1996 and 1995, respectively. All borrowings under the agreements are collateralized by pledges of all capital stock or other equity interests in each AMG Affiliate owned or to be acquired. The 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 agreement. The agreement also limits the Company's ability to pay dividends and incur additional indebtedness.

At December 31, 1996, the Company was a party to two interest rate swap agreements with a commercial bank linked to the three month LIBOR for a notional principal amount of debt of $35 million. The swap agreements, which expire on March 6, 2001, consisted of caps and floors that, upon quarterly reset dates, will cap the cost of associated floating rate debt at 6.78% if floating rates exceed 6.78% and exchange floating rate debt for fixed rate debt at 6.78% if floating rates decline to 5% or below. The agreements are designed to limit interest rate increases on the Company's borrowings. Under the swap agreements, no amounts are exchanged between the Company and its counterparty unless the three

month LIBOR exceeds the cap of 6.78% or declines to or below the floor of 5%. Amounts paid under these agreements will be accounted for as increases or decreases to interest expense. No amounts have been exchanged under these agreements.

7. INCOME TAXES:

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

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1997
				(UNAUDITED)
Federal: Current	$379	$ 60	$ --	$ --
Deferred	(44)	201	(233)	69
State: Current	357	514	397	152
Deferred	7	(69)	17	--
Provision for income taxes	$699	$706	$ 181	$ 221

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

	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1997
				(UNAUDITED)
Tax at U.S. federal income tax rate	35%	(35)%	(35)%	35%
Nondeductible expenses, primarily amortization of intangibles	59	54	21	24
State income taxes, net of federal benefit	48	13	23	10
Valuation allowance	--	--	6	--
Recognition of benefit of net operating loss carryforwards	--	--	--	(48)
	142%	32%	15%	21%

The components of deferred tax assets and liabilities follows:

	DECEMBER 31,	
	1995	1996
Deferred assets (liabilities):		
Net operating loss carryforward	$ 431	$ 3,481
Intangible amortization	(708)	(4,950)
Accrued compensation	--	2,004
Other, net	61	(58)
	(216)	477
Valuation allowance	--	(477)
Net deferred income taxes	$(216)	$ --

At December 31, 1996, the Company had tax net operating loss ("NOL") carryforwards of $8,400 which expire beginning in the year 2010. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. At December 31, 1996, management believed it was more likely than not that the Company's deferred tax asset of $477, arising from NOL carryforwards, would not be realized and accordingly established a full valuation allowance against the asset. As a result of the Company's initial public offering, there may be a limitation placed on the Company's utilization of its NOL's by Section 382 of the Internal Revenue Code. The Company will review the valuation allowance at the end of each quarter and will make adjustments if it is determined that it is more likely than not that the NOL's will be realized.

8. 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 are 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.

9. ACQUISITIONS AND COMMITMENTS:

1996

During 1996, the Company acquired in purchase transactions majority interests in First Quadrant and The Burridge Group ("Burridge"). In addition, the Company acquired additional partnership interests from limited partners of two of its existing Affiliates.

The Company issued notes in the amount of $6,686 to Burridge selling shareholders who remained as employees on December 31, 1996 as partial consideration in the purchase. On January 3, 1997, the notes were settled in cash for $5,185 and the issuance of 1,715 shares of Series B-1 Voting Convertible Preferred Stock.

The results of operations of First Quadrant and Burridge are included in the consolidated results of operations of the Company from their respective dates of acquisition, March 28, 1996 and December 31, 1996.

1995

During 1995, the Company acquired in purchase transactions majority interests in Systematic Financial Management ("Systematic"), Skyline Asset Management ("Skyline") and Renaissance Investment Management ("Renaissance"). The Company also made a minority investment in Paradigm Asset Management Company ("Paradigm"). In connection with the Skyline acquisition, the Company assumed an unconditional $3,200 purchase obligation on the equity interests of limited partners which will be settled in either cash or the Company's stock.

The results of operations of Systematic, Skyline and Renaissance are included in the consolidated results of operations of the Company from their respective dates of investment, May 16, 1995, August 31, 1995, and November 9, 1995. The net income associated with the Company's minority interest in Paradigm is included in the consolidated results of operations of the Company using the equity method from May 22, 1995, the date of investment.

1994

In 1994, the Company acquired in a series of purchase transactions an 80% interest in JMH Management Corporation ("JMH") for $6,320 in cash and the issuance by JMH of promissory notes for $3,367. The promissory notes accrued interest at 6% per annum and were paid in installments through January 31, 1997. JMH is the general partner of J.M. Hartwell Limited Partnership ("Hartwell") and owned 68% of Hartwell from 1994 through 1996. On January 1, 1996, the Company acquired an additional 8.78% of Hartwell directly from a former limited partner.

The results of operations of JMH and Hartwell are included in the consolidated results of operations of the Company beginning January 1, 1994.

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

	DECEMBER 31,		
	1994	1995	1996
Allocation of Purchase Price:			
Net tangible assets	$ 350	$ 1,720	$ 2,198
Intangible assets	9,633	39,800	35,040
Minority investment	--	888	--
Total purchase price	$9,983	$42,408	$37,238

Unaudited pro forma data for the years ended December 31, 1995 and 1996 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 1995, assuming revenue sharing arrangements had been in effect for the entire period and after making certain other pro forma adjustments.

	YEAR ENDED DECEMBER 31,	
	1995	1996
Revenues	$49,760	$60,392
Income before extraordinary item	2,646	7
Net income (loss)	2,646	(976)
Primary income (loss) per share	0.52	(0.15)

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 $15,160 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.

Related to the JMH investment, a former institutional shareholder is entitled to redeem a cash value warrant on April 30, 1999. Using the actual results of operations to date, the cash value warrant had no value and, therefore, no amounts have been accrued in these financial statements.

10. EQUITY INVESTMENTS:

In 1995, the Company purchased a 30% equity interest in Paradigm Asset Management Company, L.L.C. ("Paradigm"), which is accounted for under the equity method of accounting.

Summarized financial information for Paradigm at December 31, 1996 and 1995 and for the year ended December 31, 1996 and for the period from May 22, 1995 (the date of acquisition) to December 31, 1995 is as follows:

	AT DECEMBER 31,	
	1995	1996
Balance Sheet Data:		
Current assets	$ 563	$ 756
Non current assets	530	492
Total assets	$ 1,093	$1,248
Current liabilities	$ 427	$ 493
Non current liabilities	--	--
Total liabilities	$ 427	$ 493

	FOR THE PERIOD MAY 22, 1995 (DATE OF ACQUISITION) TO DECEMBER 31, 1995	FOR THE YEAR ENDED DECEMBER 31, 1996
Statement of Earnings Data:		
Total revenues	$ 894	$ 2,051
Operating and other expenses	840	1,488
Net Income	$ 54	$ 563

11. SALE OF BUSINESS:

Hartwell, the successor to Hartwell Management Company, Inc. ("HMC"), acts as Investment Advisor to Hartwell Growth Fund, Inc. and Hartwell Emerging Growth Fund, Inc. (the "Funds"). Under the terms of an agreement dated November 15, 1990, HMC and Hartwell Distributors, Inc., sold the goodwill, business and assets relating to the provision of investment advice, management and underwriting services to the Funds to Hartwell Keystone Advisors, Inc. ("HKAI") in exchange for 100 Class B common shares (nonvoting) of HKAI. The shares were recorded at a value of $1.00. Keystone Custodian Funds, Inc. ("Keystone") owns all of HKAI's Class A common shares.

Concurrent with the sale, HMC entered into a sub-advisory agreement with HKAI under which HMC would provide investment advisory services to the Funds. These investment advisory services are now provided by Hartwell. The investment advisory agreement is renewable annually by the Funds' board of directors. As compensation for its services, JMH receives a sub-advisory fee. Three years after the agreement's closing date, Keystone had the option to acquire the 100 Class B shares from HMC at a price based on the value of the Funds' shares which existed at the closing date. On March 27, 1994, Keystone exercised this option. Of the purchase price of approximately $865 (which is included in interest and other income in the 1994 statement of operations), $401 remained unpaid at December 31, 1994. This balance (which includes related accrued interest) was paid in five quarterly installments through March 1996.

12. PUTS AND CALLS:

To ensure the availability of continued ownership participation to future key employees, the Company has options to repurchase ("Calls") certain equity interests in Affiliates owned by partners or members. The options are exercisable beginning in 1997 and continue through the year

2004. In addition, Affiliate management owners have options ("Puts") to require the Company to purchase certain portions of their equity interests at staged intervals. The Company is also obligated to purchase ("Purchase") such equity interests in Affiliates upon death, disability or termination of employment. The Put obligations begin in 1998 and continue through 2017. 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 limited partnership or limited liability company agreements of the Affiliates. Resulting payments made to former owners of acquired Affiliates are accounted for as adjustments to the purchase price for such Affiliates. Payments made to equity holders who have been awarded equity interests in connection with their employment are accrued, net of estimated forfeitures, over the service period as equity-based compensation.

The Company's contingent obligations under the Put and Purchase arrangements at September 30, 1997 ranged from $8.5 million on the one hand, assuming all such obligations occur due to early terminations or terminations for cause, and $41.2 million on the other hand, assuming all such obligations occur due to death, disability or terminations without cause. The Company would receive approximately $9.7 million in additional Owners' Allocation annually upon satisfaction of the above.

13. STOCKHOLDERS' EQUITY:

Common Stock

The Company had 18,227,700 and 18,313,450 authorized shares of common stock (including Class B common stock) with a par value of $.01 per share of which 987,500 and 825,000 shares were issued and outstanding at December 31, 1996 and 1995, respectively.

Preferred Stock

The Company has two classes of convertible Preferred Stock. The Company has 80,000 shares of Class A Preferred Stock authorized with a par value of $.01 per share, all of which were issued and outstanding at December 31, 1996 and 1995. The Company also has two series of Class B Preferred Stock. There are 34,328 authorized shares of Series B-1 Voting Preferred Stock with a par value of $.01 per share of which 14,131 and 10,448 shares were issued and outstanding as of December 31, 1996 and 1995, respectively. There are 19,403 authorized shares of Series B-2 Non-Voting Preferred Stock with a par value of $.01 per share, all of which were issued and outstanding at December 31, 1996 and 1995.

Each share of Class A and Class B Convertible Preferred Stock is convertible into 50 shares of common stock at the option of the holder, or upon certain automatic conversion events, primarily related to an initial public offering. Except for Series B-2 Convertible Preferred Stock which is non-voting, each share of preferred stock is entitled to voting rights equal to the equivalent number of common shares issuable upon conversion. Class A Convertible Preferred Stock is entitled to a liquidation preference of $250 per share and Class B Convertible Preferred Stock is entitled to a liquidation preference of $670 per share. Preferred Stock is shown on the consolidated balance sheets at face value.

Stock Incentive Plans

The Company has established incentive stock plans, primarily to incent key employees, under which it is authorized to grant incentive and non-qualified stock options and to grant or sell shares of restricted stock. A total of 550,000 shares of common stock have been reserved for issuance under

these plans. Through December 31, 1996, 287,500 shares of restricted stock have been sold under these plans and no option grants have been made. The plans are administered by a committee of the board of directors. Restricted stock sales were made at their then fair market value, as approved by the Board of Directors of the Company, and generally vest over three years and are subject to significant forfeiture provisions and other restrictions.

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 options on preferred stock and grants of 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. The fair value of equity based interests at the date of grant was estimated using the minimum value method using a risk free rate of return of 6.5% and weighted-average expected lives of between 10 and 15 years.

Had compensation cost for the Company's equity based compensation arrangements been determined based on the fair value at grant date for awards subsequent to January 1, 1995, 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,		NINE MONTHS ENDED SEPTEMBER 30, 1997
	1995	1996	(UNAUDITED)
Net income (loss) -- as reported	$(2,936)	$(2,372)	$ 833
Net income (loss) -- FAS 123 pro forma	(3,091)	(2,141)	840
Net income (loss) -- per share -- as reported	(0.58)	(0.36)	0.12
Net income (loss) per share -- FAS 123 pro forma	(0.61)	(0.32)	0.12

14. LOSS PER SHARE:

Loss per share is calculated based on the weighted average number of common and common equivalent shares outstanding during the period using guidance provided by the SEC for companies contemplating an initial public offering. Loss per common and common equivalent share for the years ended December 31, 1994, 1995, and 1996 was as follows:

	YEAR ENDED DECEMBER 31,		
	1994	1995	1996
Net (loss) attributable to common stock	$ (206)	$(2,936)	$(2,372)
Weighted average common shares outstanding	3,044	1,439	942
Common equivalent shares:			
Incremental shares treasury stock method	103	103	103
Assumed conversion of preferred stock	1,331	3,513	5,586
Total weighted average common and common equivalent shares outstanding	4,478	5,055	6,631
Net (loss) per common share	$(0.05)	$ (0.58)	$ (0.36)

In accordance with the Commission's Staff Accounting Bulletin 83, the loss per share has been calculated assuming that all stock options granted by the Company within one year of the Company's initial public offering have been outstanding for all periods presented. The effect of such stock options has been calculated using the "treasury stock" method assuming an estimated initial public offering price and has been included in the calculation of common equivalent shares outstanding despite the fact that the effect of the assumed exercise of such options is anti-dilutive.

If loss per share had been calculated based on the actual common and common equivalent shares outstanding, rather than utilizing the Commission's guidance for companies contemplating an initial public offering, the resulting loss per share would have been $(0.05), $(0.59) and $(0.36) for the years ended December 31, 1994, 1995 and 1996, respectively.

15. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:

FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments" ("FAS 107"), 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 following table presents a comparison of the carrying value and estimated fair value of the Company's financial instruments at December 31, 1996:

	CARRYING VALUE	ESTIMATED FAIR VALUE
Financial assets:		
Cash and cash equivalents	$ 6,767	$ 6,767
Financial liabilities:		
Notes payable to related parties	(7,379)	(7,374)
Senior bank debt	(33,400)	(33,400)
Off-balance sheet financial instruments:		
Interest-rate protection agreements	--	(763)

The following table presents a comparison of the carrying value and estimated fair value of the Company's financial instruments at December 31, 1995:

	CARRYING VALUE	ESTIMATED FAIR VALUE
Financial assets:		
Cash and cash equivalents	$ 14,096	$ 14,096
Financial liabilities:		
Notes payable to related parties	(1,905)	(1,878)
Senior bank debt	(18,400)	(18,400)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying amount approximates fair value because of the short term nature of these instruments.

Notes payable to related parties: The fair value was calculated with a discounted cash flow model using existing payment terms and the prime rate.

Senior Bank Debt: The carrying value approximates fair value because the debt is a revolving credit facility with variable interest based on three month LIBOR rates.

Interest rate protection agreements: The fair value of interest rate protection agreements are quoted market prices based on the estimated amount necessary to terminate the agreements.

16. EVENTS SUBSEQUENT TO DECEMBER 31, 1996:

New Investments

On March 5, 1997, the Company announced the signing of a definitive agreement to purchase an interest in Gofen and Glossberg, LLC, which will succeed to the business of Gofen and Glossberg, Inc., an investment management firm based in Chicago, Illinois. The Company completed this investment in May 1997.

On September 30, 1997, the Company completed its investment in GeoCapital, LLC, an investment management firm based in New York, New York. In connection with this investment, the Company issued an aggregate 10,667 shares of Class D Convertible Preferred Stock valued at $9.6 million. Each share of Class D Convertible Preferred Stock is convertible into 50 shares of Common Stock.

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

Allocation of Purchase Price:	
Net tangible assets	$ 3,873
Intangible assets	31,299
Total purchase price	$35,172

The amortization period used for intangible assets related to these investments was 18 to 25 years for acquired client relationships and 30 years for goodwill.

Unaudited pro forma data for the year ended December 31, 1996 and for the nine month period ended September 30, 1997 are set forth below, giving consideration to investments occurring in the twenty-one month period ended September 30, 1997, as if such transactions occurred as of the

beginning of 1996, assuming revenue sharing arrangements had been in effect for the entire period and after making certain other pro forma adjustments.

	YEAR ENDED DECEMBER 31, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997
Revenues	$81,094	$ 65,751
Income before extraordinary item	1,187	1,742
Net income	204	1,742
Primary income per share	0.03	0.25

In October 1997, the Company completed its investment in Tweedy, Browne Company LLC, an investment adviser and broker dealer in New York, New York.

New Financing

In August and October 1997, the Company entered into agreements to raise, in a series of transactions, financing totaling up to $390 million in the aggregate. The financing contains $300 million from a senior credit facility ("Senior Debt") to replace the existing $125 million credit facility, $60 million from subordinated debt ("Subordinated Debt") and $30 million from the issuance of Class C Convertible Preferred Stock and warrants to purchase Class C Convertible Preferred Stock. The Senior Debt comprises up to $200 million of 7-year revolving credit loans, $50 million of 7-year Tranche A term loans and $50 million of 8-year Tranche B term loans. The proceeds of the Senior Debt has been used primarily for the repayment of existing indebtedness, for new investments and for general corporate purposes. The Senior Debt contains financial covenants similar to the Company's existing Credit Agreement and bears interest at the Prime Rate or LIBOR in each case plus a margin which will vary depending on the Company's periodic Senior Debt ratio. The Subordinated Debt accrues interest initially at LIBOR plus 7.25%. The interest rate on the Subordinated Debt will increase by 1/2 of 1% each quarter to a maximum interest rate of 17%, of which 15% is required to be paid in cash and 2% is to be added to the face amount of the notes. The Company intends to redeem the Subordinated Debt and repay a portion of the Senior Debt out of the proceeds from the Offerings.

The Company issued 5,333 shares of Class C Convertible Preferred Stock and warrants to purchase 28,000 shares of Class C Convertible Preferred Stock exercisable at $.01 per share for $30 million in total consideration to Chase Equity Associates, L.P. in connection with the recent financing described above. Each share of Class C Convertible Preferred Stock is convertible into 50 shares of common stock and has a liquidation preference of $900 per share.

Stock Incentive Plans

In May 1997, the Company granted options to purchase up to 1,850 shares of Class A Convertible Preferred Stock under the 1995 Plan to management at an exercise price of $455 per share representing 110% of the estimated fair value of the underlying stock on the date of grant as approved by the Company's Board of Directors. These options vest over a three year period. At September 30, 1997, options to purchase 463 shares of Class A Convertible Preferred Stock (convertible into 23,125 shares of Common Stock) were exercisable.

The Company intends to grant 590,000 options to employees with an exercise price equal to the initial public offering price under its 1997 Stock Plan. The options would be exercisable in 15% increments at the end of each of the first six anniversaries of the date of grant and 10% on the

seventh anniversary. All these options would become exercisable upon a change in control and upon the achievement of certain financial goals.

Stock Split

On October 27, 1997, the Company's Board of Directors authorized a 50-for-1 stock split effected in the form of a stock dividend on the Company's authorized and outstanding Common Stock, effective on the date the Commission declares the Company's initial Registration Statement effective. Where applicable, these Consolidated Financial Statements and Notes thereto reflect the common stock split on a retroactive basis.

REPORT OF INDEPENDENT ACCOUNTANTS

The Shareholders and Board of Directors
Gofen and Glossberg, Inc.

We have audited the accompanying statements of financial condition of Gofen and Glossberg, Inc. as of December 31, 1996 and 1995, and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits of the financial statements provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gofen and Glossberg, Inc. as of December 31, 1996 and 1995 and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Chicago, Illinois
August 15, 1997

GOFEN AND GLOSSBERG, INC.

STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 1996 AND 1995
(IN THOUSANDS)

	1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 263	$ 166
Accounts receivable	525	395
Prepaid expenses	33	31
Employee note receivable	1	2
Total current assets	822	594
Property, equipment and leasehold improvements (net of accumulated depreciation and amortization of $1,145 and $989, respectively)	529	565
Total assets	$1,351	$1,159
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 50	$ 45
Total current liabilities	50	45
Deferred revenue	645	529
Deferred rent abatement	150	--
Total liabilities	845	574
Commitments and Contingencies (Note 4)		
Shareholders' equity:		
Common stock, no par or stated value; authorized 100,000 shares; issued and outstanding 15,200 shares	69	69
Retained earnings	437	516
Total shareholders' equity	506	585
Total liabilities and shareholders' equity	$1,351	$1,159

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

GOFEN AND GLOSSBERG, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995
(IN THOUSANDS)

	1996	1995
Revenue:		
Asset-based management fees	$7,785	$6,844
Other	50	46
Total revenue	7,835	6,890
Expenses:		
Salaries and benefits	6,128	4,489
Incentive compensation and benefits	257	240
Investment and other purchased services	109	90
Occupancy	495	678
Depreciation and amortization	155	134
Marketing	89	73
Professional fees	400	407
Telephone and postage	81	69
Office supplies	146	111
Settlement of litigation	--	560
Other	54	120
Total expenses	7,914	6,971
Net loss	$ (79)	$ (81)

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

GOFEN AND GLOSSBERG, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995
(DOLLARS IN THOUSANDS)

	COMMON SHARES	COMMON STOCK	RETAINED EARNINGS	TOTAL
Balances, January 1, 1995	15,200	$69	$597	$666
Net loss	--	--	(81)	(81)
Balances, December 31, 1995	15,200	69	516	585
Net loss	--	--	(79)	(79)
Balances, December 31, 1996	15,200	$69	$437	$506

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

GOFEN AND GLOSSBERG, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995
(IN THOUSANDS)

	1996	1995
Cash flows from operating activities:		
Net loss	$ (79)	$ (81)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	155	134
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(130)	93
Decrease in employee note receivable	1	4
(Increase) in prepaid expenses	(2)	--
Increase (decrease) in accounts payable and accrued liabilities	5	(26)
Increase in deferred liabilities	266	70
Net cash provided by operating activities	216	194
Cash flows from investing activities:		
Purchases of property and equipment	(119)	(138)
Net cash used in investing activities	(119)	(138)
Net increase in cash and cash equivalents	97	56
Cash and cash equivalents at beginning of year	166	110
Cash and cash equivalents at end of year	$ 263	$ 166

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

GOFEN AND GLOSSBERG, INC.

NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BUSINESS:

Gofen and Glossberg, Inc., an Illinois corporation (the "Company"), provides asset management and investment advisory services to institutional investors and high net worth individuals located throughout the United States.

2. SIGNIFICANT ACCOUNTING POLICIES:

Cash Equivalents

For financial statement purposes, the Company considers interest-bearing cash and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost which approximates market value due to the short-term maturity of these investments.

Property and Equipment, Depreciation and Amortization

Property and equipment are recorded at cost and depreciated principally on accelerated methods over the estimated useful lives of the related assets, generally five to seven years. Amortization on leasehold improvements is computed on a straight-line basis over the shorter of their estimated useful lives or the term of the lease. Maintenance and repairs are charged to expense when incurred.

Revenue Recognition

The Company's revenues are derived primarily from asset-based investment advisory fees. These fees are generally billed in advance and on a quarterly basis based on the amount of assets under management at the beginning of each quarter. The revenue is deferred and the income is recognized as earned during the quarter.

Income Taxes

No Provision for income taxes is made in the accompanying financial statements since the Company, as a Subchapter S Corporation, is treated as a partnership for income tax purposes whereby the Shareholders are responsible for recording their proportionate share of the Company's income in their tax returns.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GOFEN AND GLOSSBERG, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	1996	1995
Office equipment	$ 787	$ 672
Furniture and fixtures	493	489
Leasehold improvements	394	393
	1,674	1,554
Accumulated depreciation and amortization	(1,145)	(989)
	$ 529	$ 565

4. COMMITMENTS AND CONTINGENCIES:

The Company leases its office facilities under an operating lease that expires in 2009. During 1996, the Company extended the lease term by ten years to the 2009 date. In return for this extension rent payments were abated for the period June 1, 1996 through December 31, 1996. In addition, lease terms during the ten-year extension are more favorable than the current lease. The Company accounts for this lease and rent abatement under Statement of Financial Accounting Standards No. 13, Accounting for Leases whereby total minimum rental payments are recognized as rent expense on a straight-line basis over the term of the lease. Amounts charged to rent expense that are in excess of amounts required to be paid under the lease and rent abatement are carried on the statement of financial condition as a deferred credit.

The lease also provides the Company with space improvement and redecorating credits. The Company's maximum available credits for space improvement and for redecorating are approximately $27 and $136, respectively, of which approximately $16 and $82, respectively, may be applied against the Company's future rental commitments. No credits have been utilized by the Company.

Additional terms of the lease provide the Company with the option of extending the lease term for a five-year period commencing October 1, 2009 and the option of adding approximately 4,000 square feet to the lease effective October 1, 2000. Neither of these options have been exercised by the Company. Rent expense for the years ended December 31, 1996 and 1995 was $428 and $623, including real estate taxes and maintenance.

At December 31, 1996, future minimum rentals for the above operating lease, which is subject to an escalation clause, are payable as follows:

YEAR ENDING DECEMBER 31,	AMOUNT
1997	$ 363
1998	364
1999	322
2000	190
2001	194
Thereafter	1,637

GOFEN AND GLOSSBERG, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

5. BENEFIT PLANS:

The Company had a 401(k) retirement plan covering all eligible employees. Company contributions are made for each eligible participant based upon a percentage of wages subject to certain minimum and maximum limitations, as defined. The contributions for the years ended December 31, 1996 and 1995 were $257 and $244, respectively.

The Company had an unfunded deferred compensation plan for key employees. In the event of death, disability or retirement, it is payable in 60 monthly installments of $4. The Company paid $38 and $50 under the plan during 1996 and 1995, respectively. Current obligations existing under this program were $0 and $38 as of December 31, 1996 and 1995, respectively.

6. SHAREHOLDERS' EQUITY:

A shareholders' agreement provides that the Company will purchase for book value, as defined, the outstanding shares of any shareholder in the event of death, disability or termination of service from the Company.

7. SUBSEQUENT EVENT:

On March 5, 1997, the Company transferred substantially all its assets and liabilities to Gofen and Glossberg, L.L.C., a newly established Delaware limited liability company (the "LLC"), which will succeed to the business of the Company. This transfer was performed in conjunction with a definitive purchase agreement with an independent third-party, Affiliated Managers Group, Inc. ("AMG"), whereby AMG has purchased a majority interest in the LLC.

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
The Burridge Group Inc.

We have audited the accompanying statements of operations, changes in shareholders' equity, and cash flows of The Burridge Group Inc. for the period January 1, 1996 to December 30, 1996 and the years ended December 31, 1995 and 1994. 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 in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits of the financial statements provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of The Burridge Group Inc. and its cash flows for the period January 1, 1996 to December 30, 1996 and the years ended December 31, 1995 and 1994, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Chicago, Illinois
August 8, 1997

THE BURRIDGE GROUP INC.

STATEMENTS OF OPERATIONS
FOR THE PERIOD JANUARY 1, 1996 TO DECEMBER 30, 1996
AND THE YEARS ENDED DECEMBER 31, 1995 AND 1994
(IN THOUSANDS)

	1996	1995	1994
Revenue:			
Asset-based management fees	$6,117	$5,002	$ 3,033
Other	38	21	6
Total revenue	6,155	5,023	3,039
Expenses:			
Salaries and benefits	2,076	1,767	1,344
Incentive compensation and bonuses	2,049	1,760	695
Investment and other purchased services	258	225	110
Occupancy	295	201	161
Depreciation and amortization	125	97	70
Marketing	293	232	166
Professional fees	455	57	70
Telephone and postage	72	61	56
Office supplies	56	64	30
Other	441	456	252
Total expenses	6,120	4,920	2,954
Income before income taxes	35	103	85
Income tax expense	17	46	32
Net income	$ 18	$ 57	$ 53

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

THE BURRIDGE GROUP INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1, 1996 TO DECEMBER 30, 1996
AND THE YEARS ENDED DECEMBER 31, 1995 AND 1994

(DOLLARS IN THOUSANDS)

	PREFERRED SHARES	PREFERRED STOCK	COMMON SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balances, January 1, 1994.....	--	$--	5,500	$ 64	$ --	$154	$218
Net income.....	--	--	--	--	--	53	53
	--						
Balances, December 31, 1994....	--	--	5,500	64	--	207	271
Net income.....	--	--	--	--	--	57	57
	--						
Balances, December 31, 1995....	--	--	5,500	64	--	264	328
Contributed Capital.....	--	--	--	--	47	--	47
Net income.....	--	--	--	--	--	18	18
	--						
Balances, December 30, 1996....	0	$ 0	5,500	$ 64	$ 47	$282	$393

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

THE BURRIDGE GROUP INC.

STATEMENTS OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 1996 TO DECEMBER 30, 1996
AND THE YEARS ENDED DECEMBER 31, 1995 AND 1994
(IN THOUSANDS)

	1996	1995	1994
Cash flows from operating activities:			
Net income	$ 18	$ 57	$ 53
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	125	97	70
Deferred income taxes	30	(9)	(2)
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	604	(313)	(242)
Increase in other assets	(98)	(4)	--
Increase in refundable income taxes	(56)	--	--
Increase in prepaid expense	(35)	(5)	(4)
Increase (decrease) in accounts payable	2	3	(3)
Increase in accrued expenses	263	13	20
Increase in due to TBG LLC	275	--	--
Increase (decrease) in income taxes payable	(23)	5	18
Increase (decrease) in deferred revenue	(746)	232	182
Net cash provided by operating activities	359	76	92
Cash flows from investing activities:			
Purchases of property and equipment	(146)	(107)	(173)
Net cash used in investing activities	(146)	(107)	(173)
Cash flows from financing activities:			
Proceeds from notes payable	--	250	--
Principal payments on notes payable	(250)	(100)	--
Net cash provided by (used in) financing activities	(250)	150	--
Net increase (decrease) in cash and cash equivalents	(37)	119	(81)
Cash and cash equivalents at beginning of period	170	51	132
Cash and cash equivalents at end of period	$ 133	$ 170	$ 51
Supplemental disclosures of cash flow information -- cash paid during the year for:			
Interest	$ 7	$ 8	$ 3
Income taxes	66	51	17

Supplemental disclosure of non-cash investing and financing activities:

Stock options were exercised during the period January 1, 1996 to December 30, 1996 which generated a capital contribution of $47.

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

THE BURRIDGE GROUP INC.

NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. ORGANIZATION:

The Burridge Group Inc., an Illinois corporation (the "Company"), provides investment advisory services to endowments, foundations, pension plans, profit-sharing trusts, public funds, unions, bank trust departments and individuals located throughout the United States. On October 11, 1996, Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), entered into a Stock Purchase Agreement with the Company and the holders of the Company's capital stock to purchase all the capital stock of the Company. In conjunction with the completion of the purchase at the close of business on December 30, 1996, the Company transferred substantially all of its assets and substantially all of its liabilities to The Burridge Group LLC, a newly established Delaware limited liability company (the "LLC"), for which the Company serves as the manager member and owns a majority interest. Effective at the close of business on December 30, 1996, the Company became a wholly-owned subsidiary of AMG.

2. SIGNIFICANT ACCOUNTING POLICIES:

Cash Equivalents

For financial statement purposes, the Company considers interest-bearing cash and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost which approximates market value due to the short-term maturity of these investments.

Depreciation and Amortization

Depreciation is computed for financial reporting purposes principally on the straight-line method over the estimated useful lives of the related assets, generally five to seven years. Amortization on leasehold improvements is computed on a straight-line basis over the shorter of their estimated useful lives or the term of the lease. Maintenance and repairs are charged to expense when incurred.

Revenue Recognition

The Company's revenues are derived primarily from investment advisory fees. These fees are generally billed in advance and on a quarterly basis based on the amount of assets under management at the beginning of each quarter. The revenue is deferred and the income is recognized as earned during the quarter.

Income Taxes

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be ultimately realized in the federal income tax return. The income tax provision is the current tax liability plus the change during the period in deferred tax assets and liabilities.

Use of Estimates

The preparation of these statements of operations, changes in shareholders' equity and cash flows in conformity with generally accepted accounting principles requires management to make

certain estimates and assumptions that affect disclosures and amounts reported in these statements of operations, changes in shareholders' equity and cash flows. Actual results could differ from those estimates.

3. CONCENTRATION OF CREDIT AND OTHER RISK:

The Company maintains its cash accounts with a major Chicago-based commercial bank. Accounts at this bank are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to $100. At December 30, 1996 and at December 31, 1995 and 1994, the Company had $339, $252 and $61, respectively, which was in excess of the FDIC insurance limit.

During the period January 1, 1996 to December 30, 1996 and during the years ended December 31, 1995 and 1994, the Company derived approximately 10%, 11% and 13% of its revenue, respectively, from a managed account program sponsored by one national brokerage firm.

4. LEASE COMMITMENTS:

The Company entered into a lease agreement for office facilities in January, 1994. Leased office facilities are under a sublease agreement with an unrelated third party and this sublease is subordinate to a master lease agreement dated July 15, 1983 which expires on January 15, 2001. The Company's lease expires on August 31, 1998 and provides for certain base rental charges and escalation charges for real estate taxes and building maintenance costs. The Company has an option to terminate its lease after January 1, 1997. Termination can be effected upon giving eight months written notice and making a termination payment based on the unamortized balance of construction allowances, concessions or costs previously incurred. As of December 30, 1996, the termination fee was approximately $24.

Minimum annual rental commitments are as follows:

1997	$272
1998	182

Rental expense was $263, $181 and $144 for the period January 1, 1996 to December 30, 1996 and for the years ended December 31, 1995 and 1994, respectively.

5. STOCK OPTION PLAN:

On September 1, 1994, the Company and certain of its shareholders entered into an employment and stock option agreement (the "Agreement") with an employee. Pursuant to this Agreement, the employee was granted an option, which expired on September 1, 1997, to acquire 250 shares of the Company's stock from existing shareholders at $518 per share. The exercise date could be accelerated if 50% or more of the shareholders agreed to a sale of the Company. The Agreement contained a "Buy/Sell" clause which required the employee to sell acquired shares to the Company or other shareholders at $518 per share upon separation of employment or death.

Due to the sale of the Company to AMG (see Note 1), the exercise date for the option was accelerated and the shares were acquired by the employee from the existing shareholders prior to their sale to AMG. The "Buy/Sell" clause was also suspended for purposes of the AMG transaction.

The compensatory value inherent in the option (the difference between the stock's sale price and $518 per share) was triggered upon the Company's sale to AMG. The Company was then deemed to have received capital contributions from its shareholders in an amount equal to the tax

benefit derived by the Company from this difference. This difference amounted to $139 and, based upon the Company's effective tax rate, it received tax benefits and a capital contribution of $47.

6. PROFIT SHARING PLAN:

The Company had a 401(k) profit sharing plan that covered all employees who met the minimum service requirements, as defined. Under the terms of the plan, participants may contribute \on a tax-deferred basis up to 15% of their compensation or the maximum amount allowable by the current tax law. The Company, under the terms of the plan, may make discretionary contributions at a rate determined on a quarterly basis. The Company matching was $26, $19 and $15 for the period January 1, 1996 to December 30, 1996 and for the years ended December 31, 1995 and 1994, respectively.

7. INCOME TAXES:

As a corporation registered in the State of Illinois, the Company pays taxes as a stand-alone corporation at the state and federal level. A summary of the income tax expense is as follows:

	JANUARY 1, TO DECEMBER 30, 1996	YEAR ENDED DECEMBER 31, 1995	1994
Federal:			
Current	$ 27	$ 43	$ 26
Deferred	(14)	(8)	(2)
State:			
Current	7	13	9
Deferred	(3)	(2)	(1)
Income tax expense	$ 17	$ 46	$ 32

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

	JANUARY 1, TO DECEMBER 30, 1996	YEAR ENDED DECEMBER 31, 1995	1994
Tax provision at U.S. federal income tax rate	34%	34%	34%
Nondeductible expenses, principally business meals and entertainment	42	14	10
State income taxes, net of federal income tax expense	9	7	7
Rate differential for surtax exemption	(22)	(8)	(13)
Depreciation deferral adjustment	(14)	--	--
Other	--	(2)	--
	49%	45%	38%

INDEPENDENT AUDITORS' REPORT

The Board of Directors
First Quadrant Corp.:

We have audited the accompanying combined statements of income of First Quadrant Institutional and First Quadrant Limited (a division and subsidiary, respectively, of First Quadrant Corp.) for the period from January 1, 1996 to March 25, 1996 and the year ended December 31, 1995. These combined statements of income are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined statements of income based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of income are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of income. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined statements of income referred to above present fairly, in all material respects, the combined results of operations of First Quadrant Institutional and First Quadrant Limited in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

Los Angeles, California
July 24, 1997

FIRST QUADRANT INSTITUTIONAL AND FIRST QUADRANT LIMITED

COMBINED STATEMENTS OF INCOME
FOR THE PERIOD JANUARY 1, 1996 THROUGH MARCH 25, 1996 AND THE
YEAR ENDED DECEMBER 31, 1995
(IN THOUSANDS)

	1996	1995
Revenue:		
Asset based management fees	$3,891	$15,472
Performance based management fees	--	5,210
Other	--	93
Total revenue	3,891	20,775
Expenses:		
Salaries and benefits	853	4,451
Incentive compensation and bonuses	832	7,061
Investment and other purchased services	443	1,955
Marketing	312	1,505
Professional fees	237	401
Occupancy	201	1,173
Depreciation and amortization	130	607
Telephone and postage	61	351
Office supplies	19	122
Other	93	744
Total expenses	3,181	18,370
Income before income taxes	710	2,405
Income taxes	328	1,091
Net income	$ 382	$ 1,314

See accompanying Notes to Combined Statements of Income.

FIRST QUADRANT INSTITUTIONAL AND FIRST QUADRANT LIMITED

NOTES TO COMBINED STATEMENTS OF INCOME
FOR THE PERIOD JANUARY 1, 1996 THROUGH MARCH 25, 1996 AND THE
YEAR ENDED DECEMBER 31, 1995
(DOLLARS IN THOUSANDS)

1. GENERAL INFORMATION:

First Quadrant Institutional and First Quadrant Limited (collectively known as the "Company") were a division and wholly owned subsidiary, respectively, of First Quadrant Corp. ("FQC"). FQC was a wholly owned subsidiary of Talegen Holdings, Inc. ("Talegen"), which is wholly owned by Xerox Financial Services, Inc., a wholly owned subsidiary of Xerox Corporation ("Xerox"). On January 17, 1996 Affiliated Managers Group, Inc. ("AMG") entered into a Stock Purchase Agreement with Talegen to have First Quadrant Holdings, Inc. ("FQ Holdings") (a wholly owned subsidiary of AMG) purchase all of the capital stock of FQC from Talegen. At the close of business on March 25, 1996, FQC transferred certain investment advisory contracts and substantially all of its assets, excluding the investment in First Quadrant Limited, and substantially all liabilities to the newly established First Quadrant, L.P., for which FQC serves as the general partner. On March 28, 1996, AMG completed the purchase from Talegen.

In conjunction with the purchase of First Quadrant Institutional described above, 100% of the stock of First Quadrant Limited previously owned by FQC was contributed to a newly formed partnership, First Quadrant U.K. L.P., for which FQC serves as the general partner. First Quadrant Institutional and First Quadrant Limited constitute the continuing operations of FQC which are now majority owned by AMG.

FQC, which commenced operations in 1985, is a registered investment advisor under the Investment Advisers Act of 1940 (the "Act"). The primary business of First Quadrant Institutional was to provide advisory, evaluation, and research services relating to the acquisition and disposition of marketable securities, including derivative financial instruments. First Quadrant Limited (formerly Barbican Capital Management, Ltd.), which was wholly owned by FQC, is a foreign investment advisory concern whose primary business is similar to that of First Quadrant Institutional.

On August 31, 1995 FQC sold its division, First Quadrant Insurance, and its 25% ownership in Seneca, Inc., a registered investment advisor under the Act, to American Re Asset Management, Inc. All activity relating to the operations of First Quadrant Insurance and Seneca, Inc., including the gain recognized on the sale, are not reflected in the accompanying financial statements.

An integral part of managing the Company's domestic and global tactical asset allocation and tactical currency allocation strategies for client's investment accounts involves the use of derivative financial instruments. These instruments are securities that provide an economic payoff contingent upon the value of other assets such as stock and bond prices or market index values. The Company directs the purchase of these instruments only on behalf of client accounts and in accordance with written guidelines established in the individual investment contracts with each client. The instruments purchased are exchange traded futures, options, and foreign currency contracts, all of which are valued at market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying statements of income have been presented on a combined basis of accounting. All transactions between First Quadrant Institutional and First Quadrant Limited have been eliminated in the combined statements of income.

Depreciation and Amortization

Depreciation and amortization on property is computed on a straight-line basis over the estimated useful lives of the assets (generally one to eight years). Depreciation and amortization on leasehold improvements is computed on a straight-line basis over the shorter of their useful lives or the term of the lease.

Revenue Recognition

Asset based management fee income represents fees for managing the underlying assets of customers. Performance based management fees are earned based upon the Company's investment management returns related to a client's portfolio relative to the passive returns of a benchmark index, or composite of indices generally computed on an annual basis.

Income Taxes

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all or some portion of the benefits related to deferred tax assets would not be realized.

Postretirement Benefits

The cost of postretirement benefits is recognized in the financial statements during the employee's active working career.

Foreign Currency Translation

First Quadrant Limited was responsible for 21% and 8% of the total revenues and 10% and 8% of the total expenses generated by the Company in the period from January 1, 1996 through March 25, 1996 and the year ended December 31, 1995.

In accordance with SFAS No. 52, "Accounting for Foreign Currency Translation," First Quadrant Limited's assets and liabilities are translated to U.S. dollars at year-end exchange rates, revenues and expenses at average exchange rates during the year and shareholder's equity at historical exchange rates. Gains and losses resulting from translation of the financial statements are excluded from the combined statement of income and are recorded directly to a separate component of shareholder's equity.

Use of Estimates

Management of the Company has made certain estimates and assumptions in the preparation of these consolidated statements of income in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

3. INCENTIVE COMPENSATION AND BONUSES:

Through December 31, 1995 the Company had an incentive compensation plan that provided incentive compensation to certain employees. A portion of the incentive compensation pool was

based on revenues from unaffiliated companies. The remaining amount was discretionary, although it could not exceed certain compensation levels. The incentive compensation plan was amended effective December 31, 1995 to provide for no further incentive compensation awards. All bonuses accrued during the period from January 1, 1996 through March 25, 1996 were based on earnings of First Quadrant Institutional during that period and were allocated at the discretion of management.

4. INCOME TAXES:

Xerox and Talegen and in turn, Talegen and FQC, entered into a tax allocation agreement effective in 1983 which provided that Talegen and its subsidiaries, including FQC, would pay or be reimbursed by Xerox for the tax liabilities or benefits generated due to the inclusion of Talegen and its subsidiaries in the Xerox consolidated Federal income tax return. The right to reimbursement from Xerox for any tax benefits did not expire due to any statutory period of limitation under the Internal Revenue Code. The agreement generally provided that Talegen subsidiaries, including FQC, would compute their income tax liability on a separate return basis.

The actual tax provision differs from the statutory Federal tax rate of 35% due to the following:

	1996	1995
U.S. Federal statutory income tax rate	35.0%	35.0%
State income taxes, net of Federal income tax benefit	6.6	6.0
Meals and entertainment	1.2	1.5
Other	3.4	2.9
Effective income tax rate	46.2%	45.4%

The treatment of incentive and deferred compensation gives rise to the significant portion of the Company's deferred tax assets. The provision (benefit) for income taxes for the period ended March 25, 1996 and the year ended December 31, 1995, consists of the following:

	CURRENT	DEFERRED	TOTAL
1996:			
Federal	$ 93	$ 163	$ 256
State	1	71	72
	$ 94	$ 234	$ 328
1995:			
Federal	$ 1,178	$ (310)	$ 868
State	311	(88)	223
	$ 1,489	$ (398)	$1,091

5. PENSIONS:

Talegen had a principal noncontributory defined benefit pension plan ("Plan") that covered substantially all employees of the Company who met eligibility requirements. The Plan provided benefits that were based on total years of service and compensation during an employee's last five years of employment. Contributions were made to the Plan in an amount deductible and in accordance with funding standards established under the Internal Revenue Code as amended by the Employee Retirement Income Security Act of 1974. Effective July 1, 1993, Talegen amended the Plan with the effect of limiting the accrual of further benefits to its participants under the terms of the

Plan. Total pension costs allocated to the Company approximated $4 and $41 in 1996 and 1995, respectively.

6. OTHER POSTEMPLOYMENT BENEFITS ("OPEB"):

Talegen provided certain health care and life insurance benefits for retired employees. Prior to 1993, substantially all employees, including those employees of the Company, became eligible for these benefits if they reached normal retirement age (or age 55 under certain circumstances), with a defined minimum period of service, while still working for the Company. In 1993, Talegen announced its intention to limit the retiree medical benefits to those employees who had reached age 50 on January 1, 1994 and who ultimately retired with at least 15 years of service. The total OPEB costs allocated to the Company approximated $4 and $6 in 1996 and 1995, respectively.

7. LEASES:

The Company is obligated under operating leases which expire in 2003 and 2008 for the Company's Pasadena and London offices respectively. The total rent expense under these operating leases for 1996 and 1995 amounted to approximately $153 and $646, respectively.

8. RELATED PARTY TRANSACTIONS:

In 1993, the Company entered into agreements with Apprise Corp., an affiliated entity of Talegen, pursuant to which Apprise Corp. provided data processing services (including payroll). The service fee for 1996 and 1995 amounted to approximately $53 and $164, respectively, and is included in investment and other purchased services.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
GeoCapital Corporation

We have audited the balance sheets of GeoCapital Corporation (the "Corporation") as of September 30, 1996 and 1995, and the related statements of income and retained earnings and cash flows for the years ended September 30, 1996, 1995 and 1994. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 1996 and 1995, and the results of its operations and its cash flows for the years ended September 30, 1996, 1995 and 1994 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

New York, New York
August 15, 1997, except
for Note 9 for which
the date is September 30, 1997

GEOCAPITAL CORPORATION

BALANCE SHEETS
AS OF SEPTEMBER 30, 1996 AND 1995
(IN THOUSANDS)

	1996	1995
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 144	$ 176
Investment advisory fees receivable	3,221	3,553
Prepaid expenses	192	153
Other	85	50
Total current assets	3,642	3,932
Fixed assets, net	56	49
Total assets	$3,698	$3,981
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$ 40	$ 35
Investment advisory fee payable	327	201
Total current liabilities	367	236
Deferred taxes payable	130	219
Investment advisory fee payable	683	482
Total other liabilities	813	701
Total liabilities	1,180	937
Commitments (Note 4)		
Stockholders' equity:		
Common stock -- par value $1 per share, 100 shares authorized, issued and outstanding	--	--
Retained earnings	2,585	3,111
	2,585	3,111
Less:		
Treasury stock, at cost, 20 shares	(67)	(67)
Total stockholders' equity	2,518	3,044
Total liabilities and stockholders' equity	$3,698	$3,981

The accompanying notes are an integral part of these financial statements.

GEOCAPITAL CORPORATION

STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994
(IN THOUSANDS)

	1996	1995	1994
Revenue:			
Asset based management fee	$10,568	$ 9,384	$ 9,606
Performance based management fee	1,446	1,658	2,431
Other	6	6	6
Total revenue	12,020	11,048	12,043
Expenses:			
Salaries and benefits	9,450	9,202	11,041
Occupancy	288	284	262
Marketing	948	870	1,043
Payroll and other taxes	226	221	205
Travel and entertainment	93	123	112
Pension expense	--	(155)	324
Telephone, postage and office expense	89	90	73
Performance fee expense	714	304	378
Other	497	465	364
Total expenses	12,305	11,404	13,802
Net loss before provision for income taxes	(285)	(356)	(1,759)
Income tax provision:			
Current	240	217	269
Deferred	(89)	(33)	(86)
	151	184	183
Net loss	(436)	(540)	(1,942)
Retained earnings:			
Beginning of year	3,111	3,651	5,593
Distribution to shareholder	(90)	--	--
End of year	$ 2,585	$ 3,111	$ 3,651

The accompanying notes are an integral part of these financial statements.

GEOCAPITAL CORPORATION

STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994
(IN THOUSANDS)

	1996	1995	1994
Cash flows provided by (used in) operating activities:			
Net loss	$(436)	$(540)	$(1,942)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	20	20	19
Deferred taxes	(89)	(33)	(86)
Changes in assets and liabilities:			
Decrease in accounts receivable	332	681	1,409
(Increase)/decrease in prepaid expenses	(39)	(69)	45
(Decrease)/increase in accounts payable and accrued expenses	5	(6)	19
(Increase)/decrease in other assets	(36)	(34)	8
(Decrease) in pension payable	--	(238)	(49)
(Decrease) in corporate taxes payable	--	--	(79)
Increase in performance fee payable	328	303	379
Net cash provided by (used in) operating activities	85	84	(277)
Cash flows from investing activities:			
Purchase of equipment	(26)	(7)	(20)
Section 444 deposit	--	--	34
Net cash provided by (used in) investing activities	(26)	(7)	14
Cash flows from financing activities:			
Distribution to shareholder	(90)	--	--
Net cash used in financing activities	(90)	--	--
Net increase (decrease) in cash and cash equivalents	(31)	77	(263)
Cash and cash equivalents:			
Beginning	176	99	362
Ending	$ 145	$ 176	$ 99
Supplemental disclosure of cash flow information:			
Income taxes paid	$ 269	$ 281	$ 298
Interest paid	$ --	$ 14	$ --

The accompanying notes are an integral part of these financial statements.

GEOCAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

GeoCapital Corporation (the "Corporation") is a Subchapter S Corporation incorporated under the laws of the State of Delaware and commenced operations on July 23, 1979.

The Corporation's business is to provide investment advisory services to individuals, corporations, pension plans and non-profit organizations which are located nationwide. Advisory fees are based on a percentage of assets managed for all but two major clients for the year ended September 30, 1996 and three major clients for the years ended September 30, 1995 and 1994. For these major clients, the advisory fee is a performance based contract.

A summary of the Corporation's significant accounting policies follows:

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers cash in banks, on hand and invested in money market funds to be cash equivalents.

Revenue Recognition

The Corporation's revenue consists primarily of asset-based and performance-based investment advisory fees. Investment advisory fees from managed accounts are billed on a quarterly basis at the beginning of the quarter and recorded on a monthly basis over the quarter. Any fees collected in advance are deferred and recognized as income over the period earned.

Property and Equipment

Property and equipment is stated at cost. Property and equipment are being depreciated over its estimated useful life of 5 years using the straight-line method. Maintenance, repairs and minor renewals are expensed as incurred.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The principal source of deferred taxes relates to the cash basis of accounting used for tax purposes.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GEOCAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

2. PROPERTY AND EQUIPMENT:

Property and equipment for the years ended September 30, 1996 and 1995 is summarized as follows:

Furniture and fixtures	$149	$123
Accumulated depreciation	(93)	(74)
	$ 56	$ 49

3. PENSION PLAN:

For the period beginning October 1, 1983 through April 30, 1995, the Corporation had a defined benefit pension plan (the "Plan") covering substantially all of its employees. The benefits were based on years of service and the employee's compensation during the last year of employment. The Corporation's funding policy was to contribute annually the maximum amount that could be deducted for federal income tax purposes. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The amount contributed by the Corporation for the year ended September 30, 1994 was $238. Due to an over accrual of pension expense for the year ended September 30, 1994, the Corporation reduced pension expense by the amount of $155 for the year ended September 30, 1995. Effective April 30, 1995, the Corporation terminated its defined benefit pension plan for all employees. Upon termination of the Plan, all vested amounts were transferred into an IRA or 401(k) plan at the direction of the employees.

In addition, all Corporation employees are eligible to participate in the 401(k) plan, effective May 1, 1996. The Corporation, at its discretion, can match a portion of the employee contributions. The Corporation did not make a 401(k) contribution for the year ended September 30, 1996.

4. COMMITMENTS AND CONTINGENCIES:

The Corporation currently leases office space from Sandler Capital Management under a lease that provides for an annual expense of $220 plus additional rent for escalation charges and after hours heating and air conditioning. The lease expires on November 29, 2000. For the years ended September 30, 1994 and 1995, the Corporation had a similar lease agreement where the Corporation leased office space from Sandler Capital Management for an annual expense of $200. The lease expired on November 29, 1995. The following is a schedule of future minimum lease payments required under this lease:

	AS OF SEPTEMBER 30, 1996
1997	$ 220
1998	220
1999	220
2000	220
2001	37
Total	$ 917

5. PROVISION FOR CORPORATE INCOME TAXES:

No provision for Federal income taxes has been accrued due to the shareholders' election to be treated as an "S" Corporation for income tax purposes as of September 28, 1979. As an "S"

Corporation, income or loss and credits are passed to the shareholders to be reported on their individual personal income tax returns. Provision has been made for State and local taxes as follows for the years ended:

	CURRENT	DEFERRED	NET TAXES
SEPTEMBER 30, 1996			
New York State tax and surcharge	$ 5	$(39)	$(34)
Minnesota State tax	7	--	7
California State tax	4	--	4
New York City general corporation tax	224	(50)	174
Total	$240	$(89)	$151
SEPTEMBER 30, 1995			
New York State tax and surcharge	$ 1	$(11)	$(10)
California State tax	1	--	1
New York City general corporation tax	215	(22)	193
Total	$217	$(33)	$184
SEPTEMBER 30, 1994			
New York State tax and surcharge	$ 1	$(20)	$(19)
California State tax	1	--	1
Minnesota State tax	1	--	1
New York City general corporation tax	266	(66)	200
Total	$269	$(86)	$183

6. PERFORMANCE FEE PAYABLE:

The Corporation has entered into a "performance-based" investment fee contract with the State of Minnesota through June 30, 2001. As of September 30, 1996, the account's performance did not meet the "benchmark" contracted amount. As such a payable has been recorded. It is the opinion of management that the performance fee will be recovered in future years. Based on the performance, under the contract to date, the future performance fee payable is as follows:

Current portion	$ 327
Non-current portion	682
	$1,009

7. CONCENTRATION OF CREDIT RISK:

The Corporation maintains its cash balances in one major New York City bank. The balance in this account usually exceeds the insurance limit of the Federal Deposit Insurance Corporation. Two clients comprise a significant portion of the investment advisory fee receivable balance. The receivables from these two clients for the years ended September 30, 1996 and 1995 are $676, $844, respectively.

GEOCAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

8. TREASURY STOCK:

In 1982, the Corporation repurchased 20 shares of common stock from an employee in conjunction with the termination of his employment with the Corporation.

9. SUBSEQUENT EVENTS:

On August 15, 1997, Affiliated Managers Group, Inc. ("AMG"), AMG Merger Sub, Inc. (a wholly-owned subsidiary of AMG) ("Merger-Sub"), the Corporation, the stockholders of the Corporation and GeoCapital, LLC (the "LLC") entered into a definitive agreement whereby the Corporation will merge with and into Merger-Sub after the Corporation has contributed all of its assets and liabilities to the LLC, of which the Corporation is the manager member. On September 30, 1997 this transaction was completed.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of
Tweedy, Browne Company L.P.

We have audited the balance sheets of Tweedy, Browne Company L.P. (the "Partnership") as of December 31, 1996, September 30, 1996 and 1995, and the related statements of operations, and cash flows for the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996, 1995 and 1994 and changes in partners' capital for the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996 and 1995. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 1996, September 30, 1996 and 1995, and the results of its operations and its cash flows for the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996, 1995 and 1994, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

New York, New York
September 23, 1997, except for
Note 9 for which
the date is October 9, 1997

TWEEDY, BROWNE COMPANY L.P.

BALANCE SHEETS
AS OF DECEMBER 31, 1996, SEPTEMBER 30, 1996 AND 1995
(IN THOUSANDS)

	DECEMBER 31, 1996	SEPTEMBER 30, 1996	SEPTEMBER 30, 1995
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 4,504	$1,863	$1,357
Investment advisory fees receivable	2,656	1,960	1,302
Receivable from clearing broker	408	153	92
Other current assets	37	43	120
Total current assets	$ 7,605	4,019	2,871
Fixed assets, net	787	964	672
Deposit with Internal Revenue Service	1,538	1,538	982
Secured demand notes receivable	800	800	800
Total assets	$ 10,730	$7,321	$5,325
LIABILITIES AND PARTNERS' CAPITAL:			
Liabilities:			
Current liabilities:			
Accrued compensation	$ 728	$ 914	$ 746
Accounts payable and accrued liabilities	482	325	358
Investment advisory fee payable	80	160	34
Total current liabilities	1,290	1,399	1,138
Subordinated indebtedness	800	800	800
Total liabilities	2,090	2,199	1,938
Commitments (Note 5)			
Partners' capital:			
Limited partners	4,747	2,824	1,866
General partners	3,893	2,298	1,521
Total partners' capital	8,640	5,122	3,387
Total liabilities and partners' capital	$ 10,730	$7,321	$5,325

The accompanying notes are an integral part of these financial statements.

TWEEDY, BROWNE COMPANY L.P.

STATEMENTS OF OPERATIONS
FOR THE PERIOD OCTOBER 1, 1996 THROUGH DECEMBER 31, 1996 AND THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994
(IN THOUSANDS)

	DECEMBER 31, 1996	SEPTEMBER 30, 1996	1995	1994
Revenue:				
Asset based management fees	$8,227	$28,478	$21,195	$14,272
Commissions	1,554	5,129	3,392	4,515
Other	--	3	508	3
Total revenue	9,781	33,610	25,095	18,790
Expense:				
Salaries and benefits	540	2,321	2,393	2,146
Commissions and clearing charges	417	1,587	1,059	1,351
Occupancy	134	535	532	506
Incentive compensation and bonuses	1,100	3,290	2,574	1,839
NYC unincorporated business tax	161	829	546	407
Mutual fund expenses	42	419	470	324
Computer expenses	256	530	351	270
Investment and other purchased services	145	485	520	546
Insurance	31	261	268	274
Professional fees	60	284	237	643
Office supplies	30	206	194	163
Depreciation and amortization	219	331	155	115
Marketing	71	176	151	104
Telephone and postage	43	170	166	143
Other	116	415	386	298
Total expenses	3,365	11,839	10,002	9,129
Net income	$6,416	$21,771	$15,093	$ 9,661

The accompanying notes are an integral part of these financial statements.

TWEEDY, BROWNE COMPANY L.P.

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
FOR THE PERIOD OCTOBER 1, 1996 THROUGH DECEMBER 31, 1996 AND THE YEARS ENDED
SEPTEMBER 30, 1996 AND 1995
(IN THOUSANDS)

	LIMITED PARTNERS	GENERAL PARTNERS	TOTAL
Balance, September 30, 1994	$ 1,420	$ 1,420	$ 2,840
Transfer general partner to limited partner	174	(174)	--
Net income for the year ended September 30, 1995	8,339	6,754	15,093
Partners' drawings	(8,067)	(6,479)	(14,546)
Balance, September 30, 1995	1,866	1,521	3,387
Net income for the year ended September 30, 1996	11,977	9,794	21,771
Partners' drawings	(11,019)	(9,017)	(20,036)
Balance, September 30, 1996	$ 2,824	$ 2,298	$ 5,122
Net income for the period ended December 31, 1996	3,530	2,886	6,416
Partners' drawings	(1,607)	(1,291)	(2,898)
Balance, December 31, 1996	$ 4,747	$ 3,893	$ 8,640

The accompanying notes are an integral part of these financial statements.

TWEEDY, BROWNE COMPANY L.P.

STATEMENTS OF CASH FLOWS
FOR THE PERIOD OCTOBER 1, 1996 THROUGH DECEMBER 31, 1996
AND THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994
(IN THOUSANDS)

	DECEMBER 31, 1996	SEPTEMBER 30, 1996	1995	1994
Cash flows from operating activities:				
Commissions received	$ 1,299	$ 5,049	$ 3,493	$ 4,659
Asset based management fees received	7,451	27,946	20,851	14,092
Other income received	17	1	508	4
Salaries, benefits, incentive compensation and bonuses paid	(1,826)	(5,443)	(4,913)	(3,444)
Commissions and clearing charges paid	(435)	(1,567)	(1,118)	(1,445)
Occupancy tax paid	(134)	(535)	(532)	(506)
NYC unincorporated business taxes paid	--	(874)	(448)	(454)
Professional fees paid	(131)	(265)	(254)	(652)
Other operating expenses paid	(666)	(2,668)	(2,394)	(2,112)
Net cash provided by operating activities	5,575	21,644	15,193	10,142
Cash flows from investing activities:				
Capital expenditures	(42)	(622)	(277)	(109)
Deposit with the IRS	--	(557)	(326)	(214)
Decrease (increase) in other current assets	6	77	(79)	8
(Decrease) increase in other current liabilities	--	--	(15)	9
Net cash used in investing activities	(36)	(1,102)	(697)	(306)
Cash flows from financing activities:				
Cash withdrawn by partners during the year	(2,898)	(20,036)	(14,546)	(10,152)
Increase (decrease) in cash and cash equivalents	2,641	506	(50)	(316)
Cash and cash equivalents, beginning of year	1,863	1,357	1,407	1,723
Cash and cash equivalents, end of year	$ 4,504	$ 1,863	$ 1,357	$ 1,407
Reconciliation of net income to net cash provided by operating activities:				
Net income	$ 6,416	$ 21,771	$ 15,093	$ 9,661
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	219	331	155	115
Changes in assets and liabilities:				
Increase in investment advisory fees receivable	(696)	(658)	(349)	(178)
(Increase) decrease in receivable from clearing broker	(255)	(61)	41	49
Increase in other current assets	--	--	--	(6)
Increase in accounts payable, accrued liabilities and other current liabilities	(109)	261	253	501
Total adjustments	(841)	(127)	100	481
Net cash provided by operating activities	$ 5,575	$ 21,644	$ 15,193	$ 10,142

The accompanying notes are an integral part of these financial statements.

TWEEDY, BROWNE COMPANY L.P.

NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Tweedy, Browne Company L.P. (the "Partnership") is a limited partnership organized in the state of Delaware, registered with the Securities and Exchange Commission as a broker-dealer and an investment advisor, and is a member of the National Association of Securities Dealers. The partnership consists of three general partners who are also limited partners and a limited partner who retired as a general partner in 1995. The Limited Partnership Agreement (the "Agreement") provides for allocation of net profits and net losses as of the end of each fiscal period, as defined, to the General Partners and the Limited Partners in proportion to their respective interests, as defined in the Agreement.

The Partnership shall continue until July 1, 2038 unless terminated sooner as provided in the Agreement.

In September of 1993, the Partnership opened a branch office in London, England to conduct securities research in connection with foreign investments. All accounts are maintained in U.S. dollars.

A summary of the Partnership's significant accounting policies follows:

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Partnership considers cash in banks, on hand and invested in money market funds to be cash equivalents.

Revenue Recognition

The Partnership's revenue consists primarily of investment advisory fees and brokerage commissions. Investment advisory fees from managed accounts are billed on a quarterly basis at the beginning of the quarter and recorded on a monthly basis over the quarter. Investment advisory fees from domestic regulated investment companies are billed and recorded on a monthly basis. Brokerage commissions are recorded on a trade date basis and are remitted by the clearing broker on a monthly basis after necessary offsets for clearing charges and execution costs.

Property and Equipment

Property and equipment is stated at cost. Property and equipment are being depreciated over its estimated useful life ranging from 5 to 7 years using the straight-line method or an accelerated method beginning in the year it is placed in service. Leasehold improvements are amortized on a straight-line basis over their estimated useful lives or the term of the lease.

Income Taxes

Only New York City Unincorporated Business taxes have been provided since the Partnership is not subject to Federal or State income taxes. The Partnership maintains a deposit with the Internal Revenue Service required of partnership entities under Section 444 of the Internal Revenue Code as a condition of electing a fiscal year other than December 31.

Receivable From Clearing Broker

The Partnership is an introducing broker that clears its customer security transactions through Fleet Clearing Corporation on a fully disclosed basis. The Partnership pays its clearing broker a fixed ticket charge for clearing its transactions. For the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996 and 1995, amounts of $408, $153 and $92, respectively, are due from Fleet Clearing Corporation consisting principally of commissions due on transactions after deductions for clearing and other execution charges.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 1996 and September 30, 1996 and 1995 is summarized as follows:

	DECEMBER 31, 1996	SEPTEMBER 30, 1996	SEPTEMBER 30, 1995
Office equipment	$ 965	$ 931	$ 410
Furniture and fixtures	542	534	548
Leasehold improvements	491	491	491
	1,998	1,956	1,449
Accumulated depreciation	(1,211)	(992)	(777)
	$ 787	$ 964	$ 672

3. SUBORDINATED INDEBTEDNESS:

On July 1, 1989, the Partnership entered into a subordinated loan agreement with two of its general partners. In 1995, one of the general partners retired but continues as a limited partner and remains a party to the subordination agreement. The individuals each provided collateralized demand notes of $400 to the Partnership which call for interest at the rate of 6% per annum. These notes become due on September 30, 2006.

The resulting liability for repayment of such notes is subordinated to all other claims of general creditors. The loan agreement conforms to all the requirements of Appendix D to Rule 15c3-1 and is designed to qualify the borrowings as "net capital." The subordinated notes are collateralized by marketable securities of the general partners having a market value at December 31, 1996, September 30, 1996 and 1995 in excess of $5,000, $5,000 and $7,000, respectively. Interest paid on the above subordinated indebtedness amounted to $12 for the period October 1, 1996 through December 31, 1996 and $48 for each of the years ended September 30, 1996 and 1995.

TWEEDY, BROWNE COMPANY L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

4. PROFIT SHARING PLAN:

Effective September 30, 1976, the Partnership's predecessor corporation established a non-contributory profit sharing plan which covers all eligible employees of the corporation. This plan complies with the Employee Retirement Income Security Act of 1974 and the Internal Revenue code of 1985. The Partnership has adopted this plan. This plan was most recently amended on November 15, 1994 retroactive to September 30, 1989. The amounts contributed by the Partnership during the period October 1, 1996 through December 31, 1996 and for the years ended September 30, 1996, 1995 and 1994 were $171, $405, $385 and $403, respectively, of which $99, $20 and $25 were due as of December 31, 1996 and September 30, 1996 and 1995, respectively.

5. COMMITMENTS AND CONTINGENCIES:

The Partnership currently leases office space in New York, New York and London, U.K. under lease agreements expiring April 30, 1999 and April 17, 2005, respectively. With respect to the latter either party has the right to terminate by six months written notice as of April 17, 2000. Rent expense under these leases was approximately $157, $725, $728 and $642 for the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996, 1995 and 1994, respectively. Future minimum rentals under these leases are as follows:

FOR THE YEAR ENDED SEPTEMBER 30	NEW YORK CITY	LONDON, U.K.
1997	$ 528	$14
1998	528	14
1999	176	14
2000	--	4
	$ 1,232	$46

These minimum rentals are subject to escalation or reduction based upon certain costs incurred by the landlord and, with respect to London, by real estate tax of approximately $11 per year for each year that the premise is actually occupied by the Partnership.

The Partnership has entered into a sublease agreement wherein it leases approximately 40% of the 7th floor area to a subtenant who pays rent to the Partnership based upon the percentage of square footage occupied to the total of the 7th floor square footage. Rent under this sublease will continue through April 30, 1999. For the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996, 1995 and 1994, rental income amounted to $43, $173, $171 and $163, respectively, and is included as a reduction of the aggregate rent paid. The Partnership is also subleasing a portion of its London office.

6. RELATED PARTY TRANSACTIONS:

In addition to commissions and investment advisory fees from unrelated customers, Tweedy, Browne Company L.P. receives commission income for securities brokerage services performed for two domestic investment partnerships wherein the general partners of the Partnership are general partners and for four Passive Foreign Investment Companies wherein the general partners of the Partnership are stockholders and the Partnership is the investment advisor. For the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996, 1995 and 1994, such commissions and investment advisory fees amounted to $179, $656, $421 and $657, respectively, of which $5 and $50 was owing as of December 31, 1996 and September 30, 1996, respectively. There were no amounts owed as of September 30, 1995. These commissions are

charged on a basis which is common in the industry and which include a discount from the previously regulated rates.

Effective June 16, 1993, and December 8, 1993, respectively, the Partnership entered into distribution agreements with Tweedy, Browne Fund Inc. as the exclusive sales agent for Tweedy, Browne Global Value Fund and Tweedy, Browne American Value Fund (the "Funds"), respectively. The Partnership is also the investment advisor for the Funds. The general partners of the Partnership are officers and/or directors of Tweedy, Browne Fund Inc. For the period October 1, 1996 through December 31, 1996 and the years ended September 30, 1996, 1995 and 1994, the Partnership earned investment advisory fees from the Funds of $4,423, $13,893, $9,046 and $3,801, respectively, of which $1,534, $1,325 and $926 were owing as of December 31, 1996 and September 30, 1996 and 1995, respectively.

7. NET CAPITAL REQUIREMENT:

As a registered broker/dealer, the Partnership is subject to the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission. This rule prohibits a broker-dealer from engaging in securities transactions when its aggregate indebtedness exceeds 15 times its net capital as those terms are defined in the net capital rule. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Partnership computes its net capital under the aggregate indebtedness method permitted by the rule which requires the Partnership to maintain minimum net capital, as defined, equal to the greater of 6 2/3% of aggregate indebtedness, as defined, or $5. At December 31, 1996, September 30, 1996 and 1995, the Partnership had net capital of $6,643, $2,701 and $1,996 which was $6,605, $2,608 and $1,920 in excess of its required net capital of $37, $93 and $76, respectively. The Partnership's net capital ratio was .1942 to 1, .5178 to 1 and .5701 to 1 at December 31, 1996, September 30, 1996 and 1995, respectively.

The Partnership is exempt from the provisions of SEC Rule 15c3-3 because it does not receive any Funds or securities in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to customers.

8. CONCENTRATION OF CREDIT RISK:

The Partnership maintains its cash balances in two major New York City banks. The balances in these accounts usually exceed the insurance limits of the Federal Deposit Insurance Corporation.

The majority of the Partnership's brokerage transactions, and consequently the concentration of its credit exposure, is with broker-dealers, and other financial institutions. In the event counterparties do not fulfill their obligations, the Partnership may be exposed to credit risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. The Partnership seeks to control credit risk by following an established credit approval process, monitoring credit limits, and by requiring collateral where appropriate.

9. SUBSEQUENT EVENTS:

On August 15, 1997, Affiliated Managers Group, Inc. ("AMG"), the Partnership and the partners of the Partnership entered into a definitive agreement whereby AMG will purchase a majority interest in Tweedy, Browne Company LLC which will succeed to the business of the Partnership. On October 9, 1997 this transaction was completed.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell to each of the U.S. Underwriters named below, and each of such U.S. Underwriters, for whom Goldman, Sachs & Co., BT Alex. Brown Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Schroder & Co. Inc. are acting as representatives, has severally agreed to purchase from the Company, the respective number of shares of Common Stock set forth opposite its name below:

UNDERWRITER	NUMBER OF SHARES OF COMMON STOCK
Goldman, Sachs & Co.	
BT Alex. Brown Incorporated	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Schroder & Co. Inc.	
Total	5,600,000

Under the terms and conditions of the Underwriting Agreement, the U.S. Underwriters are committed to take and pay for all of the shares offered hereby, if any are taken.

The U.S. Underwriters propose to offer the shares of Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus and in part to certain securities dealers at such price less a concession of $ per share. The U.S. Underwriters may allow, and such dealers may reallow, a concession not in excess of $ per share to certain brokers and dealers. After the shares of Common Stock are released for sale to the public, the offering price and other selling terms may from time to time be varied by the representatives.

The Company has entered into an underwriting agreement (the "International Underwriting Agreement") with the underwriters of the International Offering (the "International Underwriters" and, together with the U.S. Underwriters, the "Underwriters") providing for the concurrent offer and sale of 1,400,000 shares of Common Stock in the International Offering outside the United States. The offering price and aggregate underwriting discounts and commissions per share for the two Offerings are identical. The closing of the Offering made hereby is a condition to the closing of the International Offering, and vice versa. The representative of the International Underwriters is Goldman Sachs International.

Pursuant to an Agreement between the U.S. and International Underwriting Syndicates (the "Agreement Between") relating to the two Offerings, each of the U.S. Underwriters named herein has agreed that, as a part of the distribution of the shares offered hereby and subject to certain exceptions, it will offer, sell or deliver the shares of Common Stock, directly or indirectly, only in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "United States") and to U.S. persons, which term shall mean, for purposes of this paragraph: (a) any individual who is a resident of the United States or (b) any corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision thereof and whose office most directly involved with the purchase is located in the United States. Each of the International Underwriters has agreed pursuant to the Agreement Between that, as a part of the distribution of the shares offered as a part of the International Offering, and subject to certain exceptions, it will (i) not, directly or indirectly, offer, sell or deliver shares of Common Stock (a) in the United States or to any U.S. persons or (b) to any person who it believes intends to reoffer, resell or deliver the shares in the United States or to any U.S. persons, and (ii) cause any dealer to whom it may sell such shares at any concession to agree to observe a similar restriction.

Pursuant to the Agreement Between, sales may be made between the U.S. Underwriters and the International Underwriters of such number of shares of Common Stock as may be mutually agreed. The price of any shares so sold shall be the initial public offering price, less an amount not greater than the selling concession.

The Company has granted the U.S. Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 840,000 additional shares of Common Stock solely to cover over-allotments, if any. If the U.S. Underwriters exercise their over-allotment option, the U.S. Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of shares to be purchased by each of them, as shown in the foregoing table, bears to the 5,600,000 shares of Common Stock offered hereby. The Company has granted the International Underwriters a similar option to purchase up to an aggregate of 210,000 additional shares of Common Stock.

The Company has agreed, subject to certain exceptions, that during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus, it will not offer, sell, contract to sell or otherwise dispose of any Common Stock (other than pursuant to employee stock option or purchase plans existing, or on the conversion or exchange of convertible or exchangeable securities or the exercise of warrants outstanding, on the date of this Prospectus) or any securities of the Company which are substantially similar to the Common Stock, or which are convertible into or exchangeable or exercisable for Common Stock or any such other securities, without the prior written consent of the representatives, except for (i) shares of Common Stock offered in connection with the Offerings and (ii) shares of Common Stock or such other securities issued as consideration in future investments, provided that such securities are made subject to such 180-day restrictions.

In connection with the Offerings, the Underwriters may purchase and sell the Common Stock in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the Offerings. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Common Stock; and syndicate short positions involve the sale by the Underwriters of a greater number of shares of Common Stock than they are required to purchase from the Company in the Offerings. The Underwriters also may impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of the Common Stock sold in the Offerings for their account may be reclaimed by the syndicate if such Common Stock is repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Common Stock, which may be higher than the price that might otherwise prevail in the open market, and these activities, if commenced, may be discontinued at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

Under Rule 2720 of the National Association of Securities Dealers, Inc. (the "NASD"), the Company may be deemed an affiliate of Chase Securities, Inc., one of the U.S. Underwriters. Accordingly, the Offerings are being conducted in accordance with Rule 2720, which provides that, among other things, when an NASD member participates in the underwriting of an affiliate's equity securities, the initial public offering price can be no higher than that recommended by a "qualified independent underwriter" meeting certain standards. In accordance with this requirement, Goldman, Sachs & Co. will serve in such role and will recommend a price in compliance with the requirements of Rule 2720. In connection with the Offerings, Goldman, Sachs & Co., in its role as qualified independent underwriter, has performed due diligence investigations and reviewed and participated in the preparation of this Prospectus and the Registration Statement of which this Prospectus forms a part. In addition, the U.S. Underwriters may not confirm sales to any discretionary account without the prior written approval of the customer.

Prior to the Offerings, there has been no public market for the Common Stock and there can be no assurance that an active trading market will develop or be sustained to support future transactions in the shares of Common Stock sold in the Offerings. The initial public offering price will be negotiated among the Company and the representatives of the U.S. Underwriters and the International Underwriters. Among the factors to be considered in determining the initial public offering price of the Common Stock, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

In connection with the Offerings, the U.S. Underwriters have reserved up to 350,000 shares of Common Stock for sale at the initial public offering price to persons associated with the Company. The number of shares available for sale to the general public will be reduced to the extent any reserved shares are purchased. Any reserved shares not so purchased will be offered by the U.S. Underwriters on the same basis as the other shares offered hereby.

The Common Stock has been approved for listing, subject to notice of issuance, on the NYSE under the symbol "AMG". In order to meet one of the requirements for listing the Common Stock on the NYSE, the Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The representatives of the Underwriters have in the past provided, and may in the future from time to time provide, investment banking services to AMG or one or more of the Affiliates, for which they may receive customary fees. Among other things, Goldman, Sachs & Co. recently acted as financial advisor to, and received a customary fee from, the partners of Tweedy, Browne in connection with the Tweedy, Browne Investment.

This Prospectus may be used by underwriters and dealers in connection with offers and sales of the Common Stock, including shares initially sold in the International Offering, to persons located in the United States.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

TABLE OF CONTENTS

THROUGH AND INCLUDING , 1997 (THE 25TH DAY AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

7,000,000 SHARES

AFFILIATED

MANAGERS GROUP, INC.

COMMON STOCK

(PAR VALUE $.01 PER SHARE)

LOGO

GOLDMAN, SACHS & CO.
BT ALEX. BROWN
MERRILL LYNCH & CO.
SCHRODER & CO. INC.

REPRESENTATIVES OF THE UNDERWRITERS

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION (1)

The following table sets forth the estimated expenses payable by the Company in connection with this offering (excluding underwriting discounts and commissions):

NATURE OF EXPENSE	AMOUNT
SEC Registration Fee	$ 56,107
NYSE Filing Fee	$ 95,100
NASD Filing Fee	$ 19,015
Accounting Fees and Expenses	*
Legal Fees and Expenses	*
Printing Expenses	*
Blue Sky Qualifications Fees and Expenses	*
Transfer Agent's Fee	*
Miscellaneous	*
TOTAL	$1,717,500

- ---------------

(1) The amounts set forth above, except for the SEC, NYSE and NASD fees, are in each case estimated.

* To be completed by Amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

In accordance with Section 145 of the General Corporation Law of the State of Delaware, Article VII of the Company's Third Amended and Restated Certificate of Incorporation provides that no director of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases, or (iv) for any transaction from which the director derived an improper personal benefit. In addition, the Certificate provides that if the Delaware General Corporation Law is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Article V of the Company's Amended and Restated By-laws provides for indemnification by the Company of its directors, officers and certain non-officer employees under certain circumstances against expenses (including attorneys fees, judgments, fines and amounts paid in settlement) reasonably incurred in connection with the defense or settlement of any threatened, pending or completed legal proceeding in which any such person is involved by reason of the fact that such person is or was an officer or employee of the Company if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to criminal actions or proceedings, if such person had no reasonable cause to believe his or her conduct was unlawful.

Under Section 8(b) of each of the Underwriting Agreements filed as Exhibit 1.1 and Exhibit 1.2 hereto, the U.S. Underwriters and the International Underwriters have agreed to indemnify, under certain conditions, the Company, its directors, certain officers and persons who control the Company within the meaning of the Securities Act of 1933 against certain liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

During the past three years, the Company has issued unregistered securities to a limited number of persons, as described below. No underwriters or underwriting discounts or commissions were involved. There was no public offering in any such transaction, and the Company believes that each transaction was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), by reason of Section 4(2) thereof, based on the private nature of the transactions and the financial sophistication of the purchasers, all of whom had access to complete information concerning the Company and acquired the securities for investment and not with a view to the distribution thereof. In addition, the Company believes that the transactions described in paragraphs (4), (5) and (7) below were exempt from the registration requirements of the Securities Act, by reason of Rule 701 thereunder.

(1) On May 11, 1995, the Company issued an aggregate of 40,000 shares of the Company's Class A Convertible Preferred Stock (convertible into 2,000,000 shares of Common Stock) for an aggregate purchase price of 2,000,000 shares of the Company's Common Stock and $10 million to Advent VII L.P., Advent Atlantic and Pacific II L.P., Chestnut III Limited Partnership, Chestnut Capital International III Limited Partnership, Advent New York L.P., Advent Industrial II L.P. and TA Venture Investors Limited Partnership, William J. Nutt, Sean M. Healey and Richard E. Floor.

(2) On November 7, 1995, the Company issued an aggregate of 10,448 shares of the Company's Series B-1 Voting Convertible Preferred Stock (convertible into 522,400 shares of Common Stock) for an aggregate purchase price of $7 million to Hartford Accident and Indemnity Company, Advent VII L.P., Advent Atlantic and Pacific II L.P., Chestnut III Limited Partnership, Chestnut Capital International III Limited Partnership, Advent New York L.P., Advent Industrial II L.P. and TA Venture Investors Limited Partnership, William J. Nutt, Sean M. Healey and Richard E. Floor.

(3) On November 7, 1995, the Company issued an aggregate of 19,403 shares of the Company's Series B-2 Non-Voting Convertible Preferred Stock (convertible into 970,150 shares of Common Stock) for an aggregate purchase price of $13 million to NationsBanc Investment Corporation.

(4) On June 27, 1996, the Company issued an aggregate of 3,703 shares of the Company's Series B-1 Voting Convertible Preferred Stock (convertible into 185,150 shares of Common Stock) for an aggregate purchase price of approximately $2.48 million to certain employees and advisers of the Company and its majority-owned subsidiaries, pursuant to the Company's 1995 Stock Purchase Plans.

(5) In April 1995, the Company sold 200,000 shares of Restricted Common Stock to Mr. Healey for aggregate consideration of $400, and 25,000 shares of Restricted Common Stock to Mr. Michael A. Wilson for an aggregate consideration of $50, in each case, being the fair market value of such number of shares of Restricted Common Stock, as approved by the Board of Directors of the Company at that time. In August 1995, the Company sold 50,000 shares of Restricted Common Stock under the 1995 Plan to Mr. Chertavian for aggregate consideration of $100, being the fair market value of such number of shares of Restricted Common Stock as approved by the Board of Directors of the Company at that time. In March 1996, the Company sold 112,500 shares of Restricted Common Stock under the 1995 Plan, including sales of 25,000, 35,000, 25,000, 17,500 and 10,000 shares to Messrs. Nutt, Healey, Chertavian, Brennan and Murphy, respectively, for aggregate consideration of $500, $700, $500, $350 and $200, respectively, being the fair market value of such numbers of shares of Restricted Common Stock as approved by the Board of Directors of the Company at that time. In May 1996, the Company sold 50,000 shares of Restricted Common Stock under the 1995 Plan to Mr. Dalton for aggregate consideration of $1,000, being the fair market value of such number of shares of Restricted Common Stock as approved by the Board of Directors of the

Company at that time. In February 1997, the Company sold 50,000 shares of Restricted Common Stock under the 1995 Plan to Mr. Girvan for aggregate consideration of $10,000, being the fair market value of such number of shares of Common Stock as approved by the Board of Directors of the Company at that time.

(6) On January 2, 1997, the Company issued an aggregate 1,715 shares of Series B-1 Voting Convertible Preferred Stock (convertible into 85,750 shares of Common Stock) with a value of approximately $1.5 million as consideration for shares of capital stock of The Burridge Group Inc. in connection with the Company's investment in Burridge.

(7) In May 1997, the Company granted options to purchase an aggregate of 1,850 shares of Class A Convertible Preferred Stock (convertible into an aggregate of 92,500 shares of Common Stock) having an exercise price of $455 per share (or $9.10 per underlying share of Common Stock), including options to purchase 500, 500, 200, 300, 250 and 100 shares of Class A Convertible Preferred Stock to Messrs. Nutt, Healey, Chertavian, Dalton, Brennan and Murphy, respectively.

(8) On September 30, 1997, the Company issued an aggregate of 10,667 shares of Class D Convertible Preferred Stock (convertible into 533,331 shares of Common Stock) with a value of approximately $9.6 million in connection with the Company's investment in GeoCapital.

(9) On October 9, 1997, the Company issued an aggregate of 5,333 shares of Series C-2 Non-Voting Convertible Preferred Stock and warrants to purchase 28,000 shares of Series C-2 Non-Voting Convertible Preferred Stock (convertible into 266,650 and 1,400,000 shares of Common Stock, respectively) for an aggregate purchase price of $30 million.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits. The following is a complete list of Exhibits filed as part of this Registration Statement.

**1.1	Form of Underwriting Agreement
**1.2	Form of International Underwriting Agreement
**+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	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)
**+2.3	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)
**2.4	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
**+2.5	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)

**2.6	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
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**3.2	Form of Amended and Restated By-laws
4.1	Specimen certificate for shares of Common Stock of the registrant
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4.7	Securities Purchase Agreement Amendment No. 1 dated as of October 9, 1997 between the Registrant and Chase Equity Associates
*5.1	Opinion of Goodwin, Procter & Hoar LLP as to the legality of the securities being offered
10.1	Amended and Restated Stockholders' Agreement dated October 9, 1997 by and among the Registrant and TA Associates, NationsBank, The Hartford, Chase Equity Associates and the additional parties listed on the signature pages thereto
**+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)
**+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)
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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
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**+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)
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**10.13	Affiliated Managers Group, Inc. 1995 Incentive Stock Plan
10.14	Form of Tweedy, Browne Employment Agreement
*11.1	Statement regarding computation of per share earnings
**21.1	Schedule of Subsidiaries
*23.1	Consent of Counsel (to be included in Exhibit 5.1 hereto)
23.2	Consent of Coopers & Lybrand L.L.P. (Boston)
23.3	Consent of Coopers & Lybrand L.L.P. (Chicago)
23.4	Consent of Coopers & Lybrand L.L.P. (New York)
23.5	Consent of KPMG Peat Marwick LLP
**24.1	Powers of Attorney
**27.1	Financial Data Schedule

- ---

* To be filed by subsequent amendment.
** Previously filed.
\+ Certain portions of this Exhibit have been omitted pursuant to a confidential treatment request filed with the Commission. The omitted portions have been filed separately with the Commission.

(b) Financial Statement Schedules filed as part of this Registration Statement are as follows:

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreements certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 5 to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, Commonwealth of Massachusetts, on November 14, 1997.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ SEAN M. HEALEY
SEAN M. HEALEY
EXECUTIVE VICE PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 5 to this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
* WILLIAM J. NUTT	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	November 14, 1997
* BRIAN J. GIRVAN	Senior Vice President (Principal Financial Officer and Principal Accounting Officer)	November 14, 1997
* RICHARD E. FLOOR	Director	November 14, 1997
* ROGER B. KAFKER	Director	November 14, 1997
* P. ANDREWS MCLANE	Director	November 14, 1997
* W.W. WALKER, JR.	Director	November 14, 1997
JOHN M.B. O'CONNOR	Director	November 14, 1997

*By: /s/ NATHANIEL DALTON
NATHANIEL DALTON, ATTORNEY-IN-FACT

EXHIBIT INDEX

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**27.1	Financial Data Schedule

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* To be filed by subsequent amendment.
** Previously filed.
\+ Certain portions of this Exhibit have been omitted pursuant to a confidential treatment request filed with the Commission. The omitted portions have been filed separately with the Commission.

Exhibit 4.1

[AMG GRAPHIC]

COMMON STOCK COMMON STOCK

PAR VALUE $.01

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

[SHARES SEAL]

THIS CERTIFICATE IS TRANSFERABLE IN NEW YORK, NY OR IN RIDGEFIELD PARK, NJ

CUSIP 008252 10 8
SEE REVERSE FOR CERTAIN DEFINITIONS

[AMG LOGO]

AFFILIATED MANAGERS GROUP, INC.

[SEAL]

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

Affiliated Managers Group, Inc. transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorneys upon surrender of the Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be subject to all of the provisions of the Articles of Incorporation and By Laws of the Corporation each as from time to time amended to all of which the holder by acceptance hereof assents. This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED:

COUNTERSIGNED AND REGISTERED:
CHASEMELLON SHAREHOLDER SERVICES L.L.C.

BY TRANSFER AGENT
AND REGISTRAR

SENIOR VICE PRESIDENT SECRETARY

PRESIDENT AND CHIEF EXECUTIVE OFFICER

AUTHORIZED SIGNATURE

[Date]

AFFILIATED MANAGERS GROUP, INC.

The Corporation is authorized to issue more than one class of stock. The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof of the Corporation, and the qualifications, limitations, or restrictions of such preferences and/or rights. The Corporation will also furnish without charge to each stockholder who so requests a description of the authority of the Corporation's board of directors to set the relative rights and preferences of unissued series of the Corporation's capital stock. Such requests may be made to the Corporation at its principal office or the transfer agent.

The following abbreviations, when used in the inscription on the face of this certificate shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT MIN ACT -	..... Custodian ..... (Cust) (Minor)
TEN ENT -	as tenants by the entireties	under Uniform Gifts to Minors	
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	Act ..... (State)	

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

_____
PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING ZIP CODE OF ASSIGNEE

_____

_____

_____ Shares
of the Stock represented by the within Certificate and do hereby irrevocably constitute and appoint

_____
Attorney to transfer the said Stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: _____

_____
Signature

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

EXHIBIT 4.2

EXECUTION COPY

==========

$300,000,000

CREDIT AGREEMENT

among

Affiliated Managers Group, Inc.

The Several Lenders
from Time to Time Parties Hereto

and

The Chase Manhattan Bank,
as Administrative Agent

Dated as of September 30, 1997

==========

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Page

ANNEXES

SCHEDULES

EXHIBITS

CREDIT AGREEMENT, dated as of September 30, 1997, among Affiliated Managers Group, Inc., a Delaware corporation (the "BORROWER"), the several banks and other financial institutions from time to time parties to this Agreement (the "LENDERS") and The Chase Manhattan Bank, a New York banking corporation, as administrative agent for the Lenders hereunder (in such capacity, the "ADMINISTRATIVE AGENT").

W I T N E S S E T H :

WHEREAS, the Borrower intends to acquire (the "TBC ACQUISITION"), directly or indirectly, a majority interest in Tweedy, Browne Company L.P. or its successor and its related entities ("TBC"); and

WHEREAS, the Borrower has acquired, and intends to acquire, directly or indirectly, majority and other equity interests (together with the TBC Acquisition, each an "ACQUISITION") in investment management companies (together with TBC, each as hereinafter further defined, a "MANAGEMENT COMPANY"), and such Management Companies intend to acquire, directly or indirectly, majority and other equity interests (each also an "Acquisition") in other investment management companies (each also a "MANAGEMENT COMPANY"); and

WHEREAS, the Borrower currently has loans outstanding under the existing $125,000,000 Credit Agreement, dated as of March 6, 1996 among the Borrower, the several lenders parties thereto and The Chase Manhattan Bank (formerly known as Chemical Bank), as administrative agent (the "EXISTING FACILITY"); and

WHEREAS, the Borrower has requested loans of up to $300,000,000 on a term and a revolving basis to refinance the Existing Facility, to finance the TBC Acquisition and other Acquisitions, to pay the related fees and expenses of the TBC Acquisition and other Acquisitions, to finance certain additional costs related to the TBC Acquisition and other Acquisitions and to finance the working capital and business requirements of the Borrower and its Subsidiaries; and

WHEREAS, the Lenders are willing to make Loans to the Borrower, subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base

CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "PRIME RATE" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by The Chase Manhattan Bank in connection with extensions of credit to debtors); "BASE CD RATE" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the C/D Reserve Percentage and (b) the C/D Assessment Rate; "THREE-MONTH SECONDARY CD RATE" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board of Governors of the Federal Reserve System (the "BOARD") through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it; and "FEDERAL FUNDS EFFECTIVE RATE" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. Any change in the ABR due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"ABR LOANS": Loans the rate of interest applicable to which is based upon the ABR.

"ACQUISITION": as defined in the recitals hereto.

"ADJUSTED EBITDA": as at the end of any fiscal quarter of the Borrower, the average of the Consolidated EBITDA of the Borrower and its Subsidiaries (a) for such fiscal quarter (on an annualized (I.E., times four) and consolidated basis) and (b) for the preceding four fiscal quarters, in each case after giving effect on a PRO FORMA basis to Acquisitions completed during such fiscal period.

"ADJUSTMENT DATE": each date that is the Second Business Day following receipt by the Administrative Agent of the financial statements required to be delivered pursuant to subsection 7.1.

"ADMINISTRATIVE AGENT": The Chase Manhattan Bank, together with its affiliates, as the administrative agent for the Lenders under this Agreement and the other Loan Documents.

"AFFILIATE": as to any Person, any other Person (other than a Subsidiary or a Management Company) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"AGREEMENT": this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"APPLICABLE MARGIN": the rate per annum as adjusted on each Adjustment Date to the applicable rates per annum set forth on ANNEX I hereto which corresponds to the ratio of Senior Indebtedness to Adjusted EBITDA of the Borrower, determined from the quarterly financial statements referred to in subsection 7.1(b) and with respect to fiscal quarters ended prior to the date hereof, the financial statements heretofore provided to the Administrative Agent; PROVIDED that in the event that the financial statements required to be delivered pursuant to subsection 7.1 are not delivered when due, then

(a) if such financial statements are delivered after the date required (without giving effect to any applicable cure period) and the Applicable Margin increases from that previously in effect as a result of the delivery of such financial statements, then the Applicable Margin during the period from the date upon which such financial statements were required to be delivered (without giving effect to any applicable cure period) until the date upon which they actually are delivered shall be, except as otherwise provided in clause (c) below, the Applicable Margin as so increased;

(b) if such financial statements are delivered after the date required and the Applicable Margin decreases from that previously in effect as a result of the delivery of such financial statements, then such decrease in the Applicable Margin shall not become applicable until the date upon which the financial statements actually are delivered; and

(c) if such financial statements are not delivered prior to the expiration of the applicable cure period, then, effective upon such expiration, for the period from the date upon which such financial statements were required to be delivered (after the expiration of the applicable cure period) until two Business Days following the date upon which they actually are delivered, the Applicable Margin shall be 2.50%, in the case of Eurodollar Loans, and 1.50%, in the case of ABR Loans (it being understood that the foregoing shall not limit the rights of the Administrative Agent and the Lenders set forth in Section 9).

"ASSET SALE": any sale, issuance, conveyance, transfer, lease or other disposition, including by way of merger, consolidation or sale and leaseback transaction (any of the foregoing, a "transfer"), directly or indirectly, in one or a series of related transactions, of

(i) all or substantially all of the properties and assets (other than marketable securities, including "margin stock" within the meaning of Regulation U, liquid investments and other financial instruments) of the Borrower or its Subsidiaries, or (ii) any other properties or assets of the Borrower or any Subsidiary, other than in the ordinary course of business, to any Persons other than the Borrower or any of its Subsidiaries. For the purposes of this definition, the term "Asset Sale" shall not include (a) any transfer of properties and assets to the extent that the gross proceeds from the transfer thereof do not exceed (i) $1,000,000 in any transaction or series of related transactions, taken as a whole, or (ii) $5,000,000 (irrespective of the size of the individual transactions) in the aggregate for all such transactions or series of related transactions on or after the Closing Date, and (b) any transfer of the Capital Stock of any Management Company or any of the Subsidiaries of the Borrower to a partner, officer, director, shareholder or member (or any entity owned or controlled by such Person) of a Management Company which is a Subsidiary of the Borrower or in which the Borrower or a Subsidiary has an ownership interest (any such transfer described in this clause (b), a "SHAREHOLDER ASSET SALE"). In addition, with regard to a Subsidiary of the Borrower, the term "Asset Sale" shall include only that portion of the gross proceeds to such Subsidiary from the transfer thereof representing the percentage of such proceeds equal to the percentage of the Borrower's ownership interest in such Subsidiary.

"ASSIGNEE": as defined in subsection 11.6(c).

"AVAILABLE REVOLVING CREDIT COMMITMENT": as to any Revolving Credit Lender at any time, an amount equal to the excess, if any, of (a) the amount of such Revolving Credit Lender's Revolving Credit Commitment over (b) the aggregate principal amount of all Revolving Credit Loans made by such Revolving Credit Lender then outstanding.

"BORROWING DATE": any Business Day specified in a notice pursuant to subsection 2.2 or 3.2 as a date on which the Borrower requests the Lenders to make Loans hereunder.

"BUSINESS DAY": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"CAPITAL STOCK": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"C/D ASSESSMENT RATE": for any day as applied to any ABR Loan based upon the Base CD Rate the annual assessment rate in effect on such day which is payable by a member of the Bank Insurance Fund maintained by the Federal Deposit Insurance Corporation (the "FDIC") classified as well-capitalized and within supervisory subgroup "B" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. ss. 327.4 (or any successor provision) to the FDIC (or any successor) for the FDIC's (or such successor's) insuring time deposits at offices of such institution in the United States.

"C/D RESERVE PERCENTAGE": for any day as applied to any ABR Loan based on the Base CD Rate, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) (the "BOARD"), for determining the maximum reserve requirement for a Depositary Institution (as defined in Regulation D of the Board) in respect of new non-personal time deposits in Dollars having a maturity of 30 days or more.

"CHANGE OF CONTROL": the occurrence of any of the following events: (i) any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) other than TA Associates, Inc. (and entities associated therewith) shall have acquired beneficial ownership of Capital Stock having 50% or more of the ordinary voting power in the election of directors of the Borrower or (ii) TA Associates, Inc. (and entities associated therewith) shall cease to own beneficially and of record at least 50% of the issued and outstanding Capital Stock of the Borrower controlled by them collectively as of the Closing Date (x) other than as a result of a distribution to the investors in TA Associates, Inc. (and the entities associated therewith) after consummation of an Initial Public Offering, (y) other than as a direct result of or in connection with an Initial Public Offering and (z) other than after an Initial Public Offering.

"CHASE": The Chase Manhattan Bank, a New York banking corporation.

"CLOSING DATE": the date on which the conditions precedent set forth in subsection 6.1 shall be satisfied.

"CODE": the Internal Revenue Code of 1986, as amended from time to time.

"COLLATERAL": as defined in the Stock Pledge Agreement.

"COMMITMENT": with respect to any Lender, the collective reference to such Lender's Tranche A Term Loan Commitment, Tranche B Term Loan Commitment and/or Revolving Credit Commitment; collectively, as to all the Lenders, the "COMMITMENTS".

"COMMITMENT PERCENTAGE": as to any Lender at any time, the percentage which (i) the sum of (a) such Lender's then Available Revolving Credit Commitment and other unused Commitments (other than Revolving Credit Commitments) PLUS (b) such Lender's Loans then outstanding then constitutes of (ii) the sum of (x) the aggregate Available Revolving Credit Commitments of the Revolving Credit Lenders and the other unused Commitments of all the Lenders (other than Revolving Credit Commitments) PLUS (y) the aggregate principal amount of Loans of all the Lenders then outstanding.

"COMMONLY CONTROLLED ENTITY": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"CONSOLIDATED EBITDA": for any fiscal period the consolidated EBITDA of the Borrower and its Subsidiaries for such period, in each case after giving effect on a PRO FORMA basis to Acquisitions completed during such fiscal period.

"CONSOLIDATED INTEREST EXPENSE": for any period, the amount of interest expense, both expensed and capitalized, of the Borrower and, to the extent payable out of Free Cash Flow (and not Operating Cash Flow) under the relevant Revenue Sharing Agreement, its Subsidiaries on a consolidated basis, net of the portion thereof attributable to minority interests, for such period, as determined in accordance with GAAP.

"CONSOLIDATED NET INCOME" (or "CONSOLIDATED NET LOSS"): for any fiscal period, consolidated net income (or loss) by the Borrower and its Subsidiaries for such fiscal period, determined in accordance with GAAP.

"CONSOLIDATED NET WORTH": as at any date, all amounts included under shareholders' equity on a consolidated balance sheet of the Borrower and its Subsidiaries as at such date, as determined on a consolidated basis in accordance with GAAP and any Subordinated Indebtedness; PROVIDED that such Subordinated Indebtedness shall have no scheduled payments of interest prior to October 9, 1997 (other than payments of interest which may, at the option of the Borrower, be made by increasing the principal and other than payments of interest with respect to the Subordinated Contingent Payment Notes in accordance with the terms thereof).

"CONTRACTUAL OBLIGATION": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"CONVERTIBLE PREFERRED STOCK": as defined in subsection 6.1(n).

"DEFAULT": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"DOLLARS" and "$": dollars in lawful currency of the United States of America.

"EBITDA": for any Person for any period, the sum (without duplication) of the amount for such Person for such period of (a) its net income before taxes, (b) its interest expense (including capitalized interest expense), (c) its depreciation expense, (d) its amortization expense and (e) its Non-Cash Based Compensation Costs, in each case as determined in accordance with GAAP.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"EUROCURRENCY RESERVE REQUIREMENTS": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of

Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"EURODOLLAR BASE RATE": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum equal to the rate offered by Chase for Dollar deposits at or about 10:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its Eurodollar Loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of its Eurodollar Loan to be outstanding during such Interest Period.

"EURODOLLAR LOANS": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"EURODOLLAR RATE": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"EVENT OF DEFAULT": any of the events specified in Section 9, PROVIDED that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"EXISTING AGREEMENT": the $125,000,000 Credit Agreement, dated as of March 6, 1996, among AMG, the several lenders parties thereto and The Chase Manhattan Bank (formerly known as Chemical Bank), as agent.

"FINANCING LEASE": any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"FREE CASH FLOW": as defined in the relevant Revenue Sharing Agreement.

"FUNDS": the collective reference to all Investment Companies and other investment accounts or funds (in whatever form and whether personal or corporate) for which the Borrower or any of its Subsidiaries or Management Companies provides advisory, management or administrative services.

"GAAP": generally accepted accounting principles in the United States of America in effect from time to time.

"GOVERNMENTAL AUTHORITY": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEE OBLIGATION": as to any Person (the "GUARANTEEING PERSON"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "PRIMARY OBLIGATIONS") of any other third Person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; PROVIDED, HOWEVER, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"INITIAL PUBLIC OFFERING": any initial public offering of common (or other voting) stock of the Borrower.

"INDEBTEDNESS": of any Person at any date and without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), (b) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, (c) all obligations of such Person under Financing Leases, (d) all obligations of such Person in respect of acceptances issued or created for the account of such Person, (e) all obligations of such Person under noncompetition agreements reflected as liabilities on a balance sheet of such Person in accordance with GAAP, (f) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, and (g) all net obligations of such Person under interest rate, commodity, foreign currency and financial markets swaps, options, futures and other hedging obligations (valued, at such date, in accordance with the Borrower's

customary practices, as approved by its independent certified public accountants). For purposes of the foregoing definition, with regard to a Subsidiary of the Borrower, the term "Indebtedness" shall include only that portion of its Indebtedness representing the percentage of its Indebtedness equal to the percentage of the Borrower's ownership interest in such Subsidiary.

"INSOLVENCY": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"INSOLVENT": pertaining to a condition of Insolvency.

"INTEREST PAYMENT DATE": (a) as to any ABR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"INTEREST PERIOD": with respect to any Eurodollar Loan:

(i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

PROVIDED that, the foregoing provisions relating to Interest Periods are subject to the following:

(1) if any Interest Period pertaining to a Eurodollar Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(2) no Interest Period that would otherwise extend beyond the Termination Date in the case of Revolving Credit Loans or Tranche A Term Loans, or beyond the Tranche B Term Loan Termination Date, in the case of the Tranche B Term Loans, shall be selected by the Borrower; and

(3) any Interest Period pertaining to a Eurodollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"INVESTMENT ADVISERS ACT": the Investment Advisers Act of 1940, and the rules and regulations promulgated thereunder, as such may be amended from time to time.

"INVESTMENT COMPANY": an "investment company" as such term is defined in the Investment Company Act.

"INVESTMENT COMPANY ACT": the Investment Company Act of 1940, and the rules and regulations promulgated thereunder, as such may be amended from time to time.

"LIEN": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Financing Lease having substantially the same economic effect as any of the foregoing).

"LLC PLEDGE AGREEMENT": the Limited Liability Pledge Agreement to be executed and delivered by the Borrower, substantially in the form of Exhibit B-3, as the same may be amended, supplemented or otherwise modified from time to time (including as supplemented by the execution and delivery of any Pledge Agreement Supplement in the form of Annex I to said Exhibit B-3 (a "PLEDGE AGREEMENT SUPPLEMENT")).

"LOAN": any Tranche A Term Loan, Tranche B Term Loan or Revolving Credit Loan; collectively, the "LOANS".

"LOAN DOCUMENTS": this Agreement, any Notes, and the Pledge Agreements.

"MANAGEMENT COMPANY": any Subsidiary or other Person engaged, directly or indirectly, primarily in the business of providing investment advisory, management, distribution or administrative services to Funds (or investment accounts or funds which will be included as Funds after the Borrower acquires an interest in such other Person) and in which the Borrower, directly or indirectly, has purchased or otherwise acquired, or has entered into an agreement to purchase or otherwise acquire, Capital Stock or other interests, entitling the Borrower, directly or indirectly, to a share of the revenues, earnings or value thereof.

"MATERIAL ADVERSE EFFECT": a material adverse effect on (a) the business, operations, property or condition (financial or otherwise) of each of (i) the Borrower and its Subsidiaries (after giving effect to the TBC Acquisition) taken as a whole and (ii) TBC, (b) the ability of the Borrower after the TBC Acquisition to perform its obligations under the Loan Documents or (c) the validity or enforceability of this or any of the other Loan

Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"MULTIEMPLOYER PLAN": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET PROCEEDS": with respect to any Asset Sale or Shareholder Asset Sale the net amount equal to the aggregate amount received in cash (including any cash received by way of deferred payment pursuant to a note receivable, other non-cash consideration or otherwise, but only as and when such cash is so received) in connection with such Asset Sale or Shareholder Asset Sale MINUS the sum of (a) the reasonable fees, commissions and other out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries, as applicable, in connection with such Asset Sale or Shareholder Asset Sale (other than amounts payable to Affiliates of the Person making such disposition) and (b) federal, state and local taxes incurred in connection with such Asset Sale or Shareholder Asset Sale, whether or not payable at such time.

"NON-CASH BASED COMPENSATION COSTS": for any period, the amount of non-cash expense or costs computed under APB No. 25 and related interpretations or FAS 123 and related interpretations, which relate to the issuance of interests in any Subsidiary or Management Company.

"NON-EXCLUDED TAXES": as defined in subsection 4.11.

"NOTES": collectively, the Revolving Credit Notes, Tranche A Term Notes and Tranche B Term Notes, if any.

"OPERATING CASH FLOW": as defined in the relevant Revenue Sharing Agreement.

"PARTICIPANT": as defined in subsection 11.6(b).

"PARTNERSHIP PLEDGE AGREEMENT": the Partnership Pledge Agreement to be executed and delivered by the Borrower, substantially in the form of Exhibit B-2, as the same may be amended, supplemented or otherwise modified from time to time (including as supplemented by the execution and delivery of any Pledge Agreement Supplement in the form of Annex I to said Exhibit B-2 (a "PLEDGE AGREEMENT SUPPLEMENT")).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"PERSON": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"PLAN": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Parent or a Commonly Controlled Entity is (or, if such plan

were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PLEDGE AGREEMENTS": the collective reference to the Partnership Pledge Agreement, the LLC Pledge Agreement, the Stock Pledge Agreement and the Subsidiary Pledge Agreement.

"PLEDGED COLLATERAL": as defined in the Partnership Pledge Agreement and the LLC Pledge Agreement.

"REGISTER": as defined in subsection 11.6(d).

"REGULATION U": Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"REORGANIZATION": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"REPORTABLE EVENT": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. ss.2615.

"REQUIRED LENDERS": at any time, Lenders the Commitment Percentages of which aggregate at least 51%.

"REQUIREMENT OF LAW": as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"RESPONSIBLE OFFICER": the chief executive officer, the president and the executive vice president of the Borrower or, with respect to financial matters, the senior financial officer of the Borrower.

"REVENUE SHARING AGREEMENT": each agreement entered into by the Borrower or a Subsidiary with a Management Company pursuant to which a specified percentage of the adjusted gross revenues of the partnership or limited liability company or other similar entity organized under such agreement or the Person to which such agreement relates is deemed "Free Cash Flow" to be distributed among partners, shareholders or members of such Management Company, PRO RATA, in accordance with such partners', shareholders' or members' ownership percentages, or any similar other agreement providing for the distribution of income, revenues or assets of a Management Company.

"REVOLVING CREDIT COMMITMENT": as to any Revolving Credit Lender, the obligation of such Lender to make Revolving Credit Loans to the Borrower hereunder in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule I under the heading "Revolving Credit

Commitment", as such amount may be reduced from time to time in accordance with the provisions of this Agreement.

"REVOLVING CREDIT COMMITMENT PERCENTAGE": as to any Revolving Credit Lender at any time, the percentage which such Lender's Revolving Credit Commitment then constitutes of the aggregate Revolving Credit Commitments (or, at any time after the Revolving Credit Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Revolving Credit Loans then outstanding constitutes of the aggregate principal amount of the Revolving Credit Loans then outstanding).

"REVOLVING CREDIT COMMITMENT PERIOD": the period from and including the date hereof to but not including the Termination Date or such earlier date on which the Revolving Credit Commitments shall terminate as provided herein.

"REVOLVING CREDIT LENDER": any Lender with an unused Revolving Credit Commitment hereunder and/or any Revolving Credit Loans outstanding hereunder; collectively, the "REVOLVING CREDIT LENDERS".

"REVOLVING CREDIT LOANS": as defined in subsection 3.1(a).

"REVOLVING CREDIT NOTE": as defined in subsection 3.5(e).

"SECURITIES ACTS": The Securities Act of 1933 and the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, in each case as such may be amended from time to time.

"SENIOR INDEBTEDNESS": at any time, Total Indebtedness minus Subordinated Indebtedness.

"SENIOR SUBORDINATED CREDIT AGREEMENT": the Securities Purchase Agreement dated as of August 15, 1997, as amended by the First Amendment thereto dated as of October 9, 1997 and as further amended, modified or otherwise supplemented from time to time in accordance with subsection 8.11 among the Borrower, and the purchasers listed therein.

"SENIOR SUBORDINATED FACILITY DOCUMENTS": the collective reference to the Senior Subordinated Credit Agreement, the notes issued pursuant thereto, and each of the other instruments and documents executed and delivered pursuant to any of the foregoing (but excluding, for the avoidance of doubt, the Senior Subordinated Indenture, the Senior Subordinated Notes and each of the other instruments and documents executed and delivered pursuant to the Senior Subordinated Indenture).

"SENIOR SUBORDINATED INDENTURE": either of the following, in each case as amended, waived, supplemented or otherwise modified from time to time in accordance with subsection 8.11: (a) if and when entered into, the Senior Subordinated Indenture, substantially in the form of Exhibit D attached to the Senior Subordinated Credit Agreement, if and when executed and delivered by the Borrower and a trustee thereunder,

relating to the Exchange Notes (as defined in the Senior Subordinated Credit Agreement) or (b) in the event that the Indebtedness under the Senior Subordinated Credit Agreement is refinanced with Subordinated Indebtedness as contemplated thereby, the indenture or credit agreement under which such refinancing Indebtedness is issued and outstanding.

"SENIOR SUBORDINATED LOANS": Indebtedness of the Borrower under the Senior Subordinated Facility Documents and the Senior Subordinated Notes Documents.

"SENIOR SUBORDINATED NOTES": the notes issued under the Senior Subordinated Indenture.

"SENIOR SUBORDINATED NOTES DOCUMENTS": the collective reference to the Senior Subordinated Notes and the Senior Subordinated Indenture and each of the other instruments and documents executed and delivered pursuant to any of the foregoing, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with subsection 8.11 to the extent applicable; individually a "SENIOR SUBORDINATED NOTE DOCUMENT."

"SINGLE EMPLOYER PLAN": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"STOCK PLEDGE AGREEMENT": the Stock Pledge Agreement to be executed and delivered by the Borrower, substantially in the form of Exhibit B-1, as the same may be amended, supplemented or otherwise modified from time to time (including as supplemented by the execution and delivery of any Pledge Agreement Supplement in the form of Annex I to said Exhibit B-1 (a "PLEDGE AGREEMENT SUPPLEMENT")).

"SUBORDINATED CONTINGENT PAYMENT NOTES": the collective reference to (i) the Subordinated Contingent Payment Notes issued by the Borrower pursuant to the Partnership Interest Purchase Agreement dated March 8, 1995 among the Borrower, Systematic Financial Management, Inc., Cash Flow Investors, Inc., Systematic Financial Management, L.P. and certain stockholders of Systematic Financial Management, Inc., (ii) the Subordinated Deferred Payment Note issued by the Borrower on November 9, 1995 pursuant to the Partnership Interest Purchase Agreement dated August 11,1995 among the Borrower, Renaissance Investment Management, Inc., Descartes, Inc., Renaissance Investment Management, the stockholders of Renaissance Investment Management and certain stockholders of Descartes, Inc., (iii) the Subordinated Contingent Payment Notes issued by the Borrower pursuant to the Stock Purchase and Contribution Agreement, dated October 11, 1996, among the Borrower, The Burridge Group Inc. and the stockholders of The Burridge Group Inc. and (iv) the Subordinated Contingent Payment Notes issued by the Borrower pursuant to the Limited Liability Company Interest Purchase Agreement, dated March 5, 1997, among the Borrower, Gofen and Glossberg, Inc., Gofen and Glossberg, L.L.C. and the stockholders of Gofen and Glossberg, Inc.

"SUBORDINATED INDEBTEDNESS": (a) the Indebtedness of the Borrower under the Subordinated Contingent Payment Notes, (b) the Senior Subordinated Loans and (c) any other unsecured Indebtedness of the Borrower (i) for which the Borrower is directly or

primarily liable and in respect of which none of the Subsidiaries of the Borrower is contingently or otherwise obligated, (ii) the payment of the principal of and interest on which and other obligations of the Borrower in respect of which are subordinated to the prior payment in full of the principal of and interest (including post-petition interest whether or not allowed as a claim in any proceeding) on the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent and the Lenders hereunder, and (iii) which are generally consistent with terms and conditions set forth in Exhibit G hereof (with any variations to such terms and conditions being subject to approval by the Administrative Agent) or otherwise satisfactory in form and substance to the Required Lenders.

"SUBSIDIARY": as to any Person, a corporation, partnership, limited liability company or other entity of which Capital Stock having ordinary voting power (other than Capital Stock having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"SUBSIDIARY PLEDGE AGREEMENT": the Subsidiary Pledge Agreement to be executed and delivered by the Borrower, substantially in the form of Exhibit B-4, as the same may be amended, supplemented or otherwise modified from time to time (including as supplemented by the execution and delivery of any Pledge Agreement Supplement in the form of Annex I to said Exhibit B-4 (a "PLEDGE AGREEMENT SUPPLEMENT").

"TBC": as defined in the recitals thereto.

"TBC ACQUISITION": as defined in the recitals hereto.

"TERM LOAN LENDER": any Lender with an unused Term Loan Commitment hereunder and/or any Term Loans outstanding hereunder; collectively, the "TERM LOAN LENDERS".

"TERM LOANS": the collective reference to the Tranche A Term Loans and the Tranche B Term Loans.

"TERM NOTE": as defined in subsection 2.4(d); collectively, the "TERM NOTES".

"TERMINATION DATE": the date which is seven years after the Closing Date or such earlier date when the Revolving Credit Commitments hereunder are terminated.

"TOTAL INDEBTEDNESS": at any time, the aggregate principal amount (including capitalized interest) of all Indebtedness of the Borrower and its Subsidiaries (including without limitation, pursuant to the Loans, purchase money obligations and amounts payable under noncompetition agreements) reflected as liabilities on the consolidated balance sheet of the Borrower and its Subsidiaries.

"TRANCHE": the collective reference to Eurodollar Loans having Interest Periods that began or will begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"TRANCHE A TERM LOAN": as defined in subsection 2.1(a); collectively, the "TRANCHE A TERM LOANS".

"TRANCHE A TERM LOAN COMMITMENT": as to any Tranche A Term Loan Lender, its obligation to make a Tranche A Term Loan to the Borrower in an amount equal to the amount set forth opposite such Tranche A Term Loan Lender's name in Schedule I under the heading "Tranche A Term Loan Commitment", as such amount may be reduced from time to time pursuant to this Agreement or as such amount may be adjusted from time to time pursuant to subsection 11.6; collectively, as to all such Tranche A Term Loan Lenders, the "TRANCHE A TERM LOAN COMMITMENTS".

"TRANCHE A TERM LOAN COMMITMENT PERCENTAGE": as to any Tranche A Term Loan Lender at any time, the percentage of the aggregate Tranche A Term Loan Commitments then constituted by such Tranche A Term Loan Lender's Tranche A Term Loan Commitments (or, after the Tranche A Term Loans have been made, the percentage of the aggregate Tranche A Term Loans then constituted by such Tranche A Term Loan Lender's Tranche A Term Loans).

"TRANCHE A TERM LOAN LENDER": any Lender with an unused Tranche A Term Loan Commitment hereunder and/or any Tranche A Term Loans outstanding hereunder; collectively, the "TRANCHE A TERM LOAN LENDERS".

"TRANCHE A TERM LOAN TERMINATION DATE": the date which is seven years after the Closing Date or, if such date is not a Business Day, the Business Day next preceding such date.

"TRANCHE A TERM NOTE": as defined in subsection 2.4(d); collectively, the "TRANCHE A TERM NOTES".

"TRANCHE B TERM LOAN": as defined in subsection 2.1(b); collectively, the "TRANCHE B TERM LOANS".

"TRANCHE B TERM LOAN COMMITMENT": as to any Tranche B Term Loan Lender, its obligation to make a Tranche B Term Loan to the Borrower in an amount equal to the amount set forth opposite such Lender's name in Schedule I under the heading "Tranche B Term Loan Commitment", as such amount may be reduced from time to time pursuant to this Agreement or as such amount may be adjusted from time to time pursuant to subsection 11.6; collectively, as to all such Tranche B Term Loan Lenders, the "TRANCHE B TERM LOAN COMMITMENTS".

"TRANCHE B TERM LOAN COMMITMENT PERCENTAGE": as to any Tranche B Term Loan Lender at any time, the percentage of the aggregate Tranche B Term Loan Commitments then constituted by such Tranche B Term Loan Lender's Tranche B Term Loan

Commitments (or, after the Tranche B Term Loans are made, the percentage of the aggregate Tranche B Term Loans then constituted by such Tranche B Term Loan Lender's Tranche B Term Loans).

"TRANCHE B TERM LOAN LENDER": any Lender with an unused Tranche B Term Loan Commitment hereunder and/or any Tranche B Term Loans outstanding hereunder; collectively, the "TRANCHE B TERM LOAN LENDERS".

"TRANCHE B TERM LOAN TERMINATION DATE": the date which is eight years after the Closing Date or, if such date is not a Business Day, the Business Day next preceding such date.

"TRANCHE B TERM NOTE": as defined in subsection 2.4(d); collectively, the "TRANCHE B TERM NOTES".

"TRANSFEREE": as defined in subsection 11.6(f).

"TYPE": as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

1.2 OTHER DEFINITIONAL PROVISIONS. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any Notes or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in any Notes, and any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Borrower and its Subsidiaries not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. AMOUNT AND TERMS OF TERM LOAN COMMITMENTS

2.1 TRANCHE A TERM LOANS AND TRANCHE B TERM LOANS. (a) Subject to the terms and conditions hereof, each Tranche A Term Loan Lender severally agrees to make a term loan (a "TRANCHE A TERM LOAN"; collectively, the "TRANCHE A TERM LOANS") to the Borrower on the Closing Date in an amount equal to the amount of the Tranche A Term Loan Commitment of such Tranche A Term Loan Lender then in effect.

(b) Subject to the terms and conditions hereof, each Tranche B Term Loan Lender severally agrees to make a term loan (a "TRANCHE B TERM LOAN"; collectively, the "TRANCHE B

TERM LOANS", and together with the Tranche A Term Loans, the "TERM LOANS") to the Borrower on the Closing Date in an amount equal to the amount of the Tranche B Term Loan Commitment of such Tranche B Term Loan Lender then in effect.

(c) The Tranche A Term Loans and Tranche B Term Loans may from time to time be (i) Eurodollar Loans, (ii) ABR Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with subsections 2.2 and 4.3.

2.2 PROCEDURE FOR TERM LOAN BORROWING. The Borrower hereby requests (i) a Tranche A Term Loan borrowing on the Closing Date in an amount equal to the aggregate amount of the Tranche A Term Loan Commitments of the Tranche A Term Loan Lenders and (ii) a Tranche B Term Loan borrowing on the Closing Date in an amount equal to the aggregate amount of the Tranche B Term Loan Commitments of the Tranche B Term Loan Lenders. The Tranche A Term Loans and Tranche B Term Loans made on the Closing Date shall initially be ABR Loans. Each Tranche A Term Loan Lender and Tranche B Term Loan Lender will make the amount of its PRO RATA share of the Tranche A Term Loans and Tranche B Term Loans, as the case may be, available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in subsection 11.2 prior to 10:00 A.M., New York City time, on the Closing Date in Dollars and in funds immediately available to the Administrative Agent. The Administrative Agent shall credit the account of the Borrower by 11:00 A.M., New York City time, on the Closing Date, on the books of such office of the Administrative Agent or such other account as specified by the Borrower with the aggregate of the amounts made available to the Administrative Agent by the Tranche A Term Loan Lenders and Tranche B Term Loan Lenders and in like funds as received by the Administrative Agent.

2.3 REPAYMENT OF TRANCHE A TERM LOANS AND TRANCHE B TERM LOANS. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Tranche A Term Loan Lender the principal amount of the Tranche A Term Loans made by such Tranche A Term Loan Lender in fourteen consecutive semi-annual installments, payable on the first day of May and November of each calendar year commencing May 1, 1998 (or such earlier date on which the Tranche A Term Loans become due and payable pursuant to Section 9), each of which installments on any such date shall be in an amount equal to such Tranche A Term Loan Lender's Tranche A Term Loan Commitment Percentage of the amount set forth below opposite such installment, PROVIDED that the final installment of the Tranche A Term Loans shall be payable on the Tranche A Term Loan Termination Date:

Installment	Principal Amount
May 1, 1998	$2,500,000
November 1, 1998	$2,500,000
May 1, 1999	$2,500,000
November 1, 1999	$2,500,000
May 1, 2000	$2,500,000
November 1, 2000	$2,500,000
May 1, 2001	$2,500,000
November 1, 2001	$2,500,000
May 1, 2002	$5,000,000
November 1, 2002	$5,000,000
May 1, 2003	$5,000,000
November 1, 2003	$5,000,000
May 1, 2004	$5,000,000
October 9, 2004	$5,000,000.

The Borrower hereby further agrees to pay to the Administrative Agent for the account of each Tranche A Term Loan Lender interest on the unpaid principal amount of the Tranche A Term Loans from time to time outstanding from the Closing Date until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 4.5.

(b) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Tranche B Term Loan Lender the principal amount of the Tranche B Term Loans made by such Tranche B Term Loan Lender in sixteen consecutive semi-annual installments, payable on the first day of May and November of each calendar year commencing May 1, 1998 (or such earlier date on which the Tranche B Term Loans become due and payable pursuant to Section 9), each of which installments on any such date shall be in an amount equal to such Tranche B Term Loan Lender's Tranche B Term Loan Commitment Percentage of the amount set forth below opposite such installment, PROVIDED that the final installment of the Tranche B Term Loans shall be payable on the Tranche B Term Loan Termination Date:

Installment	Principal Amount
May 1, 1998	$ 250,000
November 1, 1998	$ 250,000
May 1, 1999	$ 250,000
November 1, 1999	$ 250,000
May 1, 2000	$ 250,000
November 1, 2000	$ 250,000
May 1, 2001	$ 250,000
November 1, 2001	$ 250,000
May 1, 2002	$ 250,000
November 1, 2002	$ 250,000
May 1, 2003	$ 250,000
November 1, 2003	$ 250,000
May 1, 2004	$11,750,000
November 1, 2004	$11,750,000
May 1, 2005	$11,750,000
October 9, 2005	$11,750,000.

The Borrower hereby further agrees to pay to the Administrative Agent for the account of each Tranche B Term Loan Lender interest on the unpaid principal amount of the Tranche B Term Loans from time to time outstanding from the Closing Date until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 4.5.

2.4 EVIDENCE OF TRANCHE A TERM LOAN AND TRANCHE B TERM LOAN DEBT. (a) Each Tranche A Term Loan Lender and Tranche B Term Loan Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Tranche A Term Loan Lender or Tranche B Term Loan Lender resulting from the Tranche A Term Loan or Tranche B Term Loan, as the case may be, made by such Tranche A Term Loan Lender or Tranche B Term Loan Lender, including the amounts of principal and interest payable and paid to such Tranche A Term Loan Lender or Tranche B Term Loan Lender from time to time under this Agreement.

(b) The Administrative Agent shall record in the Register, with separate subaccounts therein for each Tranche A Term Loan Lender and Tranche B Term Loan Lender, (i) the amount of each Tranche A Term Loan and Tranche B Term Loan made hereunder, the Type thereof and, in the case of Eurodollar Loans, each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Tranche A Term Loan Lender and each Tranche B Term Loan Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Tranche A Term Loan Lender's or Tranche B Term Loan Lender's, as the case may be, share thereof, if any.

(c) The entries made in the Register pursuant to subsection 2.4(b) shall, to the extent permitted by applicable law, be PRIMA FACIE evidence of the existence and amounts of the obligations of the Borrower therein recorded; PROVIDED, HOWEVER, that the failure of any Tranche A Term Loan Lender or Tranche B Term Loan Lender to maintain any account pursuant to subsection

2.4(a) or the Administrative Agent to make recordings in the Register pursuant to subsection 2.4(b), or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Tranche A Term Loan or Tranche B Term Loan, as the case may be, made to the Borrower by such Tranche A Term Loan Lender or Tranche B Term Loan Lender in accordance with the terms of this Agreement.

(d) The Borrower agrees that, upon the request to the Administrative Agent by any Tranche A Term Loan Lender or Tranche B Term Loan Lender, which request is communicated to the Borrower, the Borrower will execute and deliver (i) to such Tranche A Term Loan Lender, a promissory note of the Borrower dated the Closing Date evidencing the Tranche A Term Loans made by such Tranche A Term Loan Lender, substantially in the form of Exhibit A-1 (a "TRANCHE A TERM NOTE"), payable to the order of such Tranche A Term Loan Lender and in a principal amount equal to the unpaid principal amount of the Tranche A Term Loans made by such Tranche A Term Loan Lender and/or (ii) to such Tranche B Term Loan Lender a promissory note of the Borrower dated the Closing Date evidencing the Tranche B Term Loans made by such Tranche B Term Loan Lender, substantially in the form of Exhibit A-2 (a "TRANCHE B TERM NOTE"), payable to the order of such Tranche B Term Loan Lender and in a principal amount equal to the unpaid principal amount of the Tranche B Term Loans made by such Tranche B Term Loan Lender. Each Tranche A Term Loan Lender and each Tranche B Term Loan Lender is hereby authorized to record the date, Type and amount of each Tranche A Term Loan or Tranche B Term Loan, as the case may be, made by such Tranche A Term Loan Lender or Tranche B Term Loan Lender, the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period and Eurodollar Rate with respect thereto, on the schedule (or any continuation of the schedule) annexed to and constituting a part of its Tranche A Term Note or its Tranche B Term Note, as the case may be, and any such recordation shall, to the extent permitted by applicable law, constitute PRIMA FACIE evidence of the accuracy of the information so recorded, PROVIDED that the failure to make any such recordation (or any error therein) shall not affect the obligation of the Borrower to repay (with applicable interest) the Tranche A Term Loans or the Tranche B Term Loans, as the case may be, made to the Borrower in accordance with the terms of this Agreement.

SECTION 3. AMOUNT AND TERMS OF REVOLVING CREDIT COMMITMENTS

3.1 REVOLVING CREDIT COMMITMENTS. (a) Subject to the terms and conditions hereof, each Revolving Credit Lender severally agrees to make revolving credit loans ("REVOLVING CREDIT LOANS") (provided, that any repricing or conversion of an outstanding Revolving Credit Loan shall not be considered a making of a Revolving Credit Loan), to the Borrower from time to time during the Revolving Credit Commitment Period in an aggregate principal amount at any one time outstanding not to exceed the amount of such Revolving Credit Lender's Revolving Credit Commitment. During the Revolving Credit Commitment Period the Borrower may use the Revolving Credit Commitments by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

(b) The Revolving Credit Loans may from time to time be (i) Eurodollar Loans, (ii) ABR Loans or (iii) a combination thereof, as determined by the Borrower and notified to the

Administrative Agent in accordance with subsections 3.2 and 4.3, PROVIDED that no Revolving Credit Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Termination Date.

3.2 PROCEDURE FOR BORROWING. The Borrower may borrow under the Revolving Credit Commitments during the Revolving Credit Commitment Period on any Business Day, PROVIDED that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, (a) three Business Days prior to the requested Borrowing Date, if all or any part of the requested Revolving Credit Loans are to be initially Eurodollar Loans, or (b) one Business Day prior to the requested Borrowing Date, if all of the requested Revolving Credit Loans are to be initially ABR Loans), specifying (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be of Eurodollar Loans, ABR Loans or a combination thereof and (iv) if the borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of each such Type of Revolving Credit Loan and the respective lengths of the initial Interest Periods for such Eurodollar Loans. The Revolving Credit Loans made on the Closing Date shall initially be ABR Loans. Each borrowing under the Revolving Credit Commitments shall be in an amount equal to $1,000,000 or a whole multiple of $100,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Each Revolving Credit Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in subsection 11.2 prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Credit Lenders and in like funds as received by the Administrative Agent. The failure of any Revolving Credit Lender to make the Revolving Credit Loan to be made by it as part of any borrowing shall not relieve any other Revolving Credit Lender of its obligation to make available its share of such borrowing.

3.3 COMMITMENT FEE. The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Credit Lender a commitment fee for the period from and including the first day of the Revolving Credit Commitment Period to the Termination Date, computed at the rate of 1/2 of 1% per annum on the average daily amount of the Available Revolving Credit Commitment of such Revolving Credit Lender during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date or such earlier date as the Revolving Credit Commitments shall terminate as provided herein, commencing on the first of such dates to occur after the date hereof.

3.4 TERMINATION OR REDUCTION OF REVOLVING CREDIT COMMITMENTS. The Borrower shall have the right, upon not less than five Business Days' notice to the Administrative Agent, to terminate the Revolving Credit Commitments or, from time to time, to reduce the amount of the Revolving Credit Commitments. Any such reduction shall be in an amount equal to $5,000,000 or a whole multiple thereof and shall reduce permanently the Revolving Credit Commitments then in effect.

3.5 REPAYMENT OF LOANS; EVIDENCE OF DEBT. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Revolving Credit Lender the then unpaid principal amount of each Revolving Credit Loan of such Revolving Credit Lender on the Termination Date (or such earlier date on which the Revolving Credit Loans become due and payable pursuant to Section 9). The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Revolving Credit Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 4.5.

(b) Each Revolving Credit Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Revolving Credit Lender resulting from each Revolving Credit Loan of such Revolving Credit Lender from time to time, including the amounts of principal and interest payable and paid to such Revolving Credit Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to subsection 11.6(d), and a subaccount therein for each Revolving Credit Lender, in which shall be recorded (i) the amount of each Revolving Credit Loan made hereunder, the Type thereof and each Interest Period applicable with respect to each Eurodollar Loan, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Revolving Credit Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Revolving Credit Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to subsection 3.5(b) shall, to the extent permitted by applicable law, be PRIMA FACIE evidence of the existence and amounts of the obligations of the Borrower therein recorded; PROVIDED, HOWEVER, that the failure of any Revolving Credit Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Revolving Credit Loans made to such Borrower by such Revolving Credit Lender in accordance with the terms of this Agreement.

(e) The Borrower agrees that, upon the request to the Administrative Agent by any Revolving Credit Lender, the Borrower will execute and deliver to such Revolving Credit Lender a promissory note of the Borrower evidencing the Revolving Credit Loans of such Revolving Credit Lender, substantially in the form of Exhibit A-3 with appropriate insertions as to date and principal amount (a "REVOLVING CREDIT NOTE").

SECTION 4. GENERAL PROVISIONS APPLICABLE TO THE LOANS

4.1 OPTIONAL PREPAYMENTS. The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice to the Administrative Agent, at least four Business Days' prior to the date of prepayment if all or any part of the Loans to be prepaid are Eurodollar Loans, and at least one Business Day prior to the date of prepayment if all of the Loans to be prepaid are ABR Loans, specifying the date and amount of prepayment and whether the prepayment is of Eurodollar Loans, ABR Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. Upon receipt of any such notice, the Administrative Agent shall promptly notify each Lender thereof. If any such notice is

given, the amount specified in such notice shall be due and payable on the date specified therein, together with any amounts payable pursuant to subsection 4.12 and, in the case of prepayments of the Term Loans only, accrued interest to such date on the amount prepaid. Prepayments of the Term Loans pursuant to this subsection 4.1 shall be applied to the prepayment of the Tranche A Term Loans and the Tranche B Term Loans PRO RATA. Partial prepayments of the Tranche A Term Loans and Tranche B Term Loans pursuant to this subsection 4.1 shall be applied to the remaining installments of principal thereof PRO RATA. Amounts prepaid on account of the Term Loans may not be reborrowed. Partial prepayments shall be in an aggregate principal amount of $1,000,000 or whole multiples thereof.

4.2 MANDATORY PREPAYMENTS. (a) In the event that the Borrower or any of its Subsidiaries shall effect (i) an Asset Sale or (ii) a Shareholder Asset Sale if, after giving effect to such Shareholder Asset Sale, the Borrower does not continue to hold in excess of a 50% ownership interest in the relevant Subsidiary or Management Company, the Borrower shall promptly notify the Administrative Agent thereof and, unless the Required Lenders otherwise consent, as promptly as possible, but in no case later than five Business Days after receipt of the Net Proceeds of such Asset Sale or Shareholder Asset Sale, as the case may be, shall apply an amount equal to 100% of the Net Proceeds of such Asset Sale or Shareholder Asset Sale, as the case may be, to prepay outstanding Loans, together with accrued interest on the principal being prepaid to the date of prepayment and, in the case of Eurodollar Loans which are prepaid prior to the last day of the Interest Period therefor, the amounts required by subsection 4.12. The Borrower shall, to the extent reasonably practicable, give notice to the Administrative Agent of any prepayment required by this subsection 4.2 (which notice need not be given more than four Business Days prior to the date of prepayment).

(b) All prepayments of Loans pursuant to this subsection 4.2 shall be without premium or penalty, other than amounts required by subsection 4.12.

(c) The Borrower shall immediately prepay outstanding Revolving Credit Loans, together with accrued and unpaid interest thereon to the date of prepayment and any amounts required by subsection 4.12, to the extent that the aggregate amount of outstanding Revolving Credit Loans exceeds the aggregate Revolving Credit Commitments of the Revolving Credit Lenders then in effect.

(d) Prepayments of the Loans pursuant to subsection 4.2(a)(i) shall be applied, FIRST, to the prepayment of the Tranche A Term Loans and the Tranche B Term Loans PRO RATA and shall be applied to the remaining installments thereof on a PRO RATA basis and, SECOND, after payment of the Term Loans in full, to the prepayment of the Revolving Credit Loans. Prepayments of the Loans pursuant to subsection 4.2(a)(ii) shall be applied to the prepayment of the Revolving Credit Loans without any accompanying reduction of the Revolving Credit Commitments of the Revolving Credit Lenders. Amounts to be applied pursuant to this subsection 4.2(d) to the prepayment of Term Loans and/or Revolving Credit Loans shall be applied, as applicable, first to reduce outstanding Term Loans and/or Revolving Credit Loans which are ABR Loans. Any amounts remaining after each such application shall be applied to prepay Term Loans and/or Revolving Credit Loans which are Eurodollar Loans.

4.3 CONVERSION AND CONTINUATION OPTIONS. (a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, PROVIDED that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each affected Lender thereof. All or any part of outstanding Eurodollar Loans and ABR Loans may be converted as provided herein, PROVIDED that (i) no Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a conversion is not appropriate and (ii) no Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Termination Date (in the case of conversions of Revolving Credit Loans) or the date of the final installment of principal of the respective Term Loans (in the case of any conversions of any Term Loans).

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in subsection 1.1, of the length of the next Interest Period to be applicable to such Loans, PROVIDED that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a continuation is not appropriate or (ii) after the date that is one month prior to the Termination Date (in case of conversions of Revolving Credit Loans) or the date of the final installment of principal of the respective Term Loans (in the case of any conversions of any Term Loans) and PROVIDED, FURTHER, that if the Borrower shall fail to give such notice or if such continuation is not permitted such Eurodollar Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period.

4.4 MINIMUM AMOUNTS AND MAXIMUM NUMBER OF TRANCHES. All borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Loans comprising each Eurodollar Tranche shall be equal to $5,000,000 or a whole multiple of $1,000,000 in excess thereof. In no event shall there be more than eight Eurodollar Tranches outstanding at any time.

4.5 INTEREST RATES AND PAYMENT DATES. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) If all or a portion of (i) the principal amount of any Loan, (ii) any interest payable thereon or (iii) any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear

interest at a rate per annum which is (x) in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this subsection plus 2% or (y) in the case of overdue interest, commitment fee or other amount, the rate described in paragraph (b) of this subsection plus 2%, in each case from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, PROVIDED that interest accruing pursuant to paragraph (c) of this subsection shall be payable from time to time on demand.

4.6 COMPUTATION OF INTEREST AND FEES. (a) Whenever it is calculated on the basis of the Prime Rate, interest shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed; and, otherwise, interest as well as commitment fees shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR, the Eurocurrency Reserve Requirements, the C/D Assessment Rate or the C/D Reserve Percentage shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to subsection 4.5(a).

4.7 INABILITY TO DETERMINE INTEREST RATE. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from Chase that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to the Lenders generally (as conclusively certified by Chase) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the affected Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any ABR Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

4.8 PRO RATA TREATMENT AND PAYMENTS. (a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee hereunder and any reduction of the Revolving Credit Commitments, the Tranche A Term Loan Commitments or the Tranche B Term Loan Commitments, as the case may be, of the Lenders shall be made PRO RATA according to the respective Revolving Credit Commitment Percentages, the Tranche A Term Loan Commitment Percentages, or the Tranche B Term Loan Commitment Percentages, as the case may be, of the Lenders. Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Loans shall be made PRO RATA according to the respective outstanding principal amounts of the Loans then held by the Lenders. All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Revolving Credit Lenders or the Term Loan Lenders, as the case may be, at the Administrative Agent's office specified in subsection 11.2, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt (and if such payment is received prior to 12:00 Noon, on the same day) in like funds as received. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its portion of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error. If such Lender's portion of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans hereunder, on demand, from the Borrower.

(c) In the event that a Revolving Credit Lender fails to make available after a period of three Business Days to the Administrative Agent its portion of a borrowing, the Borrower may, upon not less than five Business Days prior irrevocable written notice to the Administrative Agent, immediately terminate the Revolving Credit Commitment of such Revolving Credit Lender, and designate an acceptable replacement Revolving Credit Lender (which may be one of the other Revolving Credit Lenders) to purchase at par all of the Revolving Credit Lender's interests in accordance with the provisions of subsection 11.6(c). Any Revolving Credit Lender being so replaced by the Borrower agrees to transfer its interest in this Agreement and, if applicable, its Revolving Credit Note, to the substitute Revolving Credit Lender pursuant to subsection 11.6(c),

provided that concurrently with such transfer, such Revolving Credit Lender so substituted shall be paid all amounts owing to it hereunder and all costs reasonably determined by it to be attributable to such transfer. Notwithstanding the foregoing, the Revolving Credit Lender being replaced shall not be deemed to be released from any of its rights or obligations under any Loan Document (including, without limitation, subsection 10.7) for actions taken or failed to be taken by it prior to the date of such substitution.

4.9 ILLEGALITY. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert ABR Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to subsection 4.12.

4.10 REQUIREMENTS OF LAW. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Note or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by subsection 4.11 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduced amount receivable.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any

Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, the Borrower shall promptly pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) If any Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled; PROVIDED, that no additional amount shall be payable under this subsection 4.10 for a period longer than one year prior to such notice to the Borrower. A certificate as to any additional amounts payable pursuant to this subsection submitted by such Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The agreements in this subsection shall survive for a period of one year the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.11 TAXES. (a) All payments made by the Borrower under this Agreement and any Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any Note). If any such non-excluded taxes, levies, imposts, duties, charges, fees deductions or withholdings ("NON-EXCLUDED TAXES") are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder or under any Note, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, PROVIDED, HOWEVER, that the Borrower shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the United States of America or a state thereof if such Lender fails to comply with the requirements of paragraph (b) of this subsection. Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this subsection shall survive for a period of one year the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(i) deliver to the Borrower and the Administrative Agent (A) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, or successor applicable form, as the case may be, and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be;

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent;

unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Such Lender shall certify (i) in the case of a Form 1001 or 4224, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax. Each Person that shall become a Lender or a Participant pursuant to subsection 9.6 shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this subsection, provided that in the case of a Participant such Participant shall furnish all such required forms and statements to the Lender from which the related participation shall have been purchased.

4.12 INDEMNITY. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Bank on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.13 CHANGE OF LENDING OFFICE. Each Lender agrees that if it makes any demand for payment under subsection 4.10 or 4.11(a), or if any adoption or change of the type described in subsection 4.9 shall occur with respect to it, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be unreasonably disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under subsection 4.10 or 4.11(a), or would eliminate or reduce the effect of any adoption or change described in subsection 4.9.

SECTION 5. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

5.1 FINANCIAL CONDITION. The Borrower has heretofore furnished to each Lender copies of (i) the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at December 31, 1996 and the related audited consolidated statements of income and of cash flows for the fiscal year ended on such date, audited by Coopers & Lybrand L.L.P. and (ii) the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at June 30, 1997 and the related unaudited consolidated statements of income and of cash flows for the six-month period ended on such date, in each case certified by a Responsible Officer (the "FINANCIAL STATEMENTS"). The Financial Statements present fairly, in all material respects, the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at December 31, 1996 and June 30, 1997 and present fairly, in all material respects, the consolidated results of their operations and their consolidated cash flows for the periods then ended (subject to normal year-end audit adjustments and the absence of footnote disclosure). The Financial Statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the period involved. Except as set forth on Schedule 5.1, neither the Borrower nor any of its consolidated Subsidiaries had, at December 31, 1996 or at the date hereof, any material Guarantee Obligation, material contingent liability or material liability for taxes, or any material long-term lease or unusual material forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto. Except as set forth on Schedule 5.1, during the period from December 31, 1996 to and including the date hereof there has been no sale, transfer or other disposition by the Borrower or any of its consolidated Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Borrower and its Subsidiaries as of December 31, 1996.

5.2 NO CHANGE. (a) From December 31, 1996 except as set forth in the Pro Forma Balance Sheet, there has been no development or event which has had or could have a Material Adverse Effect, and (b) except as set forth on Schedule 5.2, during the period from December 31, 1996 to and including the date hereof, no dividends or other distributions have been declared, paid or made upon the Capital Stock of the Borrower nor has any of the Capital Stock of the Borrower

been redeemed, retired, purchased or otherwise acquired for value by the Borrower or any of its Subsidiaries.

5.3 CORPORATE EXISTENCE; COMPLIANCE WITH LAW. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation, partnership or limited liability company, as applicable, and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to be so qualified or in good standing would not have a Material Adverse Effect and (d) is in compliance with its certificate of incorporation and by-laws or other similar organizational or governing documents and with all Requirements of Law, except to the extent that the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect.

5.4 CORPORATE POWER; AUTHORIZATION; ENFORCEABLE OBLIGATIONS. The Borrower has the corporate power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and to borrow hereunder and has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and any Notes and to authorize the execution, delivery and performance of the Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents to which the Borrower is a party; PROVIDED that the Administrative Agent's rights under the Pledge Agreement are subject to the terms and provisions thereof. This Agreement has been, and each other Loan Document to which it is a party will be, duly executed and delivered on behalf of the Borrower. This Agreement constitutes, and each other Loan Document to which it is a party when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.5 NO LEGAL BAR. The execution, delivery and performance of the Loan Documents to which the Borrower is a party, the borrowings hereunder and the use of the proceeds thereof will not violate any certificate of incorporation and by-laws or other similar organizational or governing documents, Requirement of Law or Contractual Obligation of the Borrower or of any of its Subsidiaries, except for such violations which could not reasonably be likely to have a Material Adverse Effect, and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any such organizational or governing document, Requirement of Law or Contractual Obligation, except pursuant to this Agreement.

5.6 NO MATERIAL LITIGATION. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of its or their respective properties or revenues which is in the Borrower's reasonable opinion reasonably like to have a Material Adverse Effect.

5.7 NO DEFAULT. Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect which could have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

5.8 OWNERSHIP OF PROPERTY; LIENS. Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or a valid leasehold interest in, all its material real property, and good title to, or a valid leasehold interest in, all its other material property, and none of such property is subject to any Lien except as permitted by subsection 8.3.

5.9 TAXES. Each of the Borrower and its Subsidiaries has filed or caused to be filed all material tax returns which, to the knowledge of the Borrower, are required to be filed or has timely filed a request for an extension of such filing and has paid all taxes shown to be due and payable on said returns or extension requests or on any assessments made against it or any of its property and except as set forth on Schedule 5.9, all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be and any which the failure to pay would not have a Material Adverse Effect); no tax Lien has been filed, and, to the knowledge of the Borrower, no material claim is being asserted, with respect to any such tax, fee or other charge.

5.10 FEDERAL REGULATIONS. (a) No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation G or Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-1 or FR Form U-1 referred to in said Regulation G or Regulation U, as the case may be.

(b) The Borrower is not subject to regulation under any Federal or State statute or regulation (other than Regulation X of the Board of Governors of the Federal Reserve System) which limits its ability to incur Indebtedness.

5.11 ERISA. No Reportable Event has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. The present value of all accrued benefits under each Single Employer Plan maintained by the Parent or any Commonly Controlled Entity (based on those assumptions used to fund the Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits. There are no Multiemployer Plans. Neither the Parent nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan.

5.12 INVESTMENT COMPANY ACT. (a) Neither the Borrower nor any of its Subsidiaries or other Management Companies is, or, after giving effect to any Acquisition, will be, an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act.

(b) Each of the Subsidiaries of the Borrower and each of its other Management Companies is, to the extent required thereby, duly registered as an investment adviser under the Investment Advisers Act. The Borrower is not an "investment adviser" within the meaning of the Investment Advisers Act. Each Fund which is sponsored by any Subsidiary or other Management Company and which is required to be registered as an "investment company" under the Investment Company Act is duly registered as such thereunder.

(c) The Borrower is not required to be duly registered as a broker-dealer under the Securities Acts (and each Subsidiary and other Management Company required to be so registered is so duly registered).

(d) Each of the Borrower and its Subsidiaries and other Management Companies is duly registered, licensed or qualified as an investment adviser or broker-dealer in each State of the United States where the conduct of its business requires such registration, licensing or qualification and is in compliance in all material respects with all Federal and State laws requiring such registration, licensing or qualification, except to the extent where the failure to be so registered, licensed or qualified or to be in such compliance will not have a Material Adverse Effect.

5.13 INVESTMENT ADVISORY AGREEMENTS. Each of the investment advisory agreements, distribution agreements and shareholder or other servicing contracts to which the Borrower or any of its Subsidiaries or other Management Companies is a party is a legal, valid and binding obligation of the parties thereto enforceable against such parties in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law) except for failures which individually and in the aggregate will not have a Material Adverse Effect; and neither the Borrower nor any of its Subsidiaries or other Management Companies is in breach or violation of or in default under any such agreement or contract in any material respect which would individually or in the aggregate have a Material Adverse Effect. The parties hereto understand that all customers have the right to terminate such investment advisory agreements at will.

5.14 SUBSIDIARIES AND OTHER OWNERSHIP INTERESTS. The Subsidiaries listed on Schedule 5.14 hereto constitute the only Subsidiaries of the Borrower as at the date hereof. The Borrower has as at the date hereof an equity or other ownership interest in Management Companies of the Borrower and each other Person listed on Schedule 5.14 and other than as set forth on such schedule, the Borrower has no such interest in any other Management Company or Person.

5.15 PURPOSE OF LOANS. (a) The proceeds of the Term Loans shall be used by the Borrower (i) to refinance loans outstanding under the Existing Agreement, (ii) to finance a portion of the purchase price for the TBC Acquisition and (iii) to pay fees and expenses to be incurred in connection therewith and in connection with the execution and delivery of the Loan Documents.

(b) The proceeds of the Revolving Credit Loans shall be used by the Borrower (i) to refinance loans outstanding under the Existing Agreement, (ii) to finance a portion of the purchase price for the TBC Acquisition, (iii) for working capital purposes, up to $10,000,000 at any time outstanding, (iv) to make Acquisitions and (iv) to pay fees and expenses to be incurred in connection therewith and in connection with the execution and delivery of the Loan Documents.

5.16 ACCURACY AND COMPLETENESS OF INFORMATION. To the best of the Borrower's knowledge, the documents furnished and the statements made in writing to the Lenders by or on behalf of the Borrower in connection with the negotiation, preparation or execution of this Agreement or any of the other Loan Documents, taken as a whole, do not contain any untrue statement of fact material to the credit worthiness of the Borrower or omit to state any such material fact necessary in order to make the statements contained therein not misleading, in either case which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to the Lenders prior to the date hereof.

SECTION 6. CONDITIONS PRECEDENT

6.1 CONDITIONS TO INITIAL LOANS. The agreement of each Lender to make the initial Loan requested to be made by it is subject to the satisfaction, immediately prior to or concurrently with the making of such Loan on the Closing Date, of the following conditions precedent:

(a) LOAN DOCUMENTS. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Borrower, with a counterpart for each Lender, and (ii) each of the Stock Pledge Agreement, LLC Pledge Agreement, Partnership Pledge Agreement and Subsidiary Pledge Agreement each executed and delivered by a duly authorized officer of the party thereto, with a counterpart or a conformed copy for each Lender.

(b) RELATED AGREEMENTS. The Administrative Agent shall have received, true and correct copies, of each of the existing Revenue Sharing Agreements and any purchase agreements executed in connection with an Acquisition or proposed Acquisition, and such other documents or instruments as may be reasonably requested by the Administrative Agent, (including, without limitation, a copy of any debt instrument, security agreement or other material contract to which the Borrower, or one of its Subsidiaries may be a party).

(c) NOTES. The Administrative Agent shall have received, for the account of each Lender that has requested the same, a Note made by the Borrower conforming to the requirements of this Agreement, and executed by a duly authorized officer of the Borrower.

(d) BORROWING CERTIFICATE. The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of the Borrower, dated the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by two Responsible Officers of the Borrower.

(e) CORPORATE PROCEEDINGS OF THE BORROWER. The Administrative Agent shall have received, with a counterpart for each Lender, a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the Borrower authorizing (i) the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party, (ii) the borrowings contemplated hereunder and (iii) the granting by it of the Liens created pursuant to the Pledge Agreements, certified by the Secretary or an Assistant Secretary of the Borrower as of the Closing Date, which

certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(f) BORROWER INCUMBENCY CERTIFICATE. The Administrative Agent shall have received, with a counterpart for each Lender, a Certificate of the Borrower, dated the Closing Date, as to the incumbency and signature of the officers of the Borrower executing any Loan Document satisfactory in form and substance to the Administrative Agent, executed by the President or any Vice President and the Secretary or any Assistant Secretary of the Borrower.

(g) CORPORATE DOCUMENTS. The Administrative Agent shall have received, with a counterpart for each Lender, true and complete copies of the certificate of incorporation and by-laws of the Borrower, certified as of the Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of the Borrower.

(h) FEES. All fees payable by the Borrower to the Administrative Agent and any Lender on or prior to the Closing Date pursuant to this Agreement or pursuant to the Commitment Letter and Fee Letter, each dated June 26, 1997, among The Chase Manhattan Bank, Chase Securities Inc., as arranger of the Commitments and the Borrower shall have been paid in full, in each case in the amounts and on the dates set forth herein or therein.

(i) LEGAL OPINION. The Administrative Agent shall have received, with a counterpart for each Lender, the executed legal opinion of Goodwin, Procter & Hoar LLP, counsel to the Borrower, substantially in the form of Exhibit D. Such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(j) PLEDGED STOCK AND OTHER EQUITY INTERESTS; TRANSFER POWERS. The Administrative Agent shall have received any certificates representing the shares of Capital Stock pledged pursuant to the Stock Pledge Agreement, together with an undated transfer power, in form and substance satisfactory to the Administrative Agent, for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(k) ACTIONS TO PERFECT LIENS. The Administrative Agent shall have received evidence in form and substance satisfactory to it that all filings, recordings, registrations and other actions, including, without limitation, the filing of duly executed financing statements on form UCC-1, necessary or, in the opinion of the Administrative Agent, desirable to perfect the Liens created by the Pledge Agreements shall have been completed.

(l) LIEN SEARCHES. The Administrative Agent shall have received the results of a recent search by a Person satisfactory to the Administrative Agent, of the Uniform Commercial Code, judgement and tax lien filings which may have been filed with respect to personal property of the Borrower, and the results of such search shall be satisfactory to the Administrative Agent.

(m) PRO FORMA BALANCE SHEET. The Administrative Agent shall have received a PRO FORMA balance sheet of the Borrower as at June 30, 1997, after giving effect to the transactions contemplated hereby to be consummated on the Closing Date and the most recent unaudited consolidated financial statements of the Borrower and its subsidiaries.

(n) CONVERTIBLE PREFERRED STOCK. As of the Closing Date, the Administrative Agent shall have received evidence reasonably satisfactory to it that the Borrower shall have issued convertible preferred stock or warrants to purchase convertible preferred stock for gross cash proceeds of at least $30,000,000 (the "CONVERTIBLE PREFERRED STOCK") upon terms and conditions satisfactory to the Lenders for cash and/or as part of the TBC Acquisition closing prior to or simultaneous with the Closing Date.

(o) SENIOR SUBORDINATED BRIDGE FACILITY. The Administrative Agent shall have received evidence reasonably satisfactory to it that the Borrower shall have received gross cash proceeds in respect of the financing pursuant to the Senior Subordinated Credit Agreement in an amount equal to the lesser of (x) $60,000,000 or (y) $90,000,000 minus the value of the Convertible Preferred Stock, which Senior Subordinated Loans shall (a) be subordinated in all respects to the Loans (except as otherwise contemplated therein), and (b) otherwise be in form and substance satisfactory to the Lenders.

(p) CONDITIONS TO TBC ACQUISITION. There shall be no material conditions to the consummation of the TBC Acquisition which have not been satisfied or waived with the prior consent of the Administrative Agent, and there have been no material amendments to the documentation relating to the TBC Acquisition without the prior consent of the Administrative Agent.

(q) PURCHASE PRICE, FEES AND EXPENSES FOR TBC ACQUISITION. The Administrative Agent shall have received satisfactory evidence that (a) the aggregate consideration paid in connection with the TBC Acquisition shall not exceed $300,000,000 in the aggregate and (b) the fees and expenses to be incurred by the Borrower in connection with the TBC Acquisition and the financing thereof shall not exceed $15,000,000 in the aggregate.

(r) CONSENTS, AUTHORIZATIONS AND FILINGS. All material governmental and third party approvals necessary or advisable in connection with the TBC Acquisition, the financing contemplated hereby and the continuing operations of the Borrower and its subsidiaries (after giving effect to the consummation of the TBC Acquisition) shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose material adverse conditions on the TBC Acquisition or the financing thereof.

(s) CAPITAL STRUCTURE; CORPORATE STRUCTURE. The Administrative Agent and the Required Lenders shall be satisfied that there have been no material adverse changes in the capital structure or corporate structure of the Borrower and its subsidiaries since the execution of definitive documentation for the TBC Acquisition.

(t) PROJECTIONS. The Borrower shall have furnished to each Lender a copy of financial projections for the period from 1997 through 2004 for the Borrower and its Subsidiaries. Such projections shall have been, in the opinion of the Borrower, prepared on the basis of reasonable assumptions and sound business principles.

(u) TBC PLEDGES. The Administrative Agent shall have received such pledge agreements and guarantees as the Administrative Agent may reasonably require from any entity that owns, directly or indirectly, an equity or other interest in TBC, executed and delivered by a duly authorized officer, with a counterpart or a conformed copy for each Lender.

6.2 CONDITIONS TO EACH LOAN. The agreement of each Lender to make any Loan requested to be made by it on any date (including, without limitation, its initial Loan but excluding any repricing or conversion of any then outstanding Loan) is subject to the satisfaction of the following conditions precedent:

(a) REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date; PROVIDED that (i) representations and warranties made with reference to a specific date shall remain true and correct as of such date and (ii) representations and warranties shall not be required to remain true to the extent changes have resulted from actions permitted hereunder.

(b) NO DEFAULT. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans requested to be made on such date.

(c) NOTICE OF BORROWING. The Administrative Agent shall have received a notice of borrowing pursuant to subsection 3.2.

(d) USE OF PROCEEDS. A Responsible Officer shall have delivered to the Administrative Agent a certificate to the effect that the proceeds of such Loan will be used in accordance with subsection 5.15 and specifying in reasonable detail the proposed use of the proceeds thereof.

Each borrowing by the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date thereof that the conditions contained in this subsection have been satisfied.

SECTION 7. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect or any amount is owing to any Lender or the Administrative Agent hereunder or under any other Loan Document, the Borrower shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

7.1 FINANCIAL STATEMENTS. Furnish to the Administrative Agent (which shall promptly furnish to the other Lenders):

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, copies of the consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidated and consolidating statements of income and retained earnings and of cash flows for such year, and setting forth in each case in comparative form the figures for the previous year and, in the case of the consolidated statements, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Coopers & Lybrand or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, copies of the unaudited consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such quarter and the related unaudited consolidated and consolidating statements of income and retained earnings and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, and setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments);

all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (subject, in the case of interim financial statements, to year end adjustments and the absence of footnotes).

7.2 CERTIFICATES; OTHER INFORMATION. Furnish to the Administrative Agent (which shall promptly furnish to the other Lenders):

(a) concurrently with the delivery of the financial statements referred to in subsection 7.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default specified in subsection 9(c), except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and (b), (i) a copy of the most recent audited (or, if later, unaudited) financial statements received by the Borrower or any of its Subsidiaries of each of its Management Companies and (ii) a certificate of a Responsible Officer stating that, to the best of such Officer's knowledge, that such Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate;

(c) within five days after the same are filed, copies of all financial statements and reports which the Borrower may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(d) within 45 days after the end of each fiscal quarter of the Borrower, a schedule analyzing changes in the assets under management of the Borrower, its Subsidiaries and Management Companies to the extent such changes are material, in each case prepared

under the direct supervision of the senior financial officer of the Borrower and in form and substance satisfactory to the Administrative Agent;

(e) at the request of the Administrative Agent, a report discussing the views of the Borrower concerning the recent performance and near and intermediate term prospects of (i) the businesses in which the Borrower and its Subsidiaries and Management Companies are principally engaged and (ii) the Borrower and its Subsidiaries and Management Companies, including a discussion of trends concerning assets under management, advisory fees and competition and of strategic initiatives by the Borrower and its Subsidiaries and Management Companies (or, upon reasonable notice by the Administrative Agent, the Borrower shall attend a meeting with the Lenders to discuss the foregoing);

(f) within five Business Days after the consummation of any Acquisition, other than the TBC Acquisition, the acquisition of GeoCapital, LLC or an Acquisition of any interest in a Person that is already a Subsidiary or a Management Company and with respect to which the Borrower does not borrow additional funds hereunder, and within 45 days after the consummation of the TBC Acquisition and the acquisition of GeoCapital, LLC (A) copies of the most recent audited (and, if later, or, if audited statements are not available, unaudited) financial statements of the Management Company which is the subject of such Acquisition, (B) copies of the purchase agreement or other acquisition document executed or to be executed by the Borrower or any of its Subsidiaries in connection with the Acquisition, (C) an unaudited PRO FORMA consolidated balance sheet of the Borrower and its Subsidiaries as at a recent date but prepared as though the closing of such Acquisition had occurred on or prior to such date and related PRO FORMA calculations, indicating compliance on a PRO FORMA basis as at such date and for the periods then ended with the financial covenants set forth in subsection 8.1 and (D) a copy of the most recent Form ADV, if any, filed under the Investment Advisers Act in respect to any Management Company which is the subject of such Acquisition; and

(g) promptly, such additional financial and other information as any Lender may, through the Administrative Agent, from time to time reasonably request.

7.3 PAYMENT OF OBLIGATIONS. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be and except where the failure to do so could not have a Material Adverse Effect.

7.4 CONDUCT OF BUSINESS AND MAINTENANCE OF EXISTENCE. Continue to engage in business of the same general type as now conducted and purported to be conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, registrations, licenses, privileges and franchises necessary or desirable in the normal conduct of its business (including, without limitation, all such registrations under the Investment Advisers Act and all material investment advisory agreements, distribution agreements and shareholding and other administrative servicing contracts) except as otherwise permitted pursuant to subsection 8.5 and except for failures which individually and in the aggregate will not

have a Material Adverse Effect; comply, and to the extent reasonably within its control, cause each Management Company and Fund to comply, with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, be reasonably expected to have a Material Adverse Effect.

7.5 MAINTENANCE OF PROPERTY; INSURANCE. Keep all property useful and necessary in its business in good working order and condition, except where the failure to do so would not have a Material Adverse Effect; maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business, except where the failure to do so could not have a Material Adverse Effect; and furnish to the Administrative Agent, upon written request, full information as to the insurance carried.

7.6 INSPECTION OF PROPERTY; BOOKS AND RECORDS; DISCUSSIONS. Keep proper books of records and account in which full, true and correct entries in all material respects in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities, except where the failure to do so would not have a Material Adverse Effect; and permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and upon at least three days prior notice or such lesser period of time as may be acceptable to the Borrower or the relevant Subsidiary, as the case may be, and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with its independent certified public accountants.

7.7 NOTICES. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Borrower or any of its Subsidiaries or any "affiliated person" of the Borrower or any of its Subsidiaries within the meaning of the Investment Company Act in which the amount involved is $5,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought and which could reasonably be expected to have a Material Adverse Effect;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, or any withdrawal from, or the termination, Reorganization or Insolvency of any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any

Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan;

(e) any suspension or termination of the registration of any Subsidiary or Management Company of the Borrower as an investment adviser under the Investment Advisers Act, or of any registration as a broker-dealer under the Securities Acts or under any applicable state statute which is material to the business thereof, or any cancellation or expiration without renewal of any investment advisory agreement, distribution agreement or shareholder or other administrative servicing contract to which the Borrower or any of its Subsidiaries or Management Companies is a party the revenues under which have exceeded in the most recent fiscal year of the Borrower or any such Management Company, as the case may be, $1,000,000; and

(f) any event which would have a Material Adverse Effect on the Borrower and its Subsidiaries taken as a whole.

Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto, if any.

7.8 STOCK PLEDGES. Promptly upon the consummation of the Acquisition of a Management Company or the formation of any new Subsidiary, execute and deliver or cause to be executed and delivered to the Administrative Agent a Pledge Agreement Supplement with respect to the pledge of the Capital Stock of such Management Company or new Subsidiary, held, directly by the Borrower or by any wholly owned Subsidiary of the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, together with evidence in form and substance reasonably satisfactory to the Administrative Agent that all deliveries, filings, recordings, registrations and other actions, including, without limitation, the delivery of any certificates representing such Capital Stock, together, in the case of stock certificates, with an undated transfer power, in form and substance reasonably satisfactory to the Administrative Agent, for each such certificate executed in blank by a duly authorized officer of the pledgor thereof, and the filing of duly executed financing statements on form UCC-1, necessary or, in the opinion of the Administrative Agent, desirable to perfect the Liens created by such Pledge Agreement Supplement shall have been completed.

7.9 GUARANTEES. In the case of any Subsidiary of the Borrower which at any time is wholly owned, promptly upon the request of the Administrative Agent, execute and deliver to the Administrative Agent, on behalf of the Lenders, a guarantee of such Subsidiary, in form and substance satisfactory to the Administrative Agent, with respect to the performance of the obligations of the Borrower under this Agreement and the other Loan Documents.

SECTION 8. NEGATIVE COVENANTS

The Borrower hereby agrees that, from and after the Closing Date and so long as the Commitments remain in effect or any amount is owing to any Lender or the Administrative Agent hereunder or under any other Loan Document, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

8.1 FINANCIAL CONDITION COVENANTS.

(a) MAINTENANCE OF NET WORTH. Permit Consolidated Net Worth at any time during any period to be less than the sum of (i) $36,000,000, PLUS (ii) 85% of the net proceeds of any net issuances by the Borrower of any Capital Stock and any equity contributions to it and any Subordinated Indebtedness (to the extent included in Consolidated Net Worth) in each case after the date hereof, PLUS (iii) 50% of the positive Consolidated Net Income, if any, for each completed fiscal quarter of the Borrower from the date hereof (or MINUS (iii) the lesser of (A) 100% of any Consolidated Net Loss, if any, for each such completed fiscal quarter or (B) the extent of any Consolidated Net Loss resulting from a write-off of expenses relating to the Existing Agreement, the repayment of the Senior Subordinated Notes and the Term Loans, an Initial Public Offering and Non-Cash Based Compensation Costs).

(b) INTEREST COVERAGE. Permit for any period of four consecutive fiscal quarters ending during any "Test Period" set forth below the ratio of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense to be less than the ratio set forth opposite such Test Period below:

Test Period	Interest Coverage Ratio
09/30/97 through 12/31/98:	1.75 to 1.00
01/01/99 through 12/31/99:	2.25 to 1.00
thereafter:	3.00 to 1.00

(c) LEVERAGE RATIO OF SENIOR INDEBTEDNESS TO ADJUSTED EBITDA. Permit at any time during any "Test Period" set forth below the ratio of (i) Senior Indebtedness to (ii) Adjusted EBITDA at the end of the most recently completed fiscal quarter to exceed the ratio set forth opposite such Test Period below:

Test Period	Leverage Ratio
09/30/97 through 09/30/98:	6.50 to 1.00
10/01/98 through 6/30/99:	4.50 to 1.00
thereafter:	3.50 to 1.00

8.2 LIMITATION ON INDEBTEDNESS. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of the Borrower under this Agreement and the other Loan Documents;

(b) unsecured Indebtedness of any Subsidiary owing to the Borrower or any other Subsidiary or secured Indebtedness of any Subsidiary owing to the Borrower;

(c) Indebtedness of the Borrower or any of its Subsidiaries incurred to finance its working capital (or the working capital of any Subsidiary of the Borrower) in an aggregate principal amount not exceeding as to it $1,000,000 at any time outstanding;

(d) Indebtedness of the Borrower or any of its Subsidiaries incurred to finance its acquisition of fixed or capital assets (whether pursuant to a deferred purchase arrangement with a vendor, a loan, a Financing Lease or otherwise) in an aggregate principal amount not exceeding as to it $200,000 at any time outstanding;

(e) Indebtedness of a Person which becomes a Subsidiary after the date hereof, PROVIDED that (i) such indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof and (ii) immediately after giving effect to the acquisition of such Person by the Borrower no Default or Event of Default shall have occurred and be continuing;

(f) Indebtedness in respect of (i) the Senior Subordinated Credit Agreement or the Senior Subordinated Indenture or evidenced by the Senior Subordinated Notes; PROVIDED that such Indebtedness shall not be extended, renewed, replaced, refinanced or otherwise amended, except (x) by the incurrence of Indebtedness under the Senior Subordinated Indenture or evidenced by Senior Subordinated Notes or (y) for amendments permitted by subsection 8.11, (ii) the Subordinated Contingent Payment Notes and (iii) other Subordinated Indebtedness;

(g) Indebtedness of the Borrower and its Subsidiaries (including, without limitation, TBC and GeoCapital, LLC) existing on the date hereof, as described on Schedule 8.2(g);

(h) Indebtedness of the type described in clause (g) of the definition of Indebtedness incurred by the Borrower or any of its Subsidiaries in the ordinary course of business with reputable financial institutions and not for speculative purposes;

(i) Indebtedness of the Borrower or any of its Subsidiaries incurred to the seller of an interest in any Management Company or Subsidiary; and

(j) Indebtedness in the nature of deferred compensation to employees in an aggregate principal amount not exceeding as to the Borrower and its Subsidiaries (i) $1,000,000 at any time outstanding prior to the consummation of an Initial Public Offering and (ii) $5,000,000 at any time outstanding thereafter.

8.3 LIMITATION ON LIENS. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes, assessments and other governmental charges not yet due or which are being contested in good faith by appropriate proceedings, PROVIDED that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or such Subsidiary;

(f) Liens securing Indebtedness of the Borrower and its Subsidiaries permitted by subsection 8.2(d) incurred to finance the acquisition of fixed or capital assets, PROVIDED that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by such Lien shall at no time exceed the purchase price of such property;

(g) Liens on the property or assets of a Person which becomes a Subsidiary after the date hereof securing Indebtedness permitted by subsection 8.2(e), PROVIDED that (i) such Liens existed at the time such Person became a Subsidiary and were not created in anticipation thereof, (ii) any such Lien is not spread to cover any property or assets of such Person after the time such Person becomes a Subsidiary, and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens arising by reason of any judgment, decree or order of any court or other Governmental Authority, (i) if appropriate legal proceedings which have been initiated for the review of such judgment, decree or order are being diligently prosecuted and shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired or (ii) if such judgment, decree or order shall have been discharged, within 45 days of the entry thereof or execution thereof has been stayed pending appeal;

(i) Liens created pursuant to the Pledge Agreements (including, without limitation, to secure obligations with respect to letters of credit issued by any Lender and permitted under subsection 8.4);

(j) Liens existing, or provided for under arrangements existing, as of the date hereof as described on Schedule 8.3(j); and

(k) Liens permitted under subsection 4 of each of the Stock Pledge Agreement and the Subsidiary Pledge Agreement and subsection 3 of each of the Partnership Pledge Agreement and the LLC Pledge Agreement.

8.4 LIMITATION ON GUARANTEE OBLIGATIONS. Create, incur, assume or suffer to exist any Guarantee Obligation except guarantees by the Borrower or any Subsidiary or Management Company of obligations of any of the Subsidiaries, which obligations are otherwise permitted under this Agreement, and except for (a) other Guarantee Obligations not exceeding $1,500,000 in the aggregate at any time, (b) Guarantee Obligations which constitute Indebtedness permitted under subsection 8.2, (c) Guarantee Obligations in the nature of letters of credit in an aggregate principal amount not exceeding $2,600,000, (d) Guarantee Obligations of Subsidiaries created pursuant to the Subsidiary Pledge Agreement or (e) subordinated Guarantee Obligations of Subsidiaries to secure the Senior Subordinated Loans as required by the Senior Subordinated Credit Agreement.

8.5 LIMITATION ON FUNDAMENTAL CHANGES. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets (each a "disposition"), or make any material change in its present method of conducting business; PROVIDED that, unless, (i) with respect to a merger, consolidation or amalgamation of a Subsidiary of the Borrower, if prior to such event the Borrower owned at least a 51% ownership interest, the Borrower shall continue to own at least a 51% ownership interest in such Subsidiary or the surviving Person of such merger, consolidation or amalgamation or, after such event it shall have no ownership interest, (ii) with respect to the liquidation, winding up or dissolution of a direct or indirect Subsidiary of the Borrower, the assets of such Subsidiary shall have been transferred to the Borrower or a Subsidiary of the Borrower and the other shareholders, partners or members of a Subsidiary, or another Subsidiary of the Borrower, and (iii) with respect to any disposition described above, the Net Proceeds thereof shall have been applied as set forth in subsection 4.2 to the extent required.

8.6 LIMITATION ON SALE OF ASSETS. Convey, sell, lease, assign, transfer or otherwise dispose (including in connection with sale leaseback transactions) of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person other than the Borrower or any wholly owned Subsidiary, except:

(a) the sale or other disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale or other disposition of any property in the ordinary course of business;

(c) the sale or discount without recourse of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(d) the sale, issuance or other disposition of the Capital Stock or other ownership interest of any Subsidiary of the Borrower or of a Management Company in which the Borrower owns an ownership interest to partners, officers or directors of such Subsidiary or Management Company; provided that, if prior to such sale, issuance or disposition, the Borrower owns in excess of a 50% ownership interest in such Subsidiary or Management Company, the Borrower shall at all times continue to own in excess of a 50% ownership interest in such Subsidiary or Management Company or after such sale, issuance or disposition shall have no ownership interest; and

(e) the sale, contribution or other transfer of (i) all or substantially all the Capital Stock of a Subsidiary or Management Company (including both Capital Stock held by the Borrower and its Subsidiaries and by the other holders of Capital Stock of such Subsidiary or Management Company), or (ii) all or substantially all the Assets of a Subsidiary or Management Company, in each case, to another Subsidiary or Management Company in a transaction or series of related transactions which results in the Borrower having at least a substantially equivalent economic interest in, and a substantially equivalent level of management and control over, the Subsidiary or Management Company.

8.7 LIMITATION ON LEASES. Permit the amount paid by the Borrower for lease obligations under operating leases to which the Borrower is a party (including any such leases entered into in connection with sale leaseback transactions) for any fiscal year of the Borrower to exceed $750,000 or permit a Subsidiary of the Borrower to make any such payment in respect of lease obligations except to the extent that any such payment is made out of that portion of its revenues designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreement.

8.8 LIMITATION ON DIVIDENDS. Declare or pay any dividend (other than dividends payable solely in common stock of the Borrower) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of Capital Stock of the Borrower or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any Subsidiary in an aggregate amount not exceeding as to the Borrower and its Subsidiaries $500,000; PROVIDED, HOWEVER, that the Borrower may make the payments described in or contemplated by Section 1.5 of the Amended and Restated Stockholders Agreement dated as of August 15, 1997 among the Borrower and the stockholders of the Borrower party thereto and may make the deposit of funds into escrow described in and contemplated by such Section 1.5 and the funds so deposited may be released pursuant to the terms of the Escrow Agreement dated as of October 9, 1997.

8.9 LIMITATION ON CAPITAL EXPENDITURES. Make or commit to make (by way of the acquisition of securities of a Person or otherwise) any expenditure in respect of the purchase or other acquisition of fixed or capital assets (excluding any such asset acquired in connection with normal replacement and maintenance programs properly charged to current operations) except in

the case of the Borrower, for expenditures in the ordinary course of business not exceeding, in the aggregate for the Borrower during any fiscal year of the Borrower $2,500,000 and except in the case of a Subsidiary of the Borrower, expenditures in respect of fixed or capital assets to the extent that such expenditures are made out of that portion of its revenues designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreement.

8.10 LIMITATION ON INVESTMENTS, LOANS AND ADVANCES. Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment in, any Person, except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in cash equivalents, including any such investment that may be readily sold or otherwise liquidated in any Fund for which any Subsidiary or other Management Company provides management, advisory or administrative services and which principally invests in cash equivalents;

(c) any investment in or loan or advance to a Management Company or a Subsidiary or in any Person which, after giving effect to such investment, will become a Subsidiary or a Management Company, if, after giving effect to such investment, no Default or Event of Default shall have occurred and be continuing;

(d) loans to officers of the Borrower or its Subsidiaries listed on Schedule 8.10 in aggregate principal amounts outstanding not to exceed the respective amounts set forth for such officers on said schedule;

(e) (i) loans and advances to employees of the Borrower or its Subsidiaries for travel, entertainment and relocation expenses in the ordinary course of business in an aggregate amount for the Borrower and its Subsidiaries not to exceed $150,000 at any one time outstanding (other than as permitted in subsection 8.10(f)) and (ii) in the case of a Subsidiary of the Borrower, loans and advances to employees for travel, entertainment and relocation expenses in the ordinary course of business to the extent that such loans and advances are made out of that portion of its revenues designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreement; and

(f) to the extent made out of the portion of the revenues of a Subsidiary of the Borrower which is designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreements.

8.11 LIMITATION ON OPTIONAL PAYMENTS AND MODIFICATIONS OF DEBT INSTRUMENTS AND OTHER DOCUMENTS (a) Except as provided in subsection 8.11(b), make any payment (including any cash payment of interest) or prepayment on or redemption, defeasance or purchase of any Subordinated Indebtedness; PROVIDED, HOWEVER, as long as there is no Default or Event of Default, the Borrower may make payments due on the Subordinated Contingent Payment Notes and Subordinated Deferred Payment Note as required thereunder and up to $10,000,000 in the

aggregate of payments (including any cash payment of interest) and prepayments on or redemption, defeasance or purchase of Subordinated Indebtedness.

(b) Make any optional payment or prepayment on or repurchase or redemption of the Senior Subordinated Credit Agreement or any Senior Subordinated Notes (other than, to the extent permitted thereunder, with the proceeds of an Initial Public Offering or, in the case of the Senior Subordinated Credit Agreement, with the proceeds of any offering of Senior Subordinated Notes or other Subordinated Indebtedness), including, without limitation, any payments on account of, or for a sinking or other analogous fund for, the repurchase, redemption, defeasance or other acquisition thereof, except mandatory payments of principal, interest, fees and expenses required by the terms of the Senior Subordinated Credit Agreement, the Senior Subordinated Notes, the Senior Subordinated Facility Documents, the Senior Subordinated Notes Documents and the Senior Subordinated Note Indenture, as the case may be, only to the extent permitted under the subordination provisions, if any, applicable thereto.

(c) In the event of the occurrence of a Change of Control (as defined in the Senior Subordinated Note Indenture), repurchase the Senior Subordinated Notes or any portion thereof, unless the Borrower shall have (i) made payment in full of the Loans and any other amounts then due and owing to any Lender or the Administrative Agent hereunder and under any Note on terms reasonably satisfactory to the Administrative Agent or (ii) made an offer to pay the Loans, and any amounts then due and owing to each Lender and the Administrative Agent hereunder and under any Note in respect of each Lender and shall have made payment in full thereof to each such Lender or the Administrative Agent which has accepted such offer.

(d) Amend, supplement, waive or otherwise modify any of the provisions of any of the Senior Subordinated Facility Documents or the Senior Subordinated Notes Documents:

(i) which amends or modifies the subordination provisions, if any, contained therein;

(ii) which shortens the fixed maturity or increases the principal amount of, or increases the rate or shortens the time of payment of interest on, or increases the amount or shortens the time of payment of any principal or premium payable whether at maturity, at a date fixed for prepayment or by acceleration or otherwise of the Indebtedness under the Senior Subordinated Credit Facility or evidenced by the Senior Subordinated Notes, or increases the amount of, or accelerates the time of payment of, any fees or other amounts payable in connection therewith;

(iii) which relates to any material affirmative or negative covenants or any events of default or remedies thereunder and the effect of which is to subject the Borrower or any of its Subsidiaries, to any more onerous or more restrictive provisions; or

(iv) which otherwise adversely affects the interests of the Lenders as senior creditors with respect to the Senior Subordinated Facility Documents or the Senior Subordinated Notes Documents or the interests of the Lenders under this Agreement or any other Loan Document in any material respect.

8.12 RESTRICTION ON AMENDMENTS TO REVENUE SHARING AGREEMENTS. Amend or modify the terms of a Revenue Sharing Agreement such that, as a result of such amendment or modification a Material Adverse Effect would occur.

8.13 LIMITATION ON TRANSACTIONS WITH AFFILIATES. Except as described on Schedule 8.13, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is (a) otherwise expressly permitted under this Agreement or (b) in the ordinary course of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate, provided that (i) transactions between the Borrower and its Subsidiaries and (ii) transactions between the Borrower or any of its Subsidiaries or any officer, director, individual stockholder, partner or member (or an entity wholly owned by such an individual) and any Fund or other Investment Company sponsored by the Borrower or any Subsidiary or for which the Borrower or any Subsidiary provides advisory, administrative, supervisory, management, consulting or similar services, that are otherwise permissible under the Investment Company Act, the Investment Advisers Act and the applicable management contracts shall be permitted under this subsection 8.13.

8.14 LIMITATION ON CHANGES IN FISCAL YEAR. Permit the fiscal year of the Borrower to end on a day other than December 31.

SECTION 9. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when due in accordance with the terms thereof or hereof; or the Borrower shall fail to pay any interest on any Loan, or any other amount payable hereunder, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by the Borrower or any of its Subsidiaries herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower or any of its Subsidiaries shall default in the observance or performance of any agreement contained in subsection 8.11, Section 6 and Section 5 of the Stock Pledge Agreement and Section 4 and Section 5 of each of the Partnership Pledge Agreement and the LLC Pledge Agreement; or

(d) The Borrower or any of its Subsidiaries shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days; or

(e) The Borrower or any of its Subsidiaries shall (i) default in any payment of principal of or interest on any Indebtedness (other than the Loans) or in the payment of any Guarantee Obligation, in either case in an outstanding principal amount in excess of $500,000, beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guarantee Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; or

(f) (i) The Borrower or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan maintained by the Borrower or any of its Subsidiaries, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan maintained by the Borrower or any of its Subsidiaries, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title

IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance or indemnification) of $5,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) (i) Any of the Pledge Agreements shall cease, for any reason, to be in full force and effect, or the Borrower or any of its Subsidiaries party thereto shall so assert or (ii) the Lien created by any of the Pledge Agreements shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(j) A Change of Control shall have occurred.

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) of this Section with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 10. THE ADMINISTRATIVE AGENT

10.1 APPOINTMENT. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or

responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

10.2 DELEGATION OF DUTIES. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3 EXCULPATORY PROVISIONS. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

10.4 RELIANCE BY ADMINISTRATIVE AGENT. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

10.5 NOTICE OF DEFAULT. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this

Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders, or, if such notice is received from a Lender, to the Borrower. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; PROVIDED that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

10.6 NON-RELIANCE ON ADMINISTRATIVE AGENT AND OTHER LENDERS. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

10.7 INDEMNIFICATION. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; PROVIDED that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely

from the Administrative Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Loans and all other amounts payable hereunder.

10.8 ADMINISTRATIVE AGENT IN ITS INDIVIDUAL CAPACITY. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the agent hereunder and under the other Loan Documents. With respect to the Loans made by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

10.9 SUCCESSOR ADMINISTRATIVE AGENT. The Administrative Agent (a) may resign as Administrative Agent upon 30 days' notice to the Lenders and (b) may be removed by the Required Lenders if (i) the Senior Subordinated Loans are outstanding or the Senior Subordinated Notes are held by Affiliates of Chase and (ii) an event described in clause (i) or (ii) of paragraph (f) of Section 9 has occurred. Upon any such resignation or removal, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower; provided that, in the event such Lenders are unable to agree upon a successor to a resigning Administrative Agent, a resigning Administrative Agent shall appoint a successor agent from the existing Lenders. Upon the approval and acceptance of any appointment as Administrative Agent, such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. After any retiring Administrative Agent's resignation or removal as Administrative Agent, the provisions of this Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

SECTION 11. MISCELLANEOUS

11.1 AMENDMENTS AND WAIVERS. Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; PROVIDED, HOWEVER, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of final maturity of any Loan, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or of any installments of principal or increase the amount or extend the

expiration date of any Lender's Commitment, in each case without the consent of each Lender directly affected thereby, or (ii) amend, modify or waive any provision of this subsection or reduce the percentage specified in the definition of Required Lenders, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents or release all or substantially all of the Collateral or Pledged Collateral, in each case without the written consent of all the Lenders, (iii) amend, modify or waive any provision of Section 10 without the written consent of the then Administrative Agent, (iv) change the allocation among the Tranche A Term Loans and Tranche B Term Loans of prepayments to be made pursuant to subsections 4.1 and 4.2 or waive or amend any provision of subsection 4.2 without the prior written consent of (1) Lenders holding more than 50% of the aggregate outstanding principal amount of the Tranche A Term Loans and (2) Lenders holding more than 50% of the aggregate outstanding principal amount of the Tranche B Term Loans, (v) change the application of prepayments of Tranche A Term Loans pursuant to subsections 4.1 and 4.2 without the prior written consent of Lenders holding more than 50% of the aggregate outstanding principal amount of the Tranche A Term Loans or (vi) change the application of prepayments of Tranche B Term Loans pursuant to subsections 4.1 and 4.2 without the prior written consent of Lenders holding more than 50% of the aggregate outstanding principal amount of the Tranche B Term Loans. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

11.2 NOTICES. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or 5 days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in Schedule I in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto:

The Borrower:	Affiliated Managers Group Two International Place, 23rd Floor Boston, Massachusetts 02110 Attention: Sean Healey, Executive Vice President Fax: (617) 346-7115
The Administrative Agent:	The Chase Manhattan Bank One Chase Manhattan Plaza 8th Floor New York, New York 10081 Attention: Laura Rebecca Fax: (212) 552-7490

PROVIDED that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to subsection 2.2, 3.2, 3.4, 4.1, 4.3 or 4.8 shall not be effective until received.

11.3 NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder through the Termination Date.

11.5 PAYMENT OF EXPENSES AND TAXES. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents during the continuance of an Event of Default, including, without limitation, the fees and disbursements of counsel to each Lender and of counsel to the Administrative Agent, (c) to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes other than Non-Excluded Taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents (all the foregoing in this clause (d), collectively, the "indemnified liabilities"), PROVIDED, that the Borrower shall have no obligation hereunder to the Administrative Agent or any Lender with respect to indemnified liabilities arising from (i) the gross negligence, bad faith or willful misconduct of the Administrative Agent or any such Lender or (ii) legal proceedings commenced against the Administrative Agent or any such Lender by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. Any statement for reasonable expenses of counsel to the Administrative Agent and the Lenders payable by the Borrower pursuant to this subsection 11.5 shall be sent to a Responsible Officer of the Borrower within six months of the termination of the

event giving rise to such expenses. The agreements in this subsection shall survive repayment of the Loans and all other amounts payable hereunder.

11.6 SUCCESSORS AND ASSIGNS; PARTICIPATIONS AND ASSIGNMENTS. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, and, so long as no Event of Default has been continuing for a period of 90 days, with the consent of the Borrower (which consent shall not be unreasonably withheld), at any time sell to one or more banks or other entities ("PARTICIPANTS") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. The Borrower agrees that if amounts outstanding under this Agreement are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, PROVIDED that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in subsection 11.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of subsections 4.10, 4.11, 4.12 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it was a Lender; PROVIDED that, in the case of subsection 4.11, such Participant shall have complied with the requirements of said subsection and PROVIDED, FURTHER, that no Participant shall be entitled to receive any greater amount pursuant to any such subsection than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time and from time to time assign to any Lender or any affiliate thereof or, with the consent of each of the Administrative Agent and, so long as no Event of Default has been continuing for a period of 90 days, the Borrower (which in each case shall not be unreasonably withheld), to an additional bank or financial institution ("an ASSIGNEE") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, substantially in the form of Exhibit E, executed by such Assignee, such assigning Lender (and, in the case of an Assignee that is not then a Lender or an affiliate thereof, by the Administrative Agent) and delivered to the Administrative Agent for its acceptance and recording in the Register, PROVIDED that, in the case of any such assignment to an additional

bank or financial institution (other than an assignment of all the assigning Lender's rights and obligations with respect to any of (x) the Revolving Credit Commitments and Revolving Credit Loans, (y) the Tranche A Term Loans or (z) the Tranche B Term Loans), the sum of the aggregate principal amount of the Loans and the aggregate amount of the unused Commitments being assigned and, if such assignment is of less than all of the rights and obligations of the assigning Lender, the sum of the aggregate principal amount of the Loans and the aggregate amount of the unused Commitments remaining with the assigning Lender are each not less than $10,000,000 (or such lesser amount as may be agreed to by the Borrower and the Administrative Agent). Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (y) the assigning Lender thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto).

(d) The Administrative Agent, on behalf of the Borrower, shall maintain at the address of the Administrative Agent referred to in subsection 11.2 a copy of each Assignment and Acceptance delivered to it and a register (the "REGISTER") for the recordation of the names and addresses of the Lenders and the Commitments of, and principal amounts of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may (and, in the case of any Loan or other obligation hereunder not evidenced by a Note, shall) treat each Person whose name is recorded in the Register as the owner of a Loan or other obligation hereunder as the owner thereof for all purposes of this Agreement and the other Loan Documents, notwithstanding any notice to the contrary. Any assignment of any Loan or other obligation hereunder not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an Assignee (and, in the case of an Assignee that is not then a Lender or an affiliate thereof, by the Administrative Agent with the approval of the Borrower) together with payment by the Lenders parties thereto to the Administrative Agent of a registration and processing fee of $3,500, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) on the effective date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Borrower.

(f) The Borrower authorizes each Lender to disclose to any Participant or Assignee (each, a "TRANSFEREE") and any prospective Transferee approved by the Borrower, which approval shall not be unreasonably withheld, subject to the provisions of subsection 11.15, any and all financial information in such Lender's possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this

Agreement, PROVIDED, HOWEVER, that prior to such disclosure each such prospective Transferee shall have executed a confidentiality agreement substantially in the form of Exhibit F.

(g) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this subsection concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Lender of any Loan or Note to any Federal Reserve Bank in accordance with applicable law.

11.7 ADJUSTMENTS; SET-OFF. (a) If any Lender (a "BENEFITTED LENDER") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; PROVIDED, HOWEVER, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, PROVIDED that the failure to give such notice shall not affect the validity of such set-off and application.

11.8 COUNTERPARTS. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

11.9 SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.10 INTEGRATION. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

11.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11.12 SUBMISSION TO JURISDICTION; WAIVERS. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgement in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in subsection 11.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary, punitive or consequential damages.

11.13 ACKNOWLEDGEMENTS. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

11.14 WAIVERS OF JURY TRIAL. TO THE EXTENT PERMITTED BY LAW, THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

11.15 CONFIDENTIALITY. Each Lender agrees to keep confidential any written or oral information (a) provided to it by or on behalf of the Borrower or any of its Subsidiaries pursuant to or in connection with this Agreement or (b) obtained by such Lender based on a review of the books and records of the Borrower or any of its Subsidiaries; PROVIDED that nothing herein shall prevent any Lender from disclosing any such information (i) to the Administrative Agent or any other Lender or to any Person who evaluates, approves, structures or administers the Loans on behalf of a Lender and who is subject to this confidentiality provision, (ii) to any Transferee or prospective Transferee which agrees in writing to comply with the provisions of this subsection, (iii) to its employees, directors, agents, attorneys, accountants and other professional advisors who are directly involved in the execution of the transactions contemplated by this Agreement and have been informed of their obligations under this subsection 11.15, (iv) upon the request or demand of any Governmental Authority having jurisdiction over such Lender, (v) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law (notice of which shall be provided promptly to the Borrower), (vi) which has been publicly disclosed other than in breach of this Agreement, or (vii) in connection with the exercise of any remedy hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Sean M. Healey

Title: Executive Vice President

THE CHASE MANHATTAN BANK, as
Administrative Agent and as a Lender

By: /s/ Bruce S. Borden

Title: Vice President

FIRST UNION NATIONAL BANK

By: /s/ Austin M. Rodgers

Title: Senior Vice President

SOCIETE GENERALE

By: /s/ John H. Padwatter

Title: Vice President

CORESTATES BANK, N.A.

By: /s/ Kevin O'Rourke

Title: Assistant Vice President

CREDIT LYONNAIS NEW YORK

By: /s/ Alain Papiasse

Title: Executive Vice President

CIBC INC.

By: /s/ Gerald J. Girardi

Title: Director, CIBC WOOD GUNDY SECURITIES CORP., AS AGENT

STATE STREET BANK AND TRUST COMPANY

By: /s/ Monica M. Sheehan

Title: Vice President

THE FUJI BANK, LIMITED
NEW YORK BRANCH

By: /s/ Teiji Teramoto

Title: Vice President & Manager

UNION BANK OF CALIFORNIA, N.A.

By: /s/ David C. Hants

Title: Vice President

NATIONSBANK, N.A.

By: /s/ Ronald A. Blissett

Title: Officer

DEEPROCK & COMPANY
By: Eaton Vance Management, as
investment advisor

By: /s/ Scott H. Page

Title: Vice President

KZH HOLDING CORPORATION III

By: /s/ Virginia Conway

Title: Authorized Agent

ANNEX I

PRICING GRID

Ratio of Senior Indebtedness to Adjusted EBITDA	Applicable Margin for Eurodollar Loans	Applicable Margin For ABR Loans
greater than or equal to 4.5 to 1.00	2.50% (Tranche A and Revolving Credit)	1.50% (Tranche A and Revolving Credit)
	3.00% (Tranche B)	2.00% (Tranche B)
greater than or equal to 4.00 to 1.00	2.25% (Tranche A and Revolving Credit)	1.25% (Tranche A and Revolving Credit)
	3.00% (Tranche B)	2.00% (Tranche B)
greater than or equal to 3.50 to 1.00	2.00% (Tranche A and Revolving Credit)	1.00% (Tranche A and Revolving Credit)
	3.00% (Tranche B)	2.00% (Tranche B)
greater than or equal to 3.00 to 1.00	1.75% (Tranche A and Revolving Credit)	0.75% (Tranche A and Revolving Credit)
	3.00% (Tranche B)	2.00% (Tranche B)
less than 3.00 to 1.00	1.50% (Tranche A and Revolving Credit)	0.50% (Tranche A and Revolving Credit)
	3.00% (Tranche B)	2.00% (Tranche B)

SCHEDULE I

LENDER COMMITMENTS

A. Commitments

Lender	Revolving Credit Commitment	Tranche A Term Loan Commitment	Tranche B Term Loan Commitment
The Chase Manhattan Bank	$ 24,000,000	$ 6,000,000	$41,000,000
First Union National Bank	$ 23,200,000	$ 5,800,000	$ 2,000,000
Societe Generale	$ 23,200,000	$ 5,800,000	-
CoreStates Bank, N.A.	$ 23,200,000	$ 5,800,000	-
Credit Lyonnais New York Branch	$ 23,200,000	$ 5,800,000	-
CIBC, Inc.	$ 23,200,000	$ 5,800,000	-
State Street Bank and Trust Company	$ 18,000,000	$ 4,500,000	-
The Fuji Bank, Limited New York	$ 18,000,000	$ 4,500,000	-
Union Bank of California, N.A.	$ 12,000,000	$ 3,000,000	-
NationsBank, N.A.	$ 12,000,000	$ 3,000,000	-
KZH Holding Corporation III	-	-	$ 5,000,000
Deeprock & Company	-	-	$ 2,000,000
	$200,000,000	$50,000,000	$50,000,000

B. Addresses for Notices

THE CHASE MANHATTAN BANK
270 Park Avenue
New York, NY 10017
Attn: Darrell Crate
Telephone: (212) 270-5005
Telecopy: (212) 270-5222

FIRST UNION NATIONAL BANK
301 South College Street DC-5
Charlotte, NC 28288-0735
Attn: Robert W. Beatty
Telephone: (704) 374-4176
Telecopy: (704) 383-7611

SOCIETE GENERALE
1221 Avenue of the Americas
New York, NY 10020
Attn: John Padwater
Telephone: (212) 278-6263
Telecopy: (212) 278-7569

CORESTATES BANK, N.A.
1345 Chestnut Street
Philadelphia, PA 19101
Attn: Brian Haley
Telephone: (215) 973-2372
Telecopy: (215) 786-8988

CREDIT LYONNAIS NEW YORK BRANCH
53 State Street, 27th Floor
Boston, MA 02109
Attn: Lisa Turilli
Telephone: (617) 723-2615
Telecopy: (617) 723-4803

CIBC INC.
425 Lexington Avenue, 8th Floor
New York, NY 10017
Attn: Gerald Girardi
Telephone: (212) 856-3649
Telecopy: (212) 856-3558

STATE STREET BANK AND TRUST COMPANY
235 Franklin Street, 2nd Floor
Boston, MA 02110
Attn: Monica Sheehan
Telephone: (617) 664-4957
Telecopy: (617) 664-6527

THE FUJI BANK, LIMITED NEW YORK
BRANCH
Two World Trade Center, 79th Floor
New York, NY 10048
Attn: Mark Hanslin
Telephone: (212) 898-2073
Telecopy: (212) 898-2399

UNION BANK OF CALIFORNIA, N.A.
350 California Street
San Francisco, CA 94104
Attn: David Hants
Telephone: (415) 705-7020
Telecopy: (415) 705-7037

NATIONSBANK, N.A.
600 Peachtree Street, N.E.
21st Floor
Atlanta, GA 30308-2214
Attn: Ronald Blissett
Telephone: (404) 607-4138
Telecopy: (404) 607-6318

DEEPROCK & COMPANY
c/o Eaton Vance Management
24 Federal Street
Boston, MA 02110
Attn: Julianna Reilly
Telephone: (617) 348-0115
Telecopy: (617) 338-0810

KZH HOLDING CORPORATION III
c/o The Chase Manhattan Bank
450 West 33rd Street, 15th Floor
New York, NY 10001
Attn: Virginia Conway
Telephone: (212) 946-7576
Telecopy: (212) 946-7776

PROTECTIVE ASSET MANAGEMENT, L.L.C.
1150 Two Galleria Tower
13455 Noel Rd. LB#45
Dallas, TX 75240
Attn: Mark Okada
Telephone: (972) 233-4300
Telecopy: (972) 233-4343

EXHIBIT 4.3

AFFILIATED MANAGERS GROUP, INC.

10,448 Shares of
Series B-1 Voting Convertible Preferred Stock
and 19,403 Shares of
Series B-2 Non-Voting Convertible Preferred Stock

STOCK PURCHASE AGREEMENT

November 7, 1995

Affiliated Managers Group, Inc.
Stock Purchase Agreement
November 7, 1995

INDEX

EXHIBITS

SCHEDULES

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made as of this 7th day of November, 1995, by and among Affiliated Managers Group, Inc., a corporation incorporated under the laws of the State of Delaware (the "Company"), and the Investors listed on the signature pages hereof (the "Investors" and each individually an "Investor").

W I T N E S S E T H

WHEREAS, each of the Investors desires to purchase, and the Company desires to sell, shares of its Series B-1 Voting Convertible Preferred Stock and shares of its Series B-2 NonVoting Convertible Preferred Stock (as such terms are hereafter defined) in the amounts and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. TERMS OF PURCHASE

1.1 Description of Securities. The Company has authorized the issuance and sale to the Investors of Ten Thousand Four Hundred and Forty-Eight (10,448) shares of its authorized but unissued Series B-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series B-1 Voting Convertible Preferred Stock") and Nineteen Thousand Four Hundred and Three (19,403) shares of its authorized but unissued Series B-2 Non-Voting Convertible Preferred Stock, par value $.01 per share (the "Series B-2 Non-Voting Convertible Preferred Stock" and, together with the Series B-1 Voting Convertible Preferred Stock, the "Class B Convertible Preferred Stock"). The Class B Convertible Preferred Stock and the Company's Class A Convertible Preferred Stock, par value $.01 per share (the "Class A Convertible Preferred Stock") are referred to as the "Preferred Shares."

1.2 Reserved Shares. The Company has authorized and has reserved and covenants to continue to reserve, a sufficient number of shares of its Class B Common Stock, par value $.01 per share (the "Class B Common Stock") to satisfy the rights of conversion of the holders of the Series B-2 Non-Voting Convertible Preferred Stock. The Company has authorized and has reserved and covenants to continue to reserve, a sufficient number of shares of its Common Stock, par value $.01 per share (the "Common Stock") to satisfy the rights of conversion of the holders of the Series B-1 Voting Convertible Preferred Stock and the rights of conversion of holders of shares of Class B Common Stock or Series B-1 Voting Convertible Preferred Stock issuable upon conversion of the shares of Series B-2 Non-Voting Convertible Preferred Stock. Any shares of Common Stock, Class B Common Stock or Series B-1 Voting Convertible Preferred Stock or any successor class or classes of capital stock of the Company thereafter issued or issuable (directly or indirectly) upon conversion of Class B Convertible Preferred Stock are herein referred to as "Conversion Shares," and the Class B Convertible

Preferred Stock and the Conversion Shares are herein collectively referred to as the "Securities."

1.3 Sale and Purchase. Subject to the terms and conditions herein set forth, the Company shall issue and sell to each of the Investors, and each Investor shall purchase from the Company, the number of shares of Class B Convertible Preferred Stock set forth opposite the name of such Investor in Column 2 or 3 of Exhibit A hereto, for the aggregate purchase price set forth in the corresponding row of Column 4 of said Exhibit A, which Class B Convertible Preferred Stock shall be shares of either Series B-1 Voting Convertible Preferred Stock or shares of Series B-2 Non-Voting Convertible Preferred Stock, as set forth on Exhibit A.

1.4 Closing. The closing (the "Closing") of the sale and purchase of the Class B Convertible Preferred Stock shall take place at the offices of Goodwin, Procter & Hoar, located at Exchange Place, Boston, Massachusetts, at 10:00 A.M., on November 7, 1995 (the "Closing Date"). At the Closing, the Company will deliver the Class B Convertible Preferred Stock being acquired by each Investor in the form of a certificate issued in such Investor's name or in the name of its nominee (of which the Investor shall notify the Company not less than three business days prior to the Closing Date), against payment of the full purchase price therefor by or on behalf of each Investor to the Company by wire transfer of immediately available funds to the Company's account (of which the Company shall notify the Investors not less than three business days prior to the Closing Date) or by check, as agreed to by the Company.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

In order to induce the Investors to enter into this Agreement, the Company represents and warrants to the Investors, that as of the date hereof:

2.1 Organization and Corporate Power.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the failure to be so qualified could reasonably be expected to have a Material Adverse Effect. The Company has all required corporate power and authority to own its property, to carry on its business as presently conducted, to enter into and perform this Agreement and the agreements contemplated hereby, and generally to carry out the transactions contemplated hereby and thereby. The copies of the Certificate of Incorporation and By-laws of the Company, as amended to date, which have been furnished to counsel for the Investors by the Company, are correct and complete at the date hereof. The Company is not in violation, in any material respect, of any term of its Certificate of Incorporation or By-laws, or in violation, in any

material respect, of any term of any agreement, instrument, judgment, decree, order, statute, rule or government regulation applicable to the Company, other than any such violations which in the aggregate could not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Subsidiaries is duly organized, validly or legally existing (as the case may be) and in good standing under the laws of the State of Delaware, and is qualified to do business in each jurisdiction where the failure to be so qualified could reasonably be expected to have a Material Adverse Effect. Each of the Subsidiaries has all required corporate or partnership (as applicable) power and authority to own its property and to carry on its business as presently conducted. The copies of the organizational documents of each Subsidiary, as amended to date, which have been furnished to counsel for the Investors by the Company, are correct and complete at the date hereof. None of the Subsidiaries is in violation, in any material respect, of any term of its organizational documents, or in violation, in any material respect, of any term of any agreement, instrument, judgment, decree, order, statute, rule or government regulation applicable to it, other than any such violation which could not reasonably be expected to have a Material Adverse Effect.

2.2 Authorization. This Agreement and all other documents and instruments executed pursuant hereto are valid and binding obligations of the Company, enforceable against the Company in accordance with their terms. The execution, delivery and performance of this Agreement and the Stockholders' Agreement and all other documents and other instruments contemplated hereby to be executed by the Company and the issuance of the Class B Convertible Preferred Stock and, upon conversion thereof, the Conversion Shares have been duly authorized by all necessary corporate or other action of the Company. No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority or other third party is required of the Company in connection with the execution, delivery and performance of this Agreement, or the issuance and delivery of the Class B Convertible Preferred Stock in accordance with the terms of this Agreement and the Conversion Shares upon conversion of the Class B Convertible Preferred Stock in accordance with the terms of the Amended and Restated Certificate of Incorporation of the Company in the form attached hereto as Exhibit B (the "Certificate of Incorporation") (or the issuance and delivery of the shares of Common Stock upon the conversion of the Class B Common Stock or Series B-1 Voting Convertible Preferred Stock in accordance with the terms of the Certificate of Incorporation), or the performance or consummation of any other transaction contemplated hereby other than those which have been obtained or made prior to the date hereof and which are in full force and effect and other than those which do not need to be made until after the date hereof.

2.3 Capitalization; Rule 701 Offering.

(a) The authorized and issued capital stock of the Company is as set forth in Schedule 2.3 attached hereto. Except as disclosed in Schedule 2.3, the Company has not issued any other shares of its capital stock and there are no outstanding warrants, options or

other rights to purchase or acquire any of such shares, nor any outstanding securities convertible into such shares or outstanding warrants, options or other rights to acquire any such convertible securities. As of the Closing, all the outstanding shares of capital stock of the Company will have been duly and validly authorized and issued and will be fully paid and nonassessable and will have been offered, issued, sold and delivered in compliance with applicable federal and state securities laws. The shares of Class B Convertible Preferred Stock have been duly and validly authorized and, when delivered and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable. The relative rights, preferences, restrictions and other provisions relating to the Preferred Shares and Conversion Shares are as set forth in Exhibit B attached hereto. The Company has authorized and reserved for issuance upon conversion of the Class B Convertible Preferred Stock not less than Ten Thousand Four Hundred and Forty-Eight (10,448) shares of its Common Stock, Nineteen Thousand Four Hundred and Three (19,403) shares of its Class B Common Stock and Nineteen Thousand Four Hundred and Three (19,403) shares of its Series B-1 Voting Convertible Preferred Stock, and such Conversion Shares will be, when issued in accordance with the Certificate of Incorporation of the Company, duly and validly authorized and issued, fully paid and nonassessable. The Company has authorized and reserved for issuance upon conversion of the shares of Class B Common Stock (or the Series B-1 Voting Convertible Preferred Stock issuable upon conversion of the Series B-2 Non-Voting Convertible Preferred Stock) not less than Nineteen Thousand Four Hundred and Three (19,403) shares of its Common Stock, and such shares of Common Stock will be, when issued in accordance with the Certificate of Incorporation of the Company, duly and validly authorized and issued, fully paid and nonassessable. Except as set forth on Schedule 2.3, there are no preemptive rights or rights of first refusal with respect to the issuance or sale of the Company's capital stock, other than rights to which holders of the Class B Convertible Preferred Stock and Conversion Shares and holders of Class A Convertible Preferred Stock and the Common Stock issuable upon the conversion thereof are entitled as set forth in the Stockholders' Agreement referred to in Section 3.6 hereof. Except as disclosed in Schedule 2.3, there are no restrictions on the transfer of the Company's capital stock other than those arising from federal and state securities laws or under this Agreement or the Stockholders' Agreement referred to in Section 3.6 hereof. Except as set forth in the Stockholders' Agreement, or as disclosed in Schedule 2.3, there are no rights to have the Company's capital stock registered for sale in connection with the laws of any jurisdiction. Set forth in Schedule 2.3 is a listing of all partners and shareholders (including the number of shares of each class owned by each such person) of the Company and each Subsidiary and of the holders of all outstanding stock options, warrants, calls and other rights relating to the issuance of equity in the Company and each Subsidiary. The outstanding capital stock of the Company will not be subject to adjustment (except inasmuch as the rights, preferences, restrictions and other provisions relating thereto have changed pursuant to the provisions of the Certificate of Incorporation) by reason of the issuance of the Class B Convertible Preferred Stock on the date hereof.

(b) Subsequent to the Closing Date, it is contemplated that the Company may issue and sell not more than 4,477 shares of Series B-1 Voting Convertible Preferred

Stock at a purchase price of $670.00 per share to certain qualifying persons of the type enumerated in clause (i) of Rule 701(b)(1) promulgated under the Securities Act of 1933 (the "Securities Act") and who are selected by the Board of Directors of the Company in its sole discretion.

2.4 Subsidiaries; Investments. Except as set forth on Schedule 2.4, the Company does not have any ownership interest in any corporation, partnership, limited liability company, limited liability partnership, joint venture or other entity. Set forth on Schedule 2.4 is a description of the ownership structure of each Subsidiary and each other entity in which the Company has a ownership interest.

2.5 Financial Statements. Included in Schedule 2.5 are the following consolidated financial statements of the Company, all of which fairly present the consolidated financial position of the Company on the dates of such statements and the results of its operations for the periods covered thereby: audited consolidated balance sheet of the Company as of December 31, 1994, and unaudited consolidated balance sheets of the Company as of June 30, 1995, and September 30, 1995, and the related statements of income and cash flows for the year and periods then ended. The foregoing financial statements have been prepared in accordance with GAAP consistently applied over the periods covered thereby (except that the unaudited financial statements included therein do not include footnote disclosure and may be subject to year-end audit adjustments) none of which alone or in the aggregate would have a Material Adverse Effect.

2.6 Absence of Undisclosed Liabilities. Except as and to the extent disclosed in Schedule 2.6 and to the extent reflected or reserved against in the balance sheet of the Company as of September 30, 1995, included in Schedule 2.5 (the "Base Balance Sheet"), neither the Company nor any Subsidiary has any material accrued or contingent liability or liabilities arising out of any transaction or state of facts existing prior to the date hereof, which has arisen other than in the ordinary course of business and which is of a nature required to be reflected or reserved against in the Base Balance Sheet in accordance with GAAP.

2.7 Absence of Certain Developments. Except as disclosed in Schedule 2.7, since September 30, 1995, there has been (i) no material adverse change in the condition, financial or otherwise, of the Company or any Subsidiary or in the assets, liabilities, properties, operations or business of the Company or any Subsidiary, and, to the best knowledge of the Company, there exists no condition, event or occurrence (other than conditions, events and occurrences affecting businesses in the same or similar businesses as the Company and its Subsidiaries) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the condition, financial or otherwise, of the Company or any Subsidiary or on the assets, liabilities, properties, operations or business of the Company or any Subsidiary, (ii) no declaration, setting aside or payment of any dividend or other distribution with respect to, or any direct or indirect redemption or acquisition of, any of the capital stock of the Company or any Subsidiary, (iii) no waiver of any valuable right of the

Company or any Subsidiary or cancellation of any debt or claim held by the Company or any Subsidiary, (iv) no loan by the Company or any Subsidiary to any officer, director, employee or stockholder of the Company, or any agreement or commitment therefor, (v) no material loss, destruction or damage to any property of the Company or any Subsidiary, whether or not insured, and (vi) no labor trouble involving the Company or any Subsidiary, no material loss of personnel of the Company or any Subsidiary and no material change in the terms and conditions of the employment of the Company's key personnel (including, without limitation, Messrs. Nutt and Healey) or the key personnel of any Subsidiary.

2.8 Title to Properties. Each of the Company and each of its Subsidiaries has good and marketable title to all of its properties and assets, free and clear of all liens, restrictions or encumbrances, except as disclosed in Schedule 2.8 and except where the failure to have such title or for such property to be so free and clear, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary owns any real property. All machinery and equipment included in such properties which is necessary to the business of the Company or any Subsidiary as presently conducted is in good condition and repair and all leases of real or personal property to which the Company or any of its Subsidiaries is a party are fully effective and afford the Company or its Subsidiary, as applicable, peaceful and undisturbed possession of the subject matter of the lease except where the failure to be in such condition or to be so effective, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation of any material zoning, building or safety ordinance, regulation or requirement or other law or regulation applicable to the operation of its owned or leased properties, which violation could reasonably be expected to have a Material Adverse Effect.

2.9 Tax Matters. The Company and each of the Subsidiaries from the date it became a Subsidiary, and to the best knowledge of the Company prior to the date it became a Subsidiary, has filed all tax returns which it is required to file pursuant to any federal, state or local law, and all such returns are correct and complete in all material respects. Except as set forth in Schedule 2.9, all foreign, federal, state and local taxes owed by the Company have been paid. Except as set forth on said Schedule 2.9, the provision for taxes on the Base Balance Sheet is sufficient for the payment of all accrued and unpaid foreign, federal, state, county and local taxes of the Company, whether or not assessed or disputed as of the date of said balance sheet. Except as set forth on Schedule 2.9, there exist no material unpaid assessments on the Company for any fiscal period. All taxes and other assessments and levies which the Company is required to withhold or collect have been withheld and collected and have been paid over to the proper governmental authorities. With regard to the federal or state income tax returns of the Company, the Company has never received notice of any audit or of any proposed deficiencies from the Internal Revenue Service or any state taxing authority. There are in effect no waivers of applicable statutes of limitations with respect to any taxes owed by the Company for any year. Neither the Internal Revenue Service nor any other taxing authority is now asserting or, to the knowledge of the Company, threatening to assert against

the Company any deficiency or claim for additional taxes or interest thereon or penalties in connection therewith. Except as set forth in Schedule 2.9, each of the Subsidiaries is an entity classified as a partnership for federal tax purposes.

2.10 Certain Contracts and Arrangements. Except as set forth in Schedule 2.10 hereto, the Company is not a party or subject to:

(a) any plan or contract providing for collective bargaining or the like, or any contract or agreement with any labor union;

(b) any contract or agreement creating any obligation of the Company to pay to any third party $500,000 or more in any twelve-month period with respect to any single such contract or agreement;

(c) any contract containing covenants limiting the freedom of the Company or any Subsidiary to compete in any line of business or with any person or entity;

(d) any contract or agreement for the purchase of any leasehold improvements, equipment or fixed assets for a price in excess of $500,000;

(e) any indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for borrowing in excess of $500,000, other than the Credit Agreement and related Promissory Notes dated as of May 11, 1995, among the Company, the several Lenders named in the Credit Agreement and Chemical Bank, a New York banking corporation, as Administrative Agent (the "Senior Loan Agreement");

(f) any material partnership, limited liability company or joint venture agreement;

(g) any employment contracts, or agreements (other than non-competition, non-solicitation and/or non-disclosure agreements) with officers, directors, employees or stockholders of the Company or persons or organizations related to or affiliated with any such persons;

(h) any stock redemption or purchase agreements;

(i) any stock option or other stock purchase or similar equity issuance plans; or

(j) any commission or fee sharing agreement (other than with employees of the Company incurred in the ordinary course of business).

Except as otherwise described on the Schedules hereto, neither the Company nor any of its Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted or could be reasonably expected to result, individually or in the aggregate, in a Material Adverse Effect. Each material agreement, contract, lease, license, commitment or other instrument to which the Company or any of its Subsidiaries is a party or by which it or any of its properties or assets may be bound as of the date hereof is set forth on Schedule 2.10 (collectively, the "Material Contracts").

Except as set forth on Schedule 2.10, and after giving effect to the transactions contemplated hereby, all of the Material Contracts are valid, binding and in full force and effect and enforceable by the Company in accordance with their terms. Except as set forth in Schedule 2.10, each of the Company and the Subsidiaries has performed in all material respects all obligations required to be performed by it to date under the Material Contracts and, to the knowledge of the Company, no other party to any of the Material Contracts is (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder in any such case which either individually as in the aggregate would have a Material Adverse Effect. Except as disclosed on Schedule 2.7, neither the Company, nor any of the Subsidiaries, nor, to the knowledge of the Company, any other party to any Material Contract has given notice of termination of, or taken any action inconsistent with the continuation of, any Material Contract. None of such other parties has any presently exercisable right to terminate any Material Contract (other than those Material Contracts which are investment advisory or management agreements) nor will any such other party have any right to terminate any Material Contract on account of the execution, delivery or performance of this Agreement, the Stockholders' Agreement or any other document executed and delivered in connection herewith.

2.11 Proprietary Information. All proprietary information developed by or belonging to the Company or any of the Subsidiaries (including, without limitation, contact lists and transaction structures) and which is material to the business of the Company has been kept confidential. None of the Company or any of the Subsidiaries is making unlawful use of any intellectual property of any other person, including without limitation any former employer of any past or present employees of the Company. Neither the Company nor any of the Company's employees or consultants nor any of the Subsidiaries or any of their employees or consultants has any agreements or arrangements with former employers of such employees or consultants relating to any intellectual property of such employers, which interfere or conflict with the performance of such employee's or consultant's duties for the Company or such Subsidiary or results in any former employers of such employees and consultants having any rights in, or claims on, the Company's intellectual property or the intellectual property of any of the Subsidiaries. The activities of the Company's employees and consultants and the employees and consultants of each Subsidiary on behalf of the Company or such Subsidiary do not violate any agreements or arrangements which any such employees have with former employers. Each current and former employee of the Company and its Subsidiaries, and each of the Company's and its Subsidiaries' consultants has executed an agreement regarding

confidentiality and proprietary information (except where the failure of such person to have executed such agreement cannot reasonably be anticipated to have a Material Adverse Effect) and, to the knowledge of the Company, none of such employees and consultants are in violation of such agreements.

2.12 Effect of Transactions. The execution, delivery and performance by the Company of this Agreement, the Stockholders' Agreement and the agreements and transactions contemplated hereby will not conflict with or result in any violation of or default under any material contract, obligation or commitment of the Company or any Subsidiary (with or without the lapse of time, the giving of notice, or both), or any provision of any organizational document of the Company or any Subsidiary, or result in the creation of any lien, charge or encumbrance of any nature upon any of the properties or assets of the Company or any Subsidiary except as contemplated by this Agreement and the Stockholders' Agreement. The Company's execution and delivery of this Agreement and the Stockholders' Agreement and its performance of the transactions contemplated hereby will not violate any judgment, decree, order, statute, rule or regulation of any federal, state or local government or agency applicable to the Company or any Subsidiary or to which the Company or any Subsidiary is a party.

2.13 Employee Benefit Plans. Except as set forth in Schedule 2.13, the Company does not maintain or contribute to any employee benefit plan, stock option, bonus or incentive plan, severance pay policy or agreement, deferred compensation agreement, or any similar plan or agreement (an "Employee Benefit Plan") nor has it ever maintained or contributed to an Employee Benefit Plan except as described in Schedule 2.13. The terms and operation of each Employee Benefit Plan comply in all material respects with all applicable laws and regulations relating to such Employee Benefit Plans and no such plan is a so-called multi-employer plan. There are no unfunded obligations of the Company under any retirement, pension, profit-sharing, deferred compensation plan or similar program.

Except as specifically set forth in Schedule 2.13, or as required by Section 4980B of the Internal Revenue Code or Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as amended, the Company has never maintained or contributed to any Employee Benefit Plan providing or promising any health or other non-pension benefit to terminated employees.

2.14 Litigation. There is no litigation or governmental proceeding or investigation pending or, to the best knowledge of the Company, threatened against the Company or any Subsidiary affecting any of their respective businesses, properties or assets, or against any officer or key employee of the Company or any Subsidiary in his capacity as an officer or key employee of the Company or such Subsidiary, or which may call into question the validity or hinder the enforceability or performance of this Agreement or the agreements and transactions contemplated hereby; nor, to the best knowledge of the Company, has there occurred any event nor does there exist any condition on the basis of which any litigation, proceeding or investigation might properly be instituted.

2.15 Offerees. Neither the Company nor anyone acting on its behalf has in the past or will sell, offer for sale or solicit offers to buy any securities of the Company so as to bring the offer, issuance or sale of the Class B Convertible Preferred Stock or the Conversion Shares, as contemplated by this Agreement, within the provisions of Section 5 of the Securities Act, unless such offer, issuance or sale was or will be within the exemptions of Section 4 thereof. The Company has and will comply with all applicable state "blue-sky" or securities laws in connection with the issuance and sale of its Common Stock, Class B Convertible Preferred Stock and other securities heretofore issued and to be issued upon the closing of the Agreement.

2.16 Business; Compliance with Laws.

(a) Each of the Subsidiaries other than J M H Management Corporation is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and each of the Subsidiaries is duly registered, licensed and qualified as an investment adviser in all jurisdictions where such registration, licensing or qualification is required in order to conduct its business (except for failures to be so authorized that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect).

(b) The Company and each Subsidiary has all necessary franchises, permits, licenses and other rights and privileges necessary to permit it to own its property and to conduct its business as it is presently or contemplated to be conducted in each case, except where the failure to have any of such franchises, permits, licenses, rights or privileges, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation, in any material respect, of any law, regulation, authorization or order of any public authority relevant to the ownership of its properties or the carrying on of its business as it is presently conducted except where any such violation, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary is in compliance, in all material respects, with all federal, state and local laws and regulations relating to its business as presently conducted, except where any such failure to comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

2.17 Investment Banking; Brokerage. No broker, finder, agent or similar intermediary has acted on behalf of the Company in connection with this Agreement or the transactions contemplated hereby and there are no brokerage commissions, finders fees or similar fees or commissions payable in connection therewith.

2.18 Transactions with Affiliates. Except as set forth on Schedule 2.18 hereto, to the best of the Company's knowledge, without investigation, no person directly or indirectly holding an interest in the Company is a party to any material agreement, commitment or

transaction with the Company, or (other than as a client thereof) any of its Subsidiaries or has any material interest in any property used by the Company or any of its Subsidiaries.

2.19 Disclosure. Neither this Agreement, the exhibits or schedules hereto, the Stockholders' Agreement and all other documents and instruments executed pursuant hereto contains any untrue statement of any material fact, or omits to state any material fact that is necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3. CONDITIONS OF PURCHASE

Each Investor's obligation to purchase and pay for the Class B Convertible Preferred Stock shall be subject to compliance by the Company with its agreements herein contained and to the fulfillment to each Investor's satisfaction on or before and at the Closing Date of the following conditions:

3.1 Satisfaction of Conditions. The representations and warranties of the Company made in Section 2 hereof shall be true and correct on and as of the Closing Date; each of the conditions specified in this Section 3 shall have been satisfied or waived in writing; and on the Closing Date, certificates to such effect executed by the President or the Executive Vice President of the Company and by the principal financial officer of the Company shall be delivered to the Investors.

3.2 Authorization. The Board of Directors and the stockholders of the Company shall have duly adopted resolutions in form reasonably satisfactory to the Investors authorizing the Company to consummate the transactions contemplated hereby in accordance with the terms hereof, and the Investors shall have received a duly executed certificate of the Secretary of the Company setting forth a copy of such resolutions and confirming that such resolutions have not been modified, rescinded or amended and are in full force and effect, setting forth a copy of the Certificate of Incorporation and By-laws of the Company, as in effect on the Closing Date, setting forth an incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Company and such other matters as may be requested by the Investors.

3.3 Amended and Restated Certificate of Incorporation. The Board of Directors and Stockholders of the Company shall have unanimously adopted resolutions providing for the restatement of the Company's Certificate of Incorporation in the form attached hereto as Exhibit B and such restated Certificate of Incorporation shall have been filed with the Secretary of State of Delaware.

3.4 Director Election. Michael F. Elliott shall have been elected as a Director of the Company.

3.5 Opinion of Counsel. The Investors shall have received from counsel for the Company, Messrs. Goodwin, Procter & Hoar, their favorable opinion, dated the Closing Date, substantially in the form attached hereto as Exhibit C.

3.6 Stockholders' Agreement. The Company, the Investors and all the other stockholders of the Company shall have executed and delivered a Stockholders' Agreement in the form of Exhibit D hereto (the "Stockholders' Agreement").

3.7 All Proceedings Satisfactory. All corporate and other proceedings taken prior to or at the Closing in connection with the transactions contemplated by this Agreement, and all documents and evidences incident thereto, shall be reasonably satisfactory in form and substance to the Investors, and the Investors shall receive such copies thereof and other materials (certified, if requested) as they may reasonably request in connection therewith. The issuance and sale of the Class B Convertible Preferred Stock to the Investors shall be made in conformity with all applicable state and federal securities laws.

3.8 No Violation or Injunction. The consummation of the transactions contemplated by this Agreement shall not be in violation of any law or regulation and shall not be subject to any injunction, stay or restraining order.

3.9 Delivery of Documents. The Company shall have executed and delivered to the Investors (or shall have caused to be executed and delivered to the Investors by the appropriate persons) the following:

(a) Certificates for the Class B Convertible Preferred Stock as set forth in Exhibit A;

(b) Certified copies of resolutions of the Board of Directors (and, to the extent necessary, the stockholders) of the Company authorizing the execution and delivery of this Agreement, the Stockholders' Agreement, the Restated Certificate, the issuance of the Class B Convertible Preferred Stock and upon conversion of the Class B Convertible Preferred Stock, the issuance of the Conversion Shares;

(c) A copy of the Company's corporate charter, certified as of a recent date by the appropriate Secretary of State;

(d) A copy of the Certificate of Incorporation certified by the appropriate Secretary of State;

(e) A copy of the by-laws of the Company certified by the secretary of the Company;

(f) A certificate issued by the appropriate Secretary of State of the state of incorporation of the Company certifying that the Company is in good standing in such state;

(g) A certificate issued by the appropriate Secretary of State of the state of organization of each Subsidiary certifying that, to the extent applicable, each such Subsidiary is in good standing in such state;

(h) A certificate issued by the Secretary of State of the Commonwealth of Massachusetts certifying that the Company is in good standing in Massachusetts;

(i) Payment or reimbursement on the Closing Date of fees of the Investors in accordance with Section 7.10 hereof; and

(j) Such other supporting documents and certificates as the Investors may reasonably request.

SECTION 4. COVENANTS OF THE COMPANY

The Company shall comply with the following covenants until such time as (i) the Investors own less than, in the aggregate, 10% of the Class B Preferred Stock issued at the Closing (or Conversion Shares issued or issuable upon the conversion thereof), (ii) a Qualified Public Offering occurs, or (iii) a Qualified Public Float exists at the Average Qualifying Price.

4.1 Financial Statements; Minutes. The Company will maintain a comparative system of accounts in accordance with GAAP, keep full and complete financial records and furnish to all Investors the following reports: (a) within 120 days after the end of each fiscal year, a copy of the consolidated balance sheet of the Company as at the end of such year, together with a consolidated statement of income and retained earnings and of cash flows of the Company for such year, audited and certified by independent public accountants of recognized national standing, prepared in accordance with GAAP consistently applied; (b) within 45 days after the end of each of month commencing with November 1995, a consolidated unaudited balance sheet of the Company as at the end of such month and, if such month end is also the end of a fiscal quarter but not the end of a fiscal year, within 45 days after the end of such month a consolidated unaudited statement of income and retained earnings and of cash flow for the Company for such quarter and for the year to date; (c) promptly, and in no event more than ten days after the Company's receipt thereof, copies of all audit reports, so-called "management letters" and other communications and reports submitted to the Company or any of its Subsidiaries by independent certified public accountants in connection with each interim or special audit of the Company or any of its Subsidiaries made by such accountants; and (d) simultaneously with delivery to the lenders under the Senior Loan Agreement, copies of all financial statements, information and notices delivered under Section 5.2 of the Senior Loan Agreement which are not otherwise delivered to the Investors pursuant to this Section 4.1.

4.2 Budget and Operating Forecast. Commencing with the Company's 1996 fiscal year, the Company will prepare and submit to the Board of Directors of the Company a budget for the Company for each fiscal year of the Company at least 30 days prior to the beginning of such fiscal year, together with management's written discussion and analysis of such budget. The budget shall be accepted as the budget for such fiscal year when it has been approved by a majority of the full Board of Directors of the Company and, thereupon, a copy of such budget promptly shall be sent to the Investors. The Company shall review the budget periodically and shall advise the Board of Directors of all changes therein and all material deviations therefrom.

4.3 Conduct of Business. The Company will, and will cause each of its Subsidiaries to, continue to engage principally in the business now conducted by the Company or such Subsidiary and businesses similar or related thereto and those reasonably compatible therewith. The Company will keep in full force and effect its corporate existence and will use commercially reasonable efforts to maintain all properties used or useful in the conduct of its business in good repair, working order and condition, ordinary wear and tear excepted, as necessary to permit such business to be properly and advantageously conducted.

4.4 Payment of Taxes, Compliance with Laws, etc. The Company will, and will cause each of its Subsidiaries to, pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or upon its income or property before the same shall become in default, as well as all lawful claims for labor, materials and supplies which, if not paid when due, might become a lien or charge upon its property or any part thereof; provided, however, that neither the Company nor any Subsidiary shall be required to pay and discharge any such tax, assessment, charge, levy or claim so long as the validity thereof is being contested by the Company or such Subsidiary in good faith by appropriate proceedings and an adequate reserve therefor has been established on its books. The Company will comply with all applicable laws and regulations in the conduct of its business, including, without limitation, the Advisers Act and the Investment Company Act of 1940, as amended (the "1940 Act"), and will comply with all applicable federal and state securities laws in connection with the issuance of any shares of its capital stock.

4.5 Material Adverse Effect. The Company will promptly advise the Investors of any event which has a Material Adverse Effect on the Company, and of each suit or proceeding commenced or threatened against the Company or any Subsidiary which, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Company. The Company will also promptly notify the Investors of any facts which, if such facts had existed on the Closing Date, would have constituted a material breach of the representations and warranties contained herein.

4.6 Insurance. The Company will keep its insurable properties insured, upon reasonable business terms, by financially sound and reputable insurers against liability, and the perils of casualty, fire and extended coverage in amounts of coverage at least equal to those customarily maintained by companies in the same or similar business as the Company. The

Company will also maintain with such insurers insurance against other hazards and risks and liability to persons and property to the extent and in the manner customary for the operation of its business.

4.7 Life Insurance. The Company will maintain, and continue to pay the premiums on, "key-man" term life insurance from financially sound and reputable insurers on the life of William J. Nutt in the face amount of $5,000,000 with the proceeds payable to the Company. The Company hereby agrees that such policy shall not be assigned, borrowed against, pledged or encumbered in any other way.

4.8 Affiliated Transactions. All transactions by and between the Company and any officer, key employee or stockholder of the Company or persons controlling, controlled by, under common control with or otherwise affiliated with such officer, key employee or stockholder, shall be conducted on an arm's-length basis, shall be on terms and conditions no less favorable to the Company than could be obtained from nonrelated persons and shall be approved in advance by the Board of Directors after full disclosure of the terms thereof, for which purpose the interested party, if a Director, and any affiliate of the interested party who is a Director, shall not be entitled to vote.

4.9 Use of Proceeds. The Company will use the proceeds from the sale of the Class B Convertible Preferred Stock to reduce the Company's debt under the Senior Loan Agreement, to make investments in investment managers and advisers, and for working capital. Pending use for the above described purposes, said proceeds shall be temporarily invested in short-term, interest bearing securities, including U.S. Government securities, certificates of deposit and similar instruments, and money market mutual funds.

4.10 Inspection. The Company will, upon reasonable prior notice to the Company, permit authorized representatives of the Investors to visit and inspect any of the properties of the Company, including its books of account, and to discuss its affairs, finances and accounts with its officers, administrative employees and independent accountants, all at such reasonable times and as often as may be reasonably requested. Each Investor (on behalf of itself and its representatives) agrees always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than in its, his or her regular business relating to the Company) any knowledge or information of a confidential or proprietary nature with respect to any records, data, plans, strategies, business operations or techniques of the Company or any affiliate (which, to the extent they were disclosed to the Investor or its representative in writing, where identified as confidential or proprietary) ("Confidential Information") other than information which (a) is or becomes generally available to the public other than as a result of disclosure by such Investor or its representatives in violation of this Agreement, (b) is required by law or government regulation to be disclosed to a court or government regulatory or supervisory body; provided, however, that prior to disclosing such information, the applicable Investor or representative shall give the Company notice and shall use their respective reasonable efforts to obtain confidential treatment therefor, (c) such Investors can

show was contained in a writing in its possession at the time of disclosure, which information had not been wrongfully acquired, directly or indirectly from the Company or any affiliate and such Investor is not under an obligation of confidentiality with respect thereto, (d) is subsequently disclosed to such Investor by a third party not in violation of any rights of, or obligations to, the Company or (e) any information which is independently developed by an employee or agent of such Investor who has not had access to any Confidential Information.

4.11 Directors Liability. The Certificate of Incorporation or By-laws of the Company will, at all times during which any nominee of any of the Investors serves as a director of the Company, provide for indemnification of the directors of the Company and limitations on the liability of the directors of the Company to the fullest extent permitted under applicable state law.

4.12 Stock Plans. Effective as of the Closing, the Company shall amend and restate the Company's 1994 Stock Incentive Plan so that it is in the form attached hereto as Exhibit E and will adopt the Company's 1995 Stock Incentive Plan in the form attached hereto as Exhibit F (the "Plan") providing for the issuance of, or options to purchase, up to 8,500 shares of Common Stock. Pursuant to the terms of such Plan, shares of stock and stock options may be granted only to certain categories of officers, employees and directors of the Company and only pursuant to and in accordance with the terms of the Plan.

4.13 Restrictions and Limitations.

(a) So long as any shares of the Preferred Stock remain outstanding, the Company shall not, without the written consent of a Majority in Interest of the Investors:

(i) Increase the number of directors on the Company's Board of Directors;

(ii) Redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) any of the Common Stock, or any other capital stock of the Company; provided, however, that this restriction shall not apply (i) to the repurchase or redemption of shares of Common Stock issued pursuant to stock repurchase provisions or agreements under which the Company has the option to repurchase such Shares upon the occurrence of certain events, including the termination of employment and involuntary transfers by operation of law, provided that (unless the purchase or agreement containing its terms is or was approved by unanimous vote of the Board of Directors of the Company) the repurchase price paid by the Company does not exceed the purchase price paid to the Company for such shares; or (ii) the provisions of certain agreements entered into in connection with an investment by the Company in a Subsidiary or Additional Subsidiary;

(iii) Declare, pay or enter into an agreement to declare or pay, dividends on or any distributions in respect of shares of Common Stock.

(b) So long as any shares of the Preferred Stock remain outstanding, the Company shall not, without the affirmative vote or written consent of (i) a Majority in Interest of the Investors acting as a single class, and, (ii) if the proceeds to be received in respect of each share of Class B Convertible Preferred Stock is less than the then applicable Qualifying Price, a Majority in Interest of the Class B Convertible Preferred Stock acting as a single class, authorize any merger or consolidation of the Company with or into another Company or entity (except into or with a wholly-owned subsidiary of the Company with the requisite shareholder approval), or authorize the sale of all or substantially all the assets of the Company.

(c) So long as any shares of the Preferred Stock remain outstanding, the Company shall not (i) amend the Certificate of Incorporation or By-Laws of the Company in any manner adverse to the holders of any class, series, classes or series of Preferred Stock without the written consent of the holders of a Majority in Interest of each such affected class, series or classes or series of Preferred Stock (provided, that the holders of the Series B-1 Voting Convertible Preferred Stock and the holders of the Series B-2 Non-Voting Convertible Preferred Stock shall act together as a single class unless otherwise required by law), (ii) authorize, issue or obligate itself to issue, any preferred stock which is senior to any class or series of Preferred Stock as to liquidation preferences, redemption or dividend rights or with voting rights which are preferential to those of the holders of the Class A Convertible Preferred Stock and Series B-1 Voting Convertible Preferred Stock, without the written consent of the holders of a majority of the shares of each class, series, classes or series, of Preferred Stock as to which such rights are senior or preferential (provided, that the holders of the Series B-1 Voting Convertible Preferred Stock and the holders of the Series B-2 NonVoting Convertible Preferred Stock shall act together as a single class unless otherwise required by law), and (iii) authorize, issue or obligate itself to issue, any other preferred stock which is on a parity with any class or series of Preferred Stock as to liquidation preferences without the written consent of the holders of a majority of the shares of each class, series, classes or series of Preferred Stock as to which such rights are on a parity (and, if there is more than one class, series, classes or series as to which such rights are on a parity, the holders of such classes or series shall act together as one class); provided, however, that the Company may, without complying with this clause (iii), authorize, issue and/or obligate itself to issue (A) additional shares of preferred stock (other than shares of Class A or Class B Convertible Preferred Stock except as contemplated by Section 2.3(b) hereof) so long as such shares of preferred stock have rights (including with respect to liquidation preferences, redemption, dividend rights and voting) identical (or inferior) to an equal number of shares of Series B-1 Voting Convertible Preferred Stock and are issued or to be issued at a price equal to or greater than $670 per share (as appropriately adjusted for stock splits, stock dividends and the like), (B) securities to be issued pursuant to the Stock Purchase Agreement, (C) securities (other than shares of Class A or Class B Convertible Preferred Stock except as contemplated by Section 2.3(b) hereof) in connection with an investment by the Company or any of its

subsidiaries, directly or indirectly, in another entity, or issuable upon the exercise of any rights granted in connection with an investment by the Company or any of its subsidiaries, directly or indirectly, in another entity, (D) securities pursuant to the exercise of warrants, options or other rights or upon the conversion of securities, in each case, as to which the holders of such class of Preferred Stock consented to the issuance pursuant to this Section 7(c) or which were issued pursuant to an exemption set forth in clauses (A) through (F) hereof, (E) securities issued pursuant to any merger, sale or similar transaction, and (F) securities (other than shares of Class A or Class B Convertible Preferred Stock except as contemplated by Section 2.3(b) hereof) issued as a result of any stock split, stock dividend, reclassification or reorganization of the Company.

SECTION 5. REPRESENTATIONS OF INVESTORS

It is the understanding of the Company, and each Investor hereby severally represents with respect to such Investor's purchase of Securities hereunder that:

(a) The execution of this Agreement has been duly authorized by all necessary action on the part of the Investor, has been duly executed and delivered, and constitutes a valid, binding and enforceable agreement of the Investor.

(b) The Investor is acquiring the Class B Convertible Preferred Stock for its own account, for investment, and not with a view to any "distribution" thereof within the meaning of the Securities Act, and such Investor has no present or presently contemplated agreement, undertaking, arrangement, obligation or commitment providing for the distribution thereof; provided, however, that the disposition of such Investor's property shall at all times be and remain within its control. The Investor was not formed or organized for the purpose of acquiring the Class B Convertible Preferred Stock.

(c) The Investor understands that because the Class B Convertible Preferred Stock have not been registered under the Securities Act, it cannot dispose of any or all of the Class B Convertible Preferred Stock or the Common Stock or the Class B Common Stock issuable upon conversion thereof unless the shares of the relevant series of Class B Preferred Stock or Common Stock or the Class B Common Stock are subsequently registered under the Act or exemptions from such registration are available.

(d) The Investor is sufficiently knowledgeable and experienced in the making of private investments so as to be able to evaluate the risks and merits of its investment in the Company, and is able to bear the economic risk of loss of its investment in the Company. The Investor is an "accredited investor" as such term is defined in Rule 501 promulgated under the Securities Act. The Investor has carefully reviewed the representations concerning the Company contained in this Agreement, and has made detailed inquiry concerning the Company, its business and its personnel; and the officers of the Company have

made available to the Investor any and all written information which it has requested and have answered to such Investor's satisfaction all inquiries made by such Investor; provided, however, that the foregoing shall in no way affect, diminish or derogate from the representations and warranties made by the Corporation hereunder and the right of the Investors to rely thereon and to seek indemnification hereunder.

(e) The Investor has been advised that the Class B Convertible Preferred Stock have not been and are not being registered under the Securities Act or under the "blue sky" laws of any jurisdiction and that the Company in issuing the Class B Convertible Preferred Stock is relying upon, among other things, the representations and warranties of the Investor contained in this Section 5.

(f) No broker, finder, agent or similar intermediary has acted on behalf of the Investor in connection with this Agreement or the transactions contemplated hereby and there are no brokerage commissions, finder's fees or similar fees or commissions payable in connection therewith.

SECTION 6. DEFINITIONS

Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth below:

"Additional Subsidiary" shall mean any entity which, after the date hereof, becomes controlled by the Company or any Subsidiary as a result of the ownership by the Company or an Additional Subsidiary, singularly or collectively, of more than 50% of the outstanding voting securities of such entity or the Company becoming a general partner, managing member or holding another similar position that enables it to direct management and policies thereof.

"Advisors Act" means the Investment Advisers Act of 1940, as amended, and any successor to such Act.

"Average Qualifying Price" shall have the meaning set forth in the Certificate of Incorporation.

"Base Balance Sheet" shall mean the consolidated balance sheet of the Company and the Subsidiaries as of September 30, 1995, included in Schedule 2.5.

"Class A Convertible Preferred Stock" shall mean the Company's Class A Convertible Preferred Stock, par value $.01 per share.

"Class B Convertible Preferred Stock" shall mean the Series B-1 Voting Convertible Preferred Stock together with the Series B-2 Non-Voting Convertible Preferred Stock.

"Class B Common Stock" shall mean the Company's Class B Common Stock, par value $.01 per share.

"Certificate of Incorporation" shall mean the Company's Amended and Restated Certificate of Incorporation in the form attached hereto as Exhibit B, as the same may be amended and/or restated from time to time.

"Closing Date" shall mean November 7, 1995.

"Common Stock" shall mean the Company's Common Stock, par value $.01 per share.

"GAAP" shall mean generally accepted accounting principles as applied in the United States of America.

"Governmental Authority" shall mean any Federal, state, local or foreign governmental department, commission, board, bureau, authority, agency, court, instrumentality or judicial or regulatory body or entity.

"Investors" shall mean the entities and individuals listed on the signature page hereof.

"Majority in Interest" shall mean (i) when used with respect to the Class A Convertible Preferred Stock, Investors holding a majority of the shares of Common Stock issued or issuable upon conversion of the Class A Convertible Preferred Stock, (ii) when used with respect to the Class B Convertible Preferred Stock, Investors holding a majority of the shares of Common Stock issued or issuable upon conversion of the Series B-1 Voting Convertible Preferred Stock and Series B-2 Non-Voting Convertible Preferred Stock (after giving effect to the conversion of the shares of Series B-1 Voting Convertible Preferred Stock or Class B Common Stock issued or issuable upon such conversion), and (iii) when used with respect to the Investors, Investors holding a majority of the shares of Common Stock held by all the Investors including all shares of Common Stock issuable upon conversion of the Class B Common Stock, Class A Convertible Preferred Stock, Series B-1 Voting Convertible Preferred Stock and Series B-2 Non-Voting Convertible Preferred Stock (after giving effect to the conversion of the shares of Series B-1 Voting Convertible Preferred Stock or Class B Common Stock issuable upon such conversion).

"Material Adverse Effect" shall mean a material adverse effect upon the business, assets, operations or financial condition of the Company or the ownership or leasing of its properties.

"Material Contract" shall have the meaning assigned to such term in Section 2.10.

"Plan" shall mean the Affiliated Managers Group, Inc. Amended and Restated 1994 Stock Incentive Plan in the form attached hereto to Exhibit F, as the same may be amended from time to time.

"Preferred Shares" shall mean the shares of the Class A Convertible Preferred Stock and Class B Convertible Preferred Stock.

"Qualified Public Float" shall have the meaning set forth in the Certificate of Incorporation, and shall initially mean the occurrence of (A) a period of twenty consecutive trading days when the closing price (as hereinafter defined) for each such day equals or exceeds the applicable Qualifying Price (as appropriately adjusted for stock splits, stock dividends and the like), when (B) during such period of twenty consecutive trading days, the aggregate market value of the Common Stock held by non-affiliates (as such term is defined in Rule 405 promulgated under the Securities Act) is equal to or greater than $40,000,000.

"Qualified Public Offering" shall have the meaning set forth in the Certificate of Incorporation and shall initially mean an underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of Common Stock of the Corporation to the public in which the proceeds received by the Corporation and any selling shareholders, net of underwriting discounts and commissions, equal or exceed $40,000,000 at a per share sale price to the public which results in the value of the Common Stock into which each share of Series B-1 Voting Convertible Preferred Stock is convertible being equal to the Qualifying Price.

"Qualifying Price" shall have the meaning set forth in the Certificate of Incorporation and shall initially mean $670.00 together with a rate of appreciation equal to at least 15% per annum compounded annually through November 7, 2000 (determined on a daily basis); provided, however, that any per share sale price equal to or in excess of $1,347.60 (as appropriately adjusted for stock splits, stock dividends and the like) shall be deemed a Qualifying Price.

"Securities" shall mean the Class B Preferred Stock issued at the Closing and the Conversion Shares.

"Senior Loan Agreement" shall mean the Credit Agreement and related Promissory Notes dated as of May 11, 1995, among the Company, the several Lenders named in the Credit Agreement and Chemical Bank, a New York banking corporation, as Administrative Agent.

"Series B-1 Voting Convertible Preferred Stock" shall mean the Company's Series B-1 Voting Convertible Preferred Stock, par value $.01 per share.

"Series B-2 Non-Voting Convertible Preferred Stock" shall mean the Company's Series B-2 Non-Voting Convertible Preferred Stock, par value $.01 per share.

"Stockholders' Agreement" means that certain Stockholders' Agreement dated November 7, 1995, by and among the Company and all of its stockholders as of the date hereof.

"Subsidiaries" and "Subsidiary" shall mean and include J M H Management Corporation, a Delaware corporation, JM Hartwell Limited Partnership, a Delaware limited partnership, Systematic Financial Management, L.P., a Delaware limited partnership, and Skyline Asset Management, L.P., a Delaware limited partnership and all Additional Subsidiaries from and after the date they become Additional Subsidiaries.

"1940 Act" means, the Investment Company Act of 1940, as amended, and any successor to such Act.

SECTION 7. GENERAL

7.1 Amendments, Waivers and Consents.

(a) Sections 1, 2, 3, 5, 6 and, subject to Section 7.1(b) hereof, Section 7 of this Agreement may be amended, and compliance with any covenant or provision set forth therein may be waived, if the Company so consents and obtains written consent thereto from the holder(s) of a Majority in Interest of the Class B Convertible Preferred Stock; provided, however, that any such amendment or waiver shall affect all holders of Preferred Shares share for share alike.

(b) Section 4 and, to the extent any such action would affect the provisions of such Section, Section 5, 6 and 7 of this Agreement may be amended, and compliance with any covenant or provision set forth therein may be waived, if the Company so consents and obtains written consent thereto from the holder(s) of two-thirds (2/3) of the then outstanding Preferred Shares, or Common Stock or Class B Common Stock issued upon conversion thereof, acting as a single class; (with each Preferred Share and each share of Class B Common Stock being equivalent to the number of shares of Common Stock into which it could then be converted (after giving effect to the conversion of any resulting shares of Series B-1 Voting Convertible Preferred Stock or Class B Common Stock issuable upon any conversion of any such Preferred Share)) provided, however, that if any such amendment or waiver adversely effects the rights of the holders of one or more class, series or classes or series of the Company's Preferred Stock, such amendment or waiver shall only be effective if consented to in writing by the holder(s) of an aggregate of a Majority in Interest of such class, series, classes or series of Preferred Stock, consenting as a single class (and, if there is more than one class or series adversely affected, the holder of such classes or series shall act together as one

class; provided, further, that Sections 4.13(b) and (c) may only be amended, and compliance therewith waived, if the Company obtains written consent from the holders of a Majority in Interest of the Class B Convertible Preferred Stock).

7.2 Survival of Covenants; Assignability of Rights.

(a) All covenants, agreements, representations and warranties of the Company made herein and to be performed prior to or at the Closing and in the certificates, lists, exhibits, schedules or other written information delivered or furnished by or on behalf of the Company to any Investor in connection herewith shall be deemed material and to have been relied upon by such Investor, and, except as otherwise provided in this Agreement (including, with respect to representations and warranties, paragraph (b) below), shall survive the delivery of the Class B Convertible Preferred Stock and shall bind the Company's successors and assigns, whether so expressed or not, and, except as otherwise provided in this Agreement, all such covenants, agreements, representations and warranties shall inure to the benefit of the Investors' successors and assigns and to transferees of the Securities, whether so expressed or not. The representations and warranties made by the Investors in Section 5 of this Agreement shall survive the delivery of the Class B Convertible Preferred Stock and shall bind the Investors' successors and assigns and shall inure to the benefit of the Company's successors and assigns.

(b) The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall survive the Closing Date and the consummation of any or all of the transactions contemplated hereby but only until December 31, 1996, except for any representations and warranties pursuant to Section 2.9, which shall survive until the expiration of the applicable tax statute of limitations (if any). The expiration of any representation or warranty shall not affect any claim made prior to the date of such expiration.

7.3 Notices. All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given, delivered and received (a) if delivered personally or (b) if sent by telex or facsimile, registered or certified mail (return receipt requested) postage prepaid, or by courier guaranteeing next day delivery, in each case to the party to whom it is directed at the following addresses (or at such other address for any party as shall be specified by notice given in accordance with the provisions hereof, provided that notices of a change of address shall be effective only upon receipt thereof). Notices delivered personally shall be effective on the day so delivered, notices sent by registered or certified mail shall be effective upon their delivery notices sent by telex shall be effective when answered back, notices sent by facsimile shall be effective when receipt is acknowledged, and notices sent by courier guaranteeing next day delivery shall be effective on the day of actual delivery by the courier:

(a) if to the Company to:

Affiliated Managers Group, Inc.
Two International Place
23rd Floor
Boston, MA 02110
Facsimile: (617) 346-7115
Attn: William J. Nutt
President and CEO

with a copy (which shall not constitute notice) to:

Goodwin, Procter & Hoar
Exchange Place
Boston, Massachusetts 02109
Facsimile: (617) 523-1231
Attn: Richard E. Floor, P.C.

(b) if to the Investors to:

The addresses as set forth on Exhibit A hereof

with a copy (which shall not constitute notice) to:

Fennebresque, Clark, Swindell & Hay
Nationsbank Corporate Center
100 North Tryon Street
Suite 2900
Charlotte, North Carolina 28202
Attn: Jeffrey Hay, Esq.

7.4 Headings. The Section headings used or contained in this Agreement are for convenience of the reference only and shall not affect the construction of this Agreement.

7.5 Counterparts. This Agreement may be executed in one or more counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which together shall be deemed to constitute one and the same agreement.

7.6 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained

herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

7.7 Adjustments. All references to share prices and amounts herein shall be equitably adjusted to reflect stock splits, stock dividends, recapitalizations and similar changes affecting the capital stock of the Company.

7.8 Law Governing. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the state of Delaware (without giving effect to conflicts or choice of law principles).

7.9 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be deemed prohibited or invalid under such applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, and such prohibition or invalidity shall not invalidate the remainder of such provision or the other provisions of this Agreement.

7.10 Expenses. The Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement and the agreements, documents and instruments contemplated hereby or executed pursuant hereto, and shall pay the reasonable out-of-pocket expenses of the Investors incurred with respect to the negotiation, execution and delivery of this Agreement and the agreements, documents and instruments contemplated hereby or executed pursuant hereto, provided that the reimbursement owed by the Company to the Investors with respect to legal fees shall be limited to legal fees, up to a maximum of $25,000, for the professional services of Fennebresque, Clark, Swindell & Hay, special counsel for the Investors, incurred in connection with the negotiation, execution and delivery of this Agreement and the agreements, documents and instruments contemplated hereby or executed pursuant hereto.

[End of Text]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as a sealed instrument as of the day and year first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ William J. Nutt

William J. Nutt
President and Chief Executive Officer

NATIONSBANC INVESTMENT CORPORATION

By: /s/ Michael F. Elliott

Michael F. Elliott
Senior Vice President

HARTFORD ACCIDENT AND
INDEMNITY COMPANY

By: /s/ Joseph H. Gareau

Joseph H. Gareau
CIO and Senior Vice President

ADVENT VII L.P.

By: TA Associates VII L.P., its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

ADVENT ATLANTIC AND PACIFIC II L.P.

By: TA Associates AAP II Partners, its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

CHESTNUT III LIMITED PARTNERSHIP

By: TA Associates VI L.P., its Attorney-in-Fact

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

CHESTNUT CAPITAL INTERNATIONAL III LIMITED PARTNERSHIP

By: TA Associates VI L.P., its Attorney- in-Fact

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

ADVENT NEW YORK L.P.

By: TA Associates VI L.P., its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

ADVENT INDUSTRIAL II L.P.

By: TA Associates VI L.P., its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

TA VENTURE INVESTORS LIMITED
PARTNERSHIP

By: /s/ P. Andrews McLane

P. Andrews McLane
General Partner

* /s/ P. Andrews McLane
- ----------
P. Andrews McLane
Managing Director

/s/ William J. Nutt

William J. Nutt

/s/ Sean M. Healey

Sean M. Healey

/s/ Richard E. Floor

Richard E. Floor

Exhibit A

List of Investors

NAME AND ADDRESS	SHARES OF SERIES B-1 VOTING CONVERTIBLE PREFERRED STOCK	SHARES OF SERIES B-2 NON-VOTING CONVERTIBLE PREFERRED STOCK	PURCHASE PRICE
NationsBanc Investment Corporation NationsBank Corporate Center 100 North Tryon Center Charlotte, NC 28255		19,403	$ 13,000,010
Hartford Accident and Indemnity Company Attn: Andrew W. Kohnke 200 Hopmeadow Street P.O. Box 2999 Simsbury, CT 06104	7,463		$ 5,000,210
Advent VII, L.P.	1868.1249		$ 1,251,643.69
Advent Atlantic and Pacific II	384.1322		257,368.57
Chestnut III	145.2949		97,347.58
Chestnut Capital International III	48.4689		32,474.16
Advent New York	186.8237		125,171.88
Advent Industrial II	138.5040		92,797.68
TA Venture Investors c/o TA Associates, Inc. High Street Tower Suite 2500 125 High Street Boston, MA 02110	30.8201		20,649.47
William J. Nutt c/o Affiliated Managers Group, Inc. Two International Place 23rd Floor Boston, MA 02109	149.2500		$ 99,997.50
Sean M. Healey c/o Affiliated Managers Group, Inc. Two International Place 23rd Floor Boston, MA 02109	3.7313		$ 2,499.97

NAME AND ADDRESS	SHARES OF SERIES B-1 VOTING CONVERTIBLE PREFERRED STOCK	SHARES OF SERIES B-2 NON-VOTING CONVERTIBLE PREFERRED STOCK	PURCHASE PRICE
Richard E. Floor c/o Goodwin, Procter & Hoar Exchange Place Boston, MA 02109	29.8500		$ 19,999.50
TOTAL	10,448	19,403	$ 20,000,170

EXHIBIT 4.4

AFFILIATED MANAGERS GROUP, INC.

5,333 Shares of
Series C-1 Voting Convertible Preferred Stock
and Warrants for 28,000 Shares of
Series C-2 Non-Voting Convertible Preferred Stock

PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT

August 15, 1997

Affiliated Managers Group, Inc.
Preferred Stock and Warrant Purchase Agreement

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EXHIBITS

SCHEDULES

PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT

THIS PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT (this "Agreement") is made as of this 15th day of August, 1997, by and among Affiliated Managers Group, Inc., a corporation incorporated under the laws of the State of Delaware (the "Company"), and Chase Equity Associates, L.P., a California limited partnership ("CEA").

W I T N E S S E T H

WHEREAS, CEA desires to purchase, and the Company desires to sell, shares of its Series C-1 Voting Convertible Preferred Stock, and warrants to purchase shares of its Series C-2 Non-Voting Convertible Preferred Stock, in each case in the amounts and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. TERMS OF PURCHASE

1.1 Description of Securities. As of the Closing, the Company will have authorized the issuance and sale to CEA of (a) Five Thousand Three Hundred Thirty-Three (5,333) shares of its authorized but unissued Series C-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-1 Voting Convertible Preferred Stock") and (b) Twenty-Eight Thousand (28,000) Warrants, having an exercise price of $.01 per Warrant, for the acquisition of Twenty-Eight Thousand (28,000) shares of Series C-2 Non-Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-2 Non-Voting Convertible Preferred Stock," and, together with the Series C-1 Voting Convertible Preferred Stock, the "Class C Convertible Preferred Stock").

1.2 Reserved Shares. As of the Closing, the Company will have authorized and reserved and covenants to continue to reserve, a sufficient number of shares of its Class B Common Stock, par value $.01 per share (the "Class B Common Stock") to satisfy the rights of conversion of the holders of the Series C-2 Non-Voting Convertible Preferred Stock. As of the Closing, the Company will have authorized and reserved and covenants to continue to reserve, (x) a sufficient number of shares of its Series C-2 Non-Voting Convertible Preferred Stock to satisfy the exercise rights of the holders of Warrants and (y) a sufficient number of shares of its Common Stock, par value $.01 per share (the "Common Stock") to satisfy the rights of conversion of the holders of the Series C-1 Voting Convertible Preferred Stock and the rights of conversion of holders of shares of Class B Common Stock or Series C-1 Voting Convertible Preferred Stock issuable upon conversion of the shares of Series C-2 Non-Voting Convertible Preferred Stock acquired in connection with the conversion of the Warrant Shares (as defined herein). Any shares of Common Stock or Class B Common Stock or Series C-1 Voting

Convertible Preferred Stock or any successor class or classes of capital stock of the Company thereafter issued or issuable (directly or indirectly) upon conversion of Class C Convertible Preferred Stock (including Warrant Shares) are herein referred to as "Conversion Shares," and the Class C Convertible Preferred Stock, the Warrant Shares and the Conversion Shares are herein collectively referred to as the "Securities").

1.3 Warrants. Each Warrant shall be evidenced by a certificate substantially in the form attached as Exhibit A to the Class C Preferred Stock Warrant Agreement (defined below) (each such certificate being referred to herein as a "Warrant Certificate"). Each Warrant Certificate shall be dated the date of its issuance. The Warrants will be exercisable, in the manner provided in the Class C Preferred Stock Warrant Agreement and the applicable Warrant Certificate, for a number of shares of Series C-2 Non-Voting Convertible Preferred Stock as provided therein (the "Warrant Shares"). The terms and provisions contained in the Class C Preferred Stock Warrant Agreement and the Warrant Certificates shall, upon execution and delivery in accordance with this Agreement and their respective terms, constitute, and shall thereupon become a part of this Agreement.

1.4 Sale and Purchase. Subject to the terms and conditions herein set forth, the Company shall issue and sell to CEA, and CEA shall purchase from the Company, (x) the number of shares of Class C Convertible Preferred Stock set forth in Exhibit A hereto, for the aggregate purchase price set forth in Exhibit A, which Class C Convertible Preferred Stock shall be shares of Series C-1 Voting Convertible Preferred Stock and (y) the number of Warrants for Series C-2 Non-Voting Convertible Preferred Stock set forth in Exhibit A hereto, for the aggregate purchase price set forth in Exhibit A.

1.5 Closing. The closing (the "Closing") of the sale and purchase of the Class C Convertible Preferred Stock and the Warrants (collectively the "Preferred Securities") shall take place at the offices of Mayer, Brown & Platt, located at 1675 Broadway, New York New York, at 10:00 A.M., on or before December 15, 1997 (the "Closing Date") upon not less than five business days prior notice by the Company to CEA. At the Closing, the Company will deliver (x) the Class C Convertible Preferred Stock being acquired by CEA in the form of one or more certificates issued in CEA's name or in the name of its nominee (of which CEA shall notify the Company not less than three business days prior to the Closing Date) and (y) the Warrant Certificates issued in CEA's name or in the name of its nominee (of which CEA shall notify the Company not less than three business days prior to the Closing Date), in each case, against payment of the full purchase price therefor by or on behalf of CEA to the Company by wire transfer of immediately available funds to the Company's account (of which the Company shall notify CEA not less than three business days prior to the Closing Date).

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

In order to induce CEA to enter into this Agreement, the Company represents and warrants to CEA as set forth below in this Section 2. Any term or provision hereof to the contrary notwithstanding, unless the context otherwise requires, each of the following representations and warranties is being made on a pro forma basis giving effect to each of the Acquisitions.

2.1 Organization and Corporate Power.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the failure to be so qualified could reasonably be expected to have a Material Adverse Effect. The Company has all required corporate power and authority to own its property, to carry on its business as presently conducted, to enter into and perform this Agreement and the agreements contemplated hereby, and generally to carry out the transactions contemplated hereby and thereby. The Company is not in violation of any term of its Certificate of Incorporation or By-laws, or in violation, in any material respect, of any term of any agreement, instrument, judgment, decree, order, statute, rule or government regulation applicable to the Company, other than any such violations which in the aggregate could not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Subsidiaries is duly organized, validly or legally existing (as the case may be) and in good standing under the laws of the state of its organization, and is qualified to do business and is in good standing, to the extent applicable, in each jurisdiction where the failure to be so qualified or in good standing could reasonably be expected to have a Material Adverse Effect. Each of the Subsidiaries has (i) in the case of any Subsidiary which is a corporation, all required corporate power and authority, (ii) in the case of any Subsidiary which is a partnership, all required power and authority under its partnership agreement and the Delaware Revised Uniform Limited Partnership Act (other than Renaissance Investment Management, which has all required power and authority under its partnership agreement), and (iii) in the case of any Subsidiary which is a limited liability company, all required power and authority under its limited liability company agreement and the Delaware Limited Liability Company Act, in each case to own its property and to carry on its business as presently conducted. None of the Subsidiaries is in violation of any term of its organizational documents, or in violation, in any material respect, of any term of any agreement, instrument, judgment, decree, order, statute, rule or government regulation applicable to it, other than any such violation which could not reasonably be expected to have a Material Adverse Effect.

2.2 Authorization. This Agreement and all other documents and instruments executed pursuant hereto are valid and binding obligations of the Company, enforceable against the

Company in accordance with their terms. The execution, delivery and performance of this Agreement has been, duly authorized by all necessary corporate or other action of the Company, except for the consent of the Stockholders which consent shall have been obtained as of the Closing Date and be in full force and effect. On the Closing Date the Warrant Documents (defined below) and the Stockholders' Agreement and all other documents and other instruments contemplated hereby to be executed by the Company and the issuance of the Preferred Securities and, upon conversion or exercise thereof, as applicable, the Conversion Shares and Warrant Shares, as applicable, will be, duly authorized by all necessary corporate or other action of the Company. No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other third party is required of the Company in connection with (v) the execution, delivery and performance of this Agreement, (w) the issuance and delivery of the Class C Convertible Preferred Stock in accordance with the terms of this Agreement and the Warrant Documents, (x) the issuance and delivery of Conversion Shares upon conversion of the Class C Convertible Preferred Stock in accordance with the terms of the Certificate of Incorporation (or the issuance and delivery of the shares of Common Stock upon the conversion of the Class B Common Stock or Series C-1 Voting Convertible Preferred Stock in accordance with the terms of the Certificate of Incorporation), (y) the issuance and delivery of the Warrant Shares upon the exercise of the Warrants, or (z) the performance or consummation of any other transaction contemplated hereby other than those which have been obtained or made prior to the date hereof and which are in full force and effect and other than those which do not need to be made until after the date hereof, including those necessary on or prior to the Closing Date; provided, that all such consents, approvals, authorizations, designations, declarations or filings required to be obtained or made on or before the Closing Date shall be obtained or made as of such date and shall be in full force and effect.

2.3 Capitalization. The authorized and issued capital stock of the Company is as set forth in Schedule 2.3 attached hereto. Except as disclosed in Schedule 2.3, the Company has not issued any other shares of its capital stock and there are no outstanding warrants, options or other rights to purchase or acquire any of such shares, nor any outstanding securities convertible into such shares or outstanding warrants, options or other rights to acquire any such convertible securities. As of the Closing, all the outstanding shares of capital stock of the Company will have been duly and validly authorized and issued and will be fully paid and nonassessable and will have been offered, issued, sold and delivered in compliance with applicable federal and state securities laws. The shares of Class C Convertible Preferred Stock and Warrants will have been duly and validly authorized and, when delivered and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable. The relative rights, preferences, restrictions and other provisions relating to the Common Stock, Class B Common Stock, Class A Convertible Preferred Stock, Class B Convertible Preferred Stock and Securities are as set forth in Exhibit B attached hereto. On the Closing Date, the Warrants will be exercisable into Twenty-Eight Thousand (28,000) shares of Series C-2 Convertible Preferred Stock, on a fully diluted basis. As of the Closing Date, the Company will have authorized and reserved for issuance upon exercise of the Warrants not less than Twenty-Eight Thousand (28,000) shares of its Series C-2 NonVoting Convertible Preferred Stock. As of the Closing Date, the Company will have authorized

and reserved for issuance upon conversion of the Class C Convertible Preferred Stock (after giving effect to the exercise of all Warrants) not less than Thirty-Three Thousand Three Hundred Thirty-Three (33,333) shares of its Common Stock and Twenty-Eight Thousand (28,000) shares of its Class B Common Stock and the Company shall have authorized and reserved for issuance upon conversion of the Series C-2 Convertible Preferred Stock Twenty-Eight Thousand (28,000) shares of its Series C-1 Voting Convertible Preferred Stock, and such Conversion Shares will be, when issued in accordance with the Certificate of Incorporation of the Company, duly and validly authorized and issued, fully paid and nonassessable. As of the Closing, the Company will have authorized and reserved for issuance upon conversion of the shares of Class B Common Stock (or the Series C-1 Voting Convertible Preferred Stock issuable upon conversion of the Series C-2 Non-Voting Convertible Preferred Stock) not less than Twenty-Eight Thousand (28,000) shares of its Common Stock, and such shares of Common Stock will be, when issued in accordance with the Certificate of Incorporation of the Company, duly and validly authorized and issued, fully paid and nonassessable. Except as provided in the Stockholders' Agreement dated as of November 7, 1995 among the Company and the stockholders party thereto (the "Existing Stockholders' Agreement"), the Stockholders' Agreement or as set forth on Schedule 2.3, there are no preemptive rights, rights of first refusal or other agreements, commitments or understandings or other restrictions affecting rights, other incidents of record and beneficial ownership or the issuance or sale of the Company's capital stock, other than (i) rights to which holders of the Class C Convertible Preferred Stock and Conversion Shares and holders of Class A Convertible Preferred Stock and the Class B Convertible Preferred Stock and the Common Stock issuable upon the conversion thereof are entitled as set forth in the Existing Stockholders' Agreement and the Stockholders' Agreement referred to in Section 3.5 hereof, (ii) rights to which holders of Warrants and Warrant Shares will be are entitled as set forth in the Class C Preferred Stock Warrant Agreement, and (iii) the warrants issued in connection with the Bridge Facility. Except as disclosed in Schedule 2.3, there are no restrictions on the issuance or transfer of the Preferred Securities other than those arising from federal and state securities laws and the Bank Holding Company Act of 1956, as amended, and any other applicable banking regulations, or under this Agreement, the Existing Stockholders' Agreement, the Stockholders' Agreement referred to in Section 3.5 hereof or any Warrant Document. Except as set forth in the Existing Stockholders' Agreement and the Stockholders' Agreement, or as disclosed in Schedule 2.3, there are no rights to have the Company's capital stock registered for sale in connection with the laws of any jurisdiction. Set forth in Schedule 2.3 is a listing of all partners and shareholders (including the number of shares of each class owned by each such Person) of the Company and each Subsidiary and of the holders of all outstanding stock options, warrants, calls and other rights relating to the issuance of equity in the Company and each Subsidiary, exclusive, however, of any such partner or shareholder, or any such options, warrants, calls or rights, which is not material to the Company, TBC, First Quadrant or the Company and its Subsidiaries taken as a whole. The outstanding capital stock of the Company will not be subject to adjustment (except inasmuch as the rights, preferences, restrictions and other provisions relating thereto have changed pursuant to the provisions of the Certificate of Incorporation) by reason of the issuance of the Preferred Securities on the Closing Date.

2.4 Subsidiaries; Investments. Except as set forth on Schedule 2.3, the Company does not have any ownership interest in any corporation, partnership, limited liability company, limited liability partnership, joint venture or other entity. Set forth on Schedule 2.3 is a description of the ownership structure of each of the Company, TBC and First Quadrant.

2.5 Financial Statements. Included in Schedule 2.5 are the following consolidated financial statements of the Company, all of which fairly present the consolidated financial position of the Company on the dates of such statements and the results of its operations for the periods covered thereby: audited consolidated balance sheet of the Company as of December 31, 1996, and unaudited consolidated balance sheets of the Company as of June 30, 1997, and the related statements of income and cash flows for the year and periods then ended. The foregoing financial statements have been prepared in accordance with GAAP consistently applied over the periods covered thereby (except that the unaudited financial statements included therein do not include footnote disclosure and may be subject to year-end audit adjustments none of which alone or in the aggregate would have a Material Adverse Effect).

2.6 Absence of Undisclosed Liabilities. Except as and to the extent disclosed in Schedule 2.6 and to the extent reflected or reserved against in the Base Balance Sheet, neither the Company nor any Subsidiary has any material (matured or unmatured, fixed or contingent) liability or liabilities arising out of any transaction or state of facts existing prior to the date hereof, which has arisen other than in the ordinary course of business and which would be required, in accordance with GAAP, to be reflected or reserved against in the Base Balance Sheet.

2.7 Absence of Certain Developments. Except as disclosed in Schedule 2.7, since December 31, 1996, there has been (i) no change in the condition, financial or otherwise, of the Company or any Subsidiary or in the assets, liabilities, business, operations or prospects of the Company or any Subsidiary and, to the best knowledge of the Company, there exists no condition, event or occurrence (other than conditions, events and occurrences affecting businesses in the same or similar businesses as the Company and its Subsidiaries) that, in each case, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, (ii) other than ordinary distributions of free cash flow pursuant to various revenue sharing agreements and dividends of such free cash flow by intermediate Subsidiaries of the Company to the Company (or another intermediate Subsidiary of the Company), no declaration, setting aside or payment of any dividend or other distribution with respect to, or any direct or indirect redemption or acquisition of, any of the capital stock of the Company or any Subsidiary, (iii) no waiver of any valuable right of the Company or any Subsidiary or cancellation of any debt or claim held by the Company or any Subsidiary, other than those which could not reasonably be expected to have a Material Adverse Effect, (iv) no loan by the Company to any officer, director, employee or stockholder of the Company or any Subsidiary, or any agreement or commitment therefor, nor any loan by any Subsidiary to any of its, the Company's or any other Subsidiary's officers, directors, employees or stockholders, or any agreement or commitment therefor, in any case which constitutes a breach of or could reasonably be expected to result in a default under

any agreement between such Subsidiary and the Company (or any Subsidiary of the Company) or which could reasonably be expected to have a Material Adverse Effect, (v) no loss, destruction or damage to any property of the Company or any Subsidiary, whether or not insured, other than those which could not reasonably be expected to result in a Material Adverse Effect, and (vi) no labor trouble involving the Company or any Subsidiary, no material loss of personnel of the Company or any Subsidiary and no material change in the terms and conditions of the employment of the Company's key personnel (including, without limitation, Messrs. Nutt and Healey) or the key personnel of any Subsidiary.

2.8 Title to Properties. Each of the Company and each of its Subsidiaries has good and marketable title to all of its properties and assets, free and clear of all liens, restrictions or encumbrances, except as disclosed in Schedule 2.8 and except where the failure to have such title or for such property to be so free and clear, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary owns any real property, other than real property which, in the aggregate, does not exceed $20,000,000. All machinery and equipment included in such properties which is necessary to the business of the Company or any Subsidiary as presently conducted is in good condition and repair and all leases of real or personal property to which the Company or any of its Subsidiaries is a party are fully effective and afford the Company or its Subsidiary, as applicable, peaceful and undisturbed possession of the subject matter of the lease except where the failure to be in such condition or to be so effective, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation of any material zoning, building or safety ordinance, regulation or requirement or other law or regulation applicable to the operation of its owned or leased properties, which violation could reasonably be expected to have a Material Adverse Effect.

2.9 Tax Matters. Except as set forth on Schedule 2.9,

(a) The Company and each of the Subsidiaries from the date it became a Subsidiary, and to the best knowledge of the Company prior to the date it became a Subsidiary, has filed all tax returns which it is required to file pursuant to any federal, state or local law, and all such returns are correct and complete in all material respects. Except as set forth in Schedule 2.9, all foreign, federal, state and local taxes owed by the Company have been paid. Except as set forth on said Schedule 2.9, the provision for taxes on the Base Balance Sheet is sufficient for the payment of all accrued and unpaid foreign, federal, state, county and local taxes of the Company, whether or not assessed or disputed as of the date of said balance sheet. Except as set forth on Schedule 2.9, there exist no material unpaid assessments on the Company for any fiscal period. All taxes and other assessments and levies which the Company is required to withhold or collect have been withheld and collected and have been paid over to the proper governmental authorities.

(b) As of the date hereof, with regard to the federal or state income tax returns of the Company and its Subsidiaries, neither the Company nor any of its Subsidiaries (since the date they became Subsidiaries) has received notice of any audit or of any proposed deficiencies from the Internal Revenue Service or any state taxing authority. As of the date hereof, there are in effect no waivers of applicable statutes of limitations with respect to any taxes owed by the Company or any of its Subsidiaries for any year. As of the date hereof, neither the Internal Revenue Service nor any other taxing authority is now asserting or, to the knowledge of the Company, threatening to assert against the Company or any of its Subsidiaries any deficiency or claim for additional taxes or interest thereon or penalties in connection therewith.

(c) As of the Closing Date, with regard to the federal or state income tax returns of the Company and its Subsidiaries, neither the Company nor any Subsidiary has received since the date hereof any notice of any audit or of any proposed deficiencies from the Internal Revenue Service or any state taxing authority which could reasonably be expected to result in a Material Adverse Effect. As of the Closing Date, no waivers of applicable statutes of limitations have come into effect since the date hereof with respect to any taxes owed by the Company or any Subsidiary for any year which could reasonably be expected to result in a Material Adverse Effect. As of the Closing Date, neither the Internal Revenue Service nor any other taxing authority has, since the date hereof, asserted or, to the knowledge of the Company, threatened to assert against the Company or any of its Subsidiaries any deficiency or claim for additional taxes or interest thereon or penalties in connection therewith which could reasonably be expected to result in a Material Adverse Effect.

2.10 Certain Contracts and Arrangements. Except as set forth in Schedule 2.10 hereto, the Company is not a party or subject to:

(a) any plan or contract providing for collective bargaining or the like, or any contract or agreement with any labor union;

(b) any contract or agreement creating any obligation of the Company to pay to any third party $500,000 or more in any twelve-month period with respect to any single such contract or agreement;

(c) any contract containing covenants limiting the freedom of the Company or any Subsidiary to compete in any line of business or with any Person or entity;

(d) any contract or agreement for the purchase of any leasehold improvements, equipment or fixed assets for a price in excess of $500,000;

(e) any indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for borrowing in excess of $500,000, other than the

Senior Loan Agreement (as defined herein), the Promissory Notes related thereto, the Bridge Facility and the promissory notes issued thereunder or received in exchange therefor (such notes, together with any promissory notes issued in exchange therefor, being the "Bridge Notes");

(f) any material partnership, limited liability company or joint venture agreement;

(g) any employment contracts, loan agreements or other agreements (other than non-competition, non-solicitation and/or non-disclosure agreements) with officers, directors, employees or stockholders of the Company or Persons or organizations related to or affiliated with any such Persons;

(h) any stock redemption or purchase agreements;

(i) any stock option or other stock purchase or similar equity issuance plans; or

(j) any commission or fee sharing agreement (other than with employees of the Company incurred in the ordinary course of business).

Except as otherwise described on the schedules hereto, neither the Company nor any of its Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted or could be reasonably expected to result, individually or in the aggregate, in a Material Adverse Effect. Set forth on Schedule 2.10 is each agreement, contract, lease, license, commitment or other instrument (i) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective properties or assets may be bound, and (ii) which, in each case, if terminated or are otherwise of no further force or effect, could reasonably be expected to result in a Material Adverse Effect (each a "Material Contract" and collectively, the "Material Contracts").

Except as set forth on Schedule 2.10, all of the Material Contracts to which the Company or any Subsidiary, as the case may be, is a party are valid, binding and in full force and effect and enforceable by the Company or the Subsidiary, as applicable, in accordance with their terms. Except as set forth in Schedule 2.10, each of the Company and the Subsidiaries has performed all obligations required to be performed by it to date under the Material Contracts (other than those which could not reasonably be expected to result in a default under or breach of such Material Contract) and, to the knowledge of the Company, no other party to any of the Material Contracts is (with or without the lapse of time or the giving of notice, or both) in breach or default thereunder. Except as disclosed on Schedule 2.7, neither the Company, nor any of the Subsidiaries, nor, to the knowledge of the Company, any other party to any Material Contract has given notice of termination of, or taken any action inconsistent with the continuation of, any Material Contract. None of such other parties has any presently exercisable right to terminate

any Material Contract (other than those Material Contracts which are investment advisory or management agreements) nor will any such other party have any right to terminate any Material Contract on account of the execution, delivery or performance of this Agreement, the Stockholders' Agreement or any other document executed and delivered in connection herewith.

2.11 Proprietary Information. Except as set forth on Schedule 2.11, all proprietary information developed by or belonging to the Company or any of the Subsidiaries (including, without limitation, contact lists and transaction structures) and which is material to the business of the Company has been kept confidential. Neither the Company nor any of its Subsidiaries is making unlawful use of any intellectual property of any other Person, including without limitation any former employer of any past or present employees of the Company which unlawful use could reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received any formal or informal notice of infringement or other complaint that the Company's or any Subsidiary's operations infringe any rights under patents, trademarks, service marks, trade names, trade secrets, copyrights or licenses or any other proprietary rights of any other Person, nor does the Company or any Subsidiary have any reason to believe that there has been any such infringement, in each case other than infringements which could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any of the Company's employees or consultants nor any of the Subsidiaries or any of their employees or consultants has any agreements or arrangements with former employers of such employees or consultants relating to any intellectual property of such employers, which interfere or conflict with the performance of such employee's or consultant's duties for the Company or such Subsidiary or results in any former employers of such employees and consultants having any rights in, or claims on, the Company's intellectual property or the intellectual property of any of the Subsidiaries, in each case other than those which could not reasonably be expected to result in a Material Adverse Effect. The activities of the Company's employees and consultants and the employees and consultants of each Subsidiary on behalf of the Company or such Subsidiary do not violate any agreements or arrangements which any such employees have with former employers, other than any such violations which could not reasonably be expected to result in a Material Adverse Effect. Each current and former employee of the Company and its Subsidiaries, and each of the Company's and its Subsidiaries' consultants has executed an agreement regarding confidentiality and proprietary information (except where the failure of such Person to have executed such agreement cannot reasonably be anticipated to have a Material Adverse Effect) and, to the knowledge of the Company, none of such employees and consultants are in violation of such agreements where such violation could reasonably be anticipated to have a Material Adverse Effect.

2.12 Effect of Transactions. The execution, delivery and performance by the Company of this Agreement, the Stockholders' Agreement, and each Warrant Document and the agreements and transactions contemplated hereby will not conflict with or result in any violation of or default under any material contract, obligation or commitment of the Company or any Subsidiary (with or without the lapse of time, the giving of notice, or both), or any provision of any organizational document of the Company or any Subsidiary, or result in the creation of any

lien, charge or encumbrance of any nature upon any of the properties or assets of the Company or any Subsidiary except as contemplated by this Agreement, the Stockholders' Agreement and each Warrant Document. The Company's execution and delivery of this Agreement, the Stockholders' Agreement and each Warrant Document and its performance of the transactions contemplated hereby will not violate any judgment, decree, order, statute, rule or regulation of any federal, state or local government or agency applicable to the Company or any Subsidiary or to which the Company or any Subsidiary is a party.

2.13 Employee Benefit Plans. Except as set forth in Schedule 2.13, the Company does not maintain or contribute to any employee benefit plan, stock option, bonus or incentive plan, severance pay policy or agreement, deferred compensation agreement, or any similar plan or agreement (an "Employee Benefit Plan") nor has it ever maintained or contributed to an Employee Benefit Plan except as described in Schedule 2.13. The terms and operation of each Employee Benefit Plan comply in all material respects with all applicable laws and regulations relating to such Employee Benefit Plans and no such plan is a "multi-employer plan," as defined in Section 4001(a)(3) of ERISA. There are no unfunded obligations of the Company under any retirement, pension, profit-sharing, deferred compensation plan or similar program.

Except as specifically set forth in Schedule 2.13, or as required by Section 4980B of the Internal Revenue Code or Section 601 et seq. of ERISA, the Company has never maintained or contributed to any Employee Benefit Plan providing or promising any health or other non-pension benefit to terminated employees.

2.14 Litigation. Except as set forth in Schedule 2.14, there is no litigation or governmental proceeding or investigation pending or, to the best knowledge of the Company, threatened against the Company or any Subsidiary affecting any of their respective businesses, properties or assets, or against any officer or key employee of the Company or any Subsidiary in his capacity as an officer or key employee of the Company or such Subsidiary, which (i) may call into question the validity or hinder the enforceability or performance of this Agreement or the agreements and transactions contemplated hereby or (ii) could reasonably be expected to result in a Material Adverse Effect. To the best knowledge of the Company, there has not occurred any event nor does there exist any condition on the basis of which any litigation, proceeding or investigation might properly be instituted which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect.

2.15 Offerees. Neither the Company nor anyone acting on its behalf has in the past or will sell, offer for sale or solicit offers to buy any securities of the Company so as to bring the offer, issuance or sale of the Securities as contemplated by this Agreement, within the provisions of Section 5 of the Securities Act, unless such offer, issuance or sale was or will be within the exemptions of Section 4 thereof. The Company has and will comply with all applicable state "blue-sky" or securities laws in connection with the issuance and sale of its Common Stock, Preferred Securities and other securities heretofore issued and to be issued upon the closing of the Agreement.

2.16 Business; Compliance with Laws.

(a) Each of the Subsidiaries of the Company which is required to register as an investment adviser under the Advisers Act is so registered, and each of the Subsidiaries of the Company which is required to register, license or qualify as an investment adviser in any other jurisdiction is so registered, licensed or qualified in each such jurisdiction where such registration, licensing or qualification is required in order to conduct its business (except for failures to be so registered, licensed or authorized that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect).

(b) The Company and each Subsidiary has all necessary franchises, permits, licenses and other rights and privileges necessary to permit it to own its property and to conduct its business as it is presently or contemplated to be conducted in each case, except where the failure to have any of such franchises, permits, licenses, rights or privileges, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation, in any material respect, of any law, regulation, authorization or order of any public authority relevant to the ownership of its properties or the carrying on of its business as it is presently conducted except where any such violation, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary is in compliance, in all material respects, with all federal, state and local laws and regulations relating to its business as presently conducted, except where any such failure to comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

2.17 Investment Banking; Brokerage. No broker, finder, agent or similar intermediary has acted on behalf of the Company in connection with this Agreement or the transactions contemplated hereby and there are no brokerage commissions, finders fees or similar fees or commissions payable in connection therewith.

2.18 Transactions with Affiliates. Except as set forth on Schedule 2.18 hereto, to the best of the Company's knowledge, without investigation, no Person directly or indirectly holding an interest in the Company or any of its Subsidiaries is a party to any agreement, commitment or transaction with the Company or (other than as a client thereof or, with respect to employees of any Subsidiary, employment agreements between such employees and such Subsidiary) any of its Subsidiaries, or has any interest in any property used by the Company or any of its Subsidiaries, in either case which is material to the Company and its Subsidiaries taken as a whole.

2.19 Tweedy Browne Financial Statements.

(a) The Company has heretofore furnished to CEA (i) audited statements of financial condition of TBC at September 30, 1994, September 30, 1995 and September

30, 1996, and audited statements of income, changes in partners' capital and cash flows for each of the three years then ended (the audited balance sheet of TBC at September 30, 1996 is referred to hereinafter as the "Tweedy Base Balance Sheet") and (ii) unaudited statements of financial condition of TBC at December 31, 1996, March 31, 1997 and June 30, 1997 and statements of income, changes in partners' capital and cash flows for each period then ended, certified by TBC's senior financial officer. All of the foregoing financial statements have been prepared in accordance with GAAP using the accrual method of accounting, applied consistently during the periods covered thereby (except that TBC's unaudited financial statements do not include footnote disclosure and are subject to normal, immaterial audit adjustments), are complete and correct to the knowledge of the Company after due inquiry, and (subject to the foregoing exceptions with respect to unaudited financial statements) present fairly the financial condition of TBC at the dates of such statements and the results of its operations for the periods covered thereby.

(b) TBC does not and, as of the date of the Tweedy Base Balance Sheet, did not have any liabilities of any nature, whether accrued, absolute, contingent or otherwise, asserted or unasserted, known or unknown (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of others, liabilities for taxes due or then accrued or to become due, or contingent or potential liabilities relating to activities of TBC or the conduct of its businesses prior to the applicable date regardless of whether claims in respect thereof had been asserted as of such date), except: (i) liabilities stated or adequately reserved against on the Tweedy Base Balance Sheet or the notes thereto, (ii) liabilities reflected in Schedules furnished under Section 4.16 to CEA, effective as of the date hereof or (iii) immaterial liabilities incurred or recognized in the ordinary course of business of TBC after the date of, and not in breach of any of the terms of, the TBC Acquisition Agreement.

2.20 Disclosure. Neither this Agreement, the exhibits or schedules hereto, the Stockholders' Agreement and all other documents and instruments executed pursuant hereto contains any untrue statement of any material fact, or omits to state any material fact that is necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3. CONDITIONS OF PURCHASE

CEA's obligation to purchase and pay for the Preferred Securities shall be subject to compliance by the Company with its agreements and covenants herein contained and to the fulfillment to CEA's satisfaction on or before and at the Closing Date of the following conditions:

3.1 Satisfaction of Conditions. The representations and warranties of the Company made in Section 2 hereof shall be true and correct, in all material respects, on and as of the Closing Date (after giving effect to the TBC Acquisition) provided, however, that solely for purposes of determining the satisfaction of the condition contained in this Section 3.1, and not for purposes of determining liability under Section 7.3 hereof or otherwise, no effect shall be given to any exception relating to knowledge or materiality in the representations and warranties relating to TBC after updating pursuant to the operation of Section 4.16 and such representations and warranties shall be deemed to be true, correct and complete in all material respects only if the failure or failures of such representations and warranties to be so true, correct and complete without regard to knowledge and materiality exceptions do not represent in the aggregate a Material Adverse Effect (as defined in the TBC Acquisition Agreement) on TBC or the Company. Each of the conditions specified in this Section 3 shall have been satisfied or waived in writing; and on the Closing Date, certificates to such effect executed by the President, the Executive Vice President or any Senior Vice-President of the Company and by the principal financial officer of the Company shall be delivered to CEA.

3.2 Authorization. The Board of Directors and the stockholders of the Company shall have duly adopted resolutions in form reasonably satisfactory to CEA authorizing the Company to consummate the transactions contemplated hereby in accordance with the terms hereof, and CEA shall have received a duly executed certificate of the Secretary of the Company setting forth a copy of such resolutions and confirming that such resolutions have not been modified, rescinded or amended and are in full force and effect, setting forth a copy of the Certificate of Incorporation and By-laws of the Company, as in effect on the Closing Date, setting forth an incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Company and such other matters as may be reasonably requested by CEA.

3.3 Amended and Restated Certificate of Incorporation. The Board of Directors and stockholders of the Company shall have duly adopted resolutions providing for the restatement of the Company's Certificate of Incorporation in the form attached hereto as Exhibit B and such restated Certificate of Incorporation shall have been filed with the Secretary of State of Delaware.

3.4 Opinion of Counsel. CEA shall have received from counsel for the Company, Goodwin, Procter & Hoar LLP, their favorable opinion, dated the Closing Date, in form and substance reasonably satisfactory to CEA and its counsel.

3.5 Stockholders' Agreement. The Company, CEA and certain other stockholders of the Company shall have executed and delivered the Stockholders' Agreement, amended and restated as of the Closing Date, and all actions required to be taken pursuant to the Stockholders' Agreement (including the appointment of members of the Board of Directors) shall have been taken.

3.6 All Proceedings Satisfactory. All corporate and other proceedings taken prior to or at the Closing in connection with the transactions contemplated by this Agreement, and all documents and evidences incident thereto, shall be reasonably satisfactory in form and substance to CEA, and CEA shall receive copies thereof and other materials (certified, if requested) as it may reasonably request in connection therewith. The issuance and sale of the Preferred Securities to CEA shall be made in conformity with all applicable state and federal securities laws.

3.7 No Violation or Injunction. The consummation of the transactions contemplated by this Agreement shall not be in violation of any law or regulation and shall not be subject to any injunction, stay or restraining order.

3.8 Senior Loan Agreement; Securities Purchase Agreement.

(a) Prior to or concurrently with the Closing, the Company shall have executed and delivered the Senior Loan Agreement and CEA shall have received evidence satisfactory to it that no less than $300,000,000 may be drawn thereunder by the Company (including satisfaction by CEA that all conditions to any such draw in respect of the revolving credit facility thereunder can be met in the ordinary course). The Senior Loan Agreement shall be in substantially the form heretofore delivered to CEA and shall be in full force and effect, and executed or conformed copies thereof and all documents (including all schedules and exhibits thereto) executed or delivered in connection therewith shall have been delivered to CEA.

(b) As of the Closing Date, CEA shall have received evidence reasonably satisfactory to it that each of the conditions to be satisfied by the Company to the purchase of at least $60,000,000 senior subordinated notes pursuant to the terms of the Securities Purchase Agreement, dated as of August __, 1997 (the "Bridge Facility") between the Company and CEA shall have been satisfied and not waived without the prior consent of CEA.

3.9 Acquisition Agreements.

(a) There shall have been no material conditions to the Company's consummation of any Acquisition that have not been satisfied or waived with the prior consent of CEA, there have been no material amendments to the documentation relating to any Acquisition without the prior consent of CEA and, prior to or substantially contemporaneously with the purchase of the Preferred Securities hereunder, each Acquisition shall have been consummated. CEA shall have received a true and correct copy of the TBC Acquisition Agreement together with all exhibits and schedules thereto and each other purchase agreement executed in connection with each Acquisition. The TBC LLC Agreement and all other draft agreements annexed as exhibits to the TBC Acquisition Agreement (to the extent applicable) shall have been executed and delivered

in substantially the forms of the drafts annexed thereto (in each case as of the date hereof), with any changes to such drafts since such date to be in form and substance reasonably acceptable to CEA.

(b) Not more than three (3) days after the date hereof, the Company shall provide CEA and its counsel with initial drafts of all schedules to the TBC Acquisition Agreement setting forth all information specified, and any exceptions to the representations and warranties set forth, in Section 3 and 4 thereof, provided that such schedules shall specifically reference the particular subsection of such Section 3 or 4, as applicable, with respect to which any such information or exception applies. The Company shall deliver finalized schedules to CEA not later than the fifth (5th) day after the date the draft schedules are provided to CEA in accordance herewith and CEA shall have determined, in its reasonable good faith discretion (which determination shall be made within seven (7) business days after the delivery of the aforementioned final schedules) that the exceptions described in such schedules (i) in the aggregate could not reasonably be expected to have a Material Adverse Effect (as defined in the TBC Acquisition Agreement) on TBC or the Company, (ii) would not constitute any exception to any of the representations and warranties contained in the following provisions of the TBC Acquisition Agreement: Section 3.2(a) (first sentence) and (b) (Organization and Qualification of the Company), Section 3.3 (Capitalization; Beneficial Ownership), Section 3.5(a) (Authority), Section 3.8(a) (Financial Statements), Section 4.1 (Authority) or Section 4.2 (Ownership of LLC Interests) and (iii) would not constitute a material exception to any of the representations and warranties contained in the following provisions of the TBC Acquisition Agreement: Section 3.4 (Subsidiaries), Section 3.5(b) or (c) (Authority), Section 3.8(b) (Financial Statements), Section 3.9 (Taxes), Section 3.16 (Litigation), Section 3.17 (Compliance with Laws), Section 3.18 (Business; Registrations) or Section 3.25(b) (Directors, Officers and Employees, as to good health). In the event CEA determines that such schedules do not satisfy the conditions set forth above (as applicable), CEA must notify the Company, in writing, of such determination on or before 4:00 p.m. (New York City time) on the last day of such seven-business-day period, and failure by CEA timely to deliver such written notice shall be deemed to mean that CEA has determined that such schedules satisfy such conditions.

3.10 Escrow Agreement. The Escrow Agreement shall be in full force and effect, and executed or conformed copies thereof shall have delivered to CEA. The Company shall have delivered to the Escrow Agent (as defined in the Escrow Agreement), a fee in the amount of $2,400,000 (the "Escrow Fee") to be held in escrow pursuant to the Escrow Agreement.

3.11 Pro Forma Balance Sheet. CEA shall have received a pro forma balance sheet of the Company and its Subsidiaries as at June 30, 1997, which balance sheet shall give pro forma effect to the consummation of the TBC Acquisition (and any other acquisition to be consummated prior to the Closing Date) and the transactions contemplated hereby, and such

balance sheet shall not indicate any material adverse change in the assets, liabilities or net worth from those set forth in the Pro Forma Balance Sheet (as defined in the Bridge Facility).

3.12 1997 Budget and Operating Forecast. The Company shall have delivered to CEA a true and correct copy of the 1997 budget of the Company, in the form presented to the Board of Directors of the Company, including, to the extent also provided in writing to the Board of Directors, copies of all subsequent written changes therein and all material deviations therefrom.

3.13 Ownership Schedule. CEA shall have received a description, true and correct as of the Closing Date, of the ownership structure of each Subsidiary and each other entity in which the Company has an ownership interest.

3.14 Certain Tax Matters. CEA shall have received notice of (x) any audit or proposed deficiencies received by the Company or any of its Subsidiaries as of the Closing Date from the Internal Revenue Service or any state taxing authority, (y) any waivers of applicable statutes of limitations with respect to any taxes owed by the Company or any Subsidiary for any year and (z) any actual or threatened deficiency or claim for additional taxes or interest thereon or penalties in connection therewith.

3.15 Delivery of Documents. The Company shall have executed and delivered to CEA (or shall have caused to be executed and delivered to CEA by the appropriate Persons) the following:

(a) Certificates for the Class C Convertible Preferred Stock as set forth in Exhibit A;

(b) the Class C Preferred Stock Warrant Agreement duly executed by the Company and CEA;

(c) the Warrant Certificates evidencing the Warrants (drawn to the order of CEA and with appropriate insertions duly executed by the Company);

(d) Certified copies of resolutions of the Board of Directors (and the stockholders) of the Company authorizing the execution and delivery of this Agreement, the Stockholders' Agreement, the Class C Preferred Stock Warrant Agreement the Certificate of Incorporation, the issuance and delivery of the Class C Convertible Preferred Stock and upon conversion of the Class C Convertible Preferred Stock, the issuance of the Conversion Shares, the Warrants and upon exercise of the Warrants, the issuance of the Warrant Shares;

(e) A copy of the amended and restated Certificate of Incorporation of the Company, certified by the Secretary of State of the State of Delaware as of the Closing Date;

(f) A copy of the By-laws of the Company certified by the secretary of the Company;

(g) A certificate issued by the Secretary of State of the State of Delaware certifying that the Company is in good standing as of the Closing Date;

(h) A certificate issued by the appropriate Secretary of State of the state of organization of each Subsidiary certifying that, to the extent applicable, each such Subsidiary is in good standing in such state;

(i) A certificate issued by the Secretary of State of the Commonwealth of Massachusetts certifying that the Company is in good standing in Massachusetts; and

(j) Payment or reimbursement on the Closing Date of fees of CEA in accordance with Section 7.14 hereof.

SECTION 4. COVENANTS OF THE COMPANY

Unless otherwise modified or waived pursuant to Section 7.1 hereof, the Company shall comply with the following covenants until such time as (i) a Qualified Public Offering occurs, (ii) a Qualified Public Float occurs or (iii) a registered public offering other than a Qualified Public Offering has occurred and (x) all Class C Convertible Preferred Stock has been converted into Common Shares and (y) the Company has satisfied all of its obligations set forth in Section 1.5 of the Stockholders' Agreement.

4.1 Financial Statements; Other Reports. The Company will maintain a comparative system of accounts in accordance with GAAP, keep full and complete financial records and furnish to each Qualified Holder the following reports: (a) within 120 days after the end of each fiscal year, a copy of the consolidated balance sheet of the Company as at the end of such year, together with a consolidated statement of income and retained earnings and of cash flows of the Company for such year, audited and certified by independent public accountants of recognized national standing, prepared in accordance with GAAP consistently applied; (b) (i) within 45 days after the end of each month commencing with July 1997, a statement of the monthly assets under management by the Company as at the end of such month and (ii) if such month end is also the end of a fiscal quarter but not the end of a fiscal year, within 45 days after the end of such month (x) a statement of the monthly assets under management by the Company for such quarter and for the year to date, and (y) a copy of the unaudited consolidated and consolidating balance sheet of the Company and its Subsidiaries and the related unaudited consolidated and consolidating statements of income and retained earnings and of cash flows for such quarter and for the year to date; (c) promptly, and in no event more than ten days after the Company's receipt thereof, copies of all audit reports, so-called "management letters" and other communications and reports submitted to the Company or any of its Subsidiaries by independent certified public accountants

in connection with each interim or special audit of the Company or any of its Subsidiaries made by such accountants; (d) within ten days after transmission thereof, copies of all financial statements, proxy statements, reports and any other general written communications which the Company sends to its stockholders and copies of all registration statements and all regular, special or periodic reports which it files, or, within ten days of receipt by the Company, any of its officers or directors file with respect to the Company, with the Securities and Exchange Commission or with any securities exchange on which any of its securities are then listed, and copies of all press releases and other statements made available generally by the Company to the public concerning material developments in the Company's and its Subsidiaries' businesses; and (e) simultaneously with delivery to the lenders under the Senior Loan Agreement, copies of all financial statements, compliance certificates, notices and other information delivered under the Senior Loan Agreement which are not otherwise delivered to each Qualified Holder pursuant to this Section 4.1.

Each of the financial statements referred to in clauses (a), (b) and (d) shall be true and correct in all material respects as of the dates and for the periods stated therein, subject in the case of the unaudited financial statements to changes resulting from normal year-end adjustments (none of which would, alone or in the aggregate, have a Material Adverse Effect on the Company).

Notwithstanding the foregoing, the provisions of this Section 4.1 shall cease to be effective so long as the Company (x) is subject to the periodic reporting requirements of the '34 Act and continues to comply with such requirements and (y) promptly provides to each Person otherwise entitled to receive information pursuant to this Section 4.1 such reports and other material filed by the Company with the Securities and Exchange Commission pursuant to the periodic reporting requirements of the '34 Act.

4.2 Budget and Operating Forecast. Commencing with the Company's 1998 fiscal year, the Company will prepare and submit to the Board of Directors of the Company a budget for the Company for each fiscal year of the Company at least 30 days prior to the beginning of such fiscal year (or such later date as the Board of Directors may unanimously agree), together with management's written discussion and analysis of such budget. The budget shall be accepted as the budget for such fiscal year when it has been approved by a majority of the full Board of Directors of the Company and, thereupon, a copy of such budget promptly shall be sent to each Qualified Holder. The Company shall review the budget periodically and shall advise the Board of Directors of all changes therein and all material deviations therefrom.

4.3 Conduct of Business. The Company will, and will cause each of its Subsidiaries to, continue to engage principally in the business now conducted by the Company or such Subsidiary and businesses similar or related thereto and those reasonably compatible therewith. The Company will keep in full force and effect its corporate existence and will use commercially reasonable efforts to maintain all properties used or useful in the conduct of its business in good

repair, working order and condition, ordinary wear and tear excepted, as necessary to permit such business to be properly and advantageously conducted.

4.4 Payment of Taxes, Compliance with Laws, etc. The Company will, and will cause each of its Subsidiaries to, pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or upon its income or property before the same shall become in default, as well as all lawful claims for labor, materials and supplies which, if not paid when due, might become a lien or charge upon its property or any part thereof; provided, however, that neither the Company nor any Subsidiary shall be required to pay and discharge any such tax, assessment, charge, levy or claim so long as the validity thereof is being contested by the Company or such Subsidiary in good faith by appropriate proceedings and an adequate reserve therefor has been established on its books. The Company will comply with all applicable laws and regulations in the conduct of its business, including, without limitation, the Advisers Act and the 1940 Act and will comply with all applicable federal and state securities laws in connection with the issuance of any shares of its capital stock.

4.5 Material Adverse Effect. The Company will promptly advise CEA and each Qualified Holder of any event which has a Material Adverse Effect on the Company, and of each suit or proceeding commenced or threatened against the Company or any Subsidiary which, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Company. The Company will also promptly notify CEA and each Qualified Holder of any facts which, if such facts had existed on the Closing Date, would have constituted a material breach of the representations and warranties contained herein.

4.6 Insurance. The Company will keep its insurable properties insured, upon reasonable business terms, by financially sound and reputable insurers against liability, and the perils of casualty, fire and extended coverage in amounts of coverage at least equal to those customarily maintained by companies in the same or similar business as the Company. The Company will also maintain with such insurers insurance against other hazards and risks and liability to Persons and property to the extent and in the manner customary for the operation of its business.

4.7 Life Insurance. The Company will maintain, and continue to pay the premiums on, "key-man" term life insurance from financially sound and reputable insurers on the life of William J. Nutt in the face amount of at least $5,000,000 with the proceeds payable to the Company. The Company hereby agrees that such policy shall not be assigned, borrowed against, pledged or encumbered in any other way.

4.8 Affiliated Transactions. All transactions by and between the Company and any officer, key employee or stockholder of the Company or Persons controlling, controlled by, under common control with or otherwise affiliated with such officer, key employee or stockholder, shall be conducted on an arm's-length basis, shall be on terms and conditions no less favorable to the Company than could be obtained from nonrelated Persons and shall be approved in advance

by the Board of Directors after full disclosure of the terms thereof, for which purpose the interested party, if a Director, and any affiliate of the interested party who is a Director, shall not be entitled to vote, exclusive, however, of transactions between the Company and any Subsidiary so long as (i) such transaction is not otherwise prohibited hereunder and (ii) at the time of such transaction there is no then current intention or plan (whether in connection with such transaction or otherwise) whereby such Subsidiary would cease to be a Subsidiary of the Company.

4.9 Use of Proceeds. The Company will use the proceeds from the sale of the Preferred Securities to finance the TBC Acquisition and the consolidation of TBC, to make investments in investment managers and advisers, and for working capital. Pending use for the above described purposes, said proceeds shall be temporarily invested in short-term, interest bearing securities, including U.S. Government securities, certificates of deposit and similar instruments, and money market mutual funds.

4.10 Inspection. The Company will, upon reasonable prior notice to the Company, permit authorized representatives of any Qualified Holder to visit and inspect any of the properties of the Company, including its books of account, and to discuss its affairs, finances and accounts with its officers, administrative employees and independent accountants, all at such reasonable times and as often as may be reasonably requested. Each such Qualified Holder (on behalf of itself and its representatives) agrees always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than in its, his or her regular business relating to the Company) any knowledge or information of a confidential or proprietary nature with respect to any records, data, plans, strategies, business operations or techniques of the Company or any affiliate (which, to the extent they were disclosed to such Qualified Holder or its representative in writing, where identified as confidential or proprietary) ("Confidential Information"), other than information which (a) is or becomes generally available to the public other than as a result of disclosure by such Qualified Holder or its representatives in violation of this Agreement, (b) is required by law or government regulation to be disclosed to a court or government regulatory or supervisory body; provided, however, that prior to disclosing such information, such Qualified Holder or its representative shall give the Company notice and shall use their respective reasonable efforts to obtain confidential treatment therefor, (c) such Qualified Holder can show was contained in a writing in its possession at the time of disclosure, which information had not been wrongfully acquired, directly or indirectly from the Company or any affiliate and such Qualified Holder is not under an obligation of confidentiality with respect thereto, (d) is subsequently disclosed to such Qualified Holder by a third party not in violation of any rights of, or obligations to, the Company or (e) any information which is independently developed by an employee or agent of such Qualified Holder who has not had access to any Confidential Information.

4.11 Directors Liability. The Certificate of Incorporation or By-laws of the Company will, at all times during which any nominee of the Holders serves as a director of the Company, provide for indemnification of the directors of the Company and limitations on the liability of the directors of the Company to the fullest extent permitted under applicable state law.

4.12 Restrictions and Limitations. So long as any Class C Convertible Preferred Stock or Warrants remain outstanding, the Company shall not:

(a) Increase the number of directors on the Company's Board of Directors;

(b) Redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) any of the Common Stock, or any other capital stock of the Company; provided, however, that this restriction shall not apply to the repurchase or redemption of shares of Common Stock issued pursuant to stock repurchase provisions or agreements under which the Company has the option to repurchase such shares upon the occurrence of certain events, including the termination of employment and involuntary transfers by operation of law, provided that (unless the purchase or agreement containing its terms is or was approved by unanimous vote of the Board of Directors of the Company) the repurchase price paid by the Company does not exceed the purchase price paid to the Company for such shares;

(c) Declare, pay, set apart for payment or enter into an agreement to declare or pay, dividends on or any distributions in respect of shares of Common Stock, other than dividends or distributions in additional Common Stock;

(d) Authorize any merger or consolidation of the Company with or into another Company or entity (except into or with a wholly-owned subsidiary of the Company with the requisite shareholder approval), authorize any liquidation of the Company, or authorize the sale of all or substantially all the assets of the Company; or

(e) (x) Amend the Certificate of Incorporation or By-Laws of the Company in any manner adverse to the holders of any Class C Convertible Preferred Stock or Warrants without the written consent of a Majority in Interest of the Holders or (y) authorize, issue or obligate itself to issue, any preferred stock which is senior to any Class C Convertible Preferred Stock as to liquidation preferences, redemption or dividend rights or with voting rights which are preferential to those of the holders of the Series C-1 Voting Convertible Preferred Stock; provided that no newly issued preferred stock shall be designated as "Class C" or "Series C" preferred stock (other than any such stock issued to holders of Class C Convertible Preferred Stock, Warrants or Warrant Shares in connection with anti-dilution, preemptive or similar rights).

4.13 Current Public Information. At all times after the Company has filed a registration statement with respect to its Common Stock with the Securities and Exchange Commission pursuant to the requirements of either the Securities Act or the '34 Act, the Company shall file all reports required to be filed by it under the Securities Act and the '34 Act and the rules and regulations adopted by the Securities and Exchange Commission thereunder and shall take such further action as any Holder or Holders of Restricted Securities may reasonably request, all to the extent required to enable such Holders to sell Restricted Securities

pursuant to (i) Rule 144 adopted by the Securities and Exchange Commission under the Securities Act (as such rule may be amended from time to time) or any similar rule or regulation hereafter adopted by the Securities and Exchange Commission or (ii) a registration statement on Form S-2 or S-3 or any similar registration form hereafter adopted by the Securities and Exchange Commission. Upon request, the Company shall deliver to any Holder of Restricted Securities a written statement as to whether it has complied with such requirements.

4.14 Registration of Securities. The Company shall cause to be kept at its principal office a register for the registration and transfer of the Class C Convertible Preferred Stock (the "Class C Preferred Stock Register"). The names and addresses of the Holders of Class C Convertible Preferred Stock, the transfer of Class C Convertible Preferred Stock, and the names and addresses of the transferees of the Class C Convertible Preferred Stock shall be registered in the Class C Preferred Stock Register. Pursuant to the Class C Preferred Stock Warrant Agreement, the names and addresses of the Holders of Warrants, the transfer of Warrants and the names and addresses of the transferees of Warrants shall be registered in the Warrant Register (as defined in the Class C Preferred Stock Warrant Agreement). The Person in whose name any registered Security shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement and the Company shall not be affected by any notice to the contrary, until due presentment of such Security for registration of transfer so provided in this Section 4.14. Payment of or on account of the principal, premium, if any, and interest on, or any other amount in respect of, any registered Securities shall be made to or upon the written order of such registered holder.

4.15 Further Assurances. Upon the reasonable request of CEA, the Company will cure promptly any defects in the creation and issuance of the Securities, and in the execution and delivery of this Agreement and the Warrant Documents. Upon the reasonable request of the Company, CEA will cure promptly any defects in the execution and delivery of this Agreement and the Warrant Documents. The Company, at its expense, will promptly execute and deliver promptly to CEA upon request all such other and further documents, agreements and instruments in compliance with or pursuant to its covenants and agreements herein, and will make any recordings, file any notices, and obtain any consents as may be necessary or appropriate in connection therewith.

4.16 Update of Schedules. In the event the schedules described in (and satisfying the requirements of) Section 3.9(b) would require the updating of any Schedules hereto in order to make the representations and warranties to which such Schedules relate true, correct and complete, the Company shall furnish to CEA updated versions of such Schedules and the Schedules shall be automatically deemed amended thereby, provided that the form of such updated versions is reasonably satisfactory to CEA.

SECTION 5. REPRESENTATIONS AND COVENANTS OF CEA

(a) It is the understanding of the Company, and CEA hereby represents with respect to CEA's purchase of Securities hereunder that:

(i) The execution of this Agreement has been duly authorized by all necessary action on the part of CEA, has been duly executed and delivered, and constitutes a valid, binding and enforceable agreement of CEA.

(ii) CEA is acquiring the Preferred Securities for its own account, for investment, and not with a view to any "distribution" thereof within the meaning of the Securities Act, and CEA has no present or presently contemplated agreement, undertaking, arrangement, obligation or commitment providing for the distribution thereof; provided, however, that the disposition of CEA's property shall at all times be and remain within its control. CEA was not formed or organized for the purpose of acquiring the Preferred Securities.

(iii) CEA understands that because the Preferred Securities have not been registered under the Securities Act, it cannot dispose of any or all of the Class C Convertible Preferred Stock or the Warrants or the Common Stock or the Class B Common Stock or Warrant Shares issuable upon conversion or exercise, as applicable, thereof unless the shares of the relevant series of Class C Convertible Preferred Stock, Warrants or Common Stock or the Class B Common Stock are subsequently registered under the Act or exemptions from such registration are available.

(iv) CEA is sufficiently knowledgeable and experienced in the making of private investments so as to be able to evaluate the risks and merits of its investment in the Company, and is able to bear the economic risk of loss of its investment in the Company. CEA is an "accredited investor" as such term is defined in Rule 501 promulgated under the Securities Act. CEA has carefully reviewed the representations concerning the Company contained in this Agreement, and has made detailed inquiry concerning the Company, its business and its personnel; and the officers of the Company have made available to the CEA any and all written information which it has requested and have answered to CEA's satisfaction all inquiries made by CEA; provided, however, that the foregoing shall in no way affect, diminish or derogate from the representations and warranties made by the Corporation hereunder and the right of CEA to rely thereon and to seek indemnification hereunder.

(v) CEA has been advised that the Preferred Securities have not been and are not being registered under the Securities Act or under the "blue sky" laws of any jurisdiction and that the Company in issuing the Preferred Securities is

relying upon, among other things, the representations and warranties of CEA contained in this Section 5.

(vi) No broker, finder, agent or similar intermediary has acted on behalf of CEA in connection with this Agreement or the transactions contemplated hereby and there are no brokerage commissions, finder's fees or similar fees or commissions payable in connection therewith.

(b) CEA shall, as soon as practicable after the date hereof, to the extent applicable (as reasonably determined CEA and by the Company), provide the Company with answers, full and correct to the best knowledge of CEA, to the questions set forth in Section 11 of Part I of Form ADV and answers to Schedule A and Schedule B of Part II of Form ADV.

SECTION 6. DEFINITIONS

6.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth below:

"Acquisitions" means, collectively, the Geo Acquisition and the TBC Acquisition.

"Additional Subsidiary" shall mean any entity which, after the date hereof, becomes controlled by the Company or any Subsidiary as a result of the ownership by the Company or an Additional Subsidiary, singularly or collectively, of more than 50% of the outstanding voting securities of such entity or the Company becoming a general partner, managing member or holding another similar position that enables it to direct management and policies thereof.

"Advisers Act" means the Investment Advisers Act of 1940, as amended, and any successor to such Act.

"Base Balance Sheet" shall mean the consolidated balance sheet of the Company and the Subsidiaries as of June 30, 1997, included in Schedule 2.5 hereof.

"CEA" shall have the meaning set forth in the preamble.

"Certificate of Incorporation" shall mean the Company's Amended and Restated Certificate of Incorporation in the form attached hereto as Exhibit B, as the same may be amended and/or restated from time to time.

"Class A Convertible Preferred Stock" shall mean the Company's Class A Convertible Preferred Stock, par value $.01 per share.

"Class B Common Stock" shall mean the Company's Class B Common Stock, par value $.01 per share.

"Class B Convertible Preferred Stock" shall mean the Series B-1 Voting Convertible Preferred Stock together with the Series B-2 Non-Voting Convertible Preferred Stock.

"Class C Conversion Price" shall have the meaning set forth in the Certificate of Incorporation.

"Class C Convertible Preferred Stock" shall mean the Series C-1 Voting Convertible Preferred Stock together with the Series C-2 Non-Voting Convertible Preferred Stock.

"Class C Preferred Stock Warrant Agreement" shall mean that certain Class C Preferred Stock Warrant Agreement, dated as of the Closing Date, between the Company and CEA, substantially in the form attached hereto as Exhibit C.

"Common Shares" shall have the meaning set forth in the Certificate of Incorporation.

"Common Stock" shall have the meaning set forth in the Certificate of Incorporation.

"Confidential Information" shall have the meaning assigned such term in Section 4.10.

"Confidentiality Agreement" shall mean that certain letter agreement, dated as of July 17, 1997, between the Company and CEA.

"ERISA" shall mean the Employment Retirement Income Security Act of 1974, as amended and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time.

"Escrow Agreement" shall mean that certain Escrow Agreement, dated as of the Closing Date, between the Company and The Chase Manhattan Bank, substantially in the form attached hereto as Exhibit E.

"Fee Letter" shall mean the confidential fee letter, dated as of the date hereof, between the Company and CEA.

"First Quadrant" means First Quadrant Holdings, a Delaware corporation, First Quadrant Corp., a New Jersey corporation, First Quadrant, L.P., a Delaware limited partnership and First Quadrant U.K., L.P., a Delaware limited partnership and First Quadrant Limited, a United Kingdom corporation, collectively.

"GAAP" shall mean generally accepted accounting principles as applied in the United States of America.

"Geo" means GeoCapital Corporation, a Delaware corporation, and any successor thereto.

"Geo Acquisition" shall mean the acquisition by the Company of at least 51% of the outstanding common stock of Geo or any successor thereto.

"Governmental Authority" shall mean any Federal, state, local or foreign governmental department, commission, board, bureau, authority, agency, court, instrumentality or judicial or regulatory body or entity.

"Holder" shall mean CEA or any of its permitted successors or assigns (other than the Company or any of its Subsidiaries) who continues to hold any (x) Class C Convertible Preferred Stock or Conversion Shares issued or issuable upon the conversion thereof or (y) Warrants or Warrant Shares.

"Majority in Interest" shall mean Holders holding a majority of the shares of Common Stock issued or issuable upon conversion of the Series C-1 Voting Convertible Preferred Stock and Series C-2 Non-Voting Convertible Preferred Stock (after giving effect to the conversion of all Warrant Shares issued or issuable upon exercise of the Warrants and the conversion of the shares of Series C-1 Voting Convertible Preferred Stock or Class B Common Stock, as the case may be, issued or issuable upon conversion of Class C Convertible Preferred Stock).

"Material Adverse Effect" shall mean a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of (i) the Company, (ii) TBC, (iii) First Quadrant or (iv) the Company and its Subsidiaries taken as a whole.

"Person" shall mean any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental agency or authority or other entity of whatever nature.

"Preferred Stock" shall have the meaning provided in the Stockholders' Agreement.

"Qualified Holder" shall mean any Holder (together with any of its commonly-controlled affiliates) which holds at least 21% of the aggregate amount of all Preferred Securities to be purchased hereunder (or Conversion Shares issued or issuable upon the conversion thereof or Warrant Shares issued or issuable upon the exercise thereof) provided such Holder has become a party to the Stockholders' Agreement and such Holder has executed a confidentiality agreement with the Company in substantially the form of the Confidentiality Agreement.

"Qualified Public Float" shall mean a Class C Qualified Public Float, as defined in the Certificate of Incorporation.

"Qualified Public Offering" shall mean an underwritten public offering of the Company's Common Stock which (i) satisfies all requirements of a Class C Qualified Public Offering (as defined in the Certificate of Incorporation) and (ii) results in a per share sale price for the Common Stock into which each share of Class C Convertible Preferred Stock is convertible (as appropriately adjusted for stock splits, stock dividends and the like) which equals or exceeds the Qualifying Price.

"Qualifying Price" means, with respect to any registered public offering by the Company of its Common Stock, a per share sales price to the public which results in the value of the Common Stock into which each share of Class C Convertible Preferred Stock is convertible (as appropriately adjusted for stock splits, stock dividends and the like) which equals or exceeds $1,035 per share plus appreciation at a rate equal to at least 15% per annum compounded annually determined on a daily basis from August 15, 1998 through the earlier of (x) the date of the closing of such underwritten public offering (if such closing is after August 15, 1998) or (y) August 15, 2002.

"Restricted Securities" shall mean (i) the Class C Convertible Preferred Stock issued hereunder, (ii) any Conversion Shares (iii) the Warrants issued hereunder and (iv) any Warrant Shares. As to any particular Restricted Securities, such securities shall cease to be Restricted Securities when they have (a) been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them, (b) become eligible for sale pursuant to Rule 144(k) (or any similar provision then in force) under the Securities Act or (c) been otherwise transferred and new certificates for them not bearing the Securities Act legend set forth in the Stockholders' Agreement have been issued. Whenever any particular securities cease to be Restricted Securities, the holder thereof shall be entitled to receive from the Company, without expense, new securities of like tenor not bearing a Securities Act legend of the character set forth in the Stockholders' Agreement.

"Securities" shall mean the Class C Convertible Preferred Stock and the Warrants issued at the Closing and the Conversion Shares and the Warrant Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations issued in respect thereto.

"Securities Purchase Agreement" shall mean that certain Securities Purchase Agreement, dated as of the date hereof, among the Company and the purchasers named therein.

"Senior Loan Agreement" shall mean the Credit Agreement and related Promissory Notes dated as of the Closing Date, among the Company, the several Lenders named in the Credit Agreement and The Chase Manhattan Bank, a New York banking corporation, as Administrative Agent.

"Series B-1 Voting Convertible Preferred Stock" shall mean the Company's Series B-1 Voting Convertible Preferred Stock, par value $.01 per share.

"Series B-2 Non-Voting Convertible Preferred Stock" shall mean the Company's Series B-2 Non-Voting Convertible Preferred Stock, par value $.01 per share.

"Series C-1 Voting Convertible Preferred Stock" shall mean the Company's Series C-1 Voting Convertible Preferred Stock, par value $.01 per share.

"Series C-2 Non-Voting Convertible Preferred Stock" shall mean the Company's Series C-2 Non-Voting Convertible Preferred Stock, par value $.01 per share.

"Stockholders' Agreement" means that certain Amended and Restated Stockholders' Agreement, dated as of the Closing Date, by and among the Company and all of its stockholders, substantially in the form attached hereto as Exhibit D.

"Subsidiaries" and "Subsidiary" shall mean and include J M H Management Corporation, a Delaware corporation, JM Hartwell Limited Partnership, a Delaware limited partnership, Systematic Financial Management, L.P., a Delaware limited partnership, Skyline Asset Management, L.P., a Delaware limited partnership, Renaissance Investment Management, a Delaware general partnership, First Quadrant Holdings, Inc., a Delaware corporation, First Quadrant Corp., a New Jersey corporation, First Quadrant, L.P., a Delaware limited partnership, First Quadrant U.K., L.P., a Delaware limited partnership, First Quadrant Limited, a United Kingdom corporation, The Burridge Group Inc., an Illinois corporation, The Burridge Group, LLC, a Delaware limited liability company, Gofen and Glossberg, L.L.C., a Delaware limited liability company, GeoCapital Corporation, GeoCapital, LLC, and Tweedy, Browne Company, LLC and all Additional Subsidiaries from and after the date they become Additional Subsidiaries, including as of the Closing Date.

"TBC" shall mean Tweedy, Browne Company L.P., a Delaware limited partnership (or any successor thereto).

"TBC Acquisition" shall mean the acquisition by the Company of at least 51% of the outstanding limited partnership or member interests in TBC or any successor thereto.

"TBC Acquisition Agreement" means the Purchase Agreement dated as of August 15, 1997, by and among the Company, Tweedy, Browne Company L.P., a Delaware limited partnership, Christopher H. Browne, William H. Browne, John D. Spears and James M. Clark, Jr., executed in connection with the TBC Acquisition, including all schedules and exhibits thereto (including the revenue sharing agreement described therein).

"TBC LLC Agreement" means the Limited Liability Company Agreement of Tweedy, Browne Company LLC, dated as of the Closing Date, among the manager member and non-manager members party thereto, in each case as amended, restated or otherwise modified.

"Warrant Documents" shall mean the Class C Preferred Stock Warrant Agreement and the Warrant Certificates.

"Warrants" shall have the meaning given such term in the Class C Preferred Stock Warrant Agreement.

" '34 Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations issued in respect thereto.

"1940 Act" means, the Investment Company Act of 1940, as amended, and any successor to such Act.

6.2 Other Definitions. The following terms are defined within this Agreement.

Term	Defined in Section
Agreement	Preamble
Bridge Facility	3.8(b)
Bridge Notes	2.10(e)
Class C Preferred Stock Register	4.14
Class C Preferred Stock Warrant Agreement	1.3
Closing	1.5
Closing Date	1.5
Company	Preamble
Company Indemnitees	7.4
Conversion Shares	1.2
Defense Counsel	7.5
Defense Notice	7.5
Employee Benefit Plan	2.13
Escrow Fee	3.10
Existing Stockholders Agreement	2.3
Indemnified Liabilities	7.3/7.4
Indemnity Cap	7.3/7.4
Material Contract(s)	2.10
Purchaser Indemnitees	7.3
Preferred Securities	1.5
Related Documents	7.10

Tweedy Base Balance Sheet	2.19
Third Party Claim	7.5
Warrant Certificate	1.3
Warrant Register	4.14
Warrant Shares	1.3

SECTION 7. GENERAL

7.1 Amendments, Waivers and Consents.

(a) Sections 1, 2, 3, 5, 6, 7 (other than Section 7.1(b)), subject to Section 7.1(b) hereof, Section 4 of this Agreement may be amended, and compliance with any covenant or provision set forth therein may be waived, only if the Company so consents and obtains written consent thereto from a Majority in Interest of the Holders; provided, however, that any amendment or waiver in respect of Section 4.12(d) shall be subject to this clause (a) unless the proceeds to be received in respect of each share of Class C Preferred Stock (after giving effect to the exercise of all Warrants) as a result of any transaction described in such Section 4.12(d) equal or exceeds the Class C Conversion Price, together with a rate of appreciation equal to at least 15% per annum compounded annually from August 15, 1997 through August 15, 2002, in which event such Section 4.12(d) shall be subject to clause (b) below.

(b) Subject to the proviso to clause (a) above (relating to Section 4.12(d)), in the case of any proposed amendment or waiver to Sections 4.3, 4.4, 4.6, 4.7, 4.11, 4.12(a), (b), (c) or (d) or 4.14, or, to the extent any such action would affect the provisions of such Section, Section 5 and 6 of this Agreement, which amendment or waiver would adversely affect the rights of the holders of one or more classes or series of the Company's Preferred Stock (in addition to the Class C Preferred Stock), then clause (a) above shall not apply and such amendment or waiver shall only be effective if consented to in writing by the Company and by holder(s) of a majority in interest of all such classes or series of Preferred Stock (including Class C Preferred Stock), consenting or voting as a single class.

(c) Section 7.1(b) may be amended, and compliance with such provisions may be waived, only if the Company so consents and obtains written consent thereto from each of (i) a Majority in Interest of the Holders and (ii) the holder(s) of a majority in interest of all other classes or series of the Preferred Stock (other than the Class C Preferred Stock), consenting or voting as a single class.

7.2 Survival of Covenants; Assignability of Rights.

(a) All covenants, agreements, representations and warranties of the Company made herein and to be performed prior to or at the Closing and in the certificates, lists, exhibits, schedules or other written information delivered or furnished by or on behalf of the Company to CEA in connection herewith shall be deemed material and to have been relied upon by CEA, and, except as otherwise provided in this Agreement (including, with respect to representations and warranties, paragraph (b) below), shall survive the delivery of the Preferred Securities and shall bind the Company's successors and assigns, whether so expressed or not, and, except as otherwise provided in this Agreement, all such covenants, agreements, representations and warranties shall inure to the benefit of CEA's successors and assigns and to transferees of the Securities, whether so expressed or not. The representations and warranties made by CEA in Section 5 of this Agreement shall survive the delivery of the Preferred Securities and shall bind CEA's successors and assigns and shall inure to the benefit of the Company's successors and assigns.

(b) The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall survive the Closing Date and the consummation of any or all of the transactions contemplated hereby but only until December 31, 1998, except for any representations and warranties pursuant to Section 2.9, which shall survive until the expiration of the applicable tax statute of limitations (if any). The expiration of any representation or warranty shall not affect any claim made prior to the date of such expiration.

7.3 Indemnity by the Company. In consideration of CEA's execution, delivery and performance of this Agreement, the Company shall defend, protect, indemnify and hold harmless CEA and each other Holder and all of their officers, directors, employees and agents (collectively, the "Purchaser Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, liabilities and damages, costs and expenses ("Indemnified Liabilities") incurred by the Purchaser Indemnitees or any of them as a result of, or arising out of, or relating to any breach of representation or warranty set forth in Section 2 hereof, except for any such Indemnified Liabilities (i) arising on account of the particular Purchaser Indemnitee's gross negligence or willful misconduct or (ii) arising (or as to which a claim for indemnification is made) after December 31, 1998; provided, however, that the aggregate liability of the Company hereunder shall be limited to $30,000,000 plus all costs and expenses incurred by the Purchaser Indemnitees in connection with such Indemnified Liabilities (the "Indemnity Cap"). To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. Notwithstanding any provision herein to the contrary, in the event the Closing Date does not occur, the Company shall have no liability for any breach of a representation or warranty set forth in Section 2 hereof to the extent such breach relates solely to Geo or TBC.

7.4 Indemnity by CEA. In consideration of the Company's execution, delivery and performance of this Agreement, CEA shall defend, protect, indemnify and hold harmless the Company and all of its officers, directors, employees and agents (collectively, the "Company Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, liabilities and damages, costs and expenses ("Indemnified Liabilities") incurred by the Company Indemnitees or any of them as a result of, or arising out of, or relating to any breach of representation or warranty set forth in Section 5 hereof, except for any such Indemnified Liabilities (i) arising on account of the particular Company Indemnitee's gross negligence or willful misconduct or (ii) arising (or as to which a claim for indemnification is made) after December 31, 1998; provided, however, that the aggregate liability of CEA hereunder shall be limited to $30,000,000 plus all costs and expenses incurred by the Company Indemnitees in connection with such Indemnified Liabilities (the "Indemnity Cap"). To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, CEA shall make the maximum contribution to the payment and satisfaction of each of the Company Indemnified Liabilities which is permissible under applicable law.

7.5 Method of Asserting Claims, etc. Promptly after the assertion by any third party of any claim, demand or notice (a "Third Party Claim") against any Person entitled to indemnification under Section 7.3 or Section 7.4 that results or may result in the incurrence by such indemnified party of any Indemnified Liabilities, such indemnified party shall promptly notify the party from whom such indemnification could be sought of such Third Party Claim. Thereupon, the indemnifying party shall have the right, upon written notice (the "Defense Notice") to the indemnified party within 30 days after receipt by the indemnifying party of notice of the Third Party Claim (or sooner if such claim so requires) to conduct, at its own expense, the defense against the Third Party Claim in its own name or, if necessary, in the name of the indemnified party. The Defense Notice shall specify the counsel the indemnifying party shall appoint to defend such Third Party Claim (the "Defense Counsel") and the indemnified party shall have the right to approve the Defense Counsel, which approval shall not be unreasonably withheld. In the event the indemnifying party and the indemnified party cannot agree on such counsel within 10 days after the Defense Notice is given, then the indemnifying party shall propose an alternate Defense Counsel, which shall be subject again to the indemnified party's approval, which approval shall not be unreasonably withheld. Any indemnified party shall have the right to employ separate counsel in any such Third Party Claim and/or to participate in the defense thereof, but the fees and expenses of such counsel shall not be included as part of any Indemnified Liabilities incurred by the indemnified party unless (i) the indemnifying party shall have failed to give the Defense Notice within the prescribed period, (ii) such indemnified party shall have received an opinion of counsel, reasonably acceptable to the indemnifying party, to the effect that the interests of the indemnified party and the indemnifying party with respect to the Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both parties under applicable ethical rules, or (iii) the employment of such counsel at the expense of the indemnifying party has been specifically authorized by the indemnifying party. The party conducting the defense of any Third Party Claim shall keep the other party apprised of all significant developments and shall not enter into any settlement, compromise or consent to

judgment with respect to such Third Party Claim unless such other party consents, such consent not to be unreasonably withheld. In the event that the indemnifying party shall fail to give a Defense Notice within such 30-day period (or such shorter period if the claim so requires), they shall be deemed to have elected not to conduct the defense of the subject claim. A failure by an indemnified party to give timely, complete or accurate notice as provided in this Section 7.5 will not affect the rights or obligations of any party hereunder except and only to the extent that, as a result of such failure, any party entitled to receive such notice was damaged or prejudiced as a result of such failure to give timely notice.

7.6 Termination. At any time prior to the Closing Date, this Agreement (including the obligation of CEA to purchase the Preferred Securities (which obligation is subject to the terms and conditions of this Agreement)) may be terminated as follows:

(a) by mutual written consent of CEA and the Company;

(b) by CEA or the Company if the Closing has not occurred by December 15, 1997; provided, that neither party shall be permitted to terminate pursuant to this clause (b) if it is in default hereunder and such default is the reason the Closing has not occurred by December 15, 1997, and

(c) by CEA, pursuant to written notice to the Company, if the Securities Purchase Agreement is terminated on or prior to the Closing Date;

provided, that, any term or provision hereof to the contrary notwithstanding, the obligations of the parties hereto in respect of Sections 7.3, 7.4, 7.5 and 7.14 shall survive any such termination pursuant to this Section.

7.7 Notices. All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given, delivered and received (a) if delivered personally or (b) if sent by telex or facsimile, registered or certified mail (return receipt requested) postage prepaid, or by courier guaranteeing next day delivery, in each case to the party to whom it is directed at the following addresses (or at such other address for any party as shall be specified by notice given in accordance with the provisions hereof, provided that notices of a change of address shall be effective only upon receipt thereof). Notices delivered personally shall be effective on the day so delivered, notices sent by registered or certified mail shall be effective upon their delivery, notices sent by telex shall be effective when answered back, notices sent by facsimile shall be effective when receipt is acknowledged, and notices sent by courier guaranteeing next day delivery shall be effective on the day of actual delivery by the courier:

(a) if to the Company to:

Affiliated Managers Group, Inc.
Two International Place
23rd Floor
Boston, MA 02110
Facsimile: (617) 346-7115
Attn: Nathaniel Dalton
Senior Vice President

with a copy (which shall not constitute notice) to:

Goodwin, Procter & Hoar LLP
Exchange Place
Boston, Massachusetts 02109
Facsimile: (617) 523-1231
Attn: Elizabeth S. Fries, Esq.

(b) if to CEA to:

Chase Equity Associates, L.P.
380 Madison Avenue
New York, New York 10017
Facsimile: (212) 622-3950
Attn: John M.B. O'Connor

with a copy (which shall not constitute notice) to:

Mayer, Brown & Platt
1675 Broadway
New York, New York 10019
Facsimile: (212) 262-1910
Attn: Mark S. Wojciechowski, Esq.

7.8 Headings. The Section headings used or contained in this Agreement are for convenience of the reference only and shall not affect the construction of this Agreement.

7.9 Counterparts. This Agreement may be executed in one or more counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which together shall be deemed to constitute one and the same agreement.

7.10 Entire Agreement. Except as otherwise provided in the Stockholders' Agreement, the Escrow Agreement, the Confidentiality Agreement, the Fee Letter or any Warrant Document (collectively the "Related Documents"), this Agreement is intended by the parties as a final expression of their agreement and intended to be complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. Except as otherwise provided in the Related Documents, this Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

7.11 Adjustments. All references to share prices and amounts herein shall be equitably adjusted to reflect stock splits, stock dividends, recapitalizations and similar changes affecting the capital stock of the Company.

7.12 Law Governing. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of New York (without giving effect to conflicts or choice of law principles).

7.13 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be deemed prohibited or invalid under such applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, and such prohibition or invalidity shall not invalidate the remainder of such provision or the other provisions of this Agreement.

7.14 Expenses. The Company agrees to pay all reasonable fees, costs and expenses of CEA (including due diligence costs and expenses and the fee and expenses of legal counsel to CEA) arising in connection with the negotiation, preparation, execution and delivery of this Agreement, the Class C Preferred Stock Warrant Agreement and each other document or instrument delivered in connection herewith or therewith, and the Company shall be obligated to pay such fees and expenses whether or not any Preferred Securities are issued or purchased.

[End of Text]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Sean M. Healey
Name: Sean M. Healey
Title: Executive Vice President

CHASE EQUITY ASSOCIATES, L.P.

By: Chase Capital Partners, its general partner

By: /s/ John M.B. O'Connor
Name: John M.B. O'Connor
Title: General Partner

Exhibit A

Notice and Purchase Information

NAME AND ADDRESS	CLASS C CONVERTIBLE PREFERRED STOCK			WARRANTS	
	SHARES OF SERIES C-1 VOTING CONVERTIBLE PREFERRED STOCK	SHARES OF SERIES C-2 NON-VOTING CONVERTIBLE PREFERRED STOCK	PURCHASE PRICE	SHARES OF SERIES C-2 NON-VOTING CONVERTIBLE PREFERRED STOCK ISSUABLE UPON EXERCISE	PURCHASE PRICE
Chase Equity Associates, L.P. 380 Madison Avenue New York, NY 10017	5,333	0	$4,799,700	28,000	$25,200,000

EXHIBIT 4.5

AMENDMENT NO. 1 TO PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 (this "Amendment No. 1") to the PREFERRED STOCK AND WARRANT PURCHASE AGREEMENT, dated as of October 9, 1997 (the "Preferred Stock Purchase Agreement"), between Affiliated Managers Group, Inc., a Delaware corporation (the "Company"), and Chase Equity Associates, L.P., a California limited partnership ("CEA").

W I T N E S S E T H:

WHEREAS, CEA and the Company desire to amend or otherwise modify the Preferred Stock Purchase Agreement and certain Schedules and Exhibits thereto as provided herein.

NOW, THEREFORE, in consideration of the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

PART I

DEFINITIONS

SUBPART 1.1. Certain Definitions. For purposes of this Amendment No. 1, the following terms shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amendment No. 1" is defined in the preamble.

"Amendment No. 1 Effective Date" is defined in Subpart 3.1.

"CEA" is defined in the preamble.

"Company" is defined in the preamble.

"Preferred Stock Purchase Agreement" is defined in the preamble.

SUBPART 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 1, including its preamble and recitals, have the meanings ascribed thereto in the Preferred Stock Purchase Agreement.

PART II

AMENDMENTS TO PREFERRED STOCK PURCHASE AGREEMENT

Effective on (and subject to the occurrence of) the Amendment No. 1 Effective Date, the Preferred Stock Purchase Agreement and certain Schedules and Exhibits thereto shall be amended in accordance with this Part II.

SUBPART 2.1. Amendments to Section 1. Section 1 of the Preferred Stock Purchase Agreement is amended as set forth in this Subpart 2.1.

SUBPART 2.1.1. Amendments to Section 1.1.

(a) Section 1.1 of the Preferred Stock Purchase Agreement is hereby amended in its entirety to read as follows:

> 1.1 Description of Securities. As of the Closing Date, the Company will have authorized the issuance and sale to CEA of (a) Five Thousand Three Hundred Thirty-Three (5,333) shares of its authorized but unissued Series C-2 Non-Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-2 Non-Voting Convertible Preferred Stock"), and (b) Twenty-Eight Thousand (28,000) Warrants, having an exercise price of $.01 per Warrant, for the acquisition of Twenty-Eight Thousand (28,000) shares of Series C-2 Non-Voting Convertible Preferred Stock. The Company's Series C-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-1 Voting Convertible Preferred Stock"), together with the Series C-2 Non-Voting Convertible Preferred Stock, are herein collectively referred to as the "Class C Convertible Preferred Stock").

(b) Section 1.4 of the Preferred Stock Purchase Agreement is hereby amended in its entirety to read as follows:

> 1.4 Sale and Purchase. Subject to the terms and conditions herein set forth, the Company shall issue and sell to CEA, and CEA shall purchase from the Company, (x) the number of shares of Series C-2 Non-Voting Convertible Preferred Stock set forth in Exhibit A hereto, for the aggregate purchase price set forth in such Exhibit A, and (y) the number of Warrants for Series C-2 Non-

Voting Convertible Preferred Stock set forth in Exhibit A hereto, for the aggregate purchase price set forth in such Exhibit A.

SUBPART 2.2. Amendment to Section 2.3. Reference is made to the consecutive sentences set forth in Section 2.3 of the Preferred Stock Purchase Agreement which read in their entirety as follows:

"As of the Closing Date, the Company will have authorized and reserved for issuance upon conversion of the Class C Convertible Preferred Stock (after giving effect to the exercise of all Warrants) not less than Thirty-Three Thousand Three Hundred Thirty-Three (33,333) shares of its Common Stock and Twenty-Eight Thousand (28,000) shares of its Class B Common Stock and the Company shall have authorized and reserved for issuance upon conversion of the Series C-2 Non-Voting Convertible Preferred Stock Twenty-Eight Thousand (28,000) shares of its Series C-1 Voting Convertible Preferred Stock, and such Conversion Shares will be, when issued in accordance with the Certificate of Incorporation of the Company, duly and validly authorized and issued, fully paid and nonassessable. As of the Closing Date, the Company will have authorized and reserved for issuance upon conversion of the shares of Class B Common Stock (or the Series C-1 Voting Convertible Preferred Stock issuable upon conversion of the Series C-2 NonVoting Convertible Preferred Stock) not less than Twenty-Eight Thousand (28,000) shares of its Common Stock, and such shares of Common Stock will be, when issued in accordance with the Certificate of Incorporation of the Company, duly and validly authorized and issued, fully paid and nonassessable".

Section 2.3 of the Preferred Stock Purchase Agreement is hereby amended by deleting all references to "Twenty-Eight Thousand (28,000)" appearing in the sentences set forth above and replacing such references with the words "Thirty-Three Thousand Three Hundred Thirty-Three (33,333)."

SUBPART 2.3. Amendment to Section 2.3. Section 7.12 of the Preferred Stock Purchase Agreement is hereby amended by (a) deleting the word "internal" in the second line thereof and (b) deleting the parenthetical "(without giving effect to conflicts or choice of law principles)" contained in such Section.

SUBPART 2.4. Amendment to Schedule 2.3 to the Preferred Stock Purchase Agreement. Part (a) of Schedule 2.3 to the Preferred Stock Purchase Agreement is hereby amended by (i) deleting the number "229,886" found under the subsection entitled "Common Stock" and inserting the number "219,220" in its stead, (ii) deleting the number "61,512" found under the subsection entitled "Class B Non-Voting Common Stock" and inserting the number "66,845" in its stead and (iii) deleting the number "28,000" found under the subsection entitled "Series C-2 Non-Voting Convertible Preferred Stock" and inserting the number "33,333" in its stead.

Part (f) of Schedule 2.3 to the Preferred Stock Agreement is hereby amended by (i) in item 18, deleting "AMG" under the subsection entitled "Ownership" and inserting "AMG/TBC Holdings, Inc." in its stead and (ii) adding new items 19, 20 and 21 as follows:

"19. AMG Service Corp., a Delaware corporation

(a) Ownership

AMG 100 Shares of Common Stock par value $.01 per share.

20. AMG Finance Trust, a Massachusetts business trust

(a) Ownership

AMG Service Corp. 100 Shares

21. AMG/TBC Holdings, Inc., a Delaware corporation

(a) Ownership

AMG 100 Shares of Common Stock par value $.01 per share."

SUBPART 2.5. Amendment to Exhibit A to Preferred Stock Purchase Agreement. Exhibit A to the Preferred Stock Purchase Agreement is hereby amended by (i) deleting the number "5,333" set forth in the column entitled "Shares of Series C-1 Voting Convertible Preferred Stock" and inserting the number "0" in its stead and (ii) deleting the number "0" set forth in the column entitled "Shares of Series C-2 Non-Voting Convertible Preferred Stock" and inserting the number "5,333" in its stead.

SUBPART 2.6. Amendment to Exhibit B to Preferred Stock Purchase Agreement. The first paragraph of Article IV of Exhibit B (the form of Amended and Restated Certificate of Incorporation of Affiliated Managers Group, Inc.) to the Preferred Stock Purchase Agreement is hereby amended and restated in its entirety to read as set forth on Exhibit A hereto.

SUBPART 2.7. Amendments to Exhibit D to the Preferred Stock Purchase Agreement. Exhibit D (the form of Amended and Restated Stockholders' Agreement) is hereby amended as set forth in this Subpart 2.7.

SUBPART 2.7.1. Amendment to the Fourth Recital. Exhibit D (the form of Amended and Restated Stockholders' Agreement) to the Preferred Stock Purchase Agreement is hereby

amended by deleting the fourth recital thereto in its entirety and replacing such recital with the following:

"WHEREAS, the Class C Investors have agreed, pursuant to the terms of the Preferred Stock and Warrant Purchase Agreement, to acquire, as of the date hereof, an aggregate of (i) Five Thousand Three Hundred Thirty-Three (5,333) shares of the Company's Series C-2 Non-Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-2 Non-Voting Convertible Preferred Stock"; the Company's Series C-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-1 Preferred Stock"), together with such Series C-2 Non-Voting Preferred Stock, are herein collectively referred to as the "Class C Preferred Stock"; and the Class A Preferred Stock, Class B Preferred Shares and Class C Preferred Stock are sometimes collectively referred to herein as "Preferred Stock"); and".

SUBPART 2.7.2. Amendment to Section 3.1. The second sentence of Section 3.1 of Exhibit D (the form of Amended and Restated Stockholders' Agreement) to the Preferred Stock Purchaser Agreement is hereby amended in its entirety to read as follows:

"If within 21 days after their receipt of such notice one or more Holders of Registrable Securities request the inclusion of some or all of the Registrable Securities owned by them in such registration, the Company will endeavor to effect the registration under the Securities Act of all Registrable Securities which such Holders may request in a writing delivered to the Company within 21 days after the notice given by the Company; provided, that (i) the Company shall have the right to postpone or withdraw any registration effected pursuant to this Section 3.1, without obligation to the Holders, (ii) for purposes of the notice requirement set forth above, each Holder who received notice under the Existing Agreement shall be deemed to have received notice under this Agreement as of the date on which the notice under the Existing Agreement was deemed to have been given and (iii) in the case of the Company's initial Public Offering (and solely in the case of such initial Public Offering), so long as such Public Offering occurs on or before December 15, 1997, any term or provision hereof to the contrary notwithstanding, the Holders of Registrable Securities shall have 3 business days after receipt of the notice from the Company referred to above to request inclusion of some or all of such Registrable Securities in the registration of such initial Public Offering. "

SUBPART 2.8. Amendment to Exhibit E to the Preferred Stock Purchase Agreement. Exhibit E (the form of Escrow Agreement) to the Preferred Stock Purchase Agreement is hereby amended by inserting a new clause (e) at the end of Section 1 thereof to read in its entirety as follows:

"(e) Any term or provision hereof to the contrary notwithstanding, upon the consent of CEA, such consent not to be unreasonably withheld or delayed, in lieu of depositing $2,400,000 in cash into the Cash Escrow Account, the

Company may arrange for an irrevocable letter of credit, drawn on The Chase Manhattan Bank in a stated amount of $2,600,000, to be issued to CEA for the pro rata benefit of the Class C Securities Holders, together with such other or related documents or instruments as may be reasonably required to effect the purposes hereof. Among other things, (i) CEA shall be granted the right to draw on such letter of credit at any time and in such amounts that the Escrow Fee would have been required to be distributed, in whole or in part, to the Class C Securities Holders hereunder and (ii) such letter of credit shall terminate, in whole or in part, to the same extent and upon the occurrence of the same events as all or a portion of such Escrow Fee would have been refundable to the Company hereunder. Up to (but not in excess of) $200,000 of the amount available under such letter of credit shall be available to pay interest (at an imputed rate of 5% per annum) on an implied initial amount of $2,400,000 available to be drawn under the letter of credit in respect of the Escrow Fee."

PART III

CONDITIONS TO EFFECTIVENESS

SUBPART 3.1. Effective Date. This Amendment No. 1 shall be and become effective as of and simultaneously with the date (the "Amendment No. 1 Effective Date") when copies hereof have been executed and delivered by all parties hereto. Any term or provision hereof to the contrary notwithstanding, all amendments and other modifications to the Preferred Stock Purchase Agreement or any Schedules or Exhibits thereto effected hereby shall be subject to Subpart 4.6 below.

PART IV

MISCELLANEOUS

SUBPART 4.1. Cross-References. References in this Amendment No. 1 or to any Part or Subpart are, unless otherwise specified, to such Part or Subpart of this Amendment No. 1. References in this Amendment No. 1 to any Article or Section are, unless otherwise specified, to such Article or Section of the Preferred Stock Purchase Agreement.

SUBPART 4.2. Counterparts, etc. This Amendment No. 1 may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same Agreement.

SUBPART 4.3. Governing Law. THIS AMENDMENT NO. 1 SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SUBPART 4.4. Successors and Assigns. This Amendment No. 1 shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SUBPART 4.5. Limitation. Except as expressly provided hereby, none of the representations, warranties, terms, covenants or conditions of the Preferred Stock Purchase Agreement or any Schedules or Exhibits thereto shall be amended, waived or otherwise modified, and each of them shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments, modifications and consents set forth herein shall be limited precisely as provided for herein, and shall not be deemed to be a waiver of, amendment of, consent to or modification of any other term or provision of the Preferred Stock Purchase Agreement or any Schedule or Exhibit thereto or of any term or provision of any other document or instrument referred to therein or herein, or of any transaction or further or future action on the part of the Company or any other Person under the Preferred Stock Purchase Agreement or any Schedule or Exhibit thereto or any such other document or instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Sean M. Healey
Name: Sean M. Healey
Title: Executive Vice President

CHASE EQUITY ASSOCIATES, L.P.

By: Chase Capital Partners, its general partner

By: /s/ John M.B. O'Connor
Name: John M.B. O'Connor
Title: General Partner

[Signature page to Amendment No. 1]

EXHIBIT A
to Amendment
No. 1 to Preferred
Stock Agreement

RESTATED ARTICLE IV
TO FORM OF AMENDED AND
RESTATED STOCKHOLDERS' AGREEMENT

The total number of shares of capital stock which the Corporation shall have the authority to issue is Five Hundred Thousand (500,000) shares of which (i) Two Hundred Nineteen Thousand Two Hundred Twenty (219,220) shares shall be Common Stock, par value $.01 per share (the "Common Stock"), (ii) Sixty Six Thousand Eight Hundred Forty Five (66,845) shares shall be Class B Non-Voting Common Stock, par value $.01 per share (the "Class B Common Stock" and, together with the Common Stock, the "Common Shares"), (iii) Eighty One Thousand Nine Hundred Fifty (81,950) shares shall be Class A Voting Convertible Preferred Stock, par value $.01 per share (the "Class A Convertible Preferred Stock"), (iv) Fifty Four Thousand Six Hundred Fifty Two (54,652) shares shall be Class B Convertible Preferred Stock, par value $.01 per share (the "Class B Convertible Preferred Stock"), of which Thirty Five Thousand Two Hundred Forty Nine (35,249) shares shall be designated Series B-1 Voting Convertible Preferred Stock (the "Series B-1 Voting Convertible Preferred Stock"), and Nineteen Thousand Four Hundred and Three (19,403) shares shall be designated Series B-2 Non-Voting Convertible Preferred Stock (the "Series B-2 Non-Voting Convertible Preferred Stock"), (v) Sixty Six Thousand Six Thousand Six Hundred Sixty-Six (66,666) shares shall be Class C Convertible Preferred Stock, par value $.01 per share (the "Class C Convertible Preferred Stock"), of which Thirty-Three Thousand Three Hundred Thirty Three (33,333) shares shall be designated Series C-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-1 Voting Convertible Preferred Stock") and Thirty-Three Thousand Three Hundred Thirty Three (33,333) shares shall be designated Series C-2 Non-Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-2 Non-Voting Convertible Preferred Stock"), and (vi) Ten Thousand Six Hundred Sixty Seven (10,667) shares shall be Class D Convertible Preferred Stock, par value $.01 per share (the "Class D Convertible Preferred Stock"). The Class A Preferred Stock, the Class B Convertible Preferred Stock, the Class C Convertible Preferred Stock and the Class D Convertible Preferred Stock are sometimes collectively referred to herein as the "Preferred Stock."

EXHIBIT 4.6

SECURITIES PURCHASE AGREEMENT,

dated as of August 15, 1997,

between

AFFILIATED MANAGERS GROUP, INC.,

as the Issuer,

and

THE PURCHASERS LISTED HEREIN,

with respect to

$60,000,000 principal amount

of

Senior Subordinated Increasing Rate Notes.

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SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT, dated as of August 15, 1997 (this "Agreement"), between AFFILIATED MANAGERS GROUP, INC., a Delaware corporation (the "Issuer"), and the purchasers listed on the signature pages hereto (each, a "Purchaser", and, collectively, the "Purchasers").

W I T N E S S E T H:

WHEREAS, the Issuer is engaged in the business of managing and owning interests in investment management companies; and

WHEREAS, the Issuer intends to acquire (the "TBC Acquisition"), directly or indirectly, a majority interest in Tweedy, Browne Company L.P., a Delaware limited partnership, and its related entities and any successor thereto ("TBC"); and

WHEREAS, the Issuer has acquired, and intends to acquire, directly or indirectly, majority and other equity interests (together with the TBC Acquisition, each an "Acquisition") in investment management companies (together with TBC, each as hereinafter further defined, a "Management Company"), and such Management Companies intend to acquire, directly or indirectly, majority and other equity interests (each also an "Acquisition") in other investment management companies (each also a "Management Company"); and

WHEREAS, the Issuer desires that the Purchasers purchase $60,000,000 principal amount of Bridge Notes (such capitalized term and other capitalized terms used in these recitals without definition shall have the meanings provided for in Article I) of the Issuer, the proceeds of which, together with (i) the proceeds of preferred stock and warrants of the Issuer in the amount of $30,000,000 and (ii) the proceeds of certain senior indebtedness in an amount of up to $300,000,000 to be provided to the Issuer, will be used to refinance certain outstanding indebtedness of the Issuer and its Subsidiaries, to effect the Acquisition, to pay a portion of the Transaction Costs and for general corporate purposes; and

WHEREAS, in connection with the purchase of such Notes by the Purchasers, the Issuer has agreed, subject to the terms and conditions contained herein and in the other Transaction Documents, to issue into escrow for the benefit of the Purchasers the Warrants for the acquisition of shares of the Common Stock of the Issuer, representing on a fully-diluted basis as of the Closing Date (after giving effect to the TBC Acquisition and the Acquisition of GeoCapital) 7.2% of the outstanding Common Stock of the Issuer;

NOW, THEREFORE, based upon the foregoing and the mutual covenants and agreements herein contained, and for other good and sufficient consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINED TERMS

SECTION 1.1. Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings:

"ABR" means for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by The Chase Manhattan Bank as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by The Chase Manhattan Bank in connection with extensions of credit to debtors); and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Adjusted EBITDA" means as at the end of any Fiscal Quarter of the Issuer, the Consolidated EBITDA of the Issuer and its Subsidiaries for the preceding four Fiscal Quarters, in each case after giving effect on a pro forma basis to Acquisitions completed during such fiscal period.

"Affiliate" means, as to any Person, any other Person (other than a Subsidiary or a Management Company) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agreement" means this Note and Warrant Purchase Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time pursuant to Section 11.1.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition, including by way of merger, consolidation or sale and leaseback transaction (any of the foregoing, a "transfer"), directly or indirectly, in one or a series of related transactions, of (i) all or substantially all of the properties and assets (other than marketable securities, including "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time, liquid investments and other financial instruments) of the Issuer or its Subsidiaries, or (ii) any other properties or assets of the Issuer or

any Subsidiary, other than in the ordinary course of business, to any Persons other than the Issuer or any of its Subsidiaries. For the purposes of this definition, the term "Asset Sale" shall not include (a) any transfer of properties and assets to the extent that the gross proceeds from the transfer thereof do not exceed (i) $1,000,000 in any transaction or series of related transactions, taken as a whole, or (ii) $5,000,000 (irrespective of the size of the individual transactions) in the aggregate for all such transactions or series of related transactions on or after the Closing Date, (b) any transfer of the Capital Stock of any Management Company or any of the Subsidiaries of the Issuer (other than the issuance of Capital Stock of such Management Company or Subsidiary) to a partner, officer, director, shareholder or member (or any entity owned or controlled by such Person) of such Management Company or Subsidiary, as the case may be, so long as after such transfer, if the Issuer owned in excess of 50% of the ownership interests of such Management Company or Subsidiary prior to such transfer, the Issuer continues to own in excess of 50% of the ownership interests of such Management Company or Subsidiary, as the case may be (each such transfer, a "Shareholder Stock Sale") and (c) issuances of up to ten percent (10%) of the LLC Points in TBC which constitute the Reserved Points in the LLC Agreement (as such term is defined in the TBC Acquisition Agreement) including any portion of such ten percent (10%) as are issued prior to or contemporaneously with the closing under the TBC Acquisition Agreement. In addition, with regard to a Subsidiary of the Issuer, the term "Asset Sale" shall include only that portion of the gross proceeds to such Subsidiary from the transfer thereof representing the percentage of such proceeds equal to the percentage of the Issuer's ownership interest (whether direct or indirect) in such Subsidiary.

"Average Life to Stated Maturity" means, with respect to any Indebtedness, as at any date of determination, the quotient obtained by dividing (a) the sum of the products of (i) the number of years from such date to the date or dates of each successive scheduled principal payment (including any sinking fund requirements) of such Indebtedness multiplied by (ii) the amount of each such principal payment by (b) the sum of all such principal payments. For purposes of this definition, any Indebtedness outstanding or which could be outstanding pursuant to a revolving credit facility shall be deemed to be outstanding and payable on the date of the applicable commitment termination date and any applicable scheduled commitment reduction dates.

"Bridge Note" means each promissory note of the Issuer, dated the Closing Date, substantially in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time) and all other promissory notes (other than any Exchange Notes) accepted from time to time in substitution, replacement or renewal therefor.

"Bridge Note Maturity Date" means the 180th day following the Closing Date.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close, and shall include, with respect to the determination of any LIBO Base Rate or Interest Period, any day on which dealings in Dollars are carried on in the London interbank eurodollar market.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Equivalent Investment" means

(a) securities issued or directly and fully guaranteed or insured by the United States Government, or any agency or instrumentality thereof, having maturities of not more than one year from the date of acquisition;

(b) marketable general obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition thereof, having a credit rating of "A" or better from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.;

(c) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof of any Lender (as defined in the Credit Agreement), or of any domestic commercial bank the long-term debt of which is rated at the time of acquisition thereof at least A or the equivalent thereof by Standard & Poor's Ratings Group, or A or the equivalent thereof by Moody's Investors Service, Inc., and having capital and surplus in excess of $500,000,000;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a), (b) and (c) entered into with any bank meeting the qualifications specified in clause (c) above;

(e) commercial paper rated at the time of acquisition thereof at least A-2 or the equivalent thereof by Standard & Poor's Ratings Group or P-2 or the equivalent thereof by Moody's Investors Service, Inc., or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in either case maturing within 270 days after the date of acquisition thereof;

(f) interests in any investment company which invests solely in instruments of the type specified in clauses (a) through (e) above; and

(g) other investment instruments approved in writing by the Requisite Holders, the Required Lenders (as defined in the Credit Agreement) and offered by any Lender or by any financial institution which has a combined capital and surplus of not less than $100,000,000.

"Change of Control" means

(a) Any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) other than TA Associates, Inc. (and entities under its control or for which it makes investment decisions) shall have acquired beneficial ownership of Capital Stock having 50% or more of the ordinary voting power in the election of directors of the Issuer; or

(b) TA Associates, Inc. (and entities under its control or for which it makes investment decisions) shall cease to own beneficially and of record at least 50% of the issued and outstanding Capital Stock of the Issuer controlled by it on the date hereof, other than as a result of or after an Initial Public Offering; or

(c) members of management of the Issuer that own shares of the Capital Stock of the Issuer on the date hereof shall cease to own beneficially and of record at least 12.5% of the issued and outstanding Capital Stock of the Issuer on a fully-diluted basis.

"Closing Date Certificate" means a certificate duly completed and executed by the chief executive and chief financial officers of the Issuer, substantially in the form of Exhibit C hereto.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Common Stock" means the Common Stock, par value $.01 per share, of the Issuer.

"Commonly Controlled Entity" means an entity, whether or not incorporated, which is under common control with the Issuer within the meaning of Section 4001 of ERISA or is part of a group which includes the Issuer and which is treated as a single employer under Section 414 of the Code.

"Consolidated Coverage Ratio" means, as of any date of determination, the ratio of (a) the aggregate amount of Adjusted EBITDA for the period of the most recent four consecutive Fiscal Quarters ending prior to the date of such determination to (b) Consolidated Interest Expense for such four Fiscal Quarters; provided, however, that (i) if the Issuer or any Subsidiary of the Issuer has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Adjusted EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period and (ii) if since the beginning of such period the Issuer or any Subsidiary of the Issuer shall have consummated any Asset Sale, the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive)

directly attributable to the assets that are the subject of such Asset Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Issuer or any Subsidiary of the Issuer repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and its continuing Subsidiaries in connection with such Asset Sale for such period (or, if the Capital Stock of any Subsidiary of the Issuer is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Subsidiary to the extent the Issuer and its continuing Subsidiaries are no longer liable for such Indebtedness after such sale). For purposes of this definition (and the definition of Adjusted EBITDA), whenever pro forma effect is to be given to an Acquisition, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer. If any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any interest rate hedging agreement applicable to such Indebtedness if such interest rate hedging agreement has a remaining term as at the date of determination in excess of 12 months).

"Consolidated EBITDA" means, for any Person for any period, the sum (without duplication) of the amount for such Person for such period of (a) net income of such Person and its Subsidiaries before taxes, (b) interest expense (including capitalized interest expense) of such Person and its Subsidiaries, (c) depreciation expense of such Person and its Subsidiaries, (d) amortization expense of such Person and its Subsidiaries and (e) Non-Cash Based Compensation Costs of such Person and its Subsidiaries, in each case as determined in accordance with GAAP; provided, however, that the net income for any Person that (i) is not a Subsidiary of the Issuer, or that is accounted for by the equity method of accounting, shall be included only to the extent of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the Issuer or a wholly-owned Subsidiary of the Issuer (except for directors' qualifying shares) in respect of such period and (ii) is a Subsidiary of the Issuer shall be included only to the extent that such Subsidiary is permitted to dividend or distribute such net income to the Issuer during such period.

"Consolidated Interest Expense" means, for any period, the amount of interest expense, both expensed and capitalized, of the Issuer and its Subsidiaries, net of the portion thereof attributable to minority interests, for such period, as determined in accordance with GAAP.

"Consolidated Net Income" (or "Consolidated Net Loss") means, with respect to any Person for any applicable period, the net income (or loss) of such Person and its Subsidiaries on a consolidated basis for such period determined in conformity with GAAP.

"Consolidated Net Worth" means, as at any date, all amounts included under shareholders' equity on a consolidated balance sheet of the Issuer and its Subsidiaries as at such

date, as determined on a consolidated basis in accordance with GAAP and any Subordinated Indebtedness (provided that such Subordinated Indebtedness shall have no scheduled payments of interest prior to the Bridge Note Maturity Date (other than payments of interest which may, at the option of the Issuer, be made by increasing the principal)).

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Credit Agreement" means the Credit Agreement, to be dated as of the Closing Date or a date prior thereto, among the Issuer, the several lenders from time to time parties thereto and The Chase Manhattan Bank, as Administrative Agent, in substantially the form attached to the Signing Date Certificate, and all agreements, instruments and documents relating thereto, as any such agreement, instrument or document may, subject to Section 7.13, be amended, restated, extended, renewed, supplemented or otherwise modified from time to time, including all refundings and refinancings of the indebtedness thereunder; provided, that, in addition to (and not in limitation of) Section 7.13, the terms of such indebtedness and of the Credit Agreement or any other agreement, indenture, instrument or other document relating thereto, after giving effect to any such amendment, restatement, extension, renewal, supplement, modification, refunding or refinancing, shall not restrict or limit the ability of the Issuer to pay the principal of, or interest or premium, if any, on, the Notes or other amounts payable under this Agreement to any greater extent than the restrictions and limitations set forth in the Credit Agreement as originally executed and delivered.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented or otherwise modified from time to time by the Issuer with the written consent of the Requisite Holders.

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness (including Disqualified Stock) or (iii) is redeemable at the option of the holder thereof, in whole or in part, in each case on or prior to the Bridge Loan Maturity Date.

"Dollars" and the signs "U.S.$" and "$" mean the lawful money of the United States of America.

"Environmental Laws" means all statutes, ordinances, orders, rules, regulations, guidance documents or decrees relating to (i) environmental matters, including those relating to fines, injunctions, penalties, damages, contribution, cost recovery compensation, losses or injuries

resulting from the Release or threatened Release of Hazardous Materials, (ii) the generation, use, storage, transportation or disposal of Hazardous Materials, or (iii) occupational safety and health, industrial hygiene, or the protection of human, plant or animal health or welfare from injury as a result of exposure to Hazardous Materials or loss of ecological resources, in any manner applicable to the Issuer, any of its Affiliates or predecessors or any of their respective properties, including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.), the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.) and the Emergency Planning and Community Right-to-Know Act (42 U.S.C. Section 11001 et seq.), each as amended or supplemented, and any analogous future or present local, state and federal statutes and regulations promulgated pursuant thereto, each as in effect as of the date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"Escrow Agent" means the bank or trust company designated to act as the escrow agent under the Escrow Agreement.

"Escrow Agreement" means the escrow agreement, dated as of the Closing Date or a date prior thereto, between the Issuer and the Escrow Agent for the benefit of the Holders, substantially in the form of Exhibit F to the Warrant Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute thereto.

"Exchange Note" means each promissory note of the Issuer, substantially in the form of Exhibit A to the Exchange Note Indenture (as such promissory note may be amended, endorsed or otherwise modified from time to time) and all other promissory notes accepted from time to time in substitution, replacement or renewal therefor.

"Exchange Note Maturity Date" means the date which is the eighth anniversary of the Bridge Note Maturity Date.

"Facilities" means any and all real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by the Issuer or any of its predecessors or Affiliates.

"Fee Letter" means the confidential fee letter, dated August 15, 1997, from Chase Capital Partners and addressed to, and agreed and accepted by, the Issuer.

"Financing Lease" means any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "1997 Fiscal Year") refer to the Fiscal Year ending on the December 31 occurring during such calendar year.

"Free Cash Flow" is defined in the relevant Revenue Sharing Agreement.

"Funding Fee" means a fee in the amount of 3.0% of the aggregate principal amount of Bridge Notes which remain outstanding on the Bridge Note Maturity Date, payable to the Holders thereof on a pro rata basis on the Bridge Note Maturity Date.

"Funds" means the collective reference to all Investment Companies and other investment accounts or funds (in whatever form and whether personal or corporate) for which the Issuer or any of its Subsidiaries or Management Companies provides advisory, management or administrative services.

"GeoCapital" means GeoCapital Corporation, a Delaware corporation.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Governmental Authorization" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any federal, state or local Governmental Authority.

"Guarantee Obligation" means, with respect to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counter indemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the

net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Issuer in good faith.

"Hazardous Materials" means (i) any chemical, material or substance at any time defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "infectious waste", "toxic substances" or any other formulations intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "TCLP toxicity" or "EP toxicity" or words of similar import under any applicable Environmental Laws or publications promulgated pursuant thereto; (ii) any oil, petroleum, petroleum fraction or petroleum derived substance; (iii) any drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (iv) any flammable substances or explosives; (v) any radioactive materials; (vi) asbestos in any form; (vii) urea formaldehyde foam insulation; (viii) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million; (ix) pesticides; and (x) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or which may or could pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of the Facilities.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in this Agreement or any other Transaction Document refer to this Agreement or such other Transaction Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Transaction Document.

"Holder" means each Purchaser (or any of his or its permitted successors or assigns, other than the Issuer or any of its Subsidiaries) who continues to hold any of the Securities and any other holder of any of the Securities.

"including" means including without limiting the generality of any description preceding such term, and, for purposes of this Agreement and each other Transaction Document, the parties hereto agree that the rule of contract interpretation to the effect that where general words are

followed by a specific listing of items, the general words shall not be given their widest meaning, shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Incur" means create, issue, assume, guaranty, incur, suffer to exist or otherwise become liable for any Indebtedness; provided, however, that any Indebtedness of a Person existing at the time such person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness" means, with respect to any Person at any date and without duplication,

(a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices),

(b) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument,

(c) all obligations of such Person under Financing Leases,

(d) all obligations of such Person in respect of acceptances issued or created for the account of such Person,

(e) all obligations of such Person under noncompetition agreements reflected as liabilities on a balance sheet of such Person in accordance with GAAP,

(f) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof,

(g) all net obligations of such Person under interest rate, commodity, foreign currency and financial markets swaps, options, futures and other hedging obligations (valued, at such date, in accordance with the Issuer's customary practices, as approved by its independent certified public accountants), and

(h) Disqualified Stock.

For purposes of the foregoing definition, with regard to a Subsidiary of the Issuer, the term "Indebtedness" shall include only that portion of its Indebtedness representing the percentage of its Indebtedness equal to the percentage of the Issuer's ownership interest in such Subsidiary.

"Initial Public Offering" means any sale by the Issuer through a public offering of its common (or other voting) stock pursuant to an effective registration statement (other than a registration statement on Form S-4, S-8 or any successor or similar forms) filed under the Securities Act.

"Insolvency" means, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Interest Payment Date" means the 90th day following the Closing Date and the Bridge Note Maturity Date.

"Investment" means, relative to any Person,

(a) any loan or advance made by such Person to any other Person;

(b) any guaranty of such Person; and

(c) any ownership or similar interest (whether represented by common stock, preferred stock, securities convertible into or exercisable for the purchase or other acquisition of common stock (including convertible debentures, warrants and options), trust certificates or general or limited partnership interests) held by such Person in any other Person.

The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

"Investment Advisers Act" means the Investment Advisers Act of 1940, and the rules and regulations promulgated thereunder, as such may be amended from time to time.

"Investment Company" means an "investment company" as such term is defined in the Investment Company Act.

"Investment Company Act" means the Investment Company Act of 1940, and the rules and regulations promulgated thereunder, as such may be amended from time to time.

"Joint Venture" means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided that in no event shall any corporate Subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

"LIBO Rate" means with respect to each day during each Interest Period, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{LIBO Base Rate}}{1.00 - \text{LIBO Reserve Requirements}}$$

For purposes hereof: "LIBO Reserve Requirements" shall mean for any day the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System; "LIBO Base Rate" shall mean with respect to each day during each Interest Period, the rate per annum equal to the rate offered by The Chase Manhattan Bank for Dollar deposits at or about 10:00 a.m., London time, two Business Days prior to the beginning of such Interest Period in the London interbank eurodollar market for the number of days comprised therein and in an amount equal to at least $1,000,000; and "Interest Period" shall mean:

(a) initially, the period commencing on the Closing Date and ending one month thereafter; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one month thereafter (unless the Issuer by irrevocable notice to the Holders not less than three Business Days prior to the last day of the then current Interest Period requests an Interest Period ending three months thereafter);

provided that, the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) no Interest Period of three months in duration that would otherwise extend beyond the Bridge Note Maturity Date, shall be selected by the Issuer; and

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Financing Lease having substantially the same economic effect as any of the foregoing).

"Management Company" means any Subsidiary or other Person engaged, directly or indirectly, primarily in the business of providing investment advisory, management, distribution or administrative services to Funds (or investment accounts or funds which will be included as Funds after the Issuer acquires an interest in such other Person) and in which the Issuer, directly or indirectly, has purchased or otherwise acquired, or has entered into an agreement to purchase or otherwise acquire, Capital Stock or other interests, entitling the Issuer, directly or indirectly, to a share of the revenues, earnings or value thereof.

"Margin Stock" has the meaning assigned to that term in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Material Adverse Effect" means a material adverse effect on (a) the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of (i) the Issuer, (ii) TBC, (iii) First Quadrant (as defined in the Preferred Stock and Warrant Purchase Agreement) or (iv) the Issuer and its Subsidiaries taken as a whole, (b) the ability of the Issuer after the TBC Acquisition to perform its obligations hereunder and under the other Transaction Documents or (c) the validity or enforceability of this Agreement or any of the other Transaction Documents or the rights or remedies of the Holders hereunder or thereunder.

"Multiemployer Plan" means a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to the occurrence of any Asset Sale or the Incurrence of any Recapture Indebtedness, the net amount equal to the aggregate amount received in cash (including any cash received by way of deferred payment pursuant to a note receivable, other non-cash consideration or otherwise, but only as and when such cash is so received) in connection with such Asset Sale or Recapture Indebtedness minus the sum of (a) the reasonable fees, commissions and other out-of-pocket expenses incurred by the Issuer or any of its Subsidiaries, as applicable, in connection with such Asset Sale or Recapture Indebtedness (other than amounts payable to Affiliates of the Person making any such disposition) and (b) federal, state and local taxes incurred in connection with such Asset Sale or Recapture Indebtedness, whether payable at such time or carried as a current liability.

"Non-Cash Based Compensation Costs" means, for any period, the amount of non-cash expense or costs computed under Accounting Principles Board Opinion No. 25 and related interpretations or Statement of Financial Accounting Standards No. 123 and related interpretations, in each case which relate to the issuance of interests in any Subsidiary or Management Company.

"Note" means, as the context may require, Bridge Notes and/or Exchange Notes.

"Obligations" means all obligations (monetary or otherwise) of every nature of each Transaction Party from time to time owed to the Purchasers, Holders or any of them under the Transaction Documents, whether for principal, interest, fees, expenses, indemnification or otherwise.

"Operating Cash Flow" is defined in the relevant Revenue Sharing Agreement.

"Organic Document" means, relative to any Person, such Person's certificate of incorporation, by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of such Person's authorized shares of Capital Stock.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan" means, at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Issuer or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Purchaser" or "Purchasers" means the purchasers on the signature pages hereto.

"Recapture Indebtedness" means any Indebtedness of the Issuer or any of its Subsidiaries not described in the clauses of Section 7.2 (except subclause (g)(ii) thereof).

"Redemption Date" means (i) in the case of a redemption of Notes pursuant to (A) Section 8.1(a) in connection with a Take-Out Financing, the date on which the Take-Out Financing occurs, (B) Section 8.1(b) in connection with a Change of Control, the date 10 days following the occurrence of such Change of Control and (C) Section 8.1(c) in connection with the receipt of Available Net Proceeds by the Issuer or its Subsidiaries, the date on which the such Available Net Proceeds are received, unless in each case such date is a day which is not a Business Day, in which case the Redemption Date shall be the next succeeding Business Day, and (ii) in the case of a redemption of Notes pursuant to Section 8.2, the date selected by the Issuer for such redemption.

"Redemption Price" means, when used with respect to any Note to be redeemed, the redemption price fixed for such redemption pursuant to Section 8.1 or 8.2.

"Regulated Entity" means any Person that is (i) a bank, (ii) a "bank holding company" (as defined in Section 2(a) of the Bank Holding Company Act of 1956, as amended) or any non-bank subsidiary of such an entity and (iii) any entity that pursuant to Section 8(a) of the International Banking Act of 1978, as amended, is subject to the provisions of the Bank Holding Company Act of 1956, as amended, or any non-bank subsidiary of such an entity.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Release" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Materials), or into or out of any Facility, including the movement of any Hazardous Material through the air, soil, surface water, groundwater or property.

"Reorganization" means, with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. Section 2615.

"Representative" means the financial institution, if any, acting as agent for the lenders under the Credit Agreement, and its successors in such capacity, or, if there is then no acting agent under the Credit Agreement, financial institutions holding a majority in principal amount of the Senior Indebtedness outstanding thereunder.

"Requirement of Law" means as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Requisite Holders" means the Holders of at least 51% of the aggregate principal amount of the then outstanding Notes.

"Responsible Officer" means the chief executive officer, the president and the executive vice president of the Issuer or, with respect to financial matters, the senior financial officer of the Issuer.

"Revenue Sharing Agreement" means each agreement entered into by the Issuer or a Subsidiary with a Management Company pursuant to which a specified percentage of the adjusted gross revenues of the partnership or limited liability company or other similar entity organized under such agreement or the Person to which such agreement relates is deemed Free

Cash Flow to be distributed among partners, shareholders or members of such Management Company, pro rata, in accordance with such partners', shareholders' or members' ownership percentages, or any similar other agreement providing for the distribution of income, revenues or assets of a Management Company.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute thereto.

"Senior Debtholder" means a holder of Senior Indebtedness.

"Senior Indebtedness" means all principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer whether or not a claim for post filing interest is allowed in such proceedings), reimbursement obligations and fees payable under the Credit Agreement, whether or not outstanding on the date of this Agreement, including any indebtedness secured by a letter of credit issued under the Credit Agreement to the extent the aggregate amount of such indebtedness does not exceed the amount available to be drawn under such letter of credit; provided, however, that the aggregate amount of principal outstanding at any time and constituting Senior Indebtedness shall not exceed $300,000,000.

"Signing Date Certificate" means a certificate of the chief executive and chief financial officers of the Issuer certifying that attached thereto are true and complete copies of the TBC Acquisition Agreement, each of the existing Revenue Sharing Agreements, each of the Subordinated Contingent Payment Notes, the agreements set forth in Item 7.6 of the Disclosure Schedule ("Put/Call Arrangements") and the then most current drafts of the Credit Agreement and the Purchase Agreement relating to GeoCapital.

"Single Employer Plan" means any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent" means, with respect to any Person, that as of the date of determination both (a) (i) the then fair saleable value of the property of such Person is (A) greater than the total amount of liabilities (including contingent liabilities) of such Person and (B) not less than the amount that will be required to pay the probable liabilities on such Person's then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Person; (ii) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (iii) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (b) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Stockholders Agreement" means the Amended and Restated Stockholders Agreement to be dated as of the Closing Date or a date prior thereto, among the Issuer and the stockholders of the Issuer party thereto, substantially in the form attached as an exhibit to the Preferred Stock and Warrant Purchase Agreement, as amended, supplemented or otherwise modified from time to time.

"Subordinated Contingent Payment Notes" means the collective reference to (i) the Subordinated Contingent Payment Notes issued by the Issuer pursuant to the Partnership Interest Purchase Agreement dated March 8, 1995 among the Issuer, Systematic Financial Management, Inc., Cash Flow Investors, Inc., Systematic Financial Management, L.P. and certain stockholders of Systematic Financial Management, Inc., (ii) the Subordinated Deferred Payment Note issued by the Issuer on November 9, 1995 pursuant to the Partnership Interest Purchase Agreement dated August 11,1995 among the Issuer, Renaissance Investment Management, Inc., Descartes, Inc., Renaissance Investment Management, the stockholders of Renaissance Investment Management and certain stockholders of Descartes, Inc., (iii) the Subordinated Contingent Payment Notes issued by the Issuer pursuant to the Stock Purchase and Contribution Agreement dated October 11, 1996, among the Issuer, The Burridge Group Inc. and the stockholders of The Burridge Group Inc. and (iv) the Subordinated Contingent Payment Notes issued by the Issuer pursuant to the Limited Liability Company Interest Purchase Agreement dated March 5, 1997, among the Issuer Gofen and Glossberg, Inc., Gofen and Glossberg, L.L.C. and the stockholders of Gofen and Glossberg, Inc.

"Subordinated Debt" means all principal (and premium, if any) of, and interest on, the Notes.

"Subordinated Debt Documents" means this Agreement, the Notes and each guaranty delivered pursuant to Section 6.13.

"Subordinated Indebtedness" means (a) the Indebtedness of the Issuer under the Subordinated Contingent Payment Notes and (b) any other unsecured Indebtedness of the Issuer (i) for which the Issuer is directly or primarily liable and in respect of which none of the Subsidiaries of the Issuer is contingently or otherwise obligated, (ii) the payment of the principal of and interest on which and other obligations of the Issuer in respect of which are subordinated to the prior payment in full of the principal of and interest (including post-petition interest whether or not allowed as a claim in any proceeding) on the Subordinated Debt and all other obligations and liabilities of the Issuer to the Holders hereunder, and (iii) which are consistent with terms and conditions set forth in Exhibit F hereof or otherwise satisfactory in form and substance to the Requisite Holders.

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which Capital Stock having ordinary voting power (other than Capital Stock having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company or other entity are at the time owned, or the management of which is otherwise

controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Issuer, which shall include, as of the date hereof (whether or not actually a Subsidiary on such date), TBC and GeoCapital.

"Take-Out Financing" means an Initial Public Offering which results in a minimum amount of net proceeds sufficient to refinance the Notes, together with all accrued interest thereon.

"TBC Acquisition Agreement" means the Purchase Agreement dated as of August 15, 1997, by and among the Issuer, Tweedy, Browne Company L.P., a Delaware limited partnership, Christopher H. Browne, William H. Browne, John D. Spears and James M. Clark, Jr., executed in connection with the TBC Acquisition, including all schedules and exhibits thereto (including the Revenue Sharing Agreement relating thereto), as amended, restated or otherwise modified.

"Transaction Costs" means the fees, costs and expenses payable by the Transaction Parties in connection with the transactions contemplated hereby.

"Transaction Documents" means the Subordinated Debt Documents, the Fee Letter and the Warrant Documents and each other agreement, document, certificate or instrument delivered in connection with this Agreement and such other agreements, whether or not specifically mentioned herein or therein.

"Transaction Parties" means the Issuer and each direct or indirect Subsidiary of the Issuer.

"United States" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"Warrant Documents" means the Warrant Agreement, the Warrant Certificates, the Escrow Agreement and the Stockholders Agreement.

"Warrant Registration Rights" means Exhibit D to the Warrant Agreement, which Exhibit sets forth the terms of the registration rights of the Holders with respect to the Warrant Shares.

"Warrants" is defined in the Warrant Agreement.

"Welfare Plan" means a "welfare plan", as such term is defined in section 3(1) of ERISA.

SECTION 1.2. Additional Terms. The following terms shall have the meanings indicated or referred to in the following Sections of this Agreement:

Term	Section

Acquisition	third recital
Available Net Proceeds	8.1(c)
Blockage Notice	10.3
Capitalization	4.4
Closing	2.2.2
Closing Date	2.2.2
Convertible Securities	3.10
Preferred Stock Purchase Agreement	3.10
Default Rate	2.7.1(b)
Event of Default	9.1
Exchange Certificate	2.3(k)
Exchange Date	2.3
Exchange Note Indenture	6.15(a)
Exchange Notice	2.3(a)
Federal Funds Effective Rate	definition of "ABR"
Financial Statements	4.7
GAAP	1.5
Indemnified Parties	2.9
Indemnifying Party	2.9
Interest Period	definition of "LIBO Rate"
Issuer	preamble
LIBO Base Rate	definition of "LIBO Rate"
LIBO Reserve Requirements	definition of "LIBO Rate"
Losses	2.9
Non-Excluded Taxes	2.12
Note Register	2.4
Notice of Redemption	8.4
Other Taxes	2.12(b)
Payment Blockage Period	10.3
Permitted Junior Securities	10.2
Preferred Stock and Warrant Purchase Agreement	3.10
Prime Rate	definition of "ABR"
Projected Pro Forma Balance Sheet	4.7(b)
Purchase Agreement	6.2(e)
Purchasers	preamble
SEC	6.14(a)
Securities	2.1
Shareholder Stock Sale	definition of "Asset Sale"
TBC	second recital
TBC Acquisition	second recital
Warrant Agreement	2.1(a)(ii)
Warrant Certificate	2.1(c)
Warrant Register	2.4

SECTION 1.3. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule, in each Note, in each other Transaction Document, and in each other notice and other communication delivered from time to time in connection with this Agreement or any other Transaction Document.

SECTION 1.4. Cross-References. Unless otherwise specified, references in this Agreement and in each other Transaction Document to any Article or Section are references to such Article or Section of this Agreement or such other Transaction Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.5. Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein or in any other Transaction Document shall be interpreted, all accounting determinations and computations hereunder or thereunder shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles in the United States in effect from time to time ("GAAP").

SECTION 1.6. Construction. When used herein, the masculine form of words includes the feminine and the neuter and vice versa, and, unless the context otherwise requires, the singular form of words includes the plural and vice versa.

ARTICLE II

PURCHASE AND SALE OF SECURITIES

SECTION 2.1. Issue of Securities. (a) On or before the Closing Date,

(i) the Issuer will have authorized the issue and sale of $60,000,000 aggregate principal amount of the Bridge Notes; and

(ii) the Issuer will have authorized the issuance of the Warrants pursuant to a Warrant Agreement, substantially in the form attached hereto as Exhibit E (as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Warrant Agreement").

The Notes and the Warrants shall individually be referred to herein as a "Security" and collectively referred to herein as the "Securities".

(b) The Bridge Notes shall be substantially in the form attached hereto as Exhibit A and shall include such notations, legends or endorsements set forth therefor or required by law. Each Bridge Note shall be dated the date of its issuance. The aggregate principal amount of the Bridge Notes shall be due and payable on the Bridge Note Maturity Date. The terms and provisions contained in the Bridge Notes shall constitute, and are hereby expressly made, a part of this Agreement and, to the extent applicable, the Issuer and the Purchasers, by their execution and delivery of this Agreement, expressly agree to such terms and provisions and to be bound thereby.

(c) Each Warrant shall be evidenced by a certificate substantially in the form attached as Exhibit A to the Warrant Agreement (each such certificate being referred to herein as a "Warrant Certificate"). Each Warrant Certificate shall be dated the date of its issuance. The Warrants will be exercisable, in the manner provided in the Warrant Agreement and the applicable Warrant Certificate, for a number of shares of Common Stock as provided therein (the "Warrant Shares"). The Holders of Warrant Shares will have certain registration rights with respect to the Warrant Shares as set forth in the Warrant Registration Rights. The terms and provisions contained in the Warrant Agreement and the Warrant Certificates shall constitute, and are hereby expressly made, a part of this Agreement and, to the extent applicable, the Purchasers, by their execution and delivery of this Agreement, expressly agree to such terms and provisions and to be bound thereby.

SECTION 2.2. Purchase and Sale of Securities.

SECTION 2.2.1. Purchase and Sale. (a) The Issuer agrees to sell and, subject to the terms and conditions set forth herein and in reliance on the representations and warranties of the Issuer contained or incorporated herein, the Purchasers agree to purchase, the Bridge Notes for an aggregate purchase price of 100% of the principal amount thereof.

(b) The Issuer and the Purchasers hereby acknowledge and agree that, in the event the Warrants are released to the Holders in accordance with the terms of the Escrow Agreement, the Notes and Warrants will be part of an investment unit within the meaning of Section 1273(c)(2) of the Code. Any other provision of this Agreement to the contrary notwithstanding, the Issuer and the Purchasers hereby further acknowledge and agree that the total issue price of the investment unit consisting of the Bridge Notes and Warrants for all federal, state and local income tax purposes is $1,000 per investment unit comprised of no less than $980 per $1,000 principal amount of Bridge Notes and no greater than $20 per aliquot portion of the Warrants. All federal, state and local income tax returns shall be filed by the Issuer and the Purchasers in a manner consistent in all material respects with the provisions of this Section 2.2.1.

SECTION 2.2.2. Closing. The purchase and sale of the Bridge Notes shall take place at a closing (the "Closing") at the offices of Mayer, Brown & Platt, located at 1675 Broadway, New York, New York on a Business Day on or before December 15, 1997, upon not less than five Business Days prior notice to the Purchasers (the "Closing Date"). At the Closing, the Issuer will deliver to the Purchasers the Bridge Notes to be delivered to the Purchasers (in such

permitted denomination or denominations and registered in each Purchaser's name or the name of such nominee or nominees as such Purchaser may reasonably request), dated the Closing Date, against payment of the purchase price therefor by intra-bank or federal funds bank wire transfer of same day funds to such bank account as the Issuer shall designate at least five Business Days prior to the Closing, and will deliver to the Escrow Agent the Warrants.

SECTION 2.2.3. Fees. The Issuer agrees to pay the fees set forth in the Fee Letter.

SECTION 2.2.4. Expenses. Whether or not the Bridge Notes are sold, the Issuer agrees to pay or reimburse all reasonable expenses relating to this Agreement, including:

(a) each Purchaser's reasonable out-of-pocket expenses incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and of each other Transaction Document, the transactions contemplated by this Agreement, the Warrant Agreement and the other Transaction Documents, including travel and lodging expenses and all costs incurred in connection with each Purchaser's review of the Issuer's business and operations; provided, however, that, in connection with the negotiation, preparation, execution and delivery of this Agreement and each other Transaction Document to be delivered on or prior to the Closing Date, the Issuer shall not be responsible for the fees and expenses of counsel other than Mayer, Brown & Platt and any successor thereto;

(b) the reasonable fees and other charges of counsel to the Purchasers, including Mayer, Brown & Platt, in connection herewith;

(c) the cost of delivering to each Purchaser's home office or the office of such Purchaser's designee this Agreement, the Warrant Agreement, the Securities, each of the other Transaction Documents and the other documents contemplated hereby and thereby;

(d) any reasonable out-of-pocket fees and expenses (including the reasonable fees and expenses of counsel) in connection with any registration or qualification of the Securities required in connection with the offer and sale of the Securities pursuant to this Agreement under the securities or Blue Sky Laws of any jurisdiction requiring such registration or qualification or in connection with obtaining any exemptions from such requirements; and

(e) each Purchaser's reasonable out-of-pocket expenses (including the reasonable fees and expenses of counsel (including reasonably invoiced allocated costs of internal counsel determined in good faith)) relating to any amendment, supplement or modification of, or any waiver, consent, enforcement or preservation of rights under, this Agreement, the Securities, the Warrant Agreement or any other Transaction Document, or any other documents contemplated hereby or thereby, including any refinancing or restructuring of the Obligations in the nature of a "work-out" or pursuant to bankruptcy or insolvency proceedings.

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The Issuer shall deliver to each Purchaser or to such other Persons as the such Purchaser shall direct, at Closing, by intra-bank or federal funds bank wire transfer of same day funds payment for any out-of-pocket expenses for which each Purchaser is entitled to reimbursement pursuant to this Section 2.2.4, including the reasonable fees and expenses of the Purchaser's counsel, or at each Purchaser's election shall authorize such Purchaser to deduct such amount from the purchase price for the Securities; provided that such Purchaser agrees to provide the Issuer with a statement describing any amounts to be so paid at least one Business Day prior to the Closing. The obligations of each Purchaser shall be several and not joint and no Purchaser shall be liable or responsible for the acts of any other Purchaser under this Agreement.

SECTION 2.3. Exchange of Bridge Notes for Exchange Notes. Subject to the satisfaction of the conditions set forth below, the Bridge Notes may, at the option of the Issuer, be exchanged on the Bridge Note Maturity Date (such date of exchange being the "Exchange Date") for Exchange Notes in an aggregate principal amount equal to the outstanding principal amount of the Bridge Notes so exchanged:

(a) each Holder shall have received a notice (the "Exchange Notice") from the Issuer not less than five Business Days and not more than twenty Business Days prior to the Exchange Date of the Issuer's desire to exchange the Exchange Notes for the Bridge Notes,

(b) the Bridge Notes shall not have been repaid on or prior to the Bridge Note Maturity Date with proceeds from a Take-Out Financing or otherwise,

(c) no Default or Event of Default shall have occurred and be continuing,

(d) no court order or decree shall be in effect enjoining the issuance of such Exchange Notes,

(e) all accrued interest on the Bridge Notes shall have been paid,

(f) there shall not have occurred and be continuing an event of default with respect to any Senior Indebtedness,

(g) the Funding Fee with respect to such Exchange Notes shall have been paid in full in cash or, to the extent specified in the Exchange Notice, in additional Exchange Notes,

(h) execute and deliver to such Holder on the Exchange Date Exchange Notes in an aggregate principal amount equal to the outstanding principal amount of the Bridge Notes so exchanged by such Holder and dated the Exchange Date, substantially in the form of Exhibit A to the Exchange Note Indenture,

(i) the Exchange Notes shall not be of the same class (within the meaning of Rule 144A under the Securities Act) as notes that are (i) listed on a national securities exchange registered under Section 6 of the Exchange Act or (ii) quoted in a U.S. automated inter-dealer quotation system,

(j) each such Holder shall have received a duly executed copy of the Exchange Note Indenture,

(k) a representative of the Holders designated by a majority of the Holders (excluding any Holder that is a Regulated Entity and that beneficially owns in excess of 4.99% of the Capital Stock of the Issuer on a fully-diluted basis, unless such Holder determines that the exercise of any right to designate such representative would not be inconsistent with applicable banking laws and regulations) shall have been elected a member of the Board of Directors of the Issuer and the Stockholders Agreement and all other related agreements shall have been amended in form and substance reasonably satisfactory to the Requisite Holders to so provide, and

(l) each such Holder shall have received (i) an opinion of counsel for the Issuer acceptable to the Requisite Holder as to the Exchange Notes and the Exchange Note Indenture and (ii) a certificate, substantially in the form of Exhibit B hereto (the "Exchange Certificate").

SECTION 2.4. Registration of Securities. The Issuer shall cause to be kept at its principal office a register for the registration and transfer of the Notes (the "Note Register") and the Issuer shall cause to be kept at its principal office a register for the registration and transfer of the Warrants (the "Warrant Register"). The names and addresses of the Holders of Notes, the transfer of Notes, and the names and addresses of the transferees of the Notes shall be registered in the Note Register. The names and addresses of the Holders of Warrants, the transfer of Warrants and the names and addresses of the transferees of Warrants shall be registered in the Warrant Register.

The Person in whose name any registered Security shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement and the Issuer shall not be affected by any notice to the contrary, until due presentment of such Security for registration of transfer so provided in this Section 2.4. Payment of or on account of the principal, premium, if any, and interest on, or any other amount in respect of, any registered Securities shall be made to or upon the written order of such registered holder.

SECTION 2.5. Delivery Expenses. If a Holder surrenders any Note or Warrant to the Issuer for any reason, the Issuer agrees to pay the cost of delivering to such Holder's home office or to the office of such Holder's designee from the Issuer, reasonably insured to such Holder's satisfaction, the surrendered Security and each Security issued in substitution or replacement for the surrendered Security.

SECTION 2.6. Issue Taxes. The Issuer agrees to pay all taxes (other than taxes in the nature of income, franchise or gift taxes) in connection with the issuance, sale, delivery or transfer by the Issuer to the Purchasers of the Notes and the Warrants, as the case may be, and the execution and delivery of the agreements and instruments contemplated hereby and any modification of any of such Securities, agreements and instruments and will save the Purchasers harmless without limitation as to time against any and all liabilities with respect to all such taxes. The obligations of the Issuer under this Section 2.6 shall survive the payment or prepayment of the Notes, any exercise of the Warrants and the termination of this Agreement.

SECTION 2.7. General Provisions Regarding Interest and Payments.

SECTION 2.7.1. Interest Rates and Payment Dates. (a) Subject to the provisions of clause (b) below, each Bridge Note shall initially bear interest for the period from and including the Closing Date to, but excluding, the Bridge Note Maturity Date or the date such Bridge Note is exchanged for an Exchange Note at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the LIBO Rate (unless The Chase Manhattan Bank reasonably determines that for any reason adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period, in which case, ABR minus 100 basis points shall be included in lieu thereof) plus a margin of 725 basis points, which margin shall increase, for so long as such Bridge Note remains outstanding, by 50 basis points at the end of each three-month period following the Closing Date; provided that (i) in no event shall the interest rate on the Bridge Notes exceed 17% and (ii) to the extent interest on any Bridge Note exceeds an interest rate of 15% per annum, the Issuer may elect to pay the interest in excess of such interest of 15% through the issuance of additional Bridge Notes in an aggregate principal amount equal to all or a portion of such excess interest to be paid.

(b) If all or a portion of the principal amount of any Note, premium (if any) or interest shall not be paid when due (whether by stated maturity, acceleration or otherwise), the Issuer shall pay interest (including post-petition interest in any bankruptcy or insolvency proceeding) (i) on overdue principal and premium, if any, from time to time on demand at a rate equal to the sum of (x) 200 basis points and (y) the rate per annum on the Notes then in effect (the "Default Rate") and (ii) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the Default Rate to the extent lawful, in each case computed on the basis of the actual number of days elapsed over a year of 360 days.

SECTION 2.7.2. Manner and Time of Payment. (a) All payments by the Issuer of principal, premium, if any, interest and other amounts hereunder shall be made without setoff or counterclaim prior to 12:00 Noon (New York City time) on the due date thereof to each Holder's account in immediately available funds. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension and such extension of time shall in such case be included in the computation of payment of principal or interest, as the case may be. Funds received by a Holder after 12:00 Noon (New York time) on the date due shall be deemed to have been paid by

the Issuer on the next succeeding Business Day and interest shall accrue on such amount paid until such next succeeding Business Day.

(b) All payments in respect of the principal amount of any Note shall include payment of accrued interest on the principal amount being repaid or prepaid, and all such payments shall be applied to the payment of interest before application to principal.

(c) All the Bridge Notes will mature and become payable in full in cash on the Bridge Note Maturity Date.

SECTION 2.8. Lost Notes, etc. If a mutilated Note is surrendered to the Issuer or if the Holder of a Note claims and submits an affidavit or other evidence, satisfactory to the Issuer to the effect that the Note has been lost, destroyed or wrongfully taken, the Issuer shall issue a replacement Note subject to the terms of the immediately succeeding sentence. If required by the Issuer, such Holder must provide an indemnity bond, or other form of indemnity, sufficient in the judgment of the Issuer, to protect the Issuer, from any loss which it may suffer if a Note is replaced, provided that, if any Purchaser or any other institutional Holder (or nominee thereof) is the registered holder of any such lost, stolen or destroyed Note, then the affidavit of an authorized officer of such holder, setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no further indemnity shall be required as a condition to the execution and delivery of a new Note other than the unsecured written agreement of such registered holder reasonably satisfactory to indemnify the Issuer or, at the option of the such Purchaser or such institutional Holder, an indemnity bond in the amount of the Note remaining outstanding.

Every replacement Note is an obligation of the Issuer.

SECTION 2.9. Indemnification. The Issuer (the "Indemnifying Party") hereby agrees, without limitation as to time, to indemnify each Holder and each of its directors, officers, partners, shareholders, employees, counsel, agents and Affiliates (collectively, the "Indemnified Parties") against, and hold them harmless from, all losses, claims, damages, liabilities, costs (including reasonable attorneys' fees and disbursements) (collectively, "Losses") incurred by it or them and arising out of or in connection with this Agreement, the Securities, the Credit Agreement, the Warrant Agreement or any other Transaction Document, or the transactions contemplated hereby or thereby (or any other document or instrument executed herewith or pursuant hereto or thereto), whether or not the transactions contemplated by this Agreement are consummated and whether or not the Indemnified Party is a formal party to any proceeding, other than to the extent that any Losses result from action on the part of the Indemnified Party which is finally judicially determined to constitute either gross negligence or willful misconduct. For the purpose of the preceding sentence, "Losses" shall not include any losses by any Holder resulting solely from the reduction in value of the Notes. The Indemnifying Party agrees to reimburse any Indemnified Party promptly for all such Losses as they are incurred by such Indemnified Party. The obligations of the Indemnifying Party to each Indemnified Party

hereunder shall be separate obligations and the Indemnifying Party's liability to any such Indemnified Party hereunder shall not be extinguished solely because any other Indemnified Party is not entitled to indemnity hereunder. The obligations of the Indemnifying Party under this Section 2.9 shall survive the payment or prepayment of the Notes, at maturity, upon acceleration, redemption or otherwise, the exercise of the Warrants acquired by the Purchasers, the redemption or repurchase by the Issuer of the Warrants acquired by the Purchasers, the redemption or repurchase of any Warrant Shares, any transfer of the Securities by any Holder and the termination of this Agreement, the Securities, the Warrant Agreement or any other Transaction Document. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have, including under this Agreement and any other indemnification agreements contained in the Warrant Agreement or any other Transaction Document.

In case any action shall be brought against any Indemnified Party with respect to which indemnity may be sought against the Indemnifying Party hereunder, such Indemnified Party shall promptly notify the Indemnifying Party in writing and the Indemnifying Party shall, if it so desires, assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party and payment of such counsel's reasonable fees and expenses (including reasonably invoiced allocated costs of internal counsel determined in good faith). The failure to so notify the Indemnifying Party shall not affect any obligation it may have to any Indemnified Party under this Agreement or otherwise unless it is materially adversely affected by such failure. Each Indemnified Party shall have the right to employ separate counsel in such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (a) the Indemnifying Party has agreed in writing to pay such expenses, (b) the Indemnifying Party has failed to assume such defense and employ counsel or (c) the named parties to any such action (including any impleaded parties) include any Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by outside counsel that there may be one or more legal defenses available to it which are inconsistent with or additional to those available to the Indemnifying Party; provided that, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel in the circumstances described in the preceding clause (b) or (c), the Indemnifying Party shall not have the right to assume the defense of such action or proceeding; provided, however, that the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the fees and expenses of more than one such firm of separate counsel (in addition to any necessary local counsel), which counsel shall be designated by such Indemnified Party. The Indemnifying Party shall not be liable for any settlement of any such action effected without its written consent. Without limiting the effect of the immediately preceding sentence, the Indemnifying Party agrees, that it will not, without the prior written consent of the Indemnified Parties, settle or compromise any pending or threatened claim, action or suit in respect of which indemnification or contribution may be sought hereunder unless the foregoing contains an unconditional release of the Indemnified Parties from all liability and obligation arising therefrom.

If for any reason the foregoing indemnity is unavailable (otherwise than pursuant to the express terms of such indemnity) to an Indemnified Party or insufficient to hold an Indemnified Party harmless, then in lieu of indemnifying such Indemnified Party, the Indemnifying Parties shall, jointly and severally, contribute to the amount paid or payable by such Indemnified Party as a result (i) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Parties on the one hand and by the Holders on the other from the transactions contemplated by this Agreement or (ii) if the allocation provided by clause (i) is not permitted under applicable law, in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Parties on the one hand and the Holders on the other, but also the relative fault of the Indemnifying Parties and the Holders as well as any other relevant equitable considerations. Notwithstanding the provisions of this Section 2.9, the aggregate contribution of all Indemnified Parties made pursuant to this paragraph shall not exceed the amount of fees actually received by the Holders pursuant to this Agreement. It is hereby further agreed that the relative benefits to the Indemnifying Parties on the one hand and the Purchasers on the other with respect to the transactions contemplated hereby shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of material fact or the omission or alleged omission to state a material fact related to information supplied by the Indemnifying Parties or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The indemnification, contribution and expense reimbursement obligations set forth in this Section 2.9 (i) shall be in addition to any liability the Indemnifying Parties may have to any Indemnified Party at common law or otherwise, (ii) shall survive the termination of this Agreement and the payment in full of the Securities and (iii) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Holders or any other Indemnified Party.

Notwithstanding any provision herein to the contrary, in the event the Closing Date does not occur, the Issuer shall have no liability under this Section 2.9 for any breach of a representation or warranty set forth in Article IV hereof to the extent such breach relates solely to GeoCapital or TBC.

SECTION 2.10. Use of Proceeds. The net cash proceeds of the Securities, together with other funds available to the Issuer, shall be applied by the Issuer (a) to finance a portion of the purchase price for the TBC Acquisition and (b) to pay fees and expenses to be incurred in connection therewith and in connection with the execution and delivery of the Transaction Documents.

SECTION 2.11. Margin Regulations. (a) No part of the proceeds of any Securities will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation G or Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. If requested by any

Holder, the Issuer will furnish to such Holder a statement to the foregoing effect in conformity with the requirements of FR Form G-1 or FR Form U-1 referred to in said Regulation G or Regulation U, as the case may be.

(b) The Issuer is not subject to regulation under any Federal or State statute or regulation (other than Regulation X of the Board of Governors of the Federal Reserve System) which limits its ability to incur Indebtedness.

SECTION 2.12. Taxes. (a) All payments made by the Issuer under this Agreement and any Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on any Holder as a result of a present or former connection between such Holder and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Holder having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any Note). If any such non-excluded taxes, levies, imposts, duties, charges, fees deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable to any Holder hereunder or under any Note, the amounts so payable to such Holder shall be increased to the extent necessary to yield to such Holder (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Issuer shall not be required to increase any such amounts payable to any Holder that is not organized under the laws of the United States of America or a state thereof if such Holder fails to comply with the requirements of clause (e) of this Section. Whenever any Non-Excluded Taxes are payable by the Issuer, as promptly as possible thereafter the Issuer shall send to such Holder a certified copy of an original official receipt received by the Issuer showing payment thereof. If the Issuer fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to such Holder the required receipts or other required documentary evidence, the Issuer shall indemnify the Holders for any incremental taxes, interest or penalties that may become payable by any Holder as a result of any such failure.

(b) Other Taxes. In addition, the Issuer agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any Notes (hereinafter referred to as "Other Taxes").

(c) Indemnification. The Issuer shall indemnify each Holder for the full amount of Non-Excluded Taxes and Other Taxes (including any Non-Excluded Taxes and Other Taxes imposed on amounts payable under this Section 2.12 imposed on or otherwise paid by such Holder and any liability (including penalties, interest and expenses) arising therefrom or required to be paid with respect thereto. Each Holder shall promptly notify the Issuer of any payment of Non-Excluded Taxes or Other Taxes made by it and, if practicable, any request, demand or notice

received in respect thereof prior to such payment. Each Holder shall be entitled to payment of this indemnification promptly (and in any event within 30 days) following the delivery by the Holder to the Issuer of a certificate as to the amount of such indemnification, which certificate shall (absent manifest error) be conclusive and binding on the Issuer for all purposes.

(d) Tax Receipts. Within 45 days after the date of any payment of Non-Excluded Taxes or Other Taxes, the Issuer will furnish to each Holder the original or a certified copy of a receipt evidencing payment thereof.

(e) Forms. Each Holder that is not incorporated under the laws of the United States of America or a state thereof shall:

(i) deliver to the Issuer (A) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, or successor applicable form, as the case may be, and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be;

(ii) deliver to the Issuer two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Issuer; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Issuer;

unless in any such case an event (including any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Holder from duly completing and delivering any such form with respect to it and such Holder so advises the Issuer. By the delivery of such Forms, such Holder certifies that under law existing on the date hereof (i) in the case of a Form 1001 or 4224, it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, it is entitled to an exemption from United States backup withholding tax. Each Person that shall become a Holder pursuant to Section 11.2 shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section.

SECTION 2.13. Increased Costs, Capital Adequacy Adjustment. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Holder with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Holder to any tax of any kind whatsoever with respect to this Agreement or any Security, or change the basis of taxation of payments to such Holder in

respect thereof (except for Non-Excluded Taxes covered by Section 2.12 and changes in the rate of tax on the overall net income of such Holder);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Holder; or

(iii) shall impose on such Holder any other condition;

and the result of any of the foregoing is to increase the cost to such Holder, by an amount which such Holder deems to be material, of making, continuing or maintaining any amount outstanding under any Note or to reduce any amount receivable hereunder in respect of any Security, then, in any such case, the Issuer shall promptly pay such Holder such additional amount or amounts as will compensate such Holder for such increased cost or reduced amount receivable.

(b) If any Holder shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Holder or any corporation controlling such Holder with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Holder's or such corporation's capital as a consequence of its obligations or interests hereunder to a level below that which such Holder or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Holder's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Holder to be material, then, from time to time, the Issuer shall promptly pay to such Holder such additional amount or amounts as will compensate such Holder for such reduction.

(c) If any Holder becomes entitled to claim any additional amounts pursuant to this subsection, it shall promptly notify the Issuer of the event by reason of which it has become so entitled; provided, that no additional amount shall be payable under this Section 2.13 for the portion of any period that is longer than one year prior to such notice to the Issuer. A certificate as to any additional amounts payable pursuant to this subsection submitted by such Holder to the Issuer shall be conclusive in the absence of manifest error. The agreements in this subsection shall survive for a period of one year after the termination of this Agreement and the payment of the Securities and all other amounts payable hereunder.

ARTICLE III

CLOSING CONDITIONS

The obligation of each Purchaser to purchase and pay for the Notes to be delivered on the Closing Date shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Article III.

SECTION 3.1. Transaction Documents. On or before the Closing Date, the Purchasers shall have received original copies of the following:

(a) the Bridge Notes (drawn to the order of each Purchaser and with appropriate insertions) duly executed by the Issuer;

(b) the Warrant Agreement duly executed by the Issuer and the Purchasers; and

(c) each guaranty (if any) required to be delivered pursuant to Section 6.13.

SECTION 3.2. Escrowed Documents. On or before the Closing Date, the Escrow Agent shall have received

(a) the Warrant Certificates evidencing the Warrants (drawn to the order of each Purchaser and with appropriate insertions) duly executed by the Issuer; and

(b) the Escrow Agreement duly executed by the Issuer and the Escrow Agent.

SECTION 3.3. Related Agreements. (a) Each Purchaser signatory hereto shall have received prior to the date hereof the Signing Date Certificate and each of the documents to be attached thereto. On or before the Closing Date, each Purchaser shall have received true and complete copies of each Purchase Agreement executed in connection with any Acquisition other than the TBC Acquisition consummated after the date hereof and prior to the Closing Date or proposed Acquisition (including a true, correct and complete copy of each related debt instrument, security agreement or other related material contract to which the Issuer or one of its Subsidiaries may be a party), which Purchase Agreement in the case of GeoCapital shall be substantially in the same form as the form attached to the Signing Date Certificate.

(b) Not more than three (3) days after the date hereof, the Issuer shall provide each Purchaser and its counsel with initial drafts of all schedules to the TBC Acquisition Agreement setting forth all information specified, and any exceptions to the representations and warranties set forth, in Sections 3 and 4 thereof, provided that such schedules shall specifically reference the particular subsection of such Section 3 or 4, as applicable, with respect to which any such information or exception applies. The Issuer shall deliver finalized schedules to each Purchaser not later than the fifth (5th) day after the date the draft schedules are provided to each Purchaser in accordance herewith and each such Purchaser shall have determined, in its reasonable good faith discretion (which determination shall be made within seven (7) business days after the delivery of the aforementioned final schedules) that the exceptions described in such schedules (i) in the aggregate could not reasonably be expected to have a Material Adverse Effect (as defined in the TBC Acquisition Agreement) on TBC or the Issuer, (ii) would not constitute any

exception to any of the representations and warranties contained in the following provisions of the TBC Acquisition Agreement: Section 3.2(a) (first sentence) and (b) (Organization and Qualification of the Company), Section 3.3 (Capitalization; Beneficial Ownership), Section 3.5(a) (Authority), Section 3.8(a) (Financial Statements), Section 4.1 (Authority) or Section 4.2 (Ownership of LLC Interests) and (iii) would not constitute a material exception to any of the representations and warranties contained in the following provisions of the TBC Acquisition Agreements; Section 3.4 (Subsidiaries), Section 3.5(b) or (c) (Authority), Section 3.8(b) (Financial Statements), Section 3.9 (Taxes), Section 3.16 (Litigation), Section 3.17 (Compliance with Laws), Section 3.18 (Business; Registrations) or Section 3.25(b) (Directors, Officers and Employees, as to good health). In the event any Purchaser determines that such schedules do not satisfy the conditions set forth above (as applicable), such Purchaser must notify the Issuer, in writing, of such determination on or before 4:00 p.m. (New York City time) on the last day of such seven-business-day period, and failure by such Purchaser to timely deliver such written notice shall be deemed to mean that such Purchaser has determined that such schedules satisfy such conditions.

SECTION 3.4. Corporate Proceedings of the Issuer. Each Purchaser shall have received a copy of the resolutions, in form and substance satisfactory to the Purchasers, of the Board of Directors of the Issuer authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party, including the issuance of the Notes contemplated hereunder, certified by the Secretary or an Assistant Secretary of the Issuer as of the Closing Date, which certificate shall be in form and substance satisfactory to the Purchasers and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

SECTION 3.5. Issuer Incumbency Certificate. Each Purchaser shall have received a Certificate of the Issuer, dated the Closing Date, as to the incumbency and signature of the officers of the Issuer executing any Transaction Document satisfactory in form and substance to the Purchasers, executed by the President or any Vice President and the Secretary or any Assistant Secretary of the Issuer.

SECTION 3.6. Corporate Documents. Each Purchaser shall have received true and complete copies of the certificate of incorporation and by-laws of the Issuer, certified as of the Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of the Issuer.

SECTION 3.7. Fees. All fees payable by the Issuer to each Purchaser on or prior to the Closing Date pursuant to this Agreement or pursuant to the Fee Letter, shall have been paid in full, in each case in the amounts and on the dates set forth herein or therein.

SECTION 3.8. Legal Opinion. Each Purchaser shall have received

(a) the executed legal opinion of Goodwin, Procter & Hoar LLP, counsel to the Issuer, addressed to each Purchaser, which legal opinion shall cover such matters as are

customary for the transactions contemplated by this Agreement, in form and substance reasonably satisfactory to the Purchasers; and

(b) a reliance letter, together with the opinion letter referred to therein, of each Person that delivered an opinion in connection with the execution and delivery of the TBC Acquisition Agreement, the Credit Agreement or the Preferred Stock and Warrant Purchase Agreement.

SECTION 3.9. Pro Forma Balance Sheet. Each Purchaser shall have received a pro forma balance sheet of the Issuer and its Subsidiaries as at June 30, 1997, which balance sheet shall give pro forma effect to consummation of the TBC Acquisition (and any other Acquisition consummated prior to the Closing Date) and the transactions contemplated hereby and by the other Transaction Documents and such balance sheet shall not indicate any material adverse change in the assets, liabilities or net worth set forth in the Projected Pro Forma Balance Sheet.

SECTION 3.10. Convertible Securities. As of the Closing Date, each Purchaser shall have received evidence reasonably satisfactory to it that each of the conditions to the purchase of $30,000,000 of convertible preferred stock and warrants to purchase convertible preferred stock (the "Convertible Securities") set forth in the Preferred Stock and Warrant Purchase Agreement dated as of the date hereof (the "Preferred Stock and Warrant Purchase Agreement"), among the Issuer and the purchasers party thereto, shall have been satisfied and not waived without the prior consent of the Purchasers.

SECTION 3.11. Credit Agreement. Prior to or concurrently with the Closing, the Issuer shall have executed and delivered the Credit Agreement and the Purchasers shall have received evidence satisfactory to them that no less than $300,000,000 may be drawn thereunder by the Issuer (including satisfaction by the Purchasers that all conditions to any such draw in respect of the revolving credit facility thereunder can be met in the ordinary course). The Credit Agreement shall be in substantially the form attached to the Signing Date Certificate (provided that the Credit Agreement shall permit the payments, if any, required pursuant to (i) Section 1.5 of the Stockholders Agreement and (ii) the Escrow Agreement, as defined in the Preferred Stock and Warrant Purchase Agreement) and in full force and effect, and executed or conformed copies thereof and all documents (including all schedules, exhibits and environmental reports) executed or delivered in connection therewith shall have been delivered to the Purchasers.

SECTION 3.12. Conditions to TBC Acquisition. There shall be no material conditions to the consummation of the TBC Acquisition that have not been satisfied or waived with the prior consent of the Purchasers, and there have been no material amendments to the documentation relating to the TBC Acquisition without the prior consent of the Purchasers.

SECTION 3.13. Purchase Price, Fees and Expenses for TBC Acquisition. Each Purchaser shall have received satisfactory evidence that (a) the aggregate consideration paid or to be paid on or about the Closing Date in connection with the TBC Acquisition shall not exceed $300,000,000 in the aggregate and (b) the fees and expenses to be incurred by the Issuer and its

Subsidiaries in connection with the TBC Acquisition and the financing thereof shall not exceed $15,000,000 in the aggregate.

SECTION 3.14. Consents, Authorizations and Filings. All material governmental and third party approvals necessary in connection with the TBC Acquisition and, the financing contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose material adverse conditions on the TBC Acquisition or the financing thereof. All material governmental and third party approvals necessary for the continuing operations of the Issuer and its Subsidiaries (after giving effect to the consummation of the TBC Acquisition) shall have been obtained and be in full force and effect, except to the extent the failure to so obtain could not reasonably be likely to have a Material Adverse Effect.

SECTION 3.15. Capital Structure; Corporate Structure. Each Purchaser shall be satisfied that there have been no material adverse changes in the capital structure or corporate structure of the Issuer and its Subsidiaries since the execution of definitive documentation for the TBC Acquisition.

SECTION 3.16. Closing Date Certificate. Each Purchaser shall have received the Closing Date Certificate, and, at the time such certificate is delivered, the Purchasers shall be satisfied that the contents thereof shall in fact be true and correct.

SECTION 3.17. Expenses. The Purchasers shall have received all costs and expenses due and payable pursuant to Section 2.2.4 (including counsel fees), to the extent then invoiced.

SECTION 3.18. [Intentionally Omitted.]

SECTION 3.19. Representations and Warranties. The representations and warranties contained in Article IV shall be true, correct and complete in all material respects on and as of the Closing Date (after giving effect to the TBC Acquisition) to the same extent as though such representations and warranties had been made on and as of such date (except to the extent that any such representations and warranties specifically apply to a prior date); provided, however, that solely for purposes of determining the satisfaction of the condition contained in this Section 3.19 (and for purposes of a breach of representation and warranty under Section 9.1.2) and not for purposes of determining liability under Section 2.9 hereof or otherwise, no effect shall be given to any exception relating to knowledge or materiality in the representations and warranties relating to TBC after updating pursuant to the operation of Section 4.26 and such representations and warranties shall be deemed to be true, correct and complete in all material respects only if the failure or failures of such representations and warranties to be so true, correct and complete without regard to knowledge and materiality exceptions does not or do not represent in the aggregate a Material Adverse Effect (as defined in the TBC Acquisition Agreement) on TBC or the Issuer.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

In order to induce the Purchasers to enter into this Agreement and to purchase the Bridge Notes, the Issuer represents and warrants to the Purchasers, as of the date hereof and as of the Closing Date (except to the extent any of the following representations or warranties specifically apply or relate to a prior date, in which event the Issuer represents and warrants such representations and warranties to be true and correct as of such prior date), as follows:

SECTION 4.1. Corporate Existence. Each of the Issuer and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except where the failure of any such Subsidiary to be in good standing would not have a Material Adverse Effect, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, except where the failure of any such Subsidiary to have such power, authority or legal right would not have a Material Adverse Effect, (c) is duly qualified as a foreign corporation, partnership or limited liability company, as applicable, and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to be so qualified or in good standing would not have a Material Adverse Effect and (d) is in compliance with its certificate of incorporation and by-laws or other similar organizational or governing documents and with all Requirements of Law, except to the extent that the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect.

SECTION 4.2. Power and Authority. The Issuer has the corporate power and authority, and the legal right, to make, deliver and perform the Transaction Documents to which it is a party and to borrow hereunder and has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and any Notes and to authorize the execution, delivery and performance of the Transaction Documents to which it is a party; provided, however, that the approval of the shareholders of the Issuer is required for the making, delivery and performance of the Warrant Documents, which approval shall be in full force and effect on the Closing Date. This Agreement has been, and each other Transaction Document to which it is a party will be, duly executed and delivered on behalf of the Issuer.

SECTION 4.3. Binding Obligation. This Agreement constitutes, and each other Transaction Document to which it is a party when executed and delivered will constitute, a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

SECTION 4.4. Capitalization. As of the Closing Date, the authorized Capital Stock of the Issuer will consist of the shares of Capital Stock set forth in Item 4.4 of the Disclosure Schedule ("Capitalization"). All outstanding shares of such Capital Stock will be fully paid and nonassessable and owned beneficially and of record by the Persons set forth in Item 4.4 of the Disclosure Schedule, free of all Liens and there will be no other outstanding shares of Capital Stock of the Issuer. As of the Closing Date, there will be no outstanding subscriptions, options, warrants, rights (including registration rights and preemptive rights) or any other agreements or commitments of any nature relating to any Capital Stock of the Issuer, except as expressly provided in the Warrant Documents or in Item 4.4 of the Disclosure Schedule. The number of shares of Common Stock into which the Warrants will be exercisable on the Closing Date will be equal to 7.2% of the number of shares of Common Stock outstanding on a fully-diluted basis on the Closing Date (after giving effect to the TBC Acquisition and the Acquisition of GeoCapital), as specified in Item 4.4 of the Disclosure Schedule.

SECTION 4.5. Consents, Approvals and Non-Contravention. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Transaction Documents to which the Issuer is a party. The execution, delivery and performance of the Transaction Documents to which the Issuer is a party, the issuance of the Bridge Notes hereunder and the use of the proceeds thereof will not violate any certificate of incorporation and by-laws or other similar organizational or governing documents, Requirement of Law or Contractual Obligation of the Issuer or of any of its Subsidiaries, except for such violations which could not reasonably be likely to have a Material Adverse Effect, and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any such organizational or governing document, Requirement of Law or Contractual Obligation.

SECTION 4.6. Pro Forma Balance Sheet. The pro forma balance sheet referred to in Section 3.9 fairly presents the financial condition of the Issuer and its Subsidiaries on a consolidated and consolidating basis upon consummation of the transactions contemplated hereby and by the other Transaction Documents.

SECTION 4.7. Financial Statements. (a) The Issuer has heretofore furnished to each Purchaser a signatory hereto copies of (i) the audited consolidated balance sheet of the Issuer and its consolidated Subsidiaries as at December 31, 1996 and the related audited consolidated statements of income and of cash flows for the Fiscal Year ended on such date, audited by Coopers & Lybrand LLC, (ii) the unaudited consolidated balance sheet of the Issuer and its consolidated Subsidiaries as at June 30, 1997 and the related unaudited consolidated statements of income and of cash flows for the six-month period ended on such date, in each case certified by a Responsible Officer (the "Financial Statements"). The Financial Statements present fairly, in all material respects, the consolidated financial condition of the Issuer and its consolidated Subsidiaries as at December 31, 1996 and June 30, 1997 and present fairly, in all material respects, the consolidated results of their operations and their consolidated cash flows for the periods then ended (subject to normal year-end audit adjustments and the absence of footnote

disclosure). The Financial Statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the period involved. Except as set forth in Item 4.7 of the Disclosure Schedule ("Undisclosed Liabilities"), neither the Issuer nor any of its consolidated Subsidiaries had, at December 31, 1996 or at the date hereof, any material Guarantee Obligation, material contingent liability or material liability for taxes, or any material long-term lease or unusual material forward or long-term commitment, including any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto. Except as set forth in Item 4.7 of the Disclosure Schedule ("Undisclosed Liabilities"), during the period from December 31, 1996 to and including the date hereof there has been no sale, transfer or other disposition by the Issuer or any of its consolidated Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Issuer and its Subsidiaries as at December 31, 1996. It is understood and agreed that references to Subsidiaries in this Section 4.7(a) shall not include Persons which were not actually Subsidiaries of the Issuer on the date of, or during any relevant portion of the period covered by, the financial statements referred to in this Section 4.7(a).

(b) The Issuer has heretofore furnished to each Purchaser a signatory hereto a pro forma balance sheet of the Issuer as at June 30, 1997, which balance sheet gives pro forma effect to the contemplated consummation of the TBC Acquisition (and each other Acquisition protected to be consummated prior to the Closing Date) and the transactions contemplated hereby and by the other Transaction Documents (the "Projected Pro Forma Balance Sheet"). The Projected Pro Forma Balance Sheet has been prepared on the basis of reasonable assumptions and sound business principles.

(c) The Issuer has heretofore furnished to each Purchaser a signatory hereto a copy of financial projections for the period from 1997 through 2004 for the Issuer and its Subsidiaries. Such projections were, in the opinion of the Issuer, prepared on the basis of reasonable assumptions and sound business principles.

SECTION 4.8. No Material Adverse Effect. (a) From December 31, 1996, except as set forth in the Projected Pro Forma Balance Sheet, there has been no development or event which has had or could have a Material Adverse Effect, and (b) during the period from December 31, 1996 to and including the Closing Date, no dividends or other distributions have been declared, paid or made upon the Capital Stock of the Issuer nor has any of the Capital Stock of the Issuer been redeemed, retired, purchased or otherwise acquired for value by the Issuer or any of its Subsidiaries.

SECTION 4.9. Taxes. Each of the Issuer and its Subsidiaries has filed or caused to be filed all material tax returns which, to the knowledge of the Issuer, are required to be filed or has timely filed a request for an extension of such filing and has paid all taxes shown to be due and payable on said returns or extension requests or on any assessments made against it or any of its property and except as set forth on Item 4.9 of the Disclosure Schedule ("Taxes"), all other taxes,

fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Issuer or its Subsidiaries, as the case may be, and any which the failure to pay would not have a Material Adverse Effect); no tax Lien has been filed, and, to the knowledge of the Issuer, no material claim is being asserted, with respect to any tax, fee or other charge (other than any tax Lien that would not have a Material Adverse Effect or any tax, fee or other charge as to which the failure to pay would not have a Material Adverse Effect).

SECTION 4.10. Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Issuer, threatened by or against the Issuer or any of its Subsidiaries or against any of its or their respective properties or revenues which is in the Issuer's reasonable opinion reasonably likely to have a Material Adverse Effect.

SECTION 4.11. No Default. Neither the Issuer nor any of its Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect which could have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 4.12. Conflicts of Interests. Neither the Issuer nor any of its Subsidiaries nor any officer, employee, agent or any other Person acting on behalf of any of the foregoing has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or other Person who was, is, or may be in of a position to help or hinder the business of the Issuer or any of its Subsidiaries (or assist in connection with any actual or proposed transaction) which (i) might subject the Issuer or any of its Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or proceeding, except to the extent such damage or penalty could not have a Material Adverse Effect, (ii) if not given in the past, could have had a Material Adverse Effect or (iii) if not continued in the future, might have a Material Adverse Effect.

SECTION 4.13. Other Relationships. Except as set forth in Item 4.13 of the Disclosure Schedule ("Other Relationships"), to the best knowledge of the Issuer:

(a) neither the officers of the Issuer or any of its Subsidiaries nor any officer of any of the foregoing has any interest (other than as non-controlling holders of securities of a publicly-traded company), either directly or indirectly, in any Person (whether as an employee, officer, director, shareholder, agent, independent contractor, security holder, creditor, consultant or otherwise) that presently (i) provides any services or designs, produces or sells any products or product lines, or engages in any activity which is the same, similar to or competitive with any activity or business in which the Issuer or any of its Subsidiaries is now engaged, (ii) is a supplier of, customer of, creditor of, or has an existing contractual relationship with, the Issuer or any of its Subsidiaries, or

(iii) has any direct or indirect interest in any asset or property used by the Issuer any of its Subsidiaries or any property, real or personal, tangible or intangible, that is necessary or desirable for the conduct of the business of the Issuer or any of its Subsidiaries; and

(b) no stockholder, director, officer or employee of the Issuer or any of its Subsidiaries or any Affiliate of any such Person, is at present, or since the inception of the Issuer or any of its Subsidiaries has been, directly or indirectly through his affiliation with any other Person, a party to any transaction (other than as an employee) with the Issuer or any of its Subsidiaries providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring cash payments to any such Person.

SECTION 4.14. Investment Company Act. (a) Neither the Issuer nor any of its Subsidiaries or other Management Companies is, or, after giving effect to any Acquisition, will be, an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(b) Each of the Subsidiaries of the Issuer and each of its other Management Companies is, to the extent required thereby, duly registered as an investment adviser under the Investment Advisers Act. The Issuer is not an "investment adviser" within the meaning of the Investment Advisers Act. Each Fund which is sponsored by any Subsidiary or other Management Company and which is required to be registered as an "investment company" under the Investment Company Act is duly registered as such thereunder.

(c) The Issuer is not required to be duly registered as a broker-dealer under the Securities Act or the Exchange Act (and each Subsidiary and Management Company which is required to be so registered is so duly registered).

(d) Each of the Issuer and its Subsidiaries and other Management Companies is duly registered, licensed or qualified as an investment adviser or broker-dealer in each State of the United States where the conduct of its business requires such registration, licensing or qualification and is in compliance in all material respects with all Federal and State laws requiring such registration, licensing or qualification, except to the extent where the failure to be so registered, licensed or qualified or to be in such compliance will not have a Material Adverse Effect.

SECTION 4.15. Investment Advisory Agreements. Each of the investment advisory agreements, distribution agreements and shareholder or other servicing contracts to which the Issuer or any of its Subsidiaries or other Management Companies is a party is a legal, valid and binding obligation of the parties thereto enforceable against such parties in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights

generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law) except for failures which individually and in the aggregate will not have a Material Adverse Effect; and neither the Issuer nor any of its Subsidiaries or other Management Companies is in breach or violation of or in default under any such agreement or contract in any material respect which would individually or in the aggregate have a Material Adverse Effect.

SECTION 4.16. Brokers, etc. The Issuer and its Subsidiaries have not dealt with, nor is the Issuer or any of its Subsidiaries obligated to pay any fee or commission in connection with, any broker, finder or other similar Person in connection with the offer or sale of the Securities or any of the transactions contemplated by this Agreement, and the Issuer hereby indemnifies the Purchasers against, and agrees that it will hold the Purchasers harmless from, any claim, demand or liability for any such broker's or finder's fees alleged to have been incurred in connection herewith or therewith and any expenses (including reasonable fees, expenses and disbursements of counsel) arising in connection with any such claim, demand or liability.

SECTION 4.17. Subsidiaries and Other Ownership Interests. The Subsidiaries listed on Item 4.17 of the Disclosure Schedule ("Subsidiaries") constitute the only Subsidiaries of the Issuer as at the date hereof. The Issuer has as at the date hereof an equity or other ownership interest in Management Companies of the Issuer and each other Person listed on Item 4.17 of the Disclosure Schedule ("Subsidiaries") and other than as set forth on such Item 4.17, the Issuer has no such interest in any other Management Company or Person.

SECTION 4.18. Ownership of Properties. Each of the Issuer and its Subsidiaries has good record and marketable title in fee simple to, or a valid leasehold interest in, all its material real property, and good title to, or a valid leasehold interest in, all its other material property, and none of such property is subject to any Lien except as permitted by Section 7.3.

SECTION 4.19. ERISA. No Reportable Event has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. The present value of all accrued benefits under each Single Employer Plan maintained by the Issuer or any Commonly Controlled Entity (based on those assumptions used to fund the Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits. There are no Multiemployer Plans. Neither the Issuer nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan.

SECTION 4.20. Solvency. The Issuer and its Subsidiaries are and, upon consummation of the transactions contemplated hereby, will be, Solvent.

SECTION 4.21. Environmental Warranty. No conditions exist at, on or under any property now or previously owned or leased by the Issuer or any of its Subsidiaries which, with the passage of time, or the giving of notice or both, could give rise to liability under any

Environmental Law, which liability might reasonably be expected to have a Material Adverse Effect.

SECTION 4.22. Private Sale. The Issuer has not, either directly or through any agent, offered any Securities or any other securities to, or solicited any offers to acquire any Securities or any other securities from, or otherwise approached, negotiated or communicated in respect of any Securities or any other securities with, any Person in such a manner as to require that the offer or sale of the Securities or any such other securities be registered pursuant to the Securities Act or any Blue Sky Laws.

The Purchasers are the sole purchasers of the Securities and no securities have been offered or sold by the Issuer or any of its Subsidiaries which could be integrated with the sale of the Securities as a single offering for the purposes of the Securities Act, including Regulation D thereunder.

SECTION 4.23. Non-Fungibility. Neither the Notes nor the Warrants will be of the same class (within the meaning of Rule 144A under the Securities Act) as notes or warrants that are (i) listed on a national securities exchange registered under Section 6 of the Exchange Act or (ii) quoted in a U.S. automated inter-dealer quotation system.

SECTION 4.24. Tweedy Browne Financial Statements. (a) The Issuer has heretofore furnished to each Purchaser signatory hereto (i) audited statements of financial condition of TBC at September 30, 1994, September 30, 1995 and September 30, 1996, and audited statements of income, changes in partners' capital and cash flows for each of the three years then ended (the audited statement of financial condition of TBC at September 30, 1996 is referred to hereinafter as the "Base Balance Sheet") and (ii) unaudited statements of financial condition of TBC at December 31, 1996, March 31, 1997 and June 30, 1997 and statements of income, changes in partners' capital and cash flows for each period then ended, certified by TBC's senior financial officer. All of the foregoing financial statements have been prepared in accordance with GAAP using the accrual method of accounting, applied consistently during the periods covered thereby (except that TBC's unaudited financial statements do not include footnote disclosure and are subject to normal, immaterial audit adjustments), are complete and correct to the best knowledge of the Issuer after due inquiry, and (subject to the foregoing exceptions with respect to unaudited financial statements) present fairly the financial condition of TBC at the dates of such statements and the results of its operations for the periods covered thereby.

(b) TBC does not and, as of the date of the Base Balance Sheet, did not have any liabilities of any nature, whether accrued, absolute, contingent or otherwise, asserted or unasserted, known or unknown (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of others, liabilities for taxes due or then accrued or to become due, or contingent or potential liabilities relating to activities of TBC or the conduct of its businesses prior to the applicable date regardless of whether claims in respect thereof had been asserted as of such date), except: (i) liabilities stated or adequately reserved against on the Base Balance Sheet or the notes thereto, (ii) liabilities reflected in Schedules furnished to the

Purchasers signatory hereto as of the date hereof or (iii) immaterial liabilities incurred or recognized in the ordinary course of business of TBC after the date of, and not in breach of any of the terms of, the TBC Acquisition Agreement.

SECTION 4.25. Disclosure. To the best of the Issuer's knowledge, the documents furnished and the statements made in writing to the Holders by or on behalf of the Issuer in connection with the negotiation, preparation or execution of this Agreement or any of the other Transaction Documents, taken as a whole, do not contain any untrue statement of fact material to the creditworthiness of the Issuer or omit to state any such material fact necessary in order to make the statements contained therein not misleading, in either case which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to the Holders prior to the date hereof.

SECTION 4.26. Update of Schedules. In the event the schedules described in (and satisfying the requirements of) Section 3.3(b) would require the updating of any Item of the Disclosure Schedule in order to make the representations and warranties set forth in any such Items true, correct and complete, the Issuer shall furnish to the Purchasers updated versions of such Items and the Disclosure Schedule shall be automatically deemed amended thereby, provided that the forms of such updated versions are reasonably satisfactory to the Purchasers.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser represents and warrants to the Issuer, at and as of the Closing Date that:

SECTION 5.1. Purchase for Own Account. Such Purchaser is purchasing the Bridge Notes solely for its own account and not as nominee or agent for any other Person and not with a view to, or for offer or sale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States of America or any state thereof, without prejudice, however, to its right at all times to sell or otherwise dispose of all or any part of said Bridge Notes pursuant to a registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and subject, nevertheless, to the disposition of its property being at all times within its control.

SECTION 5.2. Accredited Investor. Such Purchaser is knowledgeable, sophisticated and experienced in business and financial matters; it previously invested in securities similar to the Bridge Notes and it acknowledges that the Bridge Notes have not been registered under the Securities Act and understands that the Bridge Notes must be held indefinitely unless they are subsequently registered under the Securities Act or such sale is permitted pursuant to an available exemption from such registration requirement; it is able to bear the economic risk of its investment in the Bridge Notes and is presently able to afford the complete loss of such

investment; it is an "accredited investor" as defined in Regulation D promulgated under the Securities Act; and it has been afforded access to information about the Issuer and its Subsidiaries and their respective financial condition, results of operations, business, property, management and prospects sufficient to enable it to evaluate its investment in the Bridge Notes. Such Purchaser acknowledges that it has conducted its own analysis of the foregoing factors.

ARTICLE VI

AFFIRMATIVE COVENANTS

The Issuer covenants and agrees that, until payment in cash in full of all the Obligations, the Issuer will and (except in the case of delivery of financial information, reports and notices) will cause each of its Subsidiaries to:

SECTION 6.1. Financial Statements and Other Reports. Furnish to each Holder:

(a) as soon as available, but in any event within 120 days after the end of each Fiscal Year of the Issuer, copies of the consolidated and consolidating balance sheet of the Issuer and its Subsidiaries as at the end of such year and the related consolidated and consolidating statements of income and retained earnings and of cash flows for such Fiscal Year, and setting forth in each case in comparative form the figures for the previous year and, in the case of the consolidated statements, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Coopers & Lybrand or other independent certified public accountants of nationally recognized standing and certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end adjustments) in accordance with GAAP; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Issuer, copies of the unaudited consolidated and consolidating balance sheet of the Issuer and its Subsidiaries as at the end of such Fiscal Quarter and the related unaudited consolidated and consolidating statements of income and retained earnings and of cash flows for such Fiscal Quarter and the portion of the Fiscal Year through the end of such Fiscal Quarter, and setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments);

all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (subject, in the case of interim financial statements, to year end adjustments and the absence of footnotes).

SECTION 6.2. Certificates; Other Information. Furnish to each Holder:

(a) concurrently with the delivery of the financial statements referred to in clause (a) of Section 6.1, a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default specified in Section 9.1.3, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) of Section 6.1, (i) a copy of the most recent audited (or, if later, unaudited) financial statements received by the Issuer or any of its Subsidiaries of each of its Management Companies and (ii) a certificate of a Responsible Officer stating that, to the best of such Responsible Officer's knowledge, that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate;

(c) within five days after the same are filed, copies of all financial statements and reports which the Issuer may make to, or file with, the SEC or any successor or analogous Governmental Authority;

(d) at the request of the Requisite Holders, a report discussing the views of the Issuer concerning the recent performance and near and intermediate term prospects of (i) the businesses in which the Issuer and its Subsidiaries and Management Companies are principally engaged and (ii) the Issuer and its Subsidiaries and Management Companies, including a discussion of trends concerning assets under management, advisory fees and competition and of strategic initiatives by the Issuer and its Subsidiaries and Management Companies (or, upon reasonable notice by the Requisite Holders, the Issuer shall attend a meeting with the Holders to discuss the foregoing);

(e) within five Business Days after the consummation of any Acquisition, other than an Acquisition of any interest in a Person that is already a Subsidiary or a Management Company, (A) copies of the most recent audited (and, if later, or, if audited statements are not available, unaudited) financial statements of the Management Company which is the subject of such Acquisition, (B) copies of the purchase agreement or other acquisition document executed or to be executed by the Issuer or any of its Subsidiaries in connection with the Acquisition (together with all schedules and exhibits and other documents relating thereto, including the relevant Revenue Sharing Agreement, the "Purchase Agreement"), (C) an unaudited pro forma consolidated balance sheet of the Issuer and its Subsidiaries as at a recent date but prepared as though the closing of such Acquisition had occurred on or prior to such date and related pro forma calculations, indicating compliance on a pro forma basis as at such date and for the periods then ended with the financial covenants set forth in Section 7.2 and (D) a copy of the most recent Form ADV, if any, filed under the Investment Advisers Act in respect to any Management Company which is the subject of such Acquisition;

(f) concurrently with the delivery thereof under the Credit Agreement, a copy of each notice, report or certificate (other than requests for extensions of credit or LIBO continuation or conversion notices) delivered to the Senior Debtholders or the Representative to the extent not otherwise provided herein; and

(g) promptly, such additional financial and other information as any Holder may from time to time reasonably request.

SECTION 6.3. Notices. Promptly give notice to the Holders of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Issuer or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Issuer or any of its Subsidiaries and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Issuer or any of its Subsidiaries or any "affiliated person" of the Issuer or any of its Subsidiaries within the meaning of the Investment Company Act in which the amount involved is $5,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought and which could reasonably be expected to have a Material Adverse Effect;

(d) the following events, as soon as possible and in any event within 30 days after the Issuer knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, or any withdrawal from, or the termination, Reorganization or Insolvency of any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Issuer or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan;

(e) any suspension or termination of the registration of any Subsidiary or Management Company of the Issuer as an investment adviser under the Investment Advisers Act, or of any registration as a broker-dealer under the Securities Act, the Exchange Act or under any applicable state statute which is material to the business thereof, or any cancellation or expiration without renewal of any investment advisory agreement, distribution agreement or shareholder or other administrative servicing contract to which the Issuer or any of its Subsidiaries or Management Companies is a party the revenues under which have exceeded in the most recent Fiscal Year of the Issuer or any such Management Company, as the case may be, $1,000,000; and

(f) any event which would have a Material Adverse Effect on the Issuer and its Subsidiaries taken as a whole.

Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Issuer proposes to take with respect thereto, if any.

SECTION 6.4. Conduct of Business and Maintenance of Existence. Continue to engage in business of the same general type as now conducted and purported to be conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, registrations, licenses, privileges and franchises necessary or desirable in the normal conduct of its business (including all such registrations under the Investment Advisers Act and all material investment advisory agreements, distribution agreements and shareholding and other administrative servicing contracts) except as otherwise permitted pursuant to Section 7.10 and except for failures which individually and in the aggregate will not have a Material Adverse Effect.

SECTION 6.5. Compliance with Laws, etc. Comply, and to the extent reasonably within its control, cause each Management Company and Fund to comply, with all Contractual Obligations and Requirements of Law (including all Environmental Laws) except to the extent that failure to comply therewith could not, in the aggregate, be reasonably expected to have a Material Adverse Effect.

SECTION 6.6. Maintenance of Properties. Keep all property useful and necessary in its business in good working order and condition, except where the failure to do so would not have a Material Adverse Effect

SECTION 6.7. Insurance. Maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business, except where the failure to do so could not have a Material Adverse Effect; and furnish to the Holders, upon written request, full information as to the insurance carried.

SECTION 6.8. Books and Records. Keep proper books of records and account in which full, true and correct entries in all material respects in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities, except where the failure to do so would not have a Material Adverse Effect; and permit representatives of any Holder to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and upon at least three days prior notice or such lesser period of time as may be acceptable to the Issuer or the relevant Subsidiary, as the case may be, and to discuss the business, operations, properties and financial and other condition of the Issuer and its Subsidiaries with officers and employees of the Issuer and its Subsidiaries and with its independent certified public accountants.

SECTION 6.9. Maintenance of Office or Agency. Maintain (a) an office or agency where the applicable Securities may be presented for payment, (b) an office or agency where the

applicable Securities may be presented for registration and transfer and for exchange as provided in this Agreement and (c) an office or agency where notices and demands to or upon the Issuer in respect of the applicable Securities may be served. The location of such office or agency initially shall be at Two International Place, Boston, Massachusetts for the Issuer. The Issuer shall give to each applicable Holder written notice of any change of location thereof.

SECTION 6.10. Private Offering. Agree that neither it, nor anyone acting on its behalf, will offer or sell the Securities, or any portion of them, if such offer or sale might bring the issuance and sale of the Securities to the Purchasers hereunder within the provisions of Section 5 of the Securities Act nor offer any similar securities for issuance or sale to, or solicit any offer to acquire any of the same from, or otherwise approach or negotiate with respect thereto with, anyone if the sale of the Securities and any such securities could be integrated as a single offering for the purposes of the Securities Act, including Regulation D thereunder.

SECTION 6.11. Information to Prospective Purchasers. Upon the request of any Holder, deliver to such Holder and any prospective purchaser designated by such Holder promptly following the request of such Holder or such prospective purchaser, such information which such Holder or such prospective purchaser may reasonably request in order to comply with the information requirements of Rule 144 or Rule 144A under the Securities Act.

SECTION 6.12. Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Issuer or its Subsidiaries, as the case may be, and except where the failure to do so could not have a Material Adverse Effect.

SECTION 6.13. Guarantees. Promptly, in the case any Subsidiary of the Issuer executes and delivers a guarantee with respect to the performance of the obligations of the Issuer under the Credit Agreement, cause such Subsidiary to execute and deliver a guarantee (satisfactory in form to the Requisite Holders) to the Holders with respect to the performance of the obligations of the Issuer under this Agreement, the Notes and each other Transaction Document, which obligations of such Subsidiary under such guarantee delivered to the Holders shall be subordinated in right of payment to the same extent and in the same manner as the Subordinated Debt is subordinated in right of payment to the Senior Indebtedness pursuant to the provisions of Article X, mutatis mutandis.

SECTION 6.14. Take-Out Financing. (a) The Issuer will use its best efforts to cause to be declared effective a registration statement with respect to the Take-Out Financing as soon as practicable after the Closing Date; provided, however, that the Issuer shall not be required to proceed with the Take-Out Financing if it would be commercially unreasonable to do so. The Issuer will give the Holders prior notice of its intention to file the registration statement or to effect the Take-Out Financing. The Issuer will notify the Holders immediately upon the receipt of any comments from the Securities and Exchange Commission (the "SEC") in connection with

the registration statement, will furnish the Holders with a copy of any written comments from the SEC and will furnish a copy to the Holders of any such response to the SEC.

(b) The Issuer will use the net proceeds received by it from the sale of the Take-Out Financing to repay the Notes pursuant to Section 8.1.

SECTION 6.15. Exchange Notes. (a) The Issuer shall, prior to the Bridge Note Maturity Date, select a trustee and enter into an indenture, substantially in the form of Exhibit D hereto (the "Exchange Note Indenture").

(b) The Issuer will, promptly following its delivery of the Exchange Notice (and, in any event, no later than two Business Days prior to the Exchange Date):

(i) execute and deliver and cause the bank or trust company designated to act as trustee under the Exchange Note Indenture to execute and deliver the Exchange Note Indenture if such Exchange Note Indenture has not previously been executed and delivered; and

(ii) execute and deliver to such Holder in accordance with the provisions of Section 2.3 and the Exchange Note Indenture an Exchange Note bearing interest as set forth therein in exchange for its Bridge Note dated the Exchange Date, payable to the order of the Holder, in the same principal amount as its Bridge Note being exchanged.

The Exchange Notice shall specify the principal amount of the Bridge Notes to be exchanged pursuant to this Section 6.15 which shall be at least $1,000,000 and integral multiples of $1,000,000 in excess thereof. Bridge Notes delivered to the Issuer under this Section 6.15 in exchange for Exchange Notes shall be canceled by the Issuer and the corresponding amount of the Bridge Notes deemed repaid and the Exchange Notes shall be governed by and construed in accordance with the terms of the Exchange Note Indenture.

The Holders of Bridge Notes who receive Exchange Notes in connection with the provisions set forth in Section 2.3 shall be entitled to the registration rights and provisions set forth in Exhibit H to the Exchange Note Indenture.

The bank or trust company acting as trustee under the Exchange Note Indenture shall at all times be a corporation organized and doing business under the laws of the United States or the State of New York, in good standing and having its principal offices in New York County, New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal or state authority and which has a combined capital and surplus of not less than $50,000,000.

SECTION 6.16. Further Assurances. At any time and from time to time upon the request of the Requisite Holders, promptly, at the expense of the Issuer, execute, acknowledge and deliver such further documents and do such other acts and things as the Requisite Holders may

reasonably request in order to effect fully the purposes of the Transaction Documents and to provide for payment of the Obligations in accordance with the terms of this Agreement, the Notes and the other Transaction Documents.

ARTICLE VII

NEGATIVE COVENANTS

The Issuer hereby covenants and agrees that, until payment in full of all of the Obligations, the Issuer shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

SECTION 7.1. Business Activities. Engage in any business activity, except those described in the first recital and such activities as may be incidental or related thereto.

SECTION 7.2. Indebtedness. Incur any Indebtedness, except:

(a) Indebtedness of the Issuer under this Agreement and the other Transaction Documents;

(b) unsecured Indebtedness of any Subsidiary owing to the Issuer or any other Subsidiary or secured Indebtedness of any Subsidiary owing to the Issuer;

(c) Indebtedness of the Issuer or any of its Subsidiaries that conducts a stand-alone investment management business incurred to finance its working capital in an aggregate principal amount not exceeding as to it $1,000,000 at any time outstanding;

(d) Indebtedness of the Issuer or any of its Subsidiaries that conducts a stand-alone investment management business incurred to finance the acquisition of fixed or capital assets (whether pursuant to a deferred purchase arrangement with a vendor, a loan, a Financing Lease or otherwise) in an aggregate principal amount not exceeding as to it $200,000 at any one time outstanding;

(e) Indebtedness of a Person which becomes a Subsidiary after the date hereof, provided that (i) such indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof and (ii) immediately after giving effect to the acquisition of such Person by the Issuer no Default or Event of Default shall have occurred and be continuing;

(f) Senior Indebtedness;

(g) Indebtedness in respect of (i) the Subordinated Contingent Payment Notes and (ii) other Subordinated Indebtedness;

(h) Indebtedness of the Issuer and its Subsidiaries existing on the date hereof, as described in Item 7.2(h) of the Disclosure Schedule ("Existing Indebtedness");

(i) Indebtedness of the type described in clause (g) of the definition of Indebtedness incurred by the Issuer or any of its Subsidiaries in the ordinary course of business with reputable financial institutions and not for speculative purposes; and

(j) Indebtedness of the Issuer or any of its Subsidiaries incurred to the seller of an interest in any Management Company or Subsidiary at the time of the Issuer's initial acquisition of an interest in such Management Company or Subsidiary, so long as (i) such Indebtedness does not have a final maturity in excess of one year and (ii) (A) the Issuer, or in the case of a Subsidiary of the Issuer, such Subsidiary, has cash or Cash Equivalent Investments on hand in an aggregate amount equal to or greater than the aggregate principal amount of all such Indebtedness or (B) such Indebtedness is secured with a letter of credit permitted hereunder.

provided, however, that (i) the Issuer and its Subsidiaries shall not Incur any Indebtedness described in clause, (e) or (g) of this Section 7.2 unless prior to the Incurrence thereof the Issuer shall have furnished to each Holder a certificate of its chief financial officer certifying (in reasonable detail with appropriate calculations and computations) that, upon the Incurrence of such Indebtedness, the Consolidated Coverage Ratio of the Issuer shall be greater than 2.00 to 1.00 and (ii) at the end of any Fiscal Quarter during which the Issuer or any of its Subsidiaries has Incurred any Indebtedness described in clause (c) of this Section 7.2, the Issuer shall furnish to each Holder within 45 days after the end of such Fiscal Quarter a certificate of its chief financial officer certifying (in reasonable detail and with appropriate calculations and computations) that the Consolidated Coverage Ratio of the Issuer as at the end of such Fiscal Quarter is greater than 2.00 to 1.00. .

SECTION 7.3. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes, assessments and other governmental charges not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Issuer or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Issuer or such Subsidiary;

(f) Liens securing Indebtedness of the Issuer and its Subsidiaries permitted by clause (d) of Section 7.2 incurred to finance the acquisition of fixed or capital assets, provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by such Lien shall at no time exceed the purchase price of such property;

(g) Liens on the property or assets of a Person which becomes a Subsidiary after the date hereof securing Indebtedness permitted by clause (e) of Section 7.2, provided that (i) such Liens existed at the time such Person became a Subsidiary and were not created in anticipation thereof, (ii) any such Lien is not spread to cover any property or assets of such Person after the time such Person becomes a Subsidiary and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens arising by reason of any judgment, decree or order of any court or other Governmental Authority (i) if appropriate legal proceedings which have been initiated for the review of such judgment, decree or order are being diligently prosecuted and shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired or (ii) if such judgment, decree or order shall have been discharged within 45 days of the entry thereof or execution thereof has been stayed pending appeal;

(i) Liens securing Senior Indebtedness;

(j) Liens existing, or provided for under arrangements existing, as of the date hereof, in each case as described on Item 7.3(j) of the Disclosure Schedule ("Existing Liens"); and

(k) Liens securing Indebtedness of the Issuer or any of its Subsidiaries incurred in connection with the acquisition of an interest in any Management Company or Subsidiary and payable to the seller of such interest, to the extent such Liens cover solely such interest.

SECTION 7.4. Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist any Guarantee Obligation except guarantees by the Issuer or any Subsidiary of the Issuer or Management Company of obligations of any of the Subsidiaries of the Issuer, which obligations are otherwise permitted under this Agreement, and except for (a) other Guarantee Obligations not exceeding $1,500,000 in the aggregate at any time or (b) Guarantee Obligations which constitute Indebtedness permitted under Section 7.2.

SECTION 7.5. Investments; Joint Ventures. Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other Investment in, any Person, except:

(a) extensions of trade credit in the ordinary course of business;

(b) Cash Equivalent Investments, including any such investment that may be readily sold or otherwise liquidated in any Fund for which any Subsidiary or other Management Company provides management, advisory or administrative services and which principally invests in Cash Equivalent Investments;

(c) any loan or advance to, or other Investment in, a Management Company or a Subsidiary or in any Person which, after giving effect to such Investment, will become a Subsidiary or a Management Company, if, after giving effect to such investment, no Default or Event of Default shall have occurred and be continuing;

(d) loans to officers of the Issuer or its Subsidiaries listed on Item 7.5 of the Disclosure Schedule in aggregate principal amounts outstanding not to exceed the respective amounts set forth for such officers on said schedule;

(e) loans and advances to employees of the Issuer or its Subsidiaries for travel, entertainment and relocation expenses in the ordinary course of business in an aggregate amount for the Issuer and its Subsidiaries not to exceed $100,000 at any one time outstanding (other than as permitted in clause (f) below); and

(f) Investments made by a Subsidiary of the Issuer to the extent made out of the portion of the revenues of such Subsidiary which is designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreement.

SECTION 7.6. Restricted Payments, etc. Declare or pay any dividend (other than dividends payable solely in common stock of the Issuer) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of Capital Stock of the Issuer or any of its Subsidiaries (other than shares held by the Issuer or a wholly-owned Subsidiary of the Issuer) or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Issuer or any Subsidiary; provided,

however, that (i) any Subsidiary may declare or pay any dividend or other distribution in accordance with the terms of its Revenue Sharing Agreement, (ii) the Issuer or any Subsidiary may purchase shares of the Capital Stock of such Subsidiary (A) pursuant to the terms of the agreements set forth in Item 7.6 of the Disclosure Schedule ("Put/Call Arrangements") or (B) pursuant to any agreement similar in form and scope to such agreements, so long as such agreement is approved by each and every member of the Board of Directors of the Issuer pursuant to a resolution certified by the Secretary or Assistant Secretary of the Issuer furnished to the holders and (iii) the Issuer may make the payments described in Section 1.5 of the Stockholders Agreement (including any release of funds held pursuant to the Escrow Agreement referred to in such Section 1.5).

SECTION 7.7. Capital Expenditures, etc. Make or commit to make (by way of the acquisition of securities of a Person or otherwise) any expenditure in respect of the purchase or other acquisition of fixed or capital assets (excluding any such asset acquired in connection with normal replacement and maintenance programs properly charged to current operations) except in the case of the Issuer, for expenditures in the ordinary course of business not exceeding, in the aggregate for the Issuer during any Fiscal Year of the Issuer $2,500,000 and except in the case of a Subsidiary of the Issuer, expenditures in respect of fixed or capital assets to the extent that such expenditures are made out of that portion of its revenues designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreement.

SECTION 7.8. Leases. Permit the amount paid by the Issuer for lease obligations under operating leases to which the Issuer is a party (including any such leases entered into in connection with sale leaseback transactions) for any Fiscal Year of the Issuer to exceed $750,000 or permit a Subsidiary of the Issuer to make any such payment in respect of lease obligations except to the extent that any such payment is made out of that portion of its revenues designated as Operating Cash Flow (and not Free Cash Flow) under the relevant Revenue Sharing Agreement.

SECTION 7.9. Limitation on Payments of Subordinated Indebtedness. Make any payment (including any cash payment of interest) or prepayment on or redemption, defeasance or purchase of any Subordinated Indebtedness; provided, however, as long as there is no Default or Event of Default, the Issuer may make payments due on the Subordinated Contingent Payment Notes as required thereunder.

SECTION 7.10. Limitation on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets (each a "disposition"), or make any material change in its present method of conducting business; provided that, unless, (i) with respect to a merger, consolidation or amalgamation of a Subsidiary of the Issuer, if prior to such event the Issuer owned at least a 51% ownership interest, the Issuer shall continue to own at least a 51% ownership interest in such Subsidiary or the surviving Person of such merger, consolidation or amalgamation or, after such event it shall have no ownership interest, (ii) with respect to the

liquidation, winding up or dissolution of a direct or indirect Subsidiary of the Issuer, the assets of such Subsidiary shall have been transferred to the Issuer or a Subsidiary of the Issuer and the other shareholders, partners or members of a Subsidiary, or another Subsidiary of the Issuer, and (iii) with respect to any disposition described above, the Net Proceeds thereof shall have been applied, first, to the extent required by the Credit Agreement, to repay principal in respect of Senior Indebtedness (provided that, in the event any such principal is in respect of a revolving credit facility, commitments in respect of such revolving credit facility are permanently reduced dollar for dollar) and, second, to the redemption of the Bridge Notes in accordance with Article VIII.

SECTION 7.11. Asset Dispositions, etc. Convey, sell, lease, assign, transfer or otherwise dispose (including in connection with sale leaseback transactions) of any of its property, business or assets (including receivables and leasehold interests), whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person other than the Issuer or any wholly owned Subsidiary, except:

(a) the sale or other disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale or other disposition of any property in the ordinary course of business;

(c) the sale or discount without recourse of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(d) the sale, issuance or other disposition of the Capital Stock or other ownership interest of any Subsidiary of the Issuer or of a Management Company in which the Issuer owns an ownership interest to partners, officers or directors of such Subsidiary or Management Company; provided that, if prior to such sale, issuance or disposition, the Issuer owns in excess of 50% of the ownership interest in such Subsidiary or Management Company, the Issuer shall at all times continue to own in excess of 50% of the ownership interest in such Subsidiary or Management Company or after such sale, issuance or disposition shall have no ownership interest; provided further that the Net Proceeds of such sale, issuance or disposition (other than a Shareholder Stock Sale) shall have been applied, first, to the extent required by the Credit Agreement, to repay principal in respect of the Senior Indebtedness and, second, to the redemption of the Bridge Notes in accordance with Article VIII; and

(e) the sale, contribution or other transfer of (i) all or substantially all the Capital Stock of a Subsidiary or Management Company (including both Capital Stock held by the Issuer and its Subsidiaries and by the other holders of Capital Stock of such Subsidiary or Management Company) or (ii) all or substantially all the assets of a Subsidiary or Management Company, in each case, to another Subsidiary or Management Company in a transaction or series of related transactions which results in the Issuer

having at least a substantially equivalent economic interest in, and a substantially equivalent level of management and control over, such Subsidiary or Management Company.

SECTION 7.12. Maintenance of Net Worth. Permit Consolidated Net Worth at any time during any period to be less than (i) $25,000,000, plus (ii) 85% of the net proceeds of (A) any issuances by the Issuer of any Capital Stock and, to the extent included in Consolidated Net Worth, Subordinated Indebtedness and (B) any equity contributions to it, in each case after the date hereof, plus (iii) 50% of the positive Consolidated Net Income, if any, for each completed Fiscal Quarter of the Issuer from the date hereof, minus (iv) 100% of the Consolidated Net Loss, if any, for each completed Fiscal Quarter of the Issuer from the date hereof to the extent such Consolidated Net Loss results from a write-off of expenses relating to the Existing Agreement (as defined in the Credit Agreement on the date hereof) and Non-Cash Based Compensation Costs.

SECTION 7.13. Modification of Certain Agreements. Consent to any amendment, supplement or other modification of any of the terms or provisions contained in, or applicable to, (a) the Organic Documents of the Issuer, other than any amendment, supplement or other modification which does not affect the rights of the Holders under the Transaction Documents; (b) the Credit Agreement, except to the extent that the documents pursuant to which the Credit Agreement is amended, supplemented or otherwise modified (i) do not impose on the Issuer or its Subsidiaries rates of interest, prepayment charges or other fees or other amounts that are greater than the respective amounts thereof payable under the terms of the Credit Agreement as in effect immediately prior to such amendment, supplement or other modification (other than any increase in the margin added to the "Eurodollar Rate" or "ABR" (as each such term is defined in the Credit Agreement) which when added to any other increases in such margin since the execution of the Credit Agreement does not exceed 200 basis points (exclusive of the effect of any increase in such margin of up to 200 basis points as a result of a default)), and (ii) do not contain terms or conditions with respect to the covenants or other provisions set forth in Sections 4.2 and 8.11 of the Credit Agreement (or any successor provision thereto) and the defined terms used therein that are more burdensome or restrictive with respect to the Issuer and its Subsidiaries, or that impose more restrictive terms or conditions with respect to payment of the Obligations, than the terms and conditions contained in the Credit Agreement as in effect immediately prior to such amendment, supplement or other modification; or (c) the TBC Acquisition Agreement or any Revenue Sharing Agreement, other than any amendment, supplement or other modification thereto which would not have a Material Adverse Effect.

SECTION 7.14. Transactions with Affiliates. Except as described on Item 7.14 of the Disclosure Schedule ("Transaction with Affiliates"), enter into any transaction, including any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is (a) (i) otherwise expressly permitted under this Agreement, (ii) in the ordinary course of the Issuer's or such Subsidiary's business and (iii) upon fair and reasonable terms no less favorable to the Issuer or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate, or

(b) (i) between the Issuer and any Subsidiary, (ii) is not otherwise prohibited under this Agreement and (iii) at the time of such transaction there is no then current intention or plan (whether in connection with such transaction or otherwise) whereby such Subsidiary would cease to be a Subsidiary of the Issuer, provided, however, that transactions between the Issuer or any of its Subsidiaries or any officer, director, individual stockholder, partner or member (or an entity wholly owned by such an individual) and any Fund or other Investment Company sponsored by the Issuer or any Subsidiary or for which the Issuer or any Subsidiary provides advisory, administrative, supervisory, management, consulting or similar services, that are otherwise permissible under the Investment Company Act, the Investment Advisers Act and the applicable management contracts shall be permitted under this Section 7.14.

SECTION 7.15. Tax Consolidation. File or consent to the filing of any consolidated income tax return with any Person other than a Subsidiary of the Issuer or the Issuer.

SECTION 7.16. Negative Pledges, Restrictive Agreements, etc. The Issuer will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement, any other Transaction Document and the Credit Agreement and in the case of clause (b) below, any Revenue Sharing Agreement and any agreement governing any Indebtedness permitted by clause (f) of Section 7.2 as to the assets financed with the proceeds of such Indebtedness) prohibiting

(a) the ability of the Issuer or any of its Subsidiaries to amend or otherwise modify this Agreement or any other Transaction Document; or

(b) the ability of any Subsidiary of the Issuer to make any payments directly or indirectly to the Issuer, by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Subsidiary to make any payment, directly or indirectly, to the Issuer.

SECTION 7.17. Inconsistent Agreements. Enter into, or permit any of its Subsidiaries to enter into, any agreement or arrangement which conflicts with the obligations of the Issuer or any of its Subsidiaries under this Agreement or any other Transaction Document.

SECTION 7.18. Fiscal Year. Permit the Fiscal Year of the Issuer to end on a day other than December 31.

SECTION 7.19. Limitation of Ranking of Future Indebtedness. Incur, create or suffer to exist, or permit any of its Subsidiaries to incur, create or suffer to exist, any Indebtedness which is subordinate or junior in right of payment (to any extent) to any Senior Indebtedness and which is senior or superior in right of payment (to any extent) to the Notes (or any guaranty in respect thereof).

SECTION 7.20. Stay, Extension and Usury Laws. Permit (to the extent that it may lawfully do so), or permit any of its Subsidiaries to, at any time insist upon, plead, or in any manner whatsoever claim or take the benefit of or advantage of, and will use its best efforts to resist any attempts to claim or take the benefit of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of its obligations under this Agreement, the Notes or any other Transaction Document, and each of the Issuer (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holders, but will suffer and permit the execution of every such power as though no such law has been enacted.

ARTICLE VIII

REDEMPTION

SECTION 8.1. Mandatory Redemption. (a) Concurrent with the consummation of a Take-Out Financing, the Issuer shall redeem all (and not less than all) of the then outstanding Bridge Notes at a redemption price equal to 100% of the aggregate principal amount thereof then outstanding plus accrued and unpaid interest, and shall provide a Notice of Redemption pursuant to Section 8.4.

(b) Upon the occurrence of a Change of Control, the Issuer shall offer to redeem all (and not less than all) of the then outstanding Bridge Notes at a redemption price equal to 103% of the aggregate principal amount thereof then outstanding plus accrued and unpaid interest, within 30 days of the occurrence of such Change of Control, and shall provide a Notice of Redemption pursuant to Section 8.4.

(c) Upon the receipt of Net Proceeds that either (x) arise from the Incurrence of Recapture Indebtedness or (y) are required to redeem the Bridge Notes pursuant to Section 7.10 or 7.11 (collectively, "Available Net Proceeds"), the Issuer shall offer to redeem the portion of the then outstanding Bridge Notes the aggregate principal amount of which equals the quotient obtained by dividing such Available Net Proceeds by 103% at a redemption price equal to 103% of such aggregate principal amount plus accrued and unpaid interest thereon, within five Business Days of the receipt of such Available Net Proceeds, and shall provide a Notice of Redemption pursuant to Section 8.4.

SECTION 8.2. The Issuer's Right to Redeem. The Issuer, at its option, may redeem all or less than all of the then outstanding Bridge Notes at 103% of the aggregate principal amount of the Bridge Notes being redeemed plus accrued and unpaid interest thereon.

SECTION 8.3. Selection of Notes and Portions of Notes to Be Redeemed. If less than all of the then outstanding Bridge Notes are being redeemed, the Issuer shall redeem the Bridge Notes pro rata, in such manner as complies with applicable legal requirements, if any, and in a

minimum aggregate principal amount of $1,000,000 (or, if the aggregate principal amount of the Bridge Notes then outstanding is less than $1,000,000, such lesser amount). Bridge Notes in denominations of $1,000 may be redeemed only in whole. The Issuer may select for redemption portions (equal to $1,000 or any integral multiple thereof) of the principal of Bridge Notes that have denominations larger than $1,000. Provisions of this Agreement that apply to Bridge Notes called for redemption also apply to portions of Bridge Notes called for redemption.

SECTION 8.4. Notice of Redemption. A notice of redemption ("Notice of Redemption") shall be mailed by the Issuer to each Holder whose Bridge Notes are to be redeemed at such Holder's registered address by first class mail (i) in the event such Bridge Notes are being redeemed pursuant to (A) Section 8.1(a) in connection with a Take-Out Financing, not less than 10 days nor more than 60 days prior to the date that the Take-Out Financing is consummated, (B) Section 8.1(b) in connection with a Change of Control, not more than five days after the occurrence of such Change of Control or (C) Section 8.1(c) in connection with the receipt of Available Net Proceeds by the Issuer or its Subsidiaries, not less than 10 nor more than 60 days prior to the date on which the such Available Net Proceeds are received, or (ii) in the event such Bridge Notes are being redeemed pursuant to Section 8.2, at least 10 days but not more than 60 days before the applicable Redemption Date. Each Notice of Redemption shall identify the Bridge Notes to be redeemed and shall state:

(a) the applicable Redemption Date;

(b) the applicable Redemption Price;

(c) the name and address of the Issuer;

(d) that the Bridge Notes called for redemption must be surrendered to the Issuer to collect the applicable Redemption Price;

(e) that, unless the Issuer defaults in payment of the Redemption Price, interest on the Bridge Notes called for redemption ceases to accrue on and after the applicable Redemption Date, and the only remaining right of the Holders of such Bridge Notes is to receive payment of the Redemption Price upon surrender to the Issuer of the Bridge Notes redeemed;

(f) if any Bridge Note is being redeemed in part, the portion of the principal amount of such Bridge Note to be redeemed and that, after the Redemption Date, and upon surrender of such Bridge Note, a new Bridge Note or Bridge Notes in aggregate principal amount equal to the unredeemed portion thereof will be issued setting forth the remaining principal amount due on the Bridge Note Maturity Date;

(g) if less than all the Bridge Notes then outstanding are to be redeemed, the identification of the particular Bridge Notes (or portion(s) thereof) to be redeemed, as

well as the aggregate principal amount of Bridge Notes to be redeemed and the aggregate principal amount of Bridge Note(s) to be outstanding after such partial redemption; and

(h) the Section of this Agreement pursuant to which the Bridge Notes are to be redeemed.

SECTION 8.5. Effect of Notice of Redemption. Once a Notice of Redemption is delivered in accordance with Section 8.4 in connection with a redemption pursuant to Section 8.2, the Bridge Notes called for redemption thereunder shall become due and payable on the applicable Redemption Date at the applicable Redemption Price.

SECTION 8.6. Payment of Redemption Price. On presentation and surrender of any Bridge Notes in connection with a mandatory redemption or an optional redemption with respect to which a Notice of Redemption has been given, at the place of payment specified in Section 6.9, such Bridge Notes or specified portions thereof shall be paid and redeemed by the Issuer on the applicable Redemption Date at the applicable Redemption Price.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 9.1 shall constitute an "Event of Default".

SECTION 9.1.1. Non-Payment of Obligations. The Issuer shall fail to pay any principal of any Note when due in accordance with the terms thereof or hereof; or the Issuer shall fail to pay any interest thereon, or any other amount payable hereunder, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof.

SECTION 9.1.2. Breach of Warranty. Any representation or warranty made or deemed made by the Issuer or any of its Subsidiaries herein or in any other Transaction Document or which is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Transaction Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made.

SECTION 9.1.3. Non-Performance of Certain Covenants and Obligations. The Issuer or any of its Subsidiaries shall default in the observance or performance of any agreement contained in Article VII or Section 6.1, 6.3(a), 6.4 or 6.13.

SECTION 9.1.4. Non-Performance of Other Covenants and Obligations. The Issuer or any of its Subsidiaries shall default in the observance or performance of any other agreement

contained in this Agreement or any other Transaction Document (other than as provided in Section 9.1.1, 9.1.2 or 9.1.3), and such default shall continue unremedied for a period of 30 days.

SECTION 9.1.5. Default on Other Indebtedness. The Issuer or any of its Subsidiaries shall fail to pay at final stated maturity the principal amount of any Indebtedness for borrowed money of the Issuer or such Subsidiary, or the final stated maturity of any such Indebtedness shall be accelerated and the aggregate principal amount of such Indebtedness, together with the principal amount of any other Indebtedness not paid at final stated maturity or which has been accelerated aggregates $500,000 or more.

SECTION 9.1.6. Judgments. One or more judgments or decrees shall be entered against the Issuer or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of $5,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof.

SECTION 9.1.7. Pension Plans. (a) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (b) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (c) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (d) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (e) the Issuer or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (f) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (a) through (f) above, such event or condition, together with all other such events or conditions, if any, could have a Material Adverse Effect.

SECTION 9.1.8. Bankruptcy, Insolvency, etc. (a) The Issuer or any of its Subsidiaries shall commence any case, proceeding or other action

(i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or

(ii) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Issuer or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or

(b) there shall be commenced against the Issuer or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (a) above which

(i) results in the entry of an order for relief or any such adjudication or appointment or

(ii) remains undismissed, undischarged or unbonded for a period of 60 days; or

(c) there shall be commenced against the Issuer or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or

(d) the Issuer or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or

(e) the Issuer or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

SECTION 9.1.9. Impairment of Transaction Documents, etc. Any Transaction Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Transaction Party thereto, or the Issuer or any other Transaction Party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability.

SECTION 9.2. Action if Bankruptcy. If any Event of Default described in clause (a) or (b) of Section 9.1.8 shall occur, the outstanding principal amount of, and accrued and unpaid interest on, all outstanding Notes and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 9.3. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clause (a) or (b) of Section 9.1.8) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Requisite Holders (or, in the case such Event of Default is an Event of Default described in Section 9.1.1, Holders holding at least 25% of the aggregate principal amount of the then outstanding Notes) may, upon notice or demand, declare all or any portion of the outstanding principal amount of, and accrued and unpaid interest on, the Notes and all other Obligations to be due and payable, whereupon the full unpaid amount of such Notes and any and all other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment.

ARTICLE X

SUBORDINATION

SECTION 10.1. Agreement to Subordinate. The Issuer agrees, and each Holder by accepting a Note agrees, that the Indebtedness evidenced by the Notes is subordinated in right of payment, to the extent and in the manner provided in this Article X, to the prior payment in full of all Senior Indebtedness and that the subordination is for the benefit of and enforceable by the holders of Senior Indebtedness. The Notes shall in all respects rank pari passu with all other Senior Subordinated Indebtedness of the Issuer and only indebtedness of the Issuer that is Senior Indebtedness shall rank senior to the Notes in accordance with the provisions set forth herein.

SECTION 10.2. Liquidation; Dissolution; Bankruptcy. Upon any payment or distribution of the assets of the Issuer to creditors upon a total or partial liquidation or a total or partial dissolution of the Issuer or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Issuer or its property:

(i) holders of Senior Indebtedness shall be entitled to receive payment in full of the Senior Indebtedness before the Holders shall be entitled to receive any payment of principal of, or premium, if any, or interest on the Notes; and

(ii) until the Senior Indebtedness is paid in full, any payment or distribution to which the Holders would be entitled but for this Article X shall be made to holders of Senior Indebtedness as their interests may appear;

provided, however, that the Holders may receive (x) shares of capital stock of the Issuer and (y) any debt securities of the Issuer that are subordinated to Senior Indebtedness to at least the same extent as the Notes, so long as such debt securities are not entitled to the benefits of covenants or defaults materially more beneficial to the holders of such debt securities than those in effect with respect to the Bridge Notes on the date hereof (or the Senior Indebtedness, after giving effect to any plan of reorganization or readjustment) and such debt securities do not provide for amortization (including sinking fund and mandatory prepayment provisions) commencing prior to the date six months following the final scheduled maturity date of the Senior Debt (as modified by any plan or reorganization or readjustment) (such capital stock and debt securities, "Permitted Junior Securities").

SECTION 10.3. Default on Senior Indebtedness. The Issuer may not pay the principal of, premium, if any, or interest on, the Notes or otherwise purchase or retire (except with Permitted Junior Securities) any Notes (collectively, "pay the Notes") if (i) any Senior Indebtedness is not paid when due and all applicable grace periods have expired or (ii) any other default on Senior Indebtedness occurs and the maturity of such Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (x) the default has been cured or waived in writing and any such acceleration has been rescinded in writing or (y) such Senior Indebtedness has been paid in full; provided, however, that the Issuer may pay the Notes without

regard to the foregoing if the Issuer receives written notice approving such payment from the Representative of the Senior Indebtedness with respect to which either of the events set forth in clause (i) or (ii) above has occurred and is continuing. During the continuance of any default (other than a default described in clause (i) or (ii) of the preceding sentence) with respect to any Senior Indebtedness pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Issuer may not pay the Notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Issuer and each of the Holders of written notice (a "Blockage Notice") of such default from the Representative of the Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated (i) by written notice to the Issuer from the Person or Persons who gave such Blockage Notice, (ii) by repayment in full of the Senior Indebtedness or (iii) because the default giving rise to such Blockage Notice is no longer continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of this Section), unless the holders of Senior Indebtedness or the Representative of such holders shall have accelerated the maturity of such Senior Indebtedness, the Issuer may resume payments on the Notes after such Payment Blockage Period, including any missed payments. Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Senior Indebtedness during such period.

SECTION 10.4. Acceleration of Payment Notes. If payment of the Notes is accelerated because of an Event of Default, the Issuer or the Holders shall promptly notify the Representative of the acceleration. If any Senior Indebtedness is outstanding, the Issuer may not pay the Notes until five Business Days after the Representative receives notice of such acceleration and, thereafter, may pay the Notes only if this Article X otherwise permits the payment at that time.

SECTION 10.5. When Distribution Must Be Paid Over. If a distribution is made to the Holders that because of this Article X should not have been made to them, the Holders who receive the distribution shall hold it in trust for holders of Senior Indebtedness and pay it over to them as their interests may appear.

SECTION 10.6. Subrogation. After all Senior Indebtedness is paid in full and until the Notes are paid in full, the Holders shall be subrogated to the rights of holders of Senior Indebtedness to receive distributions applicable to Senior Indebtedness. A distribution made under this Article X to holders of Senior Indebtedness that otherwise would have been made to the Holders is not, as between the Issuer and the Holders, a payment by the Issuer on Senior Indebtedness.

SECTION 10.7. Relative Rights. This Article X defines the relative rights of the Holders and holders of Senior Indebtedness. Nothing in this Agreement shall:

(a) impair, as between the Issuer and the Holders, the obligation of the Issuer, which is absolute and unconditional, to pay principal of, premium, if any, and interest on the Notes in accordance with their terms; or

(b) prevent any Holder from exercising its available remedies upon a Default, subject to the rights of holders of Senior Indebtedness to receive distributions otherwise payable to the Holders.

SECTION 10.8. Subordination May Not Be Impaired by Issuer. No right of any holder of Senior Indebtedness to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Issuer or by its failure to comply with this Agreement.

SECTION 10.9. Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness, the distribution may be made and the notice given to the Representative.

SECTION 10.10. Article X Not to Prevent Events of Default or Limit Right to Accelerate. The failure to make a payment pursuant to the Notes by reason of any provision in this Article X shall not be construed as preventing the occurrence of a Default. Nothing in this Article X shall have any effect on the right of the Holders to accelerate the maturity of the Notes.

SECTION 10.11. Holders Entitled to Rely. Upon any payment or distribution pursuant to this Article X, the Holders shall be entitled to rely (i) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 10.2 are pending, (ii) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Holders or (iii) upon the Representative for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other Indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article X. In the event that any Holder determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article X, such Holder may request such Person to furnish evidence to the reasonable satisfaction of such Holder as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article X, and, if such evidence is not furnished, such Holder (and the other Holders) may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 10.12. Reliance by Holders of Senior Indebtedness on Subordination Provisions. Each Holder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness, whether such Senior Indebtedness was created or acquired

before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

SECTION 10.13. Proof of Claim. In the event that, while any Senior Indebtedness is outstanding, any bankruptcy or insolvency proceeding is commenced by or against the Issuer or its property and the Holders have not filed proofs of claim as of the tenth business day preceding the bar date therefor, the Representative on behalf of the Senior Debtholders will be irrevocably authorized and empowered (in its own name or otherwise), but shall have no obligation, to file appropriate proofs of claim for the exercise or enforcement of any of the rights or interests of the Holders with respect to the Subordinated Debt in such proceeding. Notwithstanding the foregoing, neither the Representative nor any Senior Debtholder shall have any right whatsoever to vote any claim that any Holder may have in such proceeding to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1. Amendments and Waivers.

(a) Consent of Holders. No amendment, modification, termination or waiver of any provision of this Agreement (including the forms of documents attached hereto) or the Notes, or consent to any departure by the Issuer therefrom, shall in any event be effective without the written concurrence of the Requisite Holders; provided, however, that (i) without the written concurrence of Holders of at least 75% of the aggregate principal amount of the then outstanding Notes, no amendment, modification, termination or waiver may make any change to the subordination provisions of this Agreement or the form of Exchange Note Indenture attached hereto that adversely affects any Holder and (ii) without the consent of each Holder affected, no amendment, modification, termination or waiver may (with respect to any Notes held by a nonconsenting Holder of Notes):

(A) reduce the principal amount of any Note of such Holder or change the Bridge Note Maturity Date or the Exchange Note Maturity Date;

(B) amend the provisions with respect to the redemption of any Note of such Holder pursuant to Sections 8.1, 8.2 and 8.3 (including reducing any applicable Redemption Price);

(C) reduce the rate of, or change the time for payment of, interest on any Note of such Holder;

(D) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes;

(E) make the principal of, premium, if any, or the interest on, any Note of such Holder payable in any manner other than that stated in this Agreement and the Notes;

(F) waive a redemption payment with respect to any Note of such Holder;

(G) make any change to the definition of "Requisite Holders";

(H) reduce the percentage of the aggregate outstanding principal amount of Notes necessary to accelerate the Notes under Section 9.3 or modify the right of a Holder to accelerate its Note under Section 9.3;

(I) make any change to the transfer provisions of Section 11.2 that adversely affects the ability of a Holder to make any transfer described therein; or

(J) make any change in the foregoing amendment and waiver provisions.

In determining whether the holders of the requisite principal amount of Notes have concurred in any amendment, modification, termination or waiver as herein provided, Notes that are held by the Issuer or any of its Affiliates shall be disregarded and deemed not to be outstanding for the purpose of any such determination.

After an amendment, modification, termination or waiver under this Section 11.1 becomes effective, the Issuer shall mail to the Holders affected thereby a notice briefly describing such amendment, modification, termination or waiver. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, modification, termination or waiver.

(b) Solicitation of Noteholders. The Issuer will not solicit, request or negotiate for or with respect to any proposed amendment, modification, termination or waiver of any of the provisions of this Agreement or the Notes unless each Holder of the Notes (irrespective of the amount of Notes then owned by it) shall be informed thereof by the Issuer (but only to the extent the Issuer has been provided with addresses for the Holders) and shall be afforded the opportunity of considering the same and shall be supplied by the Issuer with reasonably sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any amendment, modification, termination or waiver effected pursuant to the provisions of this Section 11.1 shall be delivered by the Issuer to each Holder of outstanding Notes forthwith following the date on which the same shall have been executed and delivered by the Holder or Holders of the requisite percentage of outstanding Notes (but only to the extent the Issuer has been provided with the addresses for the Holders).

(c) Revocation and Effect of Consents. Until an amendment, modification, termination or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of subsequent Holder may revoke the consent as to its Note or portion of its Note by notice to the Issuer received before the date on which the Requisite Holders have consented (and not theretofore revoked such consent) to such amendment, modification, termination or waiver.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, modification, termination or waiver, which record date shall be at least 30 days prior to the first solicitation of such consent. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date.

After an amendment, modification, termination or waiver becomes effective, it shall bind every Holder of a Note, unless it makes a change described in any of subclauses (A) through (F) of the proviso to Section 11.1(a), in which case, the amendment, modification, termination or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note; provided that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of, premium (if any) and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

SECTION 11.2. Transfers. Each Holder shall be permitted to transfer any Note or any portion thereof (and the rights relating thereto under this Agreement and the other Transaction Documents) to any Person; provided that

(i) such transfer is made pursuant to a registration statement under the Securities Act (it being acknowledged that the Issuer shall not be obligated to assist in any manner in any such registration) or pursuant to an exemption from the registration requirements of the Securities Act;

(ii) such transferee represents to the Issuer in writing that it is acquiring such Note solely for its own account (or, in the case of Account Managers (as defined below), on behalf of managed accounts) and not as nominee or agent for any other Person (other than for such managed accounts, if applicable) and not with a view to, or for offer or sale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States or any state thereof, without prejudice, however, to its right at all times to sell or otherwise dispose of all or any part of said Note pursuant to a registration statement under the Securities Act or

pursuant to an exemption from the registration requirements of the Securities Act, and subject, nevertheless, to the disposition of its property being at all times within its control; and

(iii) unless the Holder making such transfer is making such transfer to any of its Affiliates or any of its partners or with the Issuer's prior written consent, such transfer is of (A) all the Notes then held by such Holder or (B) a Note or Notes (or a portion thereof) evidencing an aggregate principal amount outstanding of not less than $1,000,000;

For purposes hereof, "Account Manager" means each person duly authorized to act as attorney-in-fact on behalf of any other Person, in the name of and using funds provided by such other Person, in the purchase of securities.

Within three Business Days after its receipt of notice that a transfer is being made pursuant to this Section 11.2, but not prior to the effective date of such transfer, the Issuer shall deliver to the applicable transferee a new Note evidencing the aggregate principal amount transferred and, if the Holder making such transfer is retaining an interest in the Notes, a replacement Note in the aggregate principal amount being retained by such Holder (such Note to be in exchange for, but not in payment of, the Note then held by such Holder). Each such Note shall be dated the date of the predecessor Note. The Holder making such transfer shall mark the predecessor Note "exchanged" and deliver it to the Issuer.

Upon the written request of any Holder, the Issuer shall promptly provide such Holder with the identity of each other Holder and the aggregate principal amount of the outstanding Notes then held by each such other Holder.

SECTION 11.3. Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and shall be made by personal service, facsimile, United States air mail or reputable courier service:

(a) if to any Purchaser or subsequent Holder, at the address or telecopier number set forth on the signature pages hereof, or such other address as shall be designated in a written notice delivered to the Issuer, with a copy to Mayer, Brown & Platt, 1675 Broadway, New York, New York 10019, Facsimile No. (212) 262-1910, Attention: Salvatore Guerrera, Esq.,

(b) if to the Issuer, at the address or telecopy number set forth on the signature pages hereof, or such other address as shall be designated in a written notice delivered to the other parties hereto, with a copy to Goodwin, Procter & Hoar LLP, Facsimile No. 617-523-1231, Attention: Richard E. Floor, P.C., and

(c) if to the Representative, at the address set forth below:

The Chase Manhattan Bank
One Chase Manhattan Plaza
8th Floor
New York, New York 10081
Attention: Laura Rebecca
Fax: (212) 552-7490

Unless otherwise specifically provided herein, any notice or other communication shall be deemed to have been given when delivered in person or by courier service, upon receipt of facsimile (electronically confirmed), or five Business Days after depositing it in the United States air mail with postage prepaid and properly addressed.

SECTION 11.4. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

SECTION 11.5. Survival of Representations, Warranties and Agreements. (a) All representations, warranties and agreements made herein shall survive the execution and delivery of this Agreement and the issuance and sale of the Securities hereunder.

(b) Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of the Issuer set forth in Sections 2.2, 2.6, 2.9, 2.12 and 2.13, shall in each case survive the payment of the Notes, the exercise of the Warrants, and the termination of this Agreement.

SECTION 11.6. Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of any Holder in the exercise of any power, right or privilege hereunder or under any other Transaction Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement and the other Transaction Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available.

SECTION 11.7. Severability. Any provision of this Agreement, the Notes or any other Transaction Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or impairing the remaining provisions of this Agreement,

the Notes or such other Transaction Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 11.8. Obligations Several; Independent Nature of Holders' Rights. The obligations of the Holders hereunder are several and no Holder shall be responsible for the obligations of any other Holder hereunder. Nothing contained herein or in any other Transaction Document, and no action taken by the Holders pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Holder shall be a separate and independent debt, and each Holder shall be entitled to protect and enforce, subject to the express provisions of this Agreement, its rights arising out of this Agreement and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

SECTION 11.9. Headings. Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

SECTION 11.10. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 11.11. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Purchasers (including each Holder) provided, however, that:

(a) the Issuer may not assign or transfer its rights or obligations hereunder without the prior written consent of each Purchaser and Holder; and

(b) a Purchaser signatory hereto may assign its right and any obligation to purchase any portion of the Notes (and a pro rata portion of the Warrants) to:

(i) with the written consent of the Issuer (which consent shall not be unreasonably delayed or withheld and which consent shall be deemed to have been given in the absence of a written notice delivered by the Issuer to the Purchaser requesting such assignment on or before the tenth Business Day after receipt by the Issuer of such Purchaser's request for consent, stating, in reasonable detail, the reasons why the Issuer proposes to withhold such consent), to any financial institution, and

(ii) with notice to the Issuer, but without the consent of the Issuer, to any Affiliate of such Purchaser.

SECTION 11.12. Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY TRANSACTION PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR ANY OBLIGATION MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT THE ISSUER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT, SUCH OTHER TRANSACTION DOCUMENT OR SUCH OBLIGATION. The Issuer hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to such Person at its address provided on the signature pages hereto, such service being hereby acknowledged by such Person to be sufficient for personal jurisdiction in any action against such Person in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of any Holder to bring pro ceedings against any Transaction Party in the courts of any other jurisdiction.

SECTION 11.13. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each will continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE SECURITIES ISSUED HEREUNDER. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

SECTION 11.14. Counterparts; Effectiveness. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which

when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

SECTION 11.15. Termination. At any time prior to the Closing Date, the obligation of the Purchasers to purchase the Notes and the Warrants (which obligation is subject to the terms and conditions of this Agreement) may be terminated as follows:

(a) by mutual written consent of the Purchasers and the Issuer;

(b) by the Purchaser or the Issuer if the Closing has not occurred by December 15, 1997; and

(c) If the TBC Acquisition Agreement is terminated or an Event of Default described in Section 9.1.8 has occurred.

SECTION 11.16. Entire Agreement. This Agreement, together with the Securities and the Warrant Agreement, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding, written or verbal, of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, together with the Securities, the Warrant Agreement and the other Transaction Documents, supersedes all prior agreements and understandings between the parties with respect to such subject matter.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Sean M. Healey

Name: Sean M. Healey
Title: Executive Vice President

PURCHASERS:

CHASE EQUITY ASSOCIATES, L.P.

By: Chase Capital Partners, its general partner

By: /s/ John M.B. O'Connor

Name: John M.B. O'Connor
Title: General Partner

Principal amount of Notes to be purchased:	$ 60,000,000
Number of Warrants to be purchased:	(1)
Aggregate purchase price of Notes and Warrants to be purchased:	$ 60,000,000

Initial Bank Account:
ABA:
Account #:
Ref:
Attn:

- --------

(1) On Closing Date, insert number equal to 7.2% of the outstanding Common Stock of the Issuer on a fully-diluted basis (after giving effect to the TBC Acquisition and the Acquisition of GeoCapital).

EXHIBIT 4.7

SECURITIES PURCHASE AGREEMENT AMENDMENT NO. 1

THIS SECURITIES PURCHASE AGREEMENT AMENDMENT NO. 1 (this "Amendment"), dated as of October 9, 1997, between AFFILIATED MANAGERS GROUP, INC., a Delaware corporation (the "Issuer"), and the purchaser listed on the signature page hereto (the "Purchaser").

WITNESSETH:

WHEREAS, the Issuer and the Purchaser are parties to the Securities Purchase Agreement, dated as of August 15, 1997 (the "Purchase Agreement"); and

WHEREAS, the Issuer has requested amendments to Sections 1.1, 7.2, 7.5, 7.6, 7.13, 8.4, 8.6 and 10.2 of the Purchase Agreement, Schedule I of the Purchase Agreement and to Exhibit D to the Purchase Agreement; and

WHEREAS, the Purchaser is willing to consent to such request:

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in the Purchase Agreement shall have such meanings when used in this Amendment.

ARTICLE II

AMENDMENTS

SECTION 2.1. Amendment to Section 1.1. The definition of "Credit Agreement" in Section 1.1 of the Purchase Agreement is amended by adding in the seventh line of such definition the phrase ", whether or not with the same lenders or Administrative Agent" immediately following the phrase "including all refundings and refinancings of the indebtedness thereunder".

SECTION 2.2. Amendment to Section 7.2. Section 7.2 of the Purchase Agreement is amended by (a) deleting the "and" at the end of clause (i) thereof, (b) deleting the period at the

end of clause (f) thereof and substituting therefor "; and", and (c) adding the following clause (k) immediately following clause (j) thereof;

"(k) Indebtedness in the nature of deferred compensation to employees in an aggregate principal amount not exceeding as to the Issuer and its Subsidiaries $1,000,000 at any time outstanding;".

SECTION 2.3. Amendment to Section 7.4. Section 7.4 of the Purchase Agreement is amended by adding the following subclause at the end thereof:

"or (c) to the extent the Issuer has complied with the provisions of Section 6.13, Guarantee Obligations of a Subsidiary of the Issuer in respect of a guarantee of the performance of the obligations of the Issuer under the Credit Agreement".

SECTION 2.4. Amendment to Section 7.5. Section 7.5 of the Purchase Agreement is amended by deleting the reference in clause (e) thereof to "$100,000" and substituting therefor "$150,000".

SECTION 2.5. Amendment to Section 7.6. Section 7.6 of the Purchase Agreement is amended by (a) adding in the ninth line thereof the phrase ", in an aggregate amount since the date hereof exceeding $500,000" immediately after the word "Subsidiary", but before the proviso to such Section, and (b) deleting clause (iii) of the proviso thereto and substituting therefor the following:

"(iii) the Issuer may make the payments described in or contemplated by Section 1.5 of the Stockholders Agreement and may make the deposit of funds into escrow described in and contemplated by such Section 1.5 and the funds so deposited may be released pursuant to the terms of the Escrow Agreement described in such Section 1.5 and dated as of October 9, 1997".

SECTION 2.6. Amendment to Section 7.13. Section 7.13 of the Purchase Agreement is amended by deleting in subclause (b)(ii) thereof the phrase ", or that impose more restrictive terms or conditions with respect to the payment of the Obligations,".

SECTION 2.7. Amendment to Section 8.4. Section 8.4 of the Purchase Agreement is amended by deleting the reference to "10 days" in the fifth line thereof and substituting therefor "three Business Days".

SECTION 2.8. Amendment to Section 8.6. Section 8.6 of the Purchase Agreement is amended by adding the following at the end thereof:

"unless, in the case of a redemption pursuant to Section 8.1(a) in connection with a Take-Out Financing, the Take-Out Financing fails to be consummated as a result of the underwriters of such financing not purchasing the securities offered in such

financing (in which case the Bridge Notes shall be immediately returned to the Holders thereof and interest shall continue to accrue thereon without interruption)."

SECTION 2.9. Amendment to Section 10.2. Section 10.2 of the Purchase Agreement is amended by deleting the proviso thereto and substituting therefor the following proviso:

"provided, however, that the Holders may receive (x) shares of capital stock of the Issuer and (y) any debt securities of the Issuer that are subordinated to Senior Indebtedness to at least the same extent as the Notes, so long as (1) such debt securities are not entitled to the benefits of covenants or defaults materially more beneficial to the holders of such debt securities than those in effect with respect to the Bridge Notes on the date hereof (or the Senior Indebtedness, after giving effect to any plan or reorganization or readjustment), (2) such debt securities do not provide for amortization (including sinking fund and mandatory prepayment provisions) commencing prior to the date six months following the final scheduled maturity date of the Senior Debt (as modified by any plan or reorganization or readjustment) and (3) the holders of Senior Indebtedness receive in such reorganization or readjustment a combination of reorganization securities, cash and other property having a value determined in such plan of reorganization or readjustment to be at least equal to the Senior Indebtedness on the date of the confirmation (or similar event) of such plan of reorganization or readjustment (such capital stock and debt securities, "Permitted Junior Securities")."

SECTION 2.10. Amendments to Schedule I to the Purchase Agreement. Part (a) of Item 4.4 of Schedule I to the Purchase Agreement is hereby amended by (i) deleting the number "229,886" found under the subsection entitled "Common Stock" and inserting the number "219,220" in its stead, (ii) deleting the number "61,512" found under the subsection entitled "Class B Non-Voting Common Stock" and inserting the number "66,845" in its stead and (iii) deleting the number "28,000" found under the subsection entitled "Series C-2 Non-Voting Convertible Preferred Stock" and inserting the number "33,333" in its stead.

Item 4.17 to Schedule I to the Purchase Agreement is hereby amended by (i) in item 18, deleting "AMG" under the subsection entitled "Ownership" and inserting "AMG/TBC Holdings, Inc." in its stead and (ii) adding new items 19, 20 and 21 as follows:

"19. AMG Service Corp., a Delaware corporation
(a) Ownership
AMG 100 Shares of Common Stock
par value $.01 per share.

20. AMG Finance Trust, a Massachusetts business trust
(a) Ownership
AMG Service Corp. 100 Shares

21. AMG/TBC Holdings, Inc., a Delaware corporation
(a) Ownership

AMG	100 Shares of Common Stock par value $.01 per share"

SECTION 2.11. Amendment of Exhibit D. Exhibit D to the Purchase Agreement is amended in its entirety as set forth in Annex I hereto.

ARTICLE III

MISCELLANEOUS PROVISIONS

SECTION 3.1. Ratification of and References to the Purchase Agreement. This Amendment shall be deemed to be an amendment to the Purchase Agreement, and the Purchase Agreement, as amended hereby, is hereby ratified, approved and confirmed in each and every respect. All references to the Purchase Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Purchase Agreement as amended hereby.

SECTION 3.2. Notice Information. For purposes of Section 11.3 of the Purchase Agreement, notices to the Issuer shall be made to Affiliated Managers Group, Inc., Two International Place, 23rd Floor, Boston, Massachusetts 02110, Attention: Nathaniel Dalton, Senior Vice President, Facsimile No. 617-747-3380, and notices to the Purchaser party hereto shall be made to Chase Equity Associates, L.P., 380 Madison Avenue, New York, New York 10017, Attention: John M.B. O'Connor, Facsimile No. 212-622-3950.

SECTION 3.3. Acknowledgment. The Purchaser hereby acknowledges receipt of notice from the Issuer under Section 6.14 of the Purchase Agreement of the Issuer's filing of a registration statement relating to the Take-Out Financing.

SECTION 3.4. Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

SECTION 3.5. Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

SECTION 3.6. Governing Law. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ISSUER:

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Sean M. Healey

Name: Sean M. Healey
Title: Executive Vice President

PURCHASER:

CHASE EQUITY ASSOCIATES, L.P.

By: Chase Capital Partners, its general partner

By: /s/ John M. B. O'Connor

Name: John M. B. O'Connor
Title: General Partner

[EXECUTION COPY]

EXHIBIT 10.1

AFFILIATED MANAGERS GROUP, INC.

AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT

October 9, 1997

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AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT

This Amended and Restated Stockholders' Agreement (this "Agreement") is made as of this 9th day of October, 1997, by and among Affiliated Managers Group, Inc., a Delaware corporation (the "Company"), the persons and investment funds identified as Class C Investors on Schedule A hereto (the "Class C Investors"), the persons and investment funds identified as Class B Investors on Schedule A hereto (the "Class B Investors"), the persons and investment funds identified on Schedule A hereto as the Class A Investors (the "Class A Investors") and any individuals who may be identified as Management Investors on Schedule B hereto, from time to time (the "Management Investors"), (any Management Investors, Class A Investors, Class B Investors and Class C Investors being referred to herein collectively as the "Investors" and each individually as an "Investor"). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in that certain Preferred Stock and Warrant Purchase Agreement dated as of August 15, 1997 by and among the Company and the Class C Investors, as in effect on the date hereof (the "Preferred Stock and Warrant Purchase Agreement").

W I T N E S S E T H

WHEREAS, the Management Investors, the Class A Investors and the Class B Investors, being a majority in interest of each such group of Investors as defined in the Stockholders' Agreement dated November 7, 1995 (the "Existing Agreement"), desire and intend by this Agreement to amend and restate the Existing Agreement, and upon the effectiveness of this Agreement, the Existing Agreement shall be of no further force or effect;

WHEREAS, the Management Investors hold of record shares of the Common Stock, par value $.01 per share, of the Company (the "Common Stock");

WHEREAS, certain of the Management Investors and the other Class A Investors hold of record shares of the Class A Convertible Preferred Stock, par value $.01 per share, of the Company (the "Class A Preferred Stock");

WHEREAS, the Class B Investors hold of record shares of the Company's Series B-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series B-1 Preferred Stock") and shares of the Company's Series B-2 Non-Voting Convertible Preferred Stock, par value $.01 per share (the "Series B-2 Preferred Stock" and, together with the shares of the Series B-1 Preferred Stock, the "Class B Preferred Shares");

WHEREAS, the Class C Investors have agreed, pursuant to the terms of the Preferred Stock and Warrant Purchase Agreement, to acquire, as of the date hereof, an aggregate of (i) Five Thousand Three Hundred Thirty-Three (5,333) shares of the Company's Series C-2 Non-Voting

Convertible Preferred Stock, par value $.01 per share (the "Series C-2 Non-Voting Convertible Preferred Stock"; the Company's Series C-1 Voting Convertible Preferred Stock, par value $.01 per share (the "Series C-1 Preferred Stock"), together with such Series C-2 Non-Voting Preferred Stock, are herein collectively referred to as the "Class C Preferred Stock"; and the Class A Preferred Stock, Class B Preferred Shares and Class C Preferred Stock are sometimes collectively referred to herein as "Preferred Stock"); and

WHEREAS, it is a condition to the obligations of the Class C Investors under the Preferred Stock and Warrant Purchase Agreement that the parties hereto enter into this Agreement on the terms set forth herein, and the parties are willing to execute this Agreement and to be bound by the provisions hereof;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I ELECTION OF DIRECTORS OF THE COMPANY AND VOTING OF SHARES

Section 1.1. Voting of Shares for Election of Directors of the Company.

(a) With respect to each election or removal of members of the Board of Directors of the Company (including, without limitation, the election or removal of any replacement members), whether at an annual or special meeting of stockholders or by written consent of stockholders, each of the Investors agrees to vote any shares of capital stock of the Company entitled to vote thereat and over which such Investor exercises voting control and to take such other action necessary so as to elect and thereafter continue in office as Directors of the Company, (i) subject to clause (b) below, one individual designated for such directorship by a Majority in Interest (as such term is defined below) of the Class C Investors (the "Class C Director"), (ii) one individual designated for such directorship by a Majority in Interest of the Class B Investors, who shall initially be W.W. Walker, Jr. (the "Class B Director"), and (iii) two individuals designated for such directorship by the Class A Investors which are TA Affiliates (as such term is defined in Section 2.1(f) hereof) who shall initially be P. Andrews McLane and Roger B. Kafker (the "Class A Directors"); provided, that at such time as TA Affiliates own or control less than fifty percent (50%) of the shares of Common Stock outstanding or issuable upon conversion of the Class B Common Stock, Class A Preferred Stock, Series B-1 Preferred Stock and Series B-2 Preferred Stock (after giving effect to the conversion of the shares of Class B Common Stock issuable upon such conversion) voting as a single class, there shall be only one (1) Class A Director who shall be designated by a Majority in Interest of the Class A Investors. For purposes of this Agreement, the term "Majority in Interest" shall mean (i) when used with respect to the Class A Investors, Investors holding a majority of the shares of Common Stock issued or issuable upon conversion of the Class A Preferred Stock, (ii) when used with respect to the Class B Investors, Investors holding

a majority of the shares of Common Stock issued or issuable upon conversion of the Series B-1 Preferred Stock and Series B-2 Preferred Stock (after giving effect to the conversion of the shares of Series B-1 Preferred Stock or Class B Common Stock issued or issuable upon such conversion), (iii) when used with respect to the Class C Investors, Investors holding a majority of the shares of Common Stock issued or issuable upon conversion of the Series C-1 Preferred Stock and Series C-2 Preferred Stock (in each applicable case after giving effect to the conversion of the shares of Series C-1 Preferred Stock or Class B Common Stock issued or issuable upon such conversion) and (iv) when used with respect to all Investors, Investors holding a majority of the shares of Common Stock including all shares of Common Stock issuable upon conversion of the Class B Common Stock, Class A Preferred Stock, Series B-1 Preferred Stock, Series B-2 Preferred Stock, Series C-1 Preferred Stock and Series C-2 Preferred Stock (after giving effect to the conversion of the shares of Class B Common Stock issuable upon such conversion).

(b) Any provision of this Article I to the contrary notwithstanding, in the event that Chase Equity Associates, L.P., a California limited partnership ("CEA"), notifies the Company that a Regulatory Issue exists, the right of the Class C Investors to designate a Class C Director pursuant to clause (a) above shall be suspended and of no further force or effect until and unless CEA notifies the Company that CEA, after consultation with its counsel, has determined that such Regulatory Issue no longer exists; provided, however, that during any such period when the right of the Class C Investors to designate a Class C Director is suspended (a "Regulatory Suspension Period"), a Majority in Interest of the Class C Investors shall have the exclusive right to nominate an individual to fill any vacancy on the Board of Directors which would otherwise have been filled by the Class C Director. For purposes of this Agreement, a "Regulatory Issue" shall arise in the event CEA determines (in its sole discretion) that, as a result of the application of the Bank Holding Company Act of 1956, as amended, or any other Regulatory Requirement to CEA or any of its Affiliates, the Class C Investors are not able to exercise the right to designate the Class C Director pursuant to clause (a) above.

Section 1.2. Vacancies. Each Investor agrees to vote his or its shares of capital stock in such manner as shall be necessary or appropriate so as to (a) ensure that any vacancy occurring for any reason in the Board of Directors of the Company that results in there not being a Class A Director shall be filled by an individual who is designated by a Majority in Interest of the Class A Investors which are TA Affiliates, (b) ensure that any vacancy occurring for any reason in the Board of Directors of the Company that results in there not being a Class B Director shall be filled by an individual who is designated by a Majority in Interest of the Class B Investors, (c) ensure that any vacancy occurring for any reason in the Board of Directors of the Company that results in there not being a Class C Director (other than by reason of the imposition of a Regulatory Suspension Period) shall be filled by an individual who is designated by a Majority in Interest of the Class C Investors and (d) otherwise cause the requirements described in Section 1.1 relating to the Class A Director, the Class B Director and the Class C Director, if any, and the

composition of the Company's Board of Directors to be satisfied; provided, however, that in the event a Regulatory Suspension Period is in effect and the Class C Investors have nominated an individual to fill a vacancy on the Board of Directors which would otherwise have been filled by the Class C Director, an affirmative vote of a Majority in Interest of all Investors, voting as a single class, shall be required in order to elect such nominee to the Board of Directors.

Section 1.3. Visitation Rights. The Company will provide to all Investors holding greater than (x) 7,000 shares (as appropriately adjusted for stock splits, stock dividends and the like) of Class A Preferred Stock, Series B-1 Preferred Stock or Series B-2 Preferred Stock or (y) 7,000 shares (as appropriately adjusted for stock splits, stock dividends and the like) of Class C Preferred Stock, copies of all notices of any meetings of the Board of Directors. Any Investor or group of Investors holding greater than (x) 7,000 shares (as appropriately adjusted for stock splits, stock dividends and the like) of Class A Preferred Stock, Series B-1 Preferred Stock or Series B-2 Preferred Stock or (y) 7,000 shares (as appropriately adjusted for stock splits, stock dividends and the like) of Class C Preferred Stock, is permitted to designate from time to time, by written notice to the Company, one person to attend meetings of the Board of Directors of the Company; provided, however, that the Company may exclude any such designee(s) from any meeting of the Board of Directors of the Company, if the Board of Directors, upon the advice of counsel, determines that such attendance could result in a waiver of privilege; provided, further, that any such exclusion shall be only to the extent required to avoid such waiver, as determined by the Board of Directors, upon the advice of counsel.

Section 1.4. Voting of Shares. This Section shall apply to any matter requiring the approval of the stockholders of the Company if and only if (a)(i) the holders of Class B Common Stock shall be entitled to vote thereon as a separate class or collectively with any other class(es) under Delaware law and (ii) such matter affects the rights of holders of Class B Common Stock in a manner that is not different from the holders of the Common Stock of the Company, or (b)(i)the holders of Series B-2 Preferred Stock or Series C-2 Preferred stock, as applicable, shall be entitled to vote thereon as a separate class or collectively with any other class(es) under Delaware law and (ii) such matter affects the rights of holders of Series B-2 Preferred Stock or Series C-2 Preferred Stock in a manner that is not different from the holders of the Series B-1 Preferred Stock, or Series C-1 Preferred Stock, respectively, of the Company (each such matters as to which this Section 1.4 applies being a "Covered Matter"). At any and all meetings (including all written actions in lieu of meetings) of stockholders of the Company at which any Covered Matter is to be submitted to the stockholders of the Company for their approval or disapproval, the Investors holding shares of Series B-2 Preferred Stock, Series C-2 Preferred Stock or Class B Common Stock (the "Shares") shall vote, whether in person or proxy, with respect to any and all Covered Matters described in clause (a) above, all Shares in the same manner and proportion as voted by the holders of Common Stock of the Company, and with respect to any and all Covered Matters described in clause (b) above, all Shares in the same manner and proportion as voted by the holders of Series B-1 Preferred Stock or Series C-1 Preferred Stock, as applicable, of the Company. The voting agreement contained in this Section 1.4 is coupled with an interest

and may not be revoked or amended except by the mutual written consent of the Company and (x) with respect to clause (a) above, the holders of a majority of the then outstanding shares of Series B-1 Preferred Stock, or Series C-1 Preferred Stock, as applicable, and then outstanding Common Stock, or (y) with respect to clause (b) above, the Investors holding a majority of the then outstanding shares of Series B-2 Preferred Stock or Series C-2 Preferred Stock, as applicable, and then outstanding Series B-1 Preferred Stock or Series C-1 Preferred Stock, as applicable.

Section 1.5. Conversion of Class C Preferred Stock. The Company hereby covenants and agrees, for the benefit of the Holders of Class C Preferred Stock, that it will not consummate any Public Offering other than a Qualified Public Offering (as defined below) unless (i) such Public Offering would, but for the requirement of the Qualifying Price (as defined below), otherwise qualify as a Qualified Public Offering and (ii) on or prior to the consummation of such Public Offering (and as a condition precedent thereto), the Company shall have paid to each such holder of Class C Preferred Stock (determined, with respect to the Class C Warrants, on an as-if-exercised basis) a per share amount in cash equal to the difference between (x) the Qualifying Price then in effect less (y) the per share sale price to the public of the Common Stock sold in such Public Offering; provided, that, any term or provision of this Section 1.5 to the contrary notwithstanding, nothing herein shall alter or modify any term or provision of the Escrow Agreement (as defined below) or the payment or release of, or the conditions to or timing of any such payment or release, of all or any portion of the Escrow Fee (as defined below). For purposes of this Agreement, the terms "Qualified Public Offering," "Qualifying Price," "Escrow Agreement" and "Escrow Fee" each has the meaning provided in the Preferred Stock and Warrant Purchase Agreement.

Section 1.6. Termination. This Article I (other than Sections 1.4 and 1.5 hereof) shall terminate upon the closing of a registered public offering of the Company's Common Stock (a "Public Offering"). Section 1.4 hereof shall remain in effect until there are no longer any shares of Series C-2 Preferred Stock, Series B-2 Preferred Stock or Class B Common Stock outstanding. Section 1.5 hereof shall remain in effect until there are no longer any shares of Class C Preferred Stock outstanding.

Section 1.7. Rights of Warrant Holders Hereunder. Any term or provision hereof to the contrary notwithstanding, terms and provisions hereof relating to Warrants and Warrant Holders (each as defined below) shall have no force or effect until and unless the Warrants are released or available for release from escrow pursuant to Sections 4.01 and 4.02 of the Warrant Agreement (as defined in the Securities Purchase Agreement).

ARTICLE II RIGHTS AND OBLIGATIONS OF CO-SALE AND RESTRICTIONS ON TRANSFER

Section 2.1. Co-Sale Rights With Respect to Shares of Class A Preferred Stock.

(a) If any Class A Investor (the "Originating Investor") desires to sell greater than ten percent (10%) in the aggregate of its shares of Class A Preferred Stock (including Common Stock issued upon the conversion thereof) (computed based on the number of shares of Class A Preferred Stock held by such Investor on the date hereof, as appropriately adjusted for stock splits, stock dividends and the like) pursuant to any offer or proposed offer (a "Transaction Offer") from any third party unaffiliated with such Class A Investor (the "Proposed Transferee"), such Class A Investor (the "Proposed Transferor") shall cause the Transaction Offer to be reduced to writing and shall notify the other Investors and, to the extent such Proposed Transferor has been provided by the Company with the names and addresses of the Warrant Holders (which the Company hereby agrees to so provide), each holder (each, a "Warrant Holder", and, collectively, the "Warrant Holders") of warrants, exercisable for the Company's Class B Common Stock (the "Warrants") issued pursuant to the Warrant Agreement (as defined in the Securities Purchase Agreement) in connection with the Securities Purchase Agreement, dated as of August 15, 1997, among the Company and CEA (the "Securities Purchase Agreement") in a writing signed by the Originating Investor and the Proposed Transferor (enclosing a copy of the Transaction Offer), of its wish to accept or effect the Transaction Offer and otherwise comply with the provisions of this Section 2.1 (such notice, the "Co-Sale Notice"). Such Co-Sale Notice shall contain (i) a statement of the number of shares of Class A Preferred Stock (and Common Stock issued upon conversion thereof) proposed to be sold, (ii) the name and address of the Proposed Transferee and (iii) the terms and conditions, including price, of the proposed sale and any other material facts relating to the proposed sale, and (iv) an irrevocable offer by the Proposed Transferee to purchase, for the same consideration and on the same terms offered by it to the Proposed Transferor, each Investor's or Warrant Holder's, as the case may be, Co-Sale Percentage. For purposes of this Agreement and with respect to each Transaction Offer, each Investor's or Warrant Holder's "Co-Sale Percentage" shall mean, in the case of the Investors, the number of shares of Preferred Stock (or shares of Common Stock or Class B Common Stock obtained upon the conversion thereof), or, in the case of the Warrant Holders, the number of Warrants (or shares of Class B Common Stock obtained upon the exercise thereof) (collectively, "Warrant Shares"), as is equal to the number of shares of "Common Stock Equivalents" (as such term is defined below) as are subject to the Transaction Offer multiplied by a fraction (A) the numerator of which is the number of shares of Common Stock Equivalents held (i) by such Investor in the form of Preferred Stock (or shares of Common Stock or Class B Common Stock obtained upon the conversion thereof) or (ii) by such Warrant Holder in the form of Warrant Shares, and (B) the denominator of which is the number of shares of Common Stock Equivalents held by all Investors in the form of

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Preferred Stock (or shares of Common Stock or Class B Common Stock obtained upon the conversion thereof) plus the number of shares of Common Stock Equivalents held by the Warrant Holders in the form of Warrant Shares. For purposes hereof, "Common Stock Equivalents" shall mean (i) with respect to the holdings of an Investor, the number of shares of Common Stock held by such Investor or issuable to such Investor upon conversion of the Class B Common Stock or Preferred Stock (after giving effect to the conversion of the shares of Class B Common Stock issued or issuable upon conversion of Series B-2 Preferred Stock and Series C-2 Preferred Stock) held by such Investor, (ii) with respect to the holdings of a Warrant Holder the number of shares of Class B Common Stock held by such Warrant Holder or issuable to such Warrant Holder upon exercise of the Warrants, and (iii) with respect to a Transaction Offer, the number of shares of Common Stock covered by such Transaction Offer, including Common Stock issued or issuable upon conversion of the Class A Preferred Stock covered by such Transaction Offer.

(b) Each of the Investors and Warrant Holders shall have the absolute right, severally but not jointly, to sell to the Proposed Transferee on the terms (including price) and conditions of the proposed sale as described in the Co-Sale Notice all or any portion of its shares of Preferred Stock or Warrant Shares, as applicable, up to a maximum number that is equal to its Co-Sale Percentage of the Transaction Offer. In the event that an Investor or Warrant Holder does not wish to sell all shares and/or Warrant Shares it is entitled to sell in accordance with the preceding sentence (such shares and Warrant Shares not being sold, the "Excess Shares"), then the right to sell the amount of any Excess Shares shall be allocated among the Investors and Warrant Holders who wish to sell more than their Co-Sale Percentage on a pro rata basis in accordance with their respective Co-Sale Percentages (unless otherwise agreed amongst themselves). Each Investor and each Warrant Holder who wishes to exercise all or any portion of its rights pursuant to this Section 2.1(b) (each a "Co-Selling Investor") shall give written notice to the Proposed Transferor to such effect within the later of (i) 20 days after the date on which the Proposed Transferor provided each Co-Selling Investor with a description of the principle economic terms of the Transaction Offer or (ii) ten (10) business days after the date of the delivery of the Co-Sale Notice, which written notice shall constitute an irrevocable written offer to sell such shares. Investors and Warrant Holders participating in the sale shall sell shares of Class A Preferred Stock, Series B-1 Preferred Stock, Series B-2 Preferred Stock, Series C-1 Preferred Stock, Series C-2 Preferred Stock or Warrant Shares on the same terms (including price) and conditions as the Proposed Transferor sells shares of Class A Preferred Stock.

(c) Within two (2) business days after the date by which the Co-Selling Investors were required to notify the Proposed Transferor of their intent to exercise co-sale rights hereunder, the Proposed Transferor shall notify each Co-Selling Investor of the number of shares and/or Warrant Shares (expressed in Common Stock Equivalents) held

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by that Investor or Warrant Holder that will be included in the sale and the date on which the Transaction Offer will be consummated, which shall be no later than the later of (i) 30 days after the delivery of such notice by the Proposed Transferor and (ii) the satisfaction of all governmental approval requirements, if any.

(d) Each of the Co-Selling Investors may effect its participation in any Transaction Offer hereunder by delivery to the Proposed Transferee or to the Proposed Transferor for transfer to such Proposed Transferee, one or more instruments or certificates properly endorsed for transfer, representing the shares it elects to sell therein. At the time of consummation of the Transaction Offer, the Proposed Transferee shall remit directly to each Co-Selling Investor that portion of the sale proceeds to which each Co-Selling Investor is entitled by reason of its participation therein.

(e) In the event that the Transaction Offer is not consummated within the period required by Section 2.1(c) or the Proposed Transferee fails to remit timely to each Co-Selling Investor its portion of the sale proceeds, the Transaction Offer shall be deemed to lapse, and any Transfers of shares and, if applicable, Warrant Shares, pursuant to such Transaction Offer shall be deemed to be in violation of the provisions of this Agreement.

(f) The provisions of this Section 2.1 shall not apply to (i) any Transfer by a Class A Investor in connection with a transfer of shares pursuant to Section 2.2, 2.3, 2.4, 2.5 or 2.6, (ii) any Transfer by a Class A Investor to any entity that is an investment fund or other entity for which TA Associates, Inc. or any one or more of the stockholders of TA Associates, Inc., alone or with others, directly or indirectly through one or more intermediaries, serves as general partner or manager or in a like capacity ("TA Affiliates"), (iii) any Transfer by a Class A Investor to any Affiliate (as such term is defined below) of such Investor, (iv) any Transfer by a Management Investor to his or her spouse, parents, brothers, sisters, children (natural or adopted), stepchildren or grandchildren or a trust for their sole benefit (each a "Permitted Transferee"), or (v) Transfers pursuant to an effective registration statement filed under the Securities Act; provided, however, that except in the case of Transfers pursuant to clause (v) above, the transferee, other than transferees of the Warrant Holders, agrees in writing for the benefit of the other Investors and the Company to be bound by all of the provisions of this Agreement to the same extent as was the transferor prior to such Transfer; and provided, further, that any such transferee, other than transferees of the Warrant Holders, shall take all such shares and rights subject to all the provisions of this Agreement as if such shares were still held by the Investor who made the Transfer. For purposes of this Agreement, "Affiliate" shall mean, with respect to any person or entity (herein the "first party"), any other person or entity that directly or indirectly controls, or is controlled by, or is under common control with, such first party. The term "control" as used herein (including the terms "controlled by" and "under common control with") means the possession, directly

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or indirectly, of the power to (a) vote 50% or more of the outstanding voting securities of such person or entity or (b) otherwise direct the management or policies of such person or entity by contract or otherwise.

Section 2.2. Restrictions on Transfer of Shares of Class B Preferred Stock.

(a) If any Class B Investor desires to sell any or all of its shares of Series B-1 Preferred Stock or Series B-2 Preferred Stock (or any Class B Common Stock or Common Stock issued (including upon the conversion of Class B Common Stock) upon the conversion thereof) pursuant to any bona fide offer or proposed offer (a "Class B Transaction Offer") from any third party unaffiliated with such Class B Investor (the "Proposed Class B Transferee") such Class B Investor (the "Proposed Class B Transferor") shall cause the Class B Transaction Offer to be reduced to writing and shall notify the Company, the other Investors and (to the extent such Proposed Class B Transferor has been provided by the Company with the names and addresses of the Warrant Holders, which the Company hereby agrees to so provide) the Warrant Holders in writing (enclosing a copy of the Class B Transaction Offer) of its wish to accept the Class B Transaction Offer and otherwise comply with the provisions of this Section 2.2 (such notice, the "Class B Sale Notice"). Such Class B Sale Notice shall contain (i) a statement of the number of shares of Series B-1 Preferred Stock or Series B-2 Preferred Stock (or any Class B Common Stock or Common Stock issued (including upon the conversion of Class B Common Stock) upon the conversion thereof) proposed to be sold or otherwise transferred, (ii) the name and address of the Proposed Transferee, and (iii) the terms and conditions, including price, of the proposed sale and any other material facts relating to the proposed sale.

(b) No Class B Investor may sell or otherwise transfer shares of Series B-1 Preferred Stock or Series B-2 Preferred Stock other than pursuant to this Section 2.2 and with the affirmative vote or written consent of two-thirds (2/3) of the Company's Common Stock (treating all shares of Preferred Stock as if they had been converted into shares of Common Stock or Class B Common Stock, and all shares of Class B Common Stock as if they had been converted into shares of Common Stock).

(c) The provisions of this Section 2.2 shall not apply to any transfer (i) by a Class B Investor in connection with a transfer of shares pursuant to Section 2.1, 2.3, 2.4, 2.5 or 2.6, (ii) which is a TA Affiliate to any other TA Affiliate, (iii) to any Affiliate of such Investor, (iv) any Transfer by a Management Investor to a Permitted Transferee, or (v) Transfers pursuant to an effective registration statement filed under the Securities Act; provided, however, that except in the case of Transfers pursuant to clause (v) above, the transferee agrees in writing for the benefit of the other Investors and the Company to be bound by all of the provisions of this Agreement to the same extent as was the transferor prior to such Transfer; and provided, further, that any such transferee shall take

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all such shares and rights subject to all the provisions of this Agreement as if such shares were still held by the Investor who made the Transfer. All other proposed Transfers by any Class B Investor shall be subject to the provisions of this Section 2.2.

Section 2.3. Restrictions on Transfer of Shares of Class C Preferred Stock.

(a) If any Class C Investor desires to sell any or all of its shares of Series C-1 Preferred Stock or Series C-2 Preferred Stock (or any Class B Common Stock or Common Stock issued (including upon the conversion of Class B Common Stock) upon the conversion thereof) pursuant to any bona fide offer or proposed offer (a "Class C Transaction Offer") from any third party unaffiliated with such Class C Investor (the "Proposed Class C Transferee") such Class C Investor (the "Proposed Class C Transferor") shall cause the Class C Transaction Offer to be reduced to writing and shall notify the Company, the other Investors and (to the extent such Proposed Class C Transferor has been provided by the Company with the names and addresses of the Warrant Holders, which the Company hereby agrees to so provide) the Warrant Holders in writing (enclosing a copy of the Class C Transaction Offer) of its wish to accept the Class C Transaction Offer and otherwise comply with the provisions of this Section 2.3 (such notice, the "Class C Sale Notice"). Such Class C Sale Notice shall contain (i) a statement of the number of shares of Series C-1 Preferred Stock or Series C-2 Preferred Stock (or any Class B Common Stock or Common Stock issued (including upon the conversion of Class B Common Stock) upon the conversion thereof) proposed to be sold or otherwise transferred, (ii) the name and address of the Proposed Transferee, and (iii) the terms and conditions, including price, of the proposed sale and any other material facts relating to the proposed sale.

(b) No Class C Investor may sell or otherwise transfer shares of Series C-1 Preferred Stock or Series C-2 Preferred Stock other than pursuant to this Section 2.3 and with the affirmative vote or written consent of two-thirds (2/3) of the Company's Common Stock (treating all shares of Preferred Stock as if they had been converted into shares of Common Stock or Class B Common Stock, and all shares of Class B Common Stock as if they had been converted into shares of Common Stock).

(c) The provisions of this Section 2.3 shall not apply to any transfer (i) by a Class C Investor in connection with a transfer of shares pursuant to Section 2.1, 2.2, 2.4, 2.5 or 2.6, (ii) subject to Section 2.7, by CEA of up to an aggregate amount of 25% of the Class C Preferred Stock purchased by it under the Preferred Stock and Warrant Purchase Agreement, so long as (x) such Class C Preferred Stock is sold to a transferee together with Bridge Notes (as defined in Preferred Stock and Warrant Purchase Agreement) and (y) such transfer has been consented to by the Company, such consent not to be unreasonably withheld or delayed; provided, that only one such transfer shall be permitted during the period commencing on the date hereof and ending 180 days after the

Closing Date, (iii) to any Affiliate of a Class C Investor, (iv) any Transfer by a Management Investor to a Permitted Transferee, or (v) Transfers pursuant to an effective registration statement filed under the Securities Act; provided, however, that except in the case of Transfers pursuant to clause (v) above, the transferee agrees in writing for the benefit of the other Investors and the Company to be bound by all of the provisions of this Agreement to the same extent as was the transferor prior to such Transfer; and provided, further, that any such transferee shall take all such shares and rights subject to all the provisions of this Agreement as if such shares were still held by the Investor who made the Transfer. All other proposed Transfers by any Class C Investor shall be subject to the provisions of this Section 2.3.

Section 2.4. Regulatory Requirements; Cessation of Direct Investment Program.

(a) Notwithstanding anything else set forth herein to the contrary, in the event of any reasonable determination in good faith by an Investor holding Series B-1 Preferred Stock, Series B-2 Preferred Stock, Series C-1 Preferred Stock, Series C-2 Preferred Stock or Class B Common Stock (in each case for purposes of this Section 2.4, "Regulated Stock") that, by reason of any existing or future Federal or state rule, regulation, guideline, order, request or directive (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) (collectively, a "Regulatory Requirement"), such Investor is effectively restricted or prohibited from holding any of the shares of Regulated Stock then held by such Investor, the Company and the Investors shall use reasonable good faith efforts to take such action as they may determine is reasonably necessary and appropriate to permit such Investor to transfer its shares of Regulated Stock to comply with such Regulatory Requirement; provided, that the Company shall have the right to consent to any such transferee (which consent shall not be unreasonably withheld). All such actions shall be taken at the expense of such Investor holding Regulated Stock. Any such Investor shall give written notice to the Company and the other Investors of any reasonable determination by it hereunder and the transfer it believes may be necessary or appropriate to permit it to comply with such Regulatory Requirement.

(b) Notwithstanding anything else set forth herein to the contrary, in the event NationsBank's Leverage Capital Group or any successor or other group of NationsBank Corporation or its directly or indirectly wholly-owned subsidiaries engaging in substantially the same business cease making direct and mezzanine equity investments and make a determination to liquidate all their private equity positions that can be liquidated as set forth in a representation letter to the Company, then the Company and the Investors shall permit such Investor to transfer its shares of Series B-2 Preferred Stock or Class B Common Stock; provided, that the Company shall have the right to consent to any such transferee (which consent shall not be unreasonably withheld). All such actions shall be taken at the expense of such Investor holding Series B-2 Preferred Stock or Class B

Common Stock. Any such Investor shall give written notice to the Company and the other Investors of any determination by it hereunder.

(c) Notwithstanding any provision of (a) above, if an Investor holding shares of Regulated Stock gives a notice under paragraph (a) hereof setting forth the transfer it believes may be necessary or appropriate to permit it to comply with such Regulatory Requirement, or, with respect to the Investors holding Series B-2 Preferred Stock or Class B Common Stock, under paragraph (b) hereof setting forth the representations set forth in such paragraph, in lieu of such Investor and the Company taking such action as may be set forth in paragraph (a) or (b), the Company shall have the option, at the determination of a majority of the members of its Board of Directors, to repurchase all the shares of Regulated Stock held by such Investor. At any time within fifteen (15) business days after the date of their receipt of the notice given pursuant to paragraph (a) or (b) above, the Company may indicate its interest in purchasing all the shares of Regulated Stock held by such Investor by giving written notice to such Investor (with copies to the other Investors). If the Company has indicated its interest in purchasing all the shares of Regulated Stock held by such Investor, then the Company shall have the right to purchase such capital stock for a period of one hundred twenty (120) days (or such longer period as may be required to obtain necessary regulatory approvals for closing the repurchase) (the "Interest Period"). During the Interest Period, the Company shall endeavor to obtain financing in amounts sufficient to provide for the purchase of the shares of Regulated Stock held by such Investor. If, at the end of the Interest Period, the Company has not been able to obtain financing in amounts sufficient to provide for the purchase of the shares of Regulated Stock held by such Investor, then such Investor shall have the right to sell such capital stock. Any such repurchase shall be based on the fair market value of such shares, as determined by an independent appraiser retained by the Company (who shall be reasonably satisfactory to the Investor holding the shares of Regulated Stock), which determination shall be final and binding on all parties. The cost of any such appraisal shall be borne one-half by the Company and one-half by such Investor.

Section 2.5. Co-Sale Rights of Warrant Holders.

(a) If any Investor (the "Section 2.5 Originating Investor") desires to sell any of its Common Stock Equivalents (for purposes of this Section 2.5, "Section 2.5 Securities") pursuant to any offer or proposed offer not otherwise subject to Section 2.1 (a "Section 2.5 Transaction Offer") from any third party unaffiliated with such Investor (the "Proposed Section 2.5 Transferee"), the Section 2.5 Originating Investor shall cause the Section 2.5 Transaction Offer to be reduced to writing and shall notify the Warrant Holders (to the extent it has been provided by the Company with the names and addresses of the Warrant Holders, which the Company hereby agrees to so provide) in a writing signed by the Section 2.5 Originating Investor and the Proposed Section 2.5 Transferee

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(enclosing a copy of the Section 2.5 Transaction Offer), of its wish to accept or effect the Section 2.5 Transaction Offer and otherwise comply with the provisions of this Section 2.5 (such notice, the "Section 2.5 Co-Sale Notice"). Such Section 2.5 Co-Sale Notice shall contain (i) a statement of the number of shares of Section 2.5 securities proposed to be sold, (ii) the name and address of the Proposed Section 2.5 Transferee, and (iii) the terms and conditions, including price, of the proposed sale and any other material facts relating to the proposed sale, and (iv) an irrevocable offer by the Proposed Section 2.5 Transferee to purchase, for the Section 2.5 Terms (as defined below), each Warrant Holder's Co-Sale Percentage. For purposes of this Agreement and with respect to each Section 2.5 Transaction Offer, (x) each Warrant Holder's "Section 2.5 Co-Sale Percentage" shall mean a number of Warrants (or shares of Class B Common Stock obtained upon the exercise thereof), as is equal to the number of shares of Section 2.5 Stock Equivalents (as such term is defined below) as are subject to the Section 2.5 Transaction Offer multiplied by a fraction (A) the numerator of which is the number of shares of Common Stock Equivalents held by such Warrant Holder in the form of Warrants (or shares of Class B Common Stock obtained upon the exercise thereof) and (B) the denominator of which is the number of shares of Common Stock Equivalents held by such Warrant Holder and each other Warrant Holder which will also participate in such Section 2.5 Transaction Offer in the form of Warrants (or shares of Class B Common Stock obtained upon the exercise thereof) plus the number of shares of Common Stock Equivalents held by the Section 2.5 Originating Investor in the form of Section 2.5 Securities, (y) "Section 2.5 Stock Equivalents" shall mean (i) with respect to the holdings of a Warrant Holder, the number of shares of Class B Common Stock held by such Warrant Holder or issuable to such Warrant Holder upon exercise of the Warrants and (ii) with respect to a Section 2.5 Transaction Offer, the number of shares of Section 2.5 Securities covered by such Section 2.5 Transaction Offer and (z) "Section 2.5 Terms" shall mean, with respect to any Section 2.5 Transaction Offer, the same terms and conditions as are offered by the Proposed Section 2.5 Transferee to the Section 2.5 Originating Investor in connection with such offer, except that the price for any Section 2.5 Equivalents proposed to be sold by any Warrant Holder to such Section 2.5 Transferee in connection with such Section 2.5 Transaction Offer shall be the fair market value therefor as determined pursuant to an appraisal conducted by an investment banking firm which shall be selected and paid for by the Company; provided that such investment banking firm shall be reasonably acceptable to the Section 2.5 Originating Investor and a majority in interest of all such selling Warrant Holders.

(b) Each of the Warrant Holders shall have the absolute right, severally but not jointly, to sell to the Proposed Section 2.5 Transferee on the terms (including price) and conditions of the proposed sale as described in the Section 2.5 Co-Sale Notice all or any portion of its Warrants (or Class B Common Stock issued upon exercise thereof) up to a maximum number that is equal to its Section 2.5 Co-Sale Percentage of the Section 2.5 Transaction Offer. In the event that a Warrant Holder does not wish to sell all shares or warrants it is entitled to sell in accordance with the preceding sentence (such shares and/or

warrants not being sold, the "Excess Section 2.5 Shares"), then the right to sell the amount of any Excess Section 2.5 Shares shall be allocated among the Warrant Holders who wish to sell more than their Section 2.5 Co-Sale Percentage on a pro rata basis in accordance with their respective Section 2.5 Co-Sale Percentages (unless otherwise agreed amongst themselves). Each Warrant Holder who wishes to exercise all or any portion of its rights pursuant to this Section 2.5(b) (a "Co-Selling Warrant Holder") shall give written notice to the Proposed Section 2.5 Transferor to such effect within the later of (i) 20 days after the date on which the Proposed Section 2.5 Transferor provided each Co-Selling Warrant Holder with a description of the principle economic terms of the Section 2.5 Transaction Offer or (ii) ten (10) business days after the date of the delivery of the Section 2.5 Co-Sale Notice, which written notice shall constitute an irrevocable written offer to sell such shares. Warrant Holders participating in the sale shall sell Warrants (or shares of Class B Common Stock issuable upon exercise thereof), on the same terms (including price) and conditions as the Proposed Section 2.5 Transferor sells shares of Common Stock (or other security) Section 2.5 Securities.

(c) Within two (2) business days after the date by which the Co-Selling Warrant Holders were required to notify the Proposed Common Stock Transferor of their intent to exercise co-sale rights hereunder, the Proposed Section 2.5 Transferor shall notify each Co-Selling Warrant Holder of the number of shares (expressed in Section 2.5 Stock Equivalents) held by that Investor that will be included in the sale and the date on which the Section 2.5 Transaction Offer will be consummated, which shall be no later than the later of (i) 30 days after the delivery of such notice by the Proposed Section 2.5 Transferor and (ii) the satisfaction of all governmental approval requirements, if any.

(d) Each of the Co-Selling Warrant Holders may effect its participation in any Section 2.5 Transaction Offer hereunder by delivery to the Proposed Section 2.5 Transferee or to the Section 2.5 Originating Investor for transfer to such Proposed Section 2.5 Transferee, one or more instruments or certificates properly endorsed for transfer, representing the shares or Warrants it elects to sell therein. At the time of consummation of the Section 2.5 Transaction Offer, the Proposed Section 2.5 Transferee shall remit directly to each Co-Selling Warrant Holder that portion of the sale proceeds to which each Co-Selling Warrant Holder is entitled by reason of its participation therein.

(e) In the event that the Section 2.5 Transaction Offer is not consummated within the period required by Section 2.5(c) or the Proposed Section 2.5 Transferee fails to remit timely to each Co-Selling Warrant Holder its portion of the sale proceeds, the Section 2.5 Transaction Offer shall be deemed to lapse, and any Transfers of shares pursuant to such Section 2.5 Transaction Offer shall be deemed to be in violation of the provisions of this Agreement.

(f) The provisions of this Section 2.5 shall not apply to any Transfer by any Investor (i) pursuant to an effective registration statement filed under the Securities Act, (ii) to an individual or entity which would constitute an Affiliate or Permitted Transferee of such Investor or (iii) pursuant to Section 2.4, 2.6 or 2.7.

Section 2.6. Sale of the Company. In the event of any proposed sale of or agreement to sell (whether for cash, securities or other property and whether by transfer, merger, consolidation or reorganization), in a single transaction or series of related transactions, an amount of securities equal to or greater than fifty-one percent of the outstanding shares of capital stock of the Company (determined for all purposes under this Section 2.6 on a fully diluted basis, but excluding any securities not convertible into, exchangeable for or exercisable for common equity securities and excluding any unvested options) in a bona fide negotiated transaction(s) (the "Sale of the Company") with an unaffiliated third party or parties (such unaffiliated third party or parties being referred to herein as the "Buying Group"), the Investor(s) proposing to sell such shares (the "Selling Group") shall have the option to cause the purchase of (pursuant to the same terms and conditions (including price) upon which the Selling Group is to sell its shares), all (but not less than all) the shares of Investors who are not members of the Selling Group (such other Investors being referred to as the "Other Stockholders"), all in accordance with the following provisions, provided that each member of the Selling Group sells all (but not less than all) of its shares pursuant to the same terms; and, provided, further, that the proceeds received in respect of each of the Class B Preferred Shares is equal to or greater than the then applicable Class B Qualifying Price (as such term is defined in the Company's Amended and Restated Certificate of Incorporation) and that the proceeds received in respect of each share of the Class C Preferred Stock is equal to or greater than the then applicable Qualifying Price. If at the time of the Sale of the Company any Investor holds convertible securities, warrants, options and/or similar rights, the Selling Group may cause the sale of such convertible securities, warrants, options or similar rights constituting shares (or the Other Stockholders may exercise their rights under such shares with the Company and receive other securities which the Selling Group may cause to be included in the Sale of the Company) pursuant to this Section 2.6 (it being the intent that in connection with the Sale of the Company, the Other Stockholders be paid an amount (minus any applicable exercise or strike price with respect to any warrant or option) for such shares as they otherwise would have been paid if such shares had been converted into or exercised for such shares at the time of the Sale of the Company). Not less than 30 days prior to the date proposed for the consummation of a Sale of the Company (the "Consummation Date"), the Selling Group shall give written notice to the Other Stockholders setting forth in reasonable detail the name or names of the Buying Group, the terms and conditions (including price) of the Sale of Company and the Consummation Date. If the Selling Group elects to cause the purchase of all shares owned by the Other Stockholders, the notice shall so state. If the Selling Group exercises such option, the Other Stockholders shall, at the time of the consummation of the Sale of the Company, sell all shares owned by them to the Buying Group, upon the same terms and conditions (including price) as those of the Sale of the Company (minus any exercise or strike price with respect to any warrant or option). Each Other Stockholder hereby agrees to execute and deliver such instruments of

conveyance and transfer and take such other action as the Selling Group or the Buying Group may reasonably require to carry out the terms and provisions of this Section 2.6; provided, however, that such Other Stockholder shall not be required to make any representations or warranties other than that such Other Stockholder has good and valid title to such Other Stockholder's Shares, free and clear of liens, claims, encumbrances and restrictions of any kind.

Section 2.7. Right of First Offer.

(a) In the event CEA shall desire to effect any transfer pursuant to Section 2.3(c)(ii) hereof, then CEA shall deliver to NationsBanc Investment Corporation ("NationsBanc") written notice of CEA's desire to effect such transfer (any such notice delivered hereunder being a "CEA Notice of Intention"), accompanied by a copy of a proposal relating to such transfer (the "CEA Transfer Proposal"), setting forth CEA's desire to effect such transfer (which shall be for cash only), the amount and type of securities proposed to be sold (any such securities proposed to be sold under this Section 2.7. being, collectively, the "CEA Offered Securities") and the price at which CEA proposes to sell the CEA Offered Securities (the "CEA First Offer Price"), together with any other material terms reasonably applicable to such CEA Transfer Proposal.

(b) Upon receipt of a CEA Notice of Intention, NationsBanc shall then have the right to purchase at the CEA First Offer Price and on the other terms specified in the CEA Transfer Proposal all of the CEA Offered Securities. The rights of NationsBanc pursuant hereto shall be exercisable by the delivery of notice to CEA (any such notice delivered pursuant to this Section 5.7 being a "CEA Notice of Exercise") within 5 business days from the date of delivery of the CEA Notice of Intention. Such CEA Notice of Exercise shall confirm NationsBanc's acceptance of the terms and conditions of the transfer proposal. The rights of NationsBanc pursuant to such CEA Transfer Proposal shall terminate if unexercised within five business days following delivery of such CEA Notice of Intention.

(c) In the event that NationsBanc exercises its rights to purchase all of the Offered Securities in accordance with clause (b) above, then NationsBanc must purchase the Offered Securities from CEA within 5 business days from the date of delivery of the CEA Notice of Exercise relating thereto.

(d) For purposes of this Section 2.7, in the event NationsBanc fails to timely deliver a CEA Notice of Exercise on or before the fifth business day following delivery of a CEA Notice of Intention hereunder it shall be deemed to have irrevocably waived its rights under this Section 2.7 with respect to the CEA Offered Securities specified in such CEA Notice of Intention.

(e) If all notices required to be given pursuant to clause (a) above have been duly given and NationsBanc does not exercise its option to purchase all of the CEA Offered Securities for cash, then CEA shall have the right for a period of one year from the earlier of (i) the expiration of the option period with respect to a CEA Transfer Proposal and (ii) the date on which CEA received notice from NationsBanc that it will not exercise the options granted pursuant to this Section 2.7, to sell the CEA Offered Securities at a price of not less than 95% of the CEA First Offer Price, and otherwise on substantially the same terms specified in the CEA Transfer Proposal.

(f) Notwithstanding anything to the contrary in this Agreement, the rights and related obligations under this Section 2.7 shall apply solely to a proposed transfer by CEA pursuant to Section 2.3(c)(ii) hereof and such rights and related obligations may not be transferred or assigned by any party.

Section 2.8. Enforcement. If any Transfer is made or attempted contrary to the provisions of this Agreement, such purported Transfer shall be void ab initio; the Company and the other Investors (and their transferees) shall have, in addition to any other legal or equitable remedies which they may have, the right to enforce the provisions of this Agreement by actions for specific performance (to the extent permitted by law); and the Company shall have the right to refuse to recognize any Transferee pursuant to any Transfer that is made or attempted contrary to the provisions of this Agreement as one of its stockholders for any purpose.

Section 2.9. Termination. Notwithstanding anything herein to the contrary, the provisions of this Article II shall terminate immediately prior to the closing of a Public Offering.

ARTICLE III REGISTRATION RIGHTS

Section 3.1. "Piggy-Back" Registrations.

(a) If at any time or times after the date hereof, the Company shall determine or be required to register any shares of its capital stock or securities convertible into capital stock under the Securities Act (whether in connection with a public offering of securities by the Company (a "primary offering"), a public offering of securities by shareholders of the Company (a "secondary offering") or both), including without limitation any registration pursuant to Section 3.2 hereof, the Company will promptly give written notice thereof to each holder of Registrable Securities (as hereinafter defined in Section 3.3 below) then outstanding (the "Holders"). If within 21 days after their receipt of such notice one or more Holders of Registrable Securities request the inclusion of some or all of the Registrable Securities owned by them in such registration, the Company will endeavor to effect the registration under the Securities Act of all Registrable Securities which such Holders may request in a writing delivered to the Company within 21 days after the notice given by the Company; provided, that (i) the Company shall have the right

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to postpone or withdraw any registration effected pursuant to this Section 3.1, without obligation to the Holders, (ii) for purposes of the notice requirement set forth above, each Holder who received notice under the Existing Agreement shall be deemed to have received notice under this Agreement as of the date on which the notice under the Existing Agreement was deemed to have been given and (iii) in the case of the Company's initial Public Offering (and solely in the case of such initial Public Offering), so long as such Public Offering occurs on or before December 15, 1997, any term or provision hereof to the contrary notwithstanding, the Holders of Registrable Securities shall have 3 business days after receipt of the notice from the Company referred to above to request inclusion of some or all of such Registrable Securities in the registration of such initial Public Offering. In the case of the registration of shares of capital stock by the Company in connection with any underwritten public offering, if the managing underwriter(s) determines that marketing factors require a limitation on the number of Registrable Securities to be offered, the Company shall not be required to register Registrable Securities of the Holders in excess of the amount, if any, of shares of the capital stock which the managing underwriter(s) of such underwritten offering shall agree to include in such offering. If any limitation of the number of shares of capital stock to be registered by the Holders is required pursuant to this Section 3.1, then the Company shall, in the following order of priority, exclude from such underwriting (i) first, the maximum number of shares of such capital stock (exclusive however, in the case of a primary offering of the Company, all authorized but unissued shares of common stock of the Company or shares of common stock held by the Company in its treasury or any capital stock or Common Stock Equivalents described in clauses (ii) or (iii) below) as is necessary in the opinion of the managing underwriter(s) to reduce the size of the offering, (ii) then, the minimum number of Registerable Securities held by Investors as is necessary in the opinion of the managing underwriter(s) to reduce the size of the offering (any such exclusion to be pro rata among the Investors, on the basis of the Common Stock Equivalents held by each such Investor) and (iii) thereafter, the minimum number of securities held by the Warrant Holders and each other Person with "piggy-back" or similar registration rights under Section 13 of that certain Stock Purchase and Equityholders' Agreement, dated May 3, 1994, by and among the Company, JMH Management Corporation and certain other parties thereto, as in effect as of August 15, 1997, as is necessary in the opinion of the managing underwriter(s) to reduce the size of the offering, such exclusion to be pro rata among the Warrant Holders and such other Persons). The Company will not grant any rights relating to the "piggy-back" registration of its capital stock which are superior to the rights granted to the Investors in this Section 3.1 other than those which have been granted to the Warrant Holders as of the date hereof. The provisions of this Section 3.1 will not apply to (i) a registration on Form S-8 or Form S-4, or their successors, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of any other corporation or other entity, (ii) a registration effected solely to implement an employee benefit plan, or (iii) a transaction to which Rule 145 or any other similar rule of

the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act is applicable.

(b) In connection with any registration under this Section 3.1 involving an underwriting, the Company shall not be required to include any Registrable Securities in such registration unless the Registered Holder accepts the terms of the underwriting as agreed upon between the Company and the underwriters selected by it, so long as such terms are customary with respect to the obligations and liabilities of selling stockholders.

Section 3.2. Required Registrations. If, at any time after the Company's initial public offering of securities pursuant to a registration statement filed with the SEC under the Securities Act, Investors notify the Company in writing that they intend to offer or cause to be offered for public sale all or any portion of their Registrable Securities (but in any event, Registrable Securities having an aggregate proposed offering price of not less than $7,500,000 in the case of a registration on Form S-1 and not less than $3,000,000 in the case of a registration on Form S-3), the Company will notify all the Holders of Registrable Securities who would be entitled to notice of a proposed registration under Section 3.1 above of its receipt of such notification from such Investors. Upon the written request of any such Holder delivered to the Company within 21 days after delivery by the Company of such notification, the Company will either (i) elect to make a primary offering in which case the rights of such Holders shall be as set forth in Section 3.1 above (except that the Company shall not be permitted to limit the number of shares which may be registered by any Investor), or (ii) use its best efforts to cause such of the Registrable Securities as may be requested by any Holders to be registered under the Securities Act in accordance with the terms of this Section 3.2. The Company shall in no event be obligated to effect under this Section 3.2 (a) more than three registrations, (b) more than two registrations in any twelve (12) month period, or (c) any registration on Form S-1 when the Company is eligible to use Form S-3 with respect to the relevant offering. At all times after the completion of the Company's initial public offering, the Company shall use its best efforts to ensure the Company's eligibility for registration on Form S-3, including the filing of any reports with the Securities and Exchange Commission required by Form S-3. The Company may postpone the filing of any registration statement required hereunder up to four (4) times during any twelve (12) month period for a reasonable period of time not to exceed sixty (60) days with respect to each such time (i.e., up to an aggregate of 240 days in any twelve (12) month period) if the Company has been advised by legal counsel reasonably acceptable to the Investors (it being agreed that Goodwin, Procter & Hoar LLP shall be acceptable for this purpose) that such filing would require a special audit or the disclosure of a material transaction or other matter and the Company determines reasonably and in good faith that such disclosure would result in a material detriment to the Company; provided, however, that if (x) the Company has postponed the filing of registration statements requested hereunder four (4) times during a twelve (12) month period and (y) thereafter during such twelve (12) month period, a request for the filing of a registration statement is received hereunder, the Company may not postpone the filing of such registration statement even if the date of the filing of such registration statement then falls in a new twelve (12) month period. The Company shall

not be required to file or cause a registration statement requested pursuant to this Section 3.2 to become effective prior to 180 days following the effective date of a registration statement initiated by the Company, if the request for registration has been received by the Company subsequent to the commencement by the Company of preparation of, or Board approval for the filing of, a registration statement (other than a registration effected solely to implement an employee benefit plan or a transaction to which Rule 145 or any other similar rule of the SEC under the Securities Act is applicable).

Section 3.3. Registrable Securities. For the purposes of this Section 3, the term "Registrable Securities" shall mean any Common Stock including any Common Stock issued or issuable upon conversion of Class A Preferred Stock, or Series B-1 Preferred Stock or Series C-1 Preferred Stock and any Common Stock issued or issuable upon conversion of Class B Common Stock which is itself issued or issuable upon conversion of Series B-2 Preferred Stock or Series C-2 Preferred Stock; provided, however, that shares of Common Stock (or securities convertible into Common Stock) which are Registrable Securities shall cease to be Registrable Securities upon any sale pursuant to a registration statement or Rule 144 under the Securities Act.

Section 3.4. Further Obligations of the Company. Whenever the Company is required hereunder to register any Registrable Securities, it agrees that it shall also do the following:

(a) Pay all expenses of such registrations and offerings (exclusive of underwriting discounts and commissions) and the reasonable fees and expenses of not more than one independent counsel for the Holders reasonably satisfactory to the Investors.

(b) Use its best efforts diligently to prepare and file with the SEC a registration statement and such amendments and supplements to said registration statement and the prospectus used in connection therewith as may be necessary to keep said registration statement effective, in case of a firm commitment underwritten public offering, until each underwriter has completed the distribution of all securities purchased by it and, in the case of any other offering, until the sale of all Registrable Securities covered thereby. The Company shall promptly notify in writing each Holder participating in the offering of the happening of any event which makes any statement made in a registration statement or related prospectus untrue or which requires the making of any changes in such registration statement or prospectus so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading (including the Company becoming engaged in business activities, negotiations or transactions not disclosed in the registration statement or prospectus which in the opinion of the Company's counsel would be required to be disclosed therein) (a "Suspension Notice"). Immediately upon receipt of a Suspension Notice, the Holders shall discontinue disposition of the Registrable Securities pursuant to the registration statement covering such Registrable Securities until (i) such Holder's receipt of copies of a

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supplement or amendment to such prospectus such that, as thereafter deliverable to the purchasers of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or (ii) such Holder is advised in writing (the "Advice") by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus. In the event that the Company shall give any Suspension Notice, the Company shall use commercially reasonable efforts, under the circumstances, and take such actions as are reasonably necessary, consistent with the Company's interests, to render the Advice and resume the use of the prospectus as promptly as practicable.

(c) Use its best efforts to comply with the provisions of the Securities Act with respect to the sale of securities covered by said registration statement for the period necessary to complete the proposed public offering;

(d) Furnish to each selling Holder such reasonable number of copies of each preliminary and final prospectus and such other documents as such Holder may reasonably request to facilitate the public offering of its Registrable Securities;

(e) In the case of an underwritten public offering, enter into an underwriting agreement with the underwriters thereof on any customary terms;

(f) Use commercially reasonable efforts to register or qualify the securities covered by said registration statement under the securities or "blue sky" laws of such jurisdictions as any selling Holder may reasonably request; provided, that the Company shall not be required to register or qualify the securities in any jurisdictions which require it to qualify to do business therein or consent to service of process;

(g) Cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed or quoted (or, in the case of the Company's initial public offering, such exchange or quotation system as the Company may determine);

(h) Otherwise use its best efforts to comply in all material respects with the securities laws of the United States and all applicable rules and regulations of the SEC and comparable governmental agencies in other applicable jurisdictions; and

(i) Obtain and furnish to each selling Holder, immediately prior to the effectiveness of the registration statement (and, in the case of an underwritten offering, at the time of delivery of any Registrable Securities sold pursuant thereto), such negative assurances or agreed upon procedures reports from the Company's independent public

accountants as and to the extent that (i) the same may be available to the Holders of Registrable Securities under then outstanding statements and pronouncements of the Auditing Standards Board or other similar accounting industry bodies, and (ii) the holders of a majority of the Registrable Securities being sold reasonably request.

Section 3.5. Indemnification; Contribution.

(a) Incident to any registration statement referred to in this Article III, and subject to applicable law, the Company will indemnify and hold harmless each underwriter, each Holder of Registrable Securities who offers or sells any such Registrable Securities in connection with such registration statement (including its partners (including partners of partners and stockholders of any such partners and containing in like fashion until individuals are reached), and directors, officers, employees and agents of any of them, a "Selling Holder"), and each person who controls any of them within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934 (the "Exchange Act") (a "Controlling Person"), from and against any and all losses, claims, damages, expenses and liabilities, joint or several (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based on (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement (including any related preliminary or definitive prospectus, or any amendment or supplement to such registration statement or prospectus), (ii) any omission or alleged omission to state in such document a material fact required to be stated in it or necessary to make the statements in it not misleading, or (iii) any violation by the Company of the Securities Act, any state securities or "blue sky" laws or any rule or regulation thereunder in connection with such registration; provided, however, that the Company will not be liable to the extent that such loss, claim, damage, expense or liability arises from and is based on an untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information furnished in writing to the Company by or on behalf of such underwriter, Selling Holder or Controlling Person expressly for use in such registration statement. Solely with respect to such untrue statement or omission or alleged untrue statement or omission in the information furnished in writing to the Company by or on behalf of such Selling Holder expressly for use in such registration statement, such Selling Holder will indemnify and hold harmless each underwriter, the Company (including its directors, officers, employees and agents), each other Holder of Registrable Securities (including its partners (including partners of partners and stockholders of such partners) and directors, officers, employees and agents of any of them) so registered, and each person who controls any of them within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, expenses and

liabilities, joint or several, to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise to the same extent provided in the immediately preceding sentence. In no event, however, shall the liability of a Selling Holder for indemnification under this Section 3.5(a) in its capacity as such (and not in its capacity as an officer or director of the Company) exceed the lesser of (i) that proportion of the total of such losses, claims, damages or liabilities indemnified against equal to the proportion of the total securities sold under such registration statement which is being sold by such Selling Holder or (ii) the proceeds received by such Selling Holder from its sale of Registrable Securities under such registration statement.

(b) If the indemnification provided for in Section 3.5(a) above for any reason is held (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right to appeal) to be unavailable to an indemnified party in respect of any losses, claims, damages, expenses or liabilities referred to therein, then each indemnifying party under this Section 3.5, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, the other Selling Holders and the underwriters from the offering of the Registrable Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, the other Selling Holders and the underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, the Selling Holders and the underwriters shall be deemed to be in the same respective proportions that the net proceeds from the offering (before deducting expenses) received by the Company and the Selling Holders and the underwriting discount received by the underwriters, in each case as set forth in the table on the cover page of the applicable prospectus, bear to the aggregate public offering price of the Registrable Securities. The relative fault of the Company, the Selling Holders and the underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, the Selling Holders or the underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 3.5(b) were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. In no event,

however, shall a Selling Holder be required to contribute any amount under this Section 3.5(b) in excess of the lesser of (i) that proportion of the total of such losses, claims, damages or liabilities indemnified against equal to the proportion of the total Registrable Securities sold under such registration statement which is being sold by such Selling Holder or (ii) the proceeds received by such Selling Holder from its sale of Registrable Securities under such registration statement. No person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(c) The amount paid by an indemnifying party or payable to an indemnified party as a result of the losses, claims, damages and liabilities referred to in this Section 3.5 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. The indemnification and contribution provided for in this Section 3.5 will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified parties or any officer, director, employee, agent or controlling person of the indemnified parties.

(d) Each party entitled to indemnification under this Section 3.5 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 3.5, except to the extent the Indemnifying Party is prejudiced in its ability to defend such action, and shall not relieve the Indemnifying Party of any liability that it may have otherwise than under this Section 3.5. The Indemnified Party may participate in such defense at such party's expense; provided, however, that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the plaintiff or claimant to such Indemnified Party of a release from all liability in respect to such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle any such claim or litigation for which

indemnification is sought or would be available hereunder, without the prior written consent of the Indemnifying Party.

Section 3.6. Rule 144 and Rule 144A Requirements; Stand-Off. In the event that the Company becomes subject to Section 13 or Section 15(d) of the Exchange Act, the Company shall use its best efforts to take all action as may be required as a condition to the availability of Rule 144 or Rule 144A under the Securities Act (or any successor or similar exemptive rules hereafter in effect). Each Holder agrees not to sell or otherwise transfer or dispose, and to cause each transferee of such Holder not to dispose of any securities of the Company for such period as may be agreed to by the Company and the managing underwriter(s) of such offering, following the effective date of any registration statement of the Company.

Section 3.7. Transfer of Registration Rights. The registration rights and related obligations under this Article III of the Investors with respect to their Registrable Securities may be assigned only to any permitted transferee of Registrable Securities held by them, and upon such transfer the relevant transferee shall be deemed to be included within the definition of a "Investor," and a "Holder" for purposes of, and shall be subject to and bound by, this Article III to the same extent as the relevant transferor. The relevant transferor shall notify the Company and the other Investors at the time of such transfer.

Section 3.8. Information by Holders. Each Holder shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and shall be required in connection with any registration, qualification or compliance with respect to this Article III.

ARTICLE IV RIGHTS TO PURCHASE STOCK

Section 4.1. Right to Purchase. The Company hereby grants to each Investor (herein a "New Stock Investor"), the right, after the Closing Date, from time to time, to purchase such quantity of any class or classes of New Stock (as defined below) that the Company may, from time to time, propose to sell and issue to any Person as shall be equal to such New Stock Investor's Protected Number (as defined below); provided, however, that each New Stock Investor's participation shall be contingent upon a purchase of its pro rata share of the entire package of New Stock and other securities proposed to be sold and issued by the Company on the same terms as the other purchasers (e.g., if the Company offers units of Common Stock and notes, an Investor may not purchase Common Stock unless such Investor also purchases the related amount of notes and supplies the same representations, warranties and guaranties as the other purchasers).

Section 4.2. Procedure. Prior to the issuance of New Stock, the Company shall give each New Stock Investor prompt written notice of such proposed sale of New Stock, describing the amount, type and class of New Stock and the price and the other terms upon which the

Company proposes to issue the same (the "New Stock Offer"). Each New Stock Investor shall have 30 days from the effective date of delivery of any such written notice to agree to exercise its purchase right hereunder for the price and upon the terms specified in the New Stock Offer by giving written notice to the Company and stating therein the maximum quantity of each class of New Stock that such New Stock Investor is willing to purchase. In the event any New Stock Investor fails to exercise the right granted herein within said 30-day period, the right of said New Stock Investor to exercise its purchase right shall expire with respect to that issuance of New Stock. To the extent one or more New Stock Investors elect not to purchase the full amount of New Stock they are entitled to purchase pursuant to this Article IV, the other participating New Stock Investors' rights to purchase (i) New Stock pursuant to this Article IV shall be increased proportionately to their Protected Numbers, up to the maximum quantity of each class of New Stock set forth in their respective notices to the Company; provided, however, that purchasing TA Affiliates shall have the first right to purchase New Stock in place of non-purchasing TA Affiliates. The closing of the purchase of New Stock by the New Stock Investors shall take place within 30 days after the expiration of said 30-day period. The Company shall have 180 days from the closing of the purchase of New Stock by the New Stock Investors to sell the unsold portion of the New Stock to other purchasers, but only upon terms and conditions that are in all material respects no more favorable to such purchasers or less favorable to the Company than those set forth in the New Stock Offer. In the event that the sale of the unsold portion of New Stock is not consummated within such 180-day period, the Company's right to sell such unsold New Stock shall be deemed to lapse, and any sales of New Stock without additional notice to the New Stock Investors as provided in the first sentence of this Section 4.2 shall be deemed to be in violation of the provisions of this Agreement.

Section 4.3. Definitions. For purposes of this Article IV,

(a) "New Stock" means any equity securities of the Company, any warrants, options or rights to purchase equity securities of the Company and any securities of any type that are convertible into or exchangeable for equity securities of the Company, in each case issued after the Closing Date; provided, however, that "New Stock" does not include: (i) securities issued pursuant to the Preferred Stock and Warrant Purchase Agreement or securities issued upon the conversion of Preferred Stock or Class B Common Stock (and the issuance of Class B Common Stock pursuant to Section 5(b) of Part A of the Company's Amended and Restated Certificate of Incorporation), (ii) securities issued pursuant to the Securities Purchase Agreement or securities issued upon exercise of the Warrants, (iii) securities issued in connection with an investment by the Company, or any of its subsidiaries, directly or indirectly, in another entity or any similar transaction (whether effected by an asset purchase, stock purchase or other equity interest purchase, merger or otherwise, including, without limitation, in connection with any investment in Geo Capital Corporation or any successor thereto), (iv) securities (up to an aggregate of 4,477 shares of Series B-1 Preferred Stock (as appropriately adjusted for stock splits, stock dividend, and the like) issued as contemplated by Section 2.3 of that certain Preferred

Stock and Warrant Purchase Agreement, dated as of November 7, 1995, among the Company and the purchasers party thereto (and shares of Common Stock issued upon the conversion thereof), (v) securities (up to an aggregate of 8,500 shares of Common Stock, as appropriately adjusted for stock splits, stock dividends and the like) issued, or options or rights to purchase such securities granted, to employees, consultants, agents, officers or directors of the Company or of any Affiliate of the Company pursuant to any stock option plan, stock purchase plan, stock bonus arrangement, employment or consulting agreement or the like adopted or approved by the Board of Directors of the Company, (vi) common equity securities issued in connection with any public offering, (vii) securities issued pursuant to the exercise of warrants, options or other rights or upon conversion of securities, as to which (A) New Stock Investors had the opportunity by virtue of their rights pursuant to this Article IV to buy the warrant, option, right or convertible security pursuant to which the securities are being issued, (B) New Stock Investors did not have the opportunity to buy by virtue of an exclusion of such warrant, option, right or convertible security from this definition of New Stock or (C) the warrant, option, right or convertible security was outstanding on the date hereof, (viii) any securities issued by the Company pursuant to a merger, sale or similar transaction, and (ix) securities issued as a result of any stock split, stock dividend, reclassification or reorganization of the Company's equity securities, distributable on a pro rata basis to all holders of common equity securities (or securities convertible into common equity securities, but excluding warrants, options and similar rights).

(b) A New Stock Investor's "Protected Number" is the number of units of New Stock equal to (i) the total number of units of New Stock to be issued by the Company pursuant to the New Stock Offer, multiplied by (ii) the ratio, as of the date of any notice issued pursuant to Section 4.2, of (i) the total number of shares of Common Stock Equivalents then held by such Investor to (ii) the total number of shares of Common Stock then outstanding or issuable upon conversion of any convertible securities or exercise of any warrants, vested options or subscription rights then outstanding.

Section 4.4. Rights To And With Respect to Non-Voting Securities. Notwithstanding any provision of this Article IV to the contrary, if the New Stock includes any Common Stock (or rights to acquire such stock) or any other security carrying voting rights (as set forth in the charter documents of the Company as amended to provide for such class of security) (a "New Voting Security"), and an Investor holding Series B-2 Preferred Stock, Series C-2 Preferred Stock and/or Class B Common Stock seeks to exercise its rights pursuant to this Article IV, then such Investor shall be entitled to exercise such rights with respect to shares of Class B Common Stock (or rights to acquire such stock) as if such Class B Common Stock were Common Stock and, if the New Stock includes a New Voting Security, then such Investor shall be entitled to exercise such rights with respect to a security which is identical to the New Voting Security except that it does not carry the voting rights referred to above.

Section 4.5. Assignment of Rights. Each Investor may assign its rights under this Article IV pro-rata to any transferee of shares of Class A Preferred Stock, Series B-1 Preferred Stock, Series B-2 Preferred Stock, Series C-1 Preferred Stock or Series C-2 Preferred Stock (or Common Stock or Class B Common Stock issued upon the conversion thereof), as applicable, but to no other Persons. The relevant Investor shall notify the Company and the other Investors at the time of such Transfer.

Section 4.6. Termination. Notwithstanding anything herein to the contrary, the provisions of this Article IV shall terminate immediately prior to the closing of a Qualified Public Offering.

ARTICLE V MISCELLANEOUS PROVISIONS

Section 5.1. Legend on Securities. The Company and the Investors acknowledge and agree that one or more legends including the following shall be typed on each certificate evidencing any of the securities covered hereby or held at any time by any of the Investors:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT PURSUANT TO (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES WHICH IS EFFECTIVE UNDER SUCH ACT OR (2) AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES. THESE SECURITIES ARE SUBJECT TO THE PROVISIONS OF A CERTAIN AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT, DATED AS OF OCTOBER 9, 1997, INCLUDING CERTAIN RESTRICTIONS ON TRANSFER SET FORTH THEREIN. A COMPLETE AND CORRECT COPY OF SUCH AGREEMENT IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON WRITTEN REQUEST AND WITHOUT CHARGE.

THE COMPANY IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OF STOCK. THE COMPANY WILL FURNISH TO EACH STOCKHOLDER WHO SO REQUESTS A COPY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE RIGHTS AND LIMITATIONS OF EACH OUTSTANDING CLASS OF STOCK OF THE COMPANY.

Section 5.2. Definitions. The following terms are defined within this Agreement.

Defined Term	Section
Advice	3.4(b)

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Affiliate	2.1(f)
Agreement	Preamble
Buying Group	2.6
CEA	1.2(a)
CEA Notice of Intention	2.7
CEA Transfer Proposal	2.7
CEA Offered Securities	2.7
CEA First Offer Price	2.7
CEA Notice of Exercise	2.7
Class A Directors	1.1
Class A Investors	Preamble
Class A Preferred Stock	3rd Recital
Class B Director	1.1
Class B Investors	Preamble
Class B Preferred Shares	4th Recital
Class B Sale Notice	2.2(a)
Class B Transaction Offer	2.2(a)
Class C Director	1.1
Class C Investors	Preamble
Class C Preferred Stock	5th Recital
Class C Sale Notice	2.3(a)
Class C Transaction Offer	2.3(a)
Class C Warrants	5th Recital
Common Stock	2nd Recital
Company	Preamble
Consummation Date	2.6
Covered Matter	1.4
Co-Sale Notice	2.1(a)
Co-Sale Percentage	2.1(a)
Co-Selling Investor	2.1(b)
Co-Selling Warrant Holder	2.5(b)
Common Stock	2nd Recital
Common Stock Equivalents	2.1(a)
Controlling Person	3.5(a)
Escrow Agreement	1.5
Escrow Fee	1.5
Excess Section 2.5 Shares	2.5(b)
Excess Shares	2.1(b)
Exchange Act	3.5(a)
Existing Agreement	1st Recital
Holders	3.1(a)
Indemnified Party	3.5(d)

Indemnifying Party	3.5(d)
Interest Period	2.4(c)
Investor(s)	Preamble
NationsBanc	2.7
Majority in Interest	1.1
Management Investors	Preamble
New Stock	4.3(a)
New Stock Investor	4.1
New Stock Offer	4.2
New Voting Security	4.4
Originating Investor	2.1(a)
Other Stockholders	2.6
Permitted Transferee	2.1(f)
Preferred Stock	5th Recital
Preferred Stock and Warrant Purchase Agreement	Preamble
Proposed Class B Transferee	2.2(a)
Proposed Class B Transferor	2.2(a)
Proposed Class C Transferee	2.3(a)
Proposed Class C Transferor	2.3(a)
Proposed Section 2.5(a) Transferee	2.5(a)
Proposed Transferee	2.1(a)
Proposed Transferor	2.1(a)
Protected Number	4.3(b)
Public Offering	1.6
Qualified Public Offering	1.5
Qualifying Price	1.5
Registrable Securities	3.3
Regulated Stock	2.4(a)
Regulatory Requirement	2.4(a)
Regulatory Suspension Period	1.1(b)
Sale of the Company	2.6
Section 2.5 Co-Sale Notice	2.5(a)
Section 2.5 Co-Sale Percentage	2.5(a)
Section 2.5 Originating Investor	2.5(a)
Section 2.5 Securities	2.5(a)
Section 2.5 Stock Equivalents	2.5(a)
Section 2.5 Transaction Offer	2.5(a)
Securities Purchase Agreement	2.1(a)
Selling Group	2.6
Selling Holder	3.5(a)
SEC	3.1(a)
Series B-1 Preferred Stock	4th Recital

Series B-2 Preferred Stock	4th Recital
Series C-1 Preferred Stock	5th Recital
Series C-2 Preferred Stock	5th Recital
Shares	1.4
Suspension Notice	3.4(b)
TA Affiliates	2.1(f)
Transaction Offer	2.1(a)
Warrant Agreement	2.1(a)
Warrant Holders	2.1(a)
Warrants	2.1(a)
Warrant Shares	2.1(a)

Section 5.3. Amendment and Waiver. Any party may waive any provision hereof intended for its benefit in writing. Except as specifically set forth herein to the contrary, no failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to any party hereto at law or in equity or otherwise. Any amendment or waiver of any term or provision of this Agreement shall require the prior written consent of the holders of a majority in interest of each of (a) the Class A Investors (and their permitted transferees) (based on Common Stock Equivalents resulting from shares of Class A Preferred Stock), (b) the Class B Investors (and their permitted transferees) (based on Common Stock Equivalents resulting from shares of Class B Preferred Stock), (c) the Class C Investors (and their permitted transferees) (based on Common Stock Equivalents resulting from Class C Preferred Stock) and (d) the Management Investors (and their transferees) (based on numbers of shares of Common Stock held and vested rights to acquire (by conversion, exercise, exchange or otherwise) shares of Common Stock other than upon the conversion of shares of Class A Preferred Stock, Class B Preferred Stock and Class C Preferred Stock. Any actions required to be taken or consents required to be given, by any of the foregoing groups of investors shall require the approval of a majority in interest (determined as set forth in the preceding sentence) of the Investors in such group at the relevant time. Notwithstanding any provisions hereof to the contrary, any provision of this Agreement inuring to the benefit of the Warrant Holders shall not be amended without the prior written consent of the Warrant Holders affected thereby. Notwithstanding any provisions hereof to the contrary, this Agreement may be amended from time to time for purposes of changing the Management Investors listed on Schedule B, provided that such amendment is effected by the affected Management Investor's execution of a counterpart of this Agreement and the execution of the amended Schedule B by the holders of a majority in interest (determined as provided above) of the Class A Investors, the Class B Investors and the Class C Investors voting as a single class.

Section 5.4. Notices. All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given, delivered and received (a) if delivered personally or (b) if sent by telex or facsimile, registered or certified mail (return receipt requested)

postage prepaid, or by courier guaranteeing next day delivery, in each case to the party to whom it is directed at the following addresses (or at such other address for any party as shall be specified by notice given in accordance with the provisions hereof, provided that notices of a change of address shall be effective only upon receipt thereof). Notices delivered personally shall be effective on the day so delivered, notices sent by registered or certified mail shall be effective upon their delivery, notices sent by telex shall be effective when answered back, notices sent by facsimile shall be effective when receipt is acknowledged, and notices sent by courier guaranteeing next day delivery shall be effective on the day of actual delivery by the courier:

(a) if to the Company to:

Affiliated Managers Group, Inc.
Two International Place
23rd Floor
Boston, MA 02110
Facsimile: (617) 346-7115
Attn: Nathaniel Dalton
Senior Vice President

with a copy (which shall not constitute notice) to:

Goodwin, Procter & Hoar LLP
Exchange Place
Boston, Massachusetts 02109
Facsimile: (617) 523-1231
Attn: Elizabeth S. Fries, Esq.

(b) if to the Class A Investors to:

The addresses as set forth on the
signature pages hereof

with a copy (which shall not constitute notice) to:

Goodwin, Procter & Hoar LLP
Exchange Place
Boston, Massachusetts 02109
Facsimile: (617) 523-1231
Attn: Richard E. Floor, P.C.

(c) If to NationsBanc Investment Corporation to:

c/o NationsBank Leveraged Capital Investors
NationsBank Corporate Center, 10th Floor
100 North Tyron Street
Charlotte, North Carolina 28202-4006
Attn: W. W. (Chet) Walker, Jr., Managing Director

with a copy (which shall not constitute notice) to:

John S. Chinuntdet, Esq.
Fennebresque, Clark, Swindell & Hay
NationsBank Corporate Center
Suite 2900
100 North Tyron Street
Charlotte, North Carolina 28202

(d) if to Hartford Accident and Indemnity Company to:

Hartford Accident and Indemnity Company
[if overnight courier]
c/o Hartford Life Insurance Company
200 Hopmeadow Street
Simsbury, Connecticut
[if regular mail]
c/o Hartford Life Insurance Company
P.O. Box 2999
Hartford, Connecticut 06104
Attn: Andrew W. Kohnke,
Vice President

(e) if to Chase Equity Associates, L.P. to:

Chase Equity Associates, L.P.
380 Madison Avenue, 12th Floor
New York, New York 10017
Attn: John M.B. O'Connor

with a copy (which shall not constitute notice) to:

Mayer, Brown & Platt
1675 Broadway

New York, New York 10019
Attn: Mark S. Wojciechowski, Esq.

(f) if to the Management Investors to:

Their addresses as set forth in the records of the Company.

Section 5.5. Headings. The Article and Section headings used or contained in this Agreement are for convenience of the reference only and shall not affect the construction of this Agreement.

Section 5.6. Counterparts. This Agreement may be executed in one or more counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which together shall be deemed to constitute one and the same agreement.

Section 5.7. Remedies; Severability. It is specifically understood and agreed that any breach of the provisions of this Agreement by any Person subject hereto will result in irreparable injury to the other parties hereto, that the remedy at law alone will be an inadequate remedy for such breach, and that, in addition to any other legal or equitable remedies which they may have, such other parties may enforce their respective rights by actions for specific performance (to the extent permitted by law) and the Company may refuse to recognize any unauthorized transferee as one of its stockholders for any purpose, including, without limitation, for purposes of dividend and voting rights, until the relevant party or parties have complied with all applicable provisions of this Agreement. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

Section 5.8. Entire Agreement; Successors and Assigns. This Agreement is intended by the parties as a final expression of their agreement and intended to be complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter. This Agreement shall be binding upon the heirs, personal representatives, executors, administrators, successors and assigns of the parties hereto, and shall inure to the benefit of the parties hereto, the Warrant Holders and their respective heirs, successors and assigns.

Section 5.9. Adjustments, etc. All references to share prices and amounts herein shall be equitably adjusted to reflect stock splits, stock dividends, recapitalizations and similar changes affecting the capital stock of the Company. Unless otherwise expressly provided under this Agreement, any Class C Investor holding Class C Warrants shall, for all purposes hereof, be treated as if such Class C Investor had exercised such Class C Warrants and received all shares of Class C Non-Voting Convertible Preferred Stock issuable as a result of such exercise.

Section 5.10. Law Governing. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the state of Delaware (without giving effect to conflicts or choice of law principles).

Section 5.11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be deemed prohibited or invalid under such applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, and such prohibition or invalidity shall not invalidate the remainder of such provision or the other provisions of this Agreement.

[End of Text]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Sean M. Healey

Name: Sean M. Healey
Title: Executive Vice President

CHASE EQUITY ASSOCIATES, L.P.

By: Chase Capital Partners, its General Partner

By: /s/ John M.B. O'Connor

Name: John M.B. O'Connor
Title: General Partner

NATIONSBANC INVESTMENT CORPORATION

By: /s/ W.W. Walker, Jr.

W. W. Walker, Jr.
President

HARTFORD ACCIDENT AND INDEMNITY COMPANY

By: /s/ Joseph H. Gareau

Joseph H. Gareau
CIO and Executive Vice President

ADVENT VII L.P.

By: TA Associates VII L.P., its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

ADVENT ATLANTIC AND PACIFIC II L.P.

By: TA Associates AAP II Partners, its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

CHESTNUT III LIMITED PARTNERSHIP

By: TA Associates VI L.P., its Attorney-in-Fact

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

CHESTNUT CAPITAL INTERNATIONAL
III LIMITED PARTNERSHIP

By: TA Associates VI L.P., its Attorney-in-Fact

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

ADVENT NEW YORK L.P.

By: TA Associates VI L.P., its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

ADVENT INDUSTRIAL II L.P.

By: TA Associates VI L.P., its General Partner

By: TA Associates, Inc., its General Partner

By: *

P. Andrews McLane
Managing Director

TA VENTURE INVESTORS LIMITED
PARTNERSHIP

By: *
P. Andrews McLane
General Partner

* /s/ P. Andrews McLane
P. Andrews McLane

/s/ William J. Nutt
William J. Nutt

/s/ Sean M. Healey
Sean M. Healey

/s/ Levon Chertavian, Jr.
Levon Chertavian, Jr.

/s/ Richard E. Floor
Richard E. Floor

Michael A. Wilson

THE WILLIAM J. NUTT 1995 TRUST
FOR CAROLINE O. NUTT

By: /s/ Robert N. Shapiro
Robert N. Shapiro
Trustee

THE WILLIAM J. NUTT 1995 TRUST FOR
ALEXANDER J. NUTT

By: /s/ Robert N. Shapiro

Robert N. Shapiro
Trustee

THE WILLIAM J. NUTT 1995 TRUST
FOR WILLIAM M. NUTT

By: /s/ Robert N. Shapiro

Robert N. Shapiro
Trustee

SCHEDULE A

(i) Class C Investors

Chase Equity Associates, L.P.

(ii) Class B Investors

NationsBank Investment Corporation

Hartford Accident & Indemnity Company

Advent VII L.P.

Advent Atlantic and Pacific II L.P.

Chestnut III Limited Partnership

Chestnut Capital International III Limited Partnership

Advent New York L.P.

Advent Industrial II L.P.

TA Venture Investors Limited Partnership

William J. Nutt

Sean M. Healey

Richard E. Floor

(iii) Class A Investors

Advent VII L.P.

Advent Atlantic and Pacific II L.P.

Chestnut III Limited Partnership

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Chestnut Capital International III
Limited Partnership

Advent New York L.P.

Advent Industrial II L.P.

TA Venture Investors Limited
Partnership

William J. Nutt

The William J. Nutt 1995 Trust for
Caroline O. Nutt

The William J. Nutt 1995 Trust for
Alexander J. Nutt

The William J. Nutt 1995 Trust for
William M. Nutt

Sean M. Healey

Richard E. Floor

SCHEDULE B

Management Investors

William J. Nutt

The William J. Nutt 1995 Trust for
Caroline O. Nutt

The William J. Nutt 1995 Trust for
Alexander J. Nutt

The William J. Nutt 1995 Trust for
William M. Nutt

Sean M. Healey

Levon Chertavian

EXHIBIT 10.5

AMENDMENT

Effective as of October 1, 1996

To the

FIRST QUADRANT, L.P.
(A Delaware Limited Partnership)

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
Dated March 28, 1996

The Amended and Restated Limited Partnership Agreement of First Quadrant, L.P. dated March 28, 1996 (the "Partnership Agreement") is hereby amended as of this 1st day of October, 1996 as set forth below. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Partnership Agreement.

1.1 A new Section 6.3 is hereby added to the Partnership to read in its entirety as follows:

SECTION 6.3 OPTIONAL BOOK-UP. Immediately prior to the effectiveness of (a) the admission of a transferee of interests of a Limited Partner as a substitute Limited Partner with respect to such interests pursuant to the provisions of Section 5.2 hereof, or (b) the admission of a transferee of interests from the General Partner as an Additional Limited Partner with respect to such interests pursuant to the provisions of Section 5.6(a) hereof, the General Partner may, in its sole discretion, elect to revalue the Capital Accounts of all the partners effective immediately. If the General Partner elects, in its sole discretion, to re-evaluate the Capital Accounts of all the Partners, then the Capital Accounts of all the Partners shall be adjusted as follows:

(i) the General Partner shall determine the proceeds which would be realized if the Partnership sold all its assets immediately prior to the effectiveness of such admission, for a price equal to the Fair Market Value of such assets, and

(ii) the General Partner shall allocate amounts equal to the gain and/or loss which would have been realized upon such a sale to the Capital Accounts of all the Partners immediately prior to the effectiveness of such admission, in accordance with the provisions of Section 4.2(d) hereof.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to the Partnership Agreement to be executed as of this 1st day of October, 1996.

GENERAL PARTNER

FIRST QUADRANT CORP.,
A New Jersey Corporation

By: /s/ Sean M. Healey

Name: Sean M. Healey
Title: Vice President

LIMITED PARTNERS

R.D. ARNOTT CORPORATION

By: /s/ Robert D. Arnott

Robert D. Arnott
President

CULONBOIS CORPORATION

By: /s/ Curt J. Ketterer

Curt J. Ketterer
President

LUCK MONSTER CORPORATION

By: /s/ Christopher G. Luck

Christopher G. Luck
President

AYPWIP CORPORATION

By: /s/ David J. Leinweber

David J. Leinweber
President

R.M. DARNELL CORPORATION

By: /s/ R. Max Darnell

R. Max Darnell
President

T.S. MECKEL RUHESTANDS
CORPORATION

By: /s/ Timothy S. Meckel

Timothy S. Meckel
President

LOVELL, INC.

By: /s/ Robert M. Lovell

Robert M. Lovell, Jr.
President

WILLIAM A.R. GOODSALL

/s/ William A.R. Goodsall

ROBERT H. BROWN

/s/ Robert H. Brown

EXHIBIT 10.6

SECOND AMENDMENT

Effective as of December 31, 1996

To the

FIRST QUADRANT, L.P.
(A Delaware Limited Partnership)

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
Dated March 28, 1996

The Amended and Restated Limited Partnership Agreement of First Quadrant, L.P. dated March 28, 1996, as amended by that certain amendment effective as of September 30, 1996, (the "Partnership Agreement") is hereby further amended as of this 15th day of April, 1997 as set forth below. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Partnership Agreement.

1. Section 1.1 of the Partnership Agreement is hereby amended to add the following definition:

> "Assumed Contingent Allocation," with respect to each Limited Partner, shall mean the amount set forth opposite such Limited Partner's name on Schedule X attached hereto (as such Schedule may be amended pursuant to Sections 5.4(b) and 5.4(c) hereof).
>
> "Assumed Initial Allocation," with respect to each Limited Partner, shall mean the amount set forth opposite such Limited Partner's name on Schedule X attached hereto (as such Schedule may be amended pursuant to Sections 5.4(b) and 5.4(c) hereof).
>
> "Contingent Allocation," with respect to each Limited Partner, shall mean the amount set forth opposite such Limited Partner's name on Schedule X attached hereto (as such Schedule may be amended pursuant to Sections 5.4(b) and 5.4(c) hereof).
>
> "Contingent Make-Up Payments" shall have the meaning set forth in Section 5.4(c) hereof.
>
> "Excess Loss Amounts" shall have the meaning set forth in Section 4.2(c)(v) hereof.

"Initial Allocation," with respect to each Limited Partner, shall mean the amount set forth opposite such Limited Partner's name on Schedule X attached hereto (as such Schedule may be amended pursuant to Sections 5.4(b) and 5.4(c) hereof).

"Initial Limited Partners" shall mean those individuals and entities which are Limited Partners on the Effective Date. No transferee or assignee of an Initial Limited Partner's Partnership Interest shall be deemed an Initial Limited Partner.

"Initial Make-Up Payments" shall have the meaning set forth in Section 5.4(c) hereof.

"Make-Up Payments" shall mean both Initial Make-Up Payments and Contingent Make-Up Payments.

"Mandatory Book-Up" shall mean the book-up contemplated by Section 4.2(g) hereof.

"Special Allocation Amount," as of any date, shall mean the excess, if any, of (A) $3,110,400 over (B) the aggregate amount of income and gain allocated to the Limited Partners' Capital Accounts for all prior periods pursuant to Section 4.2(d)(2) and Section 4.2(g) (to the extent such section requires an allocation in accordance with Section 4.2(d)(2)).

"12/31/96 Points" shall have the meaning set forth in Section 5.4(b) hereof.

2. The provisions of Section 3.3(b) are hereby amended and restated in their entirety as follows:

(b) The Operating Cash Flow of the Partnership for any period shall be used by the Partnership to provide for and pay its business expenses and expenditures as determined by the Officers of the Partnership or by a Majority Vote; including, without limitation, compensation and benefits to its employees, including the Officers of the Partnership. Without the prior written consent of the General Partner, the Partnership shall incur no expenses or obligations that exceed its ability to pay or provide for them out of its Operating Cash Flow on a current or previously reserved basis. The Partnership shall only make (i) payments of compensation (including bonuses) to its employees (including any Officers of the Partnership) and (ii) payments pursuant to the First Quadrant Corp. Incentive Compensation Plan (as amended and restated as of January 1, 1990, as further amended by Amendment Number 1 dated as of March 28, 1996, and as further amended and restated as of March 28, 1996 (the "ICP")) out of the balance of its Operating Cash Flow remaining after the payment (or reservation for payment) of all the other business expenses and expenditures (including, without limitation, any payments required under the Intercompany Services Agreement) for the applicable period. Any excess Operating Cash Flow remaining for any fiscal year following the payment (or reservation for payment) of all business expenses and expenditures may be used by the Partnership in such fiscal year and/or in future fiscal years in accordance with the preceding sentence. The Partnership shall not, without the prior written consent of the General Partner, enter into any contracts or other agreements which could reasonably be foreseen to conflict with the provisions of this Section 3.3(b), to have a material adverse impact on the Operating Cash Flow of the partnership in future periods or to encumber the assets of the Partnership. Free Cash Flow may be used to provide for and pay the business expenses of the Partnership to the extent specified in Section 3.3(c) with respect to key-man life insurance and disability insurance as well as directors and offices liability insurance for the benefit of the directors and officers of the General Partner, Section 3.4 with respect to certain extraordinary expenses and otherwise as agreed to in writing by the General Partner and the Limited Partners by a Majority Vote (any such use being referred to herein as a "Free Cash Flow Expenditure").

3. The provisions of Section 3.9(a) are hereby amended and restated in their entirety as follows:

(a) In the event that the employment by the Partnership or First Quadrant Limited of any Employee Stockholder terminates for any reason, then: (i) if the termination of the Employee Stockholder occurred because of the death or Permanent Incapacity of such Employee Stockholder, the Partnership shall purchase for cash up to the extent of the cash proceeds of any key-man life insurance policies or disability insurance policies, as applicable, maintained by the Partnership on the life or health of such Employee Stockholder, and (ii) in each other such case (and, in the case of the death or Permanent Incapacity of an Employee Stockholder, to the extent the obligation exceeds the proceeds described in clause (i) of this Section 3.9(a)), AMG shall purchase (each a "Repurchase") all the Partnership Interests held by the Limited Partner (or the Limited Partner of which such employee was the Employee Stockholder, as applicable) (as indicated on Schedule A hereto) (the "Repurchased Partner"), in each case, pursuant to the terms of this Section 3.9; provided, that a portion of the Capital Account of such Limited Partner shall be transferred in accordance with the provisions of Section 5.4(e) hereof, if such section is applicable.

4. The provisions of Section 4.1(c) are hereby amended and restated in their entirety as follows:

(c) If, at any time, the General Partner determines that the Partnership requires additional capital, the General Partner may cause the Partnership to make a "Funds Call"; provided, however, that the Partnership shall make no Funds Call without a Majority Vote. A call made pursuant to this Section 4.1(c) may, in the General Partner's sole discretion, be either a requirement that each of the Limited Partners (other than AMG, or any Affiliate of AMG which is then a Limited Partner) contributes additional capital to the Partnership (a "Capital Call") or a requirement that each of the Limited Partners (other than AMG, or any Affiliate of AMG which is then a Limited Partner) loan funds to the Partnership (a "Loan Call"). Any Capital Call or Loan Call must be made to all Limited Partners (other than AMG, or any Affiliate of AMG which is then a Limited Partner) pro-rata in proportion to the number of Partnership Points held by such Limited Partners (provided, however, that for purposes of this Section 4.1, all the Partnership Points in the Executive Retention Reserve shall be deemed to be outstanding Partnership Points held by the Chief Executive Officer or, if he or she is not a Limited Partner but holds his or her interest in the Partnership through a Limited Partner, by such Limited Partner).

5. The provision of Section 4.1(f)(v) is hereby amended and restated in its entirety as follows:

(v) Whether such call is a Loan Call or a Capital Call (provided, however, that the General Partner may cause the Partnership to change a Loan Call to a Capital Call, and a Capital Call to a Loan Call, with one (1) day prior written notice to the Partners, and with a Majority Vote).

6. The provisions of 4.2(c)(iv) are hereby amended and restated in their entirety as follows and a new Section 4.2(c)(v) is hereby added to the Partnership Agreement to read in its entirety as follows:

(iv) fourth, all remaining items of Partnership income and gain and all items of deduction and loss (after giving effect to the allocations under Sections 4.2(c)(i), 4.2(c)(ii) and 4.2(c)(iii) hereof) for such month shall be allocated among the Limited Partners (other than Lovell, Inc.) in accordance with (and in proportion to) each such Limited Partner's respective number of Partnership Points on the first day of such month; provided, however, that, notwithstanding anything to the contrary in this Section 4.2(c)(iv), prior to allocating items of income and gain pursuant to the general rule of this Section 4.2(c)(iv), Limited Partners shall receive allocations of income and gain, in proportion to their respective Excess Loss Amounts, until the aggregate amount of income and gain allocated pursuant to this proviso in the current and all prior years equals the Excess Loss Amounts previously allocated to such Limited Partners pursuant to Section 4.2(c)(v) hereof.

(v) The deduction and loss allocated pursuant to Section 4.2(c)(iv) hereof shall not exceed the maximum amount of deduction and loss that can be so allocated without causing any Limited Partner to have a negative Capital Account at the end of any calendar year. In the event some but not all of the Limited Partners would have negative Capital Accounts as a consequence of an allocation of deduction or loss pursuant to Section 4.2(c)(iv), the limitation set forth in this Section 4.2(c)(v) shall be applied on a Limited Partner-by-Limited Partner basis (in proportion to their respective Partnership Points) so as to allocate the maximum possible losses to each Limited Partner under Treasury Regulation Section 1.704-1(b)(2)(ii)(d) (such amounts so allocated are referred to as the "Excess Loss Amounts"). All items of deduction and loss in excess of the limitation set forth in this Section 4.2(c)(v) (i.e., after all Limited Partners' Capital Accounts have been reduced to zero) shall be allocated to the General Partner.

(vi) Furthermore, notwithstanding anything to the contrary in this Section 4.2(c), when allocating items of income and gain pursuant to this Section 4.2(c), immediately after allocating income and gain pursuant to Section 4.2(c)(i) and prior to allocating income and gain pursuant to any other subsection of Section 4.2(c), items of income and gain shall be allocated to the General Partner until the cumulative allocations of income and gain made pursuant to this sentence equal the cumulative items of deduction and loss previously allocated to the General Partner pursuant to Section 4.2(c)(v).

7. The provisions of Section 4.2(d) are hereby amended and restated in their entirety as follows:

(d) Sale of Assets. All items of Partnership net gain from any sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership shall be allocated among the Capital Accounts of the Partners in the following order and priority: (1) to the General Partner until the sum of the cumulative allocations under this clause (1) and under Section 4.2(c)(vi) hereof equal the cumulative items of deduction or loss previously allocated to General Partner pursuant to Section 4.2(c)(v) hereof; (2) if all payments have been made under the ICP, among the Limited Partners, in an amount equal to the Special Allocation Amount prior to such allocation, in proportion to their respective sums of Contingent Allocations and Assumed Contingent Allocations; (3) among the Limited Partners, in an amount equal to (A) the aggregate amount of the net gain less (B) any portion of such net gain allocated under clause (1), multiplied by a fraction, the numerator of which is the Limited Partners' number of Partnership Points as of the date of the transaction and the denominator of which is the aggregate number of Partnership Points held by all the Partners as of the date of such transaction, in proportion to the Limited Partners' respective number of Partnership Points as of such date; and (4) the remainder, if any, to the General Partner. All items of Partnership net loss from any sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership shall be allocated among the Capital Accounts of the Partners in accordance with (and in proportion to) their respective number of Partnership Points as of the date of such transaction.

8. A new Section 4.2(f) is hereby added to the Partnership Agreement to read in its entirety as follows:

(f) Allocation of Income and Loss in the Calendar Quarter ended December 31, 1996. Notwithstanding the provisions of Section 4.2(c) to the contrary, but subject to Sections 4.2(d) and 4.2(e) and Sections 4.4 and 4.5 hereof, all items of Partnership income, deduction, gain and loss attributable to the calendar quarter ended December 31, 1996, shall be allocated among the Partners' Capital Accounts at the end of such quarter as follows:

(i) first, items of income and gain shall be allocated to the General Partner in accordance with Section 4.2(c)(i) hereto; all allocations under this Section 4.2(f)(i) shall be considered to be allocations under Section 4.2(c)(i) for all purposes of the Partnership Agreement (including, without limitation, Section 4.3);

(ii) second, items of income and gain (if any) shall be allocated among all Limited Partners in accordance with Section 4.2(c)(iii) hereto; all allocations under this Section 4.2(f)(ii) shall be considered to be allocations under Section 4.2(c)(iii) for all purposes of the Partnership Agreement (including, without limitation, Section 4.3);

(iii) third, items of income and gain (if any) shall be allocated to the General Partner until the allocations to the General Partner under this Section 4.2(f)(iii) equal $3,110,400;

(iv) fourth, items of income and gain (if any) shall be allocated to the Limited Partners in amounts as may be selected by the Chief Executive Officer with the consent of the General Partner (which consent shall not be unreasonably withheld), until the aggregate allocations to the Limited Partners under this Section 4.2(f)(iv) equal $2,131,800;

(v) fifth, items of income and gain (if any) shall be allocated to the Limited Partners, in proportion to the Initial Allocation amounts set forth on Schedule X attached hereto, until the aggregate allocations to the Limited Partners under this Section 4.2(f)(v) equal $889,600; and

(vi) finally, all remaining items of income and gain (if any) and all items of deduction and loss (after giving effect to the allocations under Sections 4.2(f)(i), 4.2(f)(ii), 4.2(f)(iii), 4.2(f)(iv), and 4.2(f)(v) hereof) shall be allocated among the Limited Partners in accordance with Section 4.2(c)(iv) hereof; provided, however, that, notwithstanding anything to the contrary in this Section 4.2(f)(vi), when allocating income, gain, deduction and loss to the Limited Partners pursuant to this Section 4.2(f)(vi), R.D. Arnott Corporation shall be allocated an amount of income equal to the excess, if any, of (A) the aggregate amount of (1) all income and gain which would have been allocated to R.D. Arnott Corporation from the Effective Date to December 31, 1996 pursuant to Section 4.2(c)(iv) if R.D. Arnott Corporation had owned, for the entire period from the Effective Date to December 31, 1996, the number of Partnership Points actually owned by R.D. Arnott Corporation as of October 1, 1996, minus (2) all deductions and loss which would have been allocated to R.D. Arnott Corporation from the

Effective Date to December 31, 1996 pursuant to Section 4.2(c)(iv) if R.D. Arnott Corporation had owned, for the entire period from the Effective Date to December 31, 1996, the number of Partnership Points actually owned by R.D. Arnott Corporation as of October 1, 1996, over (B) the aggregate amount of (1) all income and gain actually allocated to R.D. Arnott Corporation from the Effective Date to December 31, 1996 pursuant to Section 4.2(c)(iv) and this Section 4.2(f), minus (2) all deduction and loss actually allocated to R.D. Arnott Corporation from the Effective Date to December 31, 1996 pursuant to Section 4.2(c)(iv) and this Section 4.2(f); and provided further, that, notwithstanding anything to the contrary in this Section 4.2(f)(vi), when allocating income, gain, deduction and loss to the Limited Partners pursuant to this Section 4.2(f)(vi), Lovell, Inc. shall be allocated income, gain, deduction and loss in an amount which, after taking into account all other allocations to Lovell, Inc. under Sections 4.2(c) and 4.2(f) for all periods from the Effective Date to December 31, 1996, has the affect of allocating to Lovell, Inc. an aggregate amount of income and gain equal to the aggregate amount of income and gain which would be allocated to Lovell, Inc. under only Sections 4.2(c)(iii) and 4.2(f)(ii) for all periods from the Effective Date to December 31, 1996.

9. A new Section 4.2(g) is hereby added to the Partnership Agreement to read in its entirety as follows:

(g) Mandatory Book-up. Notwithstanding anything to the contrary in this Agreement, the following book-up shall occur, after all payments have been made under the ICP, in a calendar month (the "Book-Up Month") chosen by the Initial Limited Partners, in their sole discretion (but in no event shall such chosen month be prior to the calendar month ending January 31, 2001). The General Partner shall determine the proceeds which would be realized if the Partnership sold all its assets the last day of the Book-Up Month for a price equal to the Fair Market Value of such assets. The General Partner shall allocate an amount equal to the net gain or net loss, if any, which would have been realized upon such a sale to the Capital Accounts of the Partners in accordance with the provisions of Section 4.2(d) hereof.

10. The provisions of Section 5.1(b) are hereby amended and restated in their entirety as follows:

(b) to AMG pursuant to the provisions of Section 3.9, 7.1 or 7.4 hereof or pursuant to the provisions of such other agreement as may be entered into by the Partnership in connection with the issuance of Partnership Points;

11. The provisions of Section 5.4 are hereby amended and restated in their entirety as follows:

Section 5.4 ALLOCATION OF DISTRIBUTIONS BETWEEN ASSIGNOR AND ASSIGNEE; SUCCESSOR TO CAPITAL ACCOUNTS.

(a) Upon the Transfer of a Partnership Interest, distributions pursuant to Article IV shall be made to the Person owning the Partnership Interest at the date of distribution, unless the assignor and assignee otherwise agree and so direct the General Partner in a written statement signed by both. Except as otherwise set forth in this Section 5.4, in connection with a Transfer by a Partner of Partnership Points, the assignee shall succeed to a pro-rata (based on the percentage of such Person's Partnership Interests transferred) portion of the assignor's Capital Account, unless the assignor and assignee otherwise agree and so direct the General Partner in a written statement signed by both and consented to by the General Partner.

(b) In connection with a Transfer of Partnership Points pursuant to Section 3.9, 7.1, 7.3 (other than a GP Call pursuant to Section 7.3 to the extent such GP Call is allocated to R.D. Arnott Corporation) or 7.4 hereof, the Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner shall become obligated to make the following payments to the transferor Limited Partner.

(i) The Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner shall become obligated to pay the transferor Limited Partner an amount equal to (x) the transferor Limited Partner's remaining Initial Allocation, multiplied by (y) a fraction, the numerator of which is the number of Partnership Points held by such Limited Partner on December 31, 1996 (such Limited Partners so-called "12/31/96 Points"; provided, that no Partner may succeed to another Partner's 12/31/96 Points) which are being transferred, and the denominator of which is the number of 12/31/96 Points then held by such Limited Partner. In addition, the transferor Limited Partner's remaining Initial Allocation shall be reduced by such amount and the General Partner shall adjust Schedule X to reflect that reduction.

(ii) The Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner shall become obligated to pay the transferor Limited Partner an amount equal to (x) the transferor Limited Partner's remaining Contingent Allocation, multiplied by (y) a fraction, the numerator of which is the number of 12/31/96 Points which are being transferred, and the denominator of which is the number of 12/31/96 Points then held by such Limited Partner. In addition, the transferor Limited Partner's remaining Contingent Allocation shall be reduced by such amount, and the General Partner shall adjust Schedule X to reflect that reduction.

(iii) The Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner shall become obligated to pay the transferor Limited Partner an amount equal to (x) the transferor Limited Partner's remaining Assumed Initial Allocation, multiplied by (y) a fraction, the numerator of which is the number of

Partnership Points which are being transferred, and the denominator of which is the number of Partnership Points then held by such Limited Partner. In addition, the transferor Limited Partner's remaining Assumed Initial Allocation shall be reduced by such amount and the General Partner shall adjust Schedule X to reflect that reduction.

(iv) The Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner shall become obligated to pay the transferor Limited Partner an amount equal to (x) the transferor Limited Partner's remaining Assumed Contingent Allocation, multiplied by (y) a fraction, the numerator of which is the number of Partnership Points which are being transferred, and the denominator of which is the number of Partnership Points then held by such Limited Partner. In addition, the transferor Limited Partner's remaining Assumed Contingent Allocation shall be reduced by such amount and the General Partner shall adjust Schedule X to reflect that reduction.

(c) The cumulative amounts which are owed to the transferor Limited Partner under Sections 5.4(b)(i) and 5.4(b)(iii) hereof are hereafter referred to as the "Initial Make-Up Payments" associated with that Transfer of Partnership Points, and the cumulative amounts which are owed to the transferor Limited Partner under Sections 5.4(b)(ii) and 5.4(b)(iv) hereof are hereafter referred to as the "Contingent Make-Up Payments" associated with that Transfer of Partnership Points. At the time of a Transfer as to which Section 5.4(b) applies, each Limited Partner other than the transferor Limited Partner, Lovell, Inc. and any Limited Partner which is an Affiliate of the General Partner shall become obligated to pay the transferor Limited Partner that portion of the Make-Up Payments associated with that Transfer of Partnership Points as is equal to the sum of (x) the Initial Make-Up Payment associated with that Transfer of Partnership Points, multiplied by a fraction, the numerator of which is equal to the Partnership Points held by such Limited Partner immediately prior to the Transfer, and the denominator of which is the number of Partnership Points held by the Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Limited Partner which is an Affiliate of the General Partner and (y) the Contingent Make-Up Payment associated with that Transfer of Partnership Points, multiplied by a fraction, the numerator of which is equal to the Partnership Points held by such Limited Partner, and the denominator of which is the number of Partnership Points held by the Limited Partners other than the transferor Limited Partner, Lovell, Inc. and any Limited Partner which is an Affiliate of the General Partner. The portion of the Initial Make-Up Payment which is allocated to a Limited Partner under this Section 5.4(c) shall be added to that Limited Partner's Assumed Initial Allocation, and the portion of the Contingent Make-Up Payment which is allocated to a Limited Partner under this Section 5.4(c) shall be added to that Limited Partner's Assumed Contingent Allocation, and the General Partner shall adjust Schedule X to reflect those increases.

(d) The payment required by Section 5.4(c) shall be required to be made by each Limited Partner (and each person who was, at the time they incurred the obligation, a Limited Partner), only to the extent of the sum of (x) the greater of (A) the excess of such Limited Partner's share of Partnership income and gain allocated to the Limited Partner under Section 4.2(c)(iv) in a year, over such Limited Partner's share of Partnership deduction and loss allocated to the Limited Partner under Section 4.2(c)(iv) in such year, in each case, only to the

extent of distributions made in respect of such excess allocations under Section 4.3(d) hereof, or (B) ten percent (10%) of the bonus paid by the Partnership or First Quadrant, Ltd. to that Limited Partner (or its Employee Stockholder) in that year (with the relative amounts of bonus and salary received by such Limited Partner (or its Employee Stockholder) being determined and, if necessary recharacterized, solely for purposes of this Section 5.4(d) by reference to past practices of the Partnership and First Quadrant, Ltd.), and (y) amounts received by such Limited Partner from other Limited Partners (and former Limited Partners) pursuant to this Section 5.4(d) with respect to such year. If a Limited Partner is obligated to make payments to more than one other Limited Partner pursuant to this Section 5.4(d), such obligor Limited Partner shall make payments to the other Limited Partners pro-rata in accordance with the amounts so owned to such Limited Partners.

(e) The transferor Limited Partner's Capital Account shall be transferred as follows:

(i) first, a portion of the Capital Account equal to the lesser of (x) the Capital Account or (y) the sum (1) of the reduction in the transferor Limited Partner's Initial Allocation and (2) the reduction in the transferor Limited Partner's Assumed Initial Allocation shall be allocated among and transferred to the Limited Partners (other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner) in proportion to their relative allocations of Initial Make-Up Payments. Notwithstanding anything to the contrary in the previous sentence, if assuming the Partnership's assets were fully amortized, the aggregate Capital Accounts of the Partners would be less than $7,110,400, then the sum set forth in clause (y) of the previous sentence shall be multiplied by one minus the percentage reduction below $7,110,400 in the Partners' Capital Accounts in each book-down pursuant to Section 5.6(c) or Section 6.3 (with each percentage reduction being applied successively, if there is more than one).

(ii) second, if the Mandatory Book-Up or a sale of assets described in Section 4.2(d) hereof has occurred, a portion of the Capital Account equal to the lesser of (x) the remaining Capital Account or (y) an amount equal to the sum of (1) the reduction in the Transferor's Contingent Allocation and (2) the reduction in the Transferor's Assumed Contingent Allocation, which sum is multiplied by (3) one minus the percentage reduction in the Partners' Capital Accounts in each book-down pursuant to Section 5.6(c) or Section 6.3 (with each percentage reduction being applied successively, if there is more than one), shall be allocated among and transferred to the Limited Partners (other than the transferor Limited Partner, Lovell, Inc. and any Affiliate of the General Partner) in proportion to their relative allocations of Contingent Make-Up Payments.

(iii) third, the amount, if any, equal to the positive difference between (x) the transferor Limited Partner's Capital Account prior to the Transfer, multiplied by a fraction, the numerator of which is the number of Partnership Points being transferred, and the denominator of which is the number of Partnership Points held by the transferor Limited Partner immediately prior to the transfer, and (y) the portions of the Capital Account transferred pursuant

to (i) and (ii) above, shall be transferred from the transferor Limited Partner to the Person purchasing or receiving the Partnership Points in the Transfer.

(f) The failure of any Limited Partner to make any of the payments described in this Section 5.4 shall have no effect on the validity of any Transfer. In no event shall the payment obligations set forth in this Section 5.4 be recourse to either the Partnership or the General Partner, and neither the Partnership nor the General Partner shall have any obligation to make any of the payments described in this Section 5.4.

(g) In the event of a Transfer among Limited Partners pursuant to Section 5.1, the transferee Limited Partners shall pay to the transferor Limited Partner, in proportion to the number of Partnership Points being received by such transferee Limited Partners, an amount equal to that portion of the Make-Up Payments associated with such Transfer. The transferor Limited Partner's Initial Allocation, Contingent Allocation, Assumed Initial Allocation and Assumed Contingent Allocation shall be reduced accordingly and the transferee Limited Partners' Assumed Initial Allocations and Assumed Contingent Allocations shall be increased accordingly. The General Partner shall adjust Schedule X to reflect those changes. In the event of a Transfer described in this Section 5.4(g), the Limited Partners' Capital Accounts shall be transferred in a manner consistent with the principles set forth in Section 5.4(e).

12. The provisions of Section 5.6(c) are hereby amended and restated in their entirety as follows:

(c) Each time additional Partnership Interests are issued (including, without limitation, additional Partnership Points), the Capital Accounts of all the Partners shall be adjusted as follows: (i) the General Partner shall determine the proceeds which would be realized if the Partnership sold all its assets at such time for a price equal to the Fair Market Value of such assets, and (ii) the General Partner shall allocate amounts equal to the gain or loss which would have been realized upon such a sale to the Capital Accounts of all the Partners immediately prior to such issuance in accordance with Section 6.3 hereof.

13. The provisions of Section 6.3 are hereby amended and restated in their entirety as follows:

SECTION 6.3 OPTIONAL BOOK-UP. Immediately prior to the effectiveness of (a) the admission of a transferee of interests of a Limited Partner as a substitute Limited Partner with respect to such interests pursuant to the provisions of Section 5.2 hereof, or (b) the admission of a transferee of interests from the General Partner as an Additional Limited Partner with respect to such interests pursuant to the provisions of Section 5.6(a) hereof, the General Partner may, in its sole discretion, elect to revalue the Capital Accounts of all the Partners effective immediately. If the General Partner elects, in its sole discretion, to revalue the Capital Accounts of all the Partners, then the Capital Accounts of all the Partners shall be adjusted as follows:

(i) the General Partner shall determine the proceeds which would be realized if the Partnership sold all its assets immediately prior to the effectiveness of such admission, for a price equal to the Fair Market Value of such assets, and

(ii) the General Partner shall allocate amounts equal to the gain and/or loss which would have been realized upon such a sale among all Partners in accordance with (and in proportion to) their respective number of Partnership Points as of the date of such transaction, but immediately prior to the effectiveness of such admission (or any other admission or withdrawal on such date).

14. The provisions of Section 7.1(a) are hereby amended and restated in their entirety as follows:

(a) Each Limited Partner may, subject to the terms and conditions set forth in this Section 7.1, cause AMG to purchase portions of the Partnership Interests held by such Limited Partner in the Partnership (a "Put"); provided, that a portion of the Capital Account of such Limited Partner shall be transferred in accordance with the provisions of Section 5.4(e) hereof, if such section is applicable.

15. The provisions of Section 7.3(a) are hereby amended and restated in their entirety as follows:

(a) The General Partner may, subject to the terms and conditions set forth in this Section 7.3, purchase eight and twenty-four one hundredths (8.24) Partnership Points from the Limited Partners (the "GP Call"); provided, that a portion of the Capital Accounts of such Limited Partners shall be transferred in accordance with the provisions of Section 5.4(e) hereof, if such section is applicable.

16. The provisions of Section 7.4(a) are hereby amended and restated in their entirety as follows:

(a) AMG may, subject to the terms and conditions set forth in this Section 7.4, purchase portions of the Partnership Interests held by the Limited Partners in the Partnership (each a "Call"); provided, that a portion of the Capital Accounts of such Limited Partners shall be transferred in accordance with the provisions of Section 5.4(e) hereof, if such section is applicable. Notwithstanding anything else set forth herein to the contrary, the consent of the Chief Executive Officer shall be required prior to any Call other than a Call of Partnership Points held by the Chief Executive Officer or the Limited Partner of which the Chief Executive Officer is the Employee Stockholder.

17. The last sentence of Section 7.4(b) is hereby amended and restated in their entirety as follows:

Notwithstanding any other provision set forth herein, AMG may only exercise its rights under this Section 7.4(b) if it purchases an equal number of Initial Partnership Points in the Partnership and Initial U.K. Partnership Points in the U.K. Partnership.

This Amendment may be executed in a number of counterparts, all of which together shall for all purposes constitute one Amendment, binding on all the Partners notwithstanding that all Partners have not signed the same counterpart.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to the Partnership Agreement to be executed as of this 15th day of April, 1997.

GENERAL PARTNER:

FIRST QUADRANT CORP.,
a New Jersey Corporation

By: /s/ Sean M. Healey

Name: Sean M. Healey
Title: Vice President

LIMITED PARTNERS

R.D. ARNOTT CORPORATION

By: /s/ Robert D. Arnott

Robert D. Arnott
President

CULONBOIS CORPORATION

By: /s/ Curt J. Ketterer

Curt J. Ketterer
President

LUCK MONSTER CORPORATION

By: /s/ Christopher G. Luck

Christopher G. Luck
President

AYPWIP CORPORATION

By: /s/ David J. Leinweber

David J. Leinweber
President

R.M. DARNELL CORPORATION

By: /s/ R. Max Darnell

R. Max Darnell
President

T.S. MECKEL RUHESTANDS CORPORATION

By: /s/ Timothy S. Meckel

Timothy S. Meckel
President

LOVELL, INC.

By: /s/ Robert M. Lovell, Jr.

Robert M. Lovell, Jr.
President

/s/ William A. R. Goodsall

WILLIAM A.R. GOODSALL

/s/ Robert H. Brown

ROBERT H. BROWN

SCHEDULE X

Attached to and made a part of
the Second Amendment to the
Amended and Restated Limited Partnership
Agreement of First Quadrant, L.P.

Limited Partner	Initial Allocation	Contingent Allocation	Assumed Initial Allocation	Assumed Contingent Allocation
R.D. Arnott Corporation	$222,164	$2,319,739		
William A.R. Goodsall	157,210	186,235		
AYPWIP Corporation	157,210	186,235		
Lovell, Inc.	0	0		
T.S. Meckel Ruhestands Corporation	157,210	186,235		
R.M. Darnell Corporation	64,955	76,947		
Culonbois Corporation	64,955	76,947		
Robert H. Brown	32,948	39,031		
Luck Monster Corporation	32,948	39,031		
	889,600	3,110,400		

EXHIBIT 10.9

AMENDMENT

Effective as of August 1, 1996

To the

SKYLINE ASSET MANAGEMENT, L.P.
(A Delaware Limited Partnership)

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
Dated August 31, 1995

The Amended and Restated Limited Partnership Agreement of Skyline Asset Management, L.P. dated August 31, 1995 (the "Partnership Agreement") is hereby amended as of this first day of August, 1996 as set forth below. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Partnership Agreement.

1. Section 3.3(a) and Section 3.3(c) of the Partnership Agreement are each hereby amended by the addition of the following sentence as the last sentence of said Section 3.3(a) and said Section 3.3(c):

Notwithstanding the foregoing, effective only during the months of August, 1996 and September, 1996, the Officers may cause the Partnership to incur expenses or obligations (including without limitation, salaries and bonuses) that exceed its ability to pay or provide for than out of its Operating Cash Flow by $150,000; provided that such $150,000 excess may only be an obligation of the Partnership to pay the CEO of the Partnership compensation, which compensation may only be paid to the CEO as follows: $30,000 may be paid in August, 1996, $30,000 may be paid in September, 1996, and the remaining $90,000 may only be paid after the Partnership has made all distributions pursuant to Section 5.3(a) of the Partnership Agreement with respect to the fiscal quarter ended September 30, 1996 (the "1996 CEO Compensation Payment").

2. Section 3.10(c) of the Partnership Agreement is hereby amended and restated to read as follows:

(c) The number of shares of AMG Stock to be issued upon exercise of the Put shall be determined in accordance with the following formula:

$$\text{Number of Shares of AMG Stock} = \frac{((\text{FCF} \times \text{Percentage Put}) \times \text{AMG's EBITDA Multiple} \times .75) + \text{IC}}{\text{AMG's Average Stock Price}}$$

Where:

FCF = an amount equal to fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the December 31 prior to the date of the closing of such Put.

Percentage Put = a fraction, the numerator of which is the number of Partnership Points to be purchased from the Selling Partner on the Purchase Date, and the denominator of which is the number of Partnership Points outstanding on the Purchase Date before giving effect to any Puts or any issuances or redemptions of Partnership Points on such date.

AMG's EBITDA Multiple = a fraction, the numerator of which is (a) the number of shares of AMG Stock issued and outstanding immediately prior to the closing of the Put, multiplied by AMG's Average Stock Price, plus (b) the long-term indebtedness (including the current portion thereof) of AMG as of the date of its most recent public financial reports prior to the closing of the Put, and the denominator of which is fifty percent (50%) of AMG's earnings before interest, taxes, depreciation and amortization for the twenty-four (24) month period ending on the 31st day of December prior to the date of the closing of the Put.

IC = an amount equal to a fraction of any Positive Capital Account balance of such Limited Partner (to the extent that such positive balance results from contributions to capital, retained earnings or similar events, but excluding any positive Capital Account balance resulting from an interim Closing as described in Section 5.2(h) or similar book- up event), the numerator of which is the number of Partnership Points included in the Partnership Interest to be Purchased on the Purchase Date, and the denominator of which is the aggregate number of Vested Partnership Points held by such Selling Partner

AMG's Average Stock Price = the average (arithmetic mean) Stock Price of AMG Stock during the twenty (20) trading days prior to the date of the closing of the Put. The term "Stock Price" shall mean the closing price for each day for the AMG Stock which shall be the last sale price or, in the case no such sale takes place on such day, the average of the closing bid and asked prices in either case as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the AMG Stock is listed or admitted to trading; or, if not listed or admitted to trading on any national securities exchange, the last quoted price (or, if not so quoted, the average of the last quoted high bid and low asked prices) in the over-the-counter market, as reported by NASDAQ or such other system then in use; or, if on any such date no bids are quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such security reasonably selected by the Board of Directors of AMG.

In the event that there is any stock split (or reverse stock split), stock dividend or other similar event, equitable and appropriate adjustments shall be made in the application of the foregoing calculation of AMG's Average Stock Price to take account of such event.

3. Section 5.2(d)(ii) of the Partnership Agreement is hereby amended by the addition of the following as the last sentence of said Section 5.2(d)(ii):

Notwithstanding the provisions of this clause (ii) to the contrary, effective only for the calendar month ended September 30, 1996, at the end of the calendar month ended September 30, 1996, items of deduction attributable to the 1996 CEO Compensation Payment, if any, shall be allocated to WMD Corp. (or any successor to WMD Corp.'s interest) prior to any other allocations of deduction and loss pursuant to this Section 5.2(d)(ii).

3. Exhibit A to the Partnership Agreement is hereby Amended and Restated in the form attached hereto as Exhibit A.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to the Partnership Agreement to be executed as of this first day of August, 1996.

GENERAL PARTNER

AFFILIATED MANAGERS GROUP, INC.

By:/s/ Sean M. Healey

Name: Sean M. Healey
Title: Executive Vice President

LIMITED PARTNERS

WMD CORP.

By:/s/ William M. Dutton

Name: William M. Dutton
Title: President

KSK CORP.

By:/s/ Kenneth S. Kailin

Name: Kenneth S. Kailin
Title: President

GXL CORP.

By:/s/ Geoffrey P. Lutz

Name: Geoffrey P. Lutz
Title: President

MXM CORP.

By:/s/ Michael Maloney

Name: Michael Maloney
Title: President

EXHIBIT A

ATTACHED TO AND MADE A PART OF
THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF
SKYLINE ASSET MANAGEMENT, L.P.

	PARTNERSHIP POINTS
Vested Partnership Points Issued to General Partner:	
Affiliated Managers Group, Inc.	55
Vested Partnership Points Issued to Limited Partners:	
WMD Corp	22
KSK Corp.	4
GXL Corp.	3
MXM Corp.	1
Total Limited Partners	30
TOTAL VESTED	85
Unvested Partnership Points:	
KSK Corp.	4(a)
GXL Corp.	2(b)
Reserved - Hurdle Points	4(c)
Reserved - Discretionary Points	5(d)
TOTAL UNVESTED	15
TOTAL	100

(a) MID-CAP POINTS: These four (4) Partnership Points (the "Mid-Cap Points") are unvested Partnership Points issued to KSK Corp. as of the Effective Date. The Mid-Cap Points shall vest and become Vested Partnership Points as follows:

(i) If the sum of (A) Revenues From Operations of the Partnership attributable to providing Investment Management Services in accordance with the Partnership's Midcapitalization Value Equity Management strategy ("New Mid-Cap Revenues") annualized based on the assets under management as of the last business day of any month (each, a "Vesting Test Date") plus (B) the Revenues from Operations of the Partnership attributable to providing Investment Management Services in accordance with the Partnership's Skyline 2500 Product ("2500 Product Revenues") based on the assets under management as of that Vesting Test Date multiplied by .75, exceed the Revenues From Operations of the Partnership attributable to providing Investment Management Services in accordance with the Partnership's Midcapitalization Value Equity Management strategy annualized based on the assets under management as of the Effective Date (the "Mid-Cap Base") by at least $750,000 (for any reason including contributions to new or existing accounts, increases in fees payable to the Partnership or appreciation in the value of the assets of the accounts), then one (1) Partnership Point shall vest and become a Vested Partnership Point as of such Vesting Test Date.

(ii) If the sum of (A) the New Mid-Cap Revenues annualized based on the assets under management as of any Vesting Test Date plus (B) the 2500 Product Revenues based on the assets under management as of that Vesting Test Date multiplied by .75, exceed the Mid-Cap Base by at least $1,500,000 (for any reason including contributions to new or existing accounts, increases in fees payable to the Partnership or appreciation in the value of the assets of the accounts), then one (1) Partnership Point (in addition to the Point described in the preceding paragraph) shall vest and become a Vested Partnership Point as of such Vesting Test Date.

(iii) If the sum of (A) the New Mid-Cap Revenues annualized based on the assets under management as of any Vesting Test Date plus (B) the 2500 Product Revenues based on the assets under management as of that Vesting Test Date multiplied by .75, exceed the Mid-Cap Base by at least $2,250,000 (for any reason including contributions to new or existing accounts, increases in fees payable to the Partnership or appreciation in the value of the assets of the accounts), then one (1) Partnership Point (in addition to the Points described in the preceding paragraphs) shall vest and become a Vested Partnership Point as of such Vesting Test Date.

(iv) If the sum of (A) the New Mid-Cap Revenues annualized based on the assets under management as of any Vesting Test Date plus (B) the 2500 Product Revenues based on the assets under management as of that Vesting Test Date multiplied by .75 exceed the Mid-Cap Base by at least $3,000,000 (for any reason including contributions to new or existing accounts, increases in fees payable to the Partnership or appreciation in the value of the assets of the accounts), then one (1) Partnership Point (in addition to the Points described in the preceding paragraphs) shall vest and become a Vested Partnership Point as of such Vesting Test Date.

(v) If any Mid-Cap Point has failed to vest in accordance with the foregoing paragraphs by the sixth anniversary of the Effective Date, such Partnership Point shall terminate unvested.

(vi) Any Mid-Cap Points that terminate unvested in accordance with the preceding paragraph or in accordance with Section 3.8(a) may be reissued only by mutual consent of the CEO and the General Partner.

(b) MARKETING POINTS: These two (2) Partnership Points (the "Marketing Points") are unvested Partnership Points issued to GXL Corp. as of the Effective Date. The Marketing Points shall vest and become Vested Partnership Points as follows:

(i) If the Revenues From Operations of the Partnership attributable to providing Investment Management Services for Qualifying Assets (as such term is defined below) annualized based on such assets as of a Vesting Test Date ("New Marketing Revenues") are equal to at least $375,000, then one-half of one (0.5) Partnership Point shall vest and become one-half of one (0.5) Vested Partnership Point as of such Vesting Test Date.

(ii) If the New Marketing Revenues annualized based on such assets as of any Vesting Test Date are equal to at least $750,000, then one-half of one (.50) Partnership Point (in addition to the fraction of a Point described in the preceding paragraph) shall vest and become one-half of one (0.5) Vested Partnership Point as of such Vesting Test Date.

(iii) If the New Marketing Revenues annualized based on such assets as of any Vesting Test Date are equal to at least $1,125,000, then one-half of one (.50) Partnership Point (in addition to the Point described in the preceding paragraphs) shall vest and become a one-half of one (0.5) Vested Partnership Point as of such Vesting Test Date.

(iv) If the New Marketing Revenues annualized based on such assets as of any Vesting Test Date are equal to at least $1,500,000, then one-half of one (.50) Partnership Point (in addition to the one and one-half (1.5) Points described in the preceding paragraphs) shall vest and become one-half of one (0.5) Vested Partnership Point as of such Vesting Test Date.

(v) If any Marketing Point has failed to vest in accordance with the foregoing paragraphs by the sixth anniversary of the Effective Date, such Partnership Point shall terminate unvested.

(vi) Any Marketing Points that terminate unvested in accordance with the preceding paragraph or in accordance with Section 3.8(a) may be reissued only by mutual consent of the CEO and the General Partner.

For purposes of this Section (b), the term Qualifying Assets shall mean: assets under management by the Partnership that have come under management by the Partnership since the Effective Date by reason of additional contributions by existing clients or from new clients and, in either case, with respect to which Geoffrey P. Lutz has been substantially involved in attracting the client (with respect to contributions from new clients) or retaining the client (with respect to additional contributions from existing clients); provided, however, that (i) in determining Qualifying Assets, there shall be excluded: (A) any assets under management by the Partnership under the Partnership's Small Capitalization Value Equity Management Strategy, (B) any assets under management by the Partnership in an investment company which is registered or required to be registered under the Investment Company Act, and (C) twenty-five percent (25%) of each otherwise Qualifying Asset which are assets under management by the Partnership under the Partnership's Skyline 2500 Product, unless (ii) the CEO elects, in any one or more instances, in his sole discretion, to include as Qualifying Assets some or all of such otherwise excluded assets by giving notice of such inclusion to the General Partner and Geoffrey P. Lutz.

(c) HURDLE POINTS: These four (4) Partnership Points (the "Hurdle Points") are not issued as of the Effective Date, but are reserved for issuance as follows:

(i) Subject to the provisions of Section 6.5(e), the CEO in his discretion may issue all or any portion of the Hurdle Points at any time, and from time to time, to any one or more persons who are, or have agreed to become, employed by the Partnership (or are controlled by persons who are so employed or have so agreed).

(ii) In his discretion, the CEO may elect, prior to the issuance of any particular portion(s) of the Hurdle Points to any person ("Undesignated Hurdle Points"), to assign incentive goals with respect to all or any portion of such Undesignated Hurdle Points, which incentive goals may be reviewed by the CEO annually for the purposes of making adjustments thereto. If such incentive goals are satisfied while the Undesignated Hurdle Points are held in reserve, then following such satisfaction, the Undesignated Hurdle Points may be issued by the CEO in his discretion as if they were, and they shall thereupon be deemed to be, Discretionary Points governed by paragraph (d) hereof. Prior to such satisfaction, the CEO in his discretion may issue all or any portion of the Undesignated Hurdle Points at any time, and from time to time, to any one or more persons pursuant to paragraphs (c)(i), (c)(iii) and (c)(iv).

(iii) Subject to the provisions of Section 6.5(e), the CEO shall, at the time of issuance of any Hurdle Points, establish the terms and conditions of such Hurdle Points, including the terms and conditions upon which such Hurdle Points shall become Vested Partnership Points. The terms and conditions pursuant to which Hurdle Points shall become Vested Partnership Points shall be determined in the

discretion of the CEO for the purposes of providing performance incentives to the persons receiving such Hurdle Points (or persons by whom they are controlled), and may be reviewed by the CEO annually for the purposes of making adjustments thereto.

(iv) Except as described in paragraph (ii) above with respect to Hurdle Points that have been deemed Discretionary Points, the Hurdle Points shall be unvested when issued. Any Hurdle Points (or fractions thereof) that terminate unvested in accordance with Section 3.8(a) or otherwise fail to become Vested Partnership Points and terminate in accordance with their terms may be reissued by the CEO in his sole discretion, provided that such Hurdle Points shall remain Hurdle Points hereunder and shall remain subject to the provisions of Section 6.5(e) and this paragraph (c).

(d) DISCRETIONARY POINTS: These five (5) Partnership Points, plus any Hurdle Points that are deemed Discretionary Points in accordance with paragraph (c)(ii) above (the "Discretionary Points") are not issued as of the Effective Date, but are reserved for issuance as follows:

(i) Subject to the provisions of Section 6.5(e), the CEO in his discretion may issue all or any portion of the Discretionary Points at any time, and from time to time to one or more persons who are, or have agreed to become, employed by the Partnership (or are controlled by persons who are so employed or have so agreed).

(ii) At the time of issuance, the Discretionary Points may be unvested Partnership Points or Vested Partnership Points, as determined by the CEO in his discretion. Subject to the provisions of Section 6.5(e), the CEO may establish the terms and conditions of the Discretionary Points, including without limitation the terms and conditions upon which any unvested Discretionary Points may become Vested Partnership Points.

(iii) Any Discretionary Points (or fractions thereof) that terminate unvested in accordance with Section 3.8(a) or otherwise fail to become Vested Partnership Points and terminate in accordance with their terms may be reissued by the CEO in his sole discretion, provided that such Discretionary Points shall remain Discretionary Points hereunder and shall remain subject to the provisions of Section 6.5(e) and this paragraph (d).

EXHIBIT 10.10

SECOND AMENDMENT

Effective as of December 31, 1996

To the

SKYLINE ASSET MANAGEMENT, L.P.
(A Delaware Limited Partnership)

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
Dated August 31, 1995

The Amended and Restated Limited Partnership Agreement of Skyline Asset Management, L.P. dated August 31, 1995, as amended on August 1, 1996 (the "Partnership Agreement") is hereby amended effective as of this 31st day of December, 1996 as set forth below. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Partnership Agreement.

1. Section 5.2(c) of the Partnership Agreement is hereby amended to read in its entirety as follows:

(c) Allocation of Income and Gain. Subject to Section 5.2(e) and Sections 5.4 and 5.5 hereof, all items of Partnership income and gain shall be allocated among the Partners' Capital Accounts at the end of every month as follows:

(i) first, items of income and gain shall be allocated to the General Partner in an amount equal to the Free Cash Flow (net of Free Cash Flow Expenditures) for such month multiplied by a fraction, the numerator of which is the number of Partnership Points held by the General Partner for such month, and the denominator of which is the total number of Vested Partnership Points outstanding for such month;

(ii) second, the General Partner shall be allocated items of income and gain until the General Partner has been allocated cumulative income and gain equal to the cumulative amount of losses and deductions allocated to the General Partner under Section 5.2(d)(iii);

(iii) third, items of income and gain shall be allocated among all Limited Partners in accordance with (and in proportion to) each Limited Partner's respective number of Vested Partnership Points for such

month, until the aggregate amount of such items allocated to the Partners pursuant to Section 5.2(c)(i) and this Section 5.2(c)(iii) for such month equals the aggregate amount of Free Cash Flow for such month; and

(iv) fourth, items of Partnership income and gain for such month shall be allocated among the Limited Partners in proportion to each Limited Partner's respective number of Vested Partnership Points for such month until the cumulative aggregate amount of such items of Partnership income and gain allocated to the Limited Partners pursuant to this Section 5.2(c)(iv) for such month and all prior months in that fiscal year equals the cumulative aggregate amount of items of Partnership deduction and loss allocated to the Limited Partners for such month and all prior months in that fiscal year pursuant to the provisions of Section 5.2(d)(ii) hereof.

2. Section 5.3 of the Partnership Agreement is hereby amended to read in its entirety as follows:

(a) Subject to Section 5.3(b) hereof, from and after the date hereof, within thirty (30) days after the end of each fiscal quarter, the General Partner shall, based on the unaudited financial statements for such fiscal quarter prepared in accordance with Section 9.3 hereof (after approval thereof by the General Partner), cause the Partnership (X) to distribute to the General Partner the amount of income and gain allocated to the General Partner for such fiscal quarter pursuant to Section 5.2(c)(i) and (ii), minus any losses and deductions allocated to the General Partner under Section 5.2(d)(iii), and (Y) to distribute to the Limited Partners the amount of any income and gain allocated to the Limited Partners under Section 5.2(c)(iii), minus any losses and deductions allocated to the Limited Partners under Section 5.2(d)(ii). Within ninety-five (95) days after the end of each fiscal year of the Partnership, the General Partner shall, based on the audited financial statements prepared in accordance with Section 9.3 hereof, cause the Partnership to make a distribution of (i) the remaining amounts, if any, for the preceding fiscal year not previously distributed, in accordance with the foregoing clauses (X) and (Y) of this Section 5.3(a), and (ii) the amount of any income and gain allocated to the Limited Partners under Section 5.2(c)(iv). In the event that, in connection with the preparation of audited financial statements or otherwise it shall be determined that any prior distributions were not made in the proper amounts, the General Partner shall be authorized to increase or decrease one or more subsequent distributions in such manner and to such extent as it shall deem necessary or appropriate.

(b) The General Partner may, from time to time and with a Majority Vote, reserve and refrain from making a distribution that is otherwise required under Section 5.3(a) for Partnership purposes, including, without limitation, to increase the net worth of the Partnership.

(c) Within ninety-five (95) days after the end of each fiscal year of the Partnership (or such earlier date as may be agreed to by the General Partner with either a Majority Vote or the consent of the CEO), the General Partner shall, based on the audited

financial statements prepared in accordance with Section 9.3 hereof, cause the Partnership to make a distribution to each Limited Partner of the amount, if any, which was allocated to such Limited Partner for the previous fiscal year pursuant to the provisions of Section 5.5(c) hereof.

(d) Except as otherwise set forth herein, all other amounts or proceeds available for distribution, if any, shall be distributed to the Partners at such time as may be determined by the General Partner in its sole discretion provided that any such distribution shall be made among the Partners (i) in accordance with the positive balances (if any) in their respective Capital Accounts (as determined immediately prior to such distribution) until all such positive Capital Account balances have been reduced to zero, and (ii) thereafter among all Partners in accordance with their respective number of Vested Partnership Points at the time of such distribution.

(e) Notwithstanding any other provision herein to the contrary, if any Limited Partner has received a distribution under Section 5.3(a) or Section 5.3(c) during a fiscal year and, based on the audited financial statements prepared in accordance with Section 9.3 hereof, there are at the end of such fiscal year any unrecovered excess deductions, such that the General Partner will be entitled to an allocation pursuant to Section 5.2(c)(ii) at the time of the next allocation of gross income of the Partnership, then the Limited Partners shall promptly (and in any event within ninety-five (95) days after the end of such fiscal year of the Partnership) contribute to the Partnership in accordance with (and in proportion to) the aggregate amount of distributions received by such Limited Partner under Section 5.3(a) and Section 5.3(c) with respect to such fiscal year, cash in the aggregate amount of such unrecovered excess deductions. The obligation of each Limited Partner to make contributions to the Partnership pursuant to this Section 5.3(e) with respect to any fiscal year shall be limited to the aggregate amount of distributions received by such Limited Partner under Sections 5.3(a) and Section 5.3(c) with respect to such fiscal year.

3. Section 5.5 of the Partnership Agreement is hereby amended by the addition of a new Section 5.5(c) which will read in its entirety as follows:

(c) If, at the end of a fiscal year, (i) the aggregate amount of items of income and gain allocated to the Limited Partners pursuant to the provisions of Section 5.2(c)(iv) equals the aggregate amount of items of Partnership deduction and loss for such fiscal year, and (ii) there are additional items of income and gain for such fiscal year which have not been allocated pursuant to the provisions of Section 5.2 hereof or the other provisions of this Section 5.5 hereof, then such additional items of income and gain (i.e., the unallocated items of income and gain in excess of the aggregate amount of items of deduction and loss attributable to such fiscal year) which were not previously allocated shall be allocated to the Limited Partners and in the amounts as may be selected by the CEO or, if there is no CEO, then by a Majority Vote; provided, that if no determination is made within ninety-five (95) days after the end of a fiscal year, such items of income and gain shall be allocated among the Limited Partners in proportion to each Limited Partner's respective number of Vested Partnership Points as of the end of such fiscal year.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to the Partnership Agreement to be executed as of this ___ day of March, 1997.

GENERAL PARTNER

AFFILIATED MANAGERS GROUP, INC.

By:/s/ Sean M. Healey

Name: Sean M. Healey
Title: Executive Vice President

LIMITED PARTNERS

WMD CORP.

By:/s/ William M. Dutton

Name: William M. Dutton
Title: President

KSK CORP.

By:/s/ Kenneth S. Kailin

Name: Kenneth S. Kailin
Title: President

GXL CORP.

By:/s/ Geoffrey P. Lutz

Name: Geoffrey P. Lutz
Title: President

MXM CORP.

By:/s/ Michael Maloney

Name: Michael Maloney
Title: President

EXHIBIT 10.11

AFFILIATED MANAGERS GROUP, INC.

1997 STOCK OPTION AND INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Affiliated Managers Group, Inc. 1997 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Independent Directors and other key persons (including consultants) of Affiliated Managers Group, Inc. (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Act" means the Securities Exchange Act of 1934, as amended.

"Administrator" is defined in Section 2(a).

"Award" or "Awards," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Deferred Stock Awards, Restricted Stock Awards, Unrestricted Stock Awards, Performance Share Awards and Dividend Equivalent Rights.

"Board" means the Board of Directors of the Company.

"Change of Control" is defined in Section 16.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Committee" means the Committee of the Board referred to in Section 2.

"Deferred Stock Award" means Awards granted pursuant to Section 8.

"Dividend Equivalent Right" means Awards granted pursuant to Section 11.

"Effective Date" means the date on which the Plan is approved by stockholders as set forth in Section 18.

"Fair Market Value" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that (i) if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), the Fair Market Value on any given date shall not be less than the average of the highest bid and lowest asked prices of the Stock reported for such date or, if no bid and asked prices were reported for such date, for the last day preceding such date for which such prices were reported, or (ii) if the Stock is admitted to trading on a national securities exchange or the NASDAQ National Market System, the Fair Market Value on any date shall not be less than the closing price reported for the Stock on such exchange or system for such date or, if no sales were reported for such date, for the last date preceding the date for such a sale was reported. Notwithstanding the foregoing, the Fair Market Value on the first day of the Company's initial public offering of Stock shall be the initial public price as set forth in the final prospectus for the Company's initial public offering.

"Incentive Stock Option" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"Independent Director" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Option" or "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 5.

"Performance Share Award" means Awards granted pursuant to Section 10.

"Restricted Stock Award" means Awards granted pursuant to Section 7.

"Stock" means the Common Stock, par value $.01 per share, of the Company, subject to adjustments pursuant to Section 3.

"Stock Appreciation Right" means any Award granted pursuant to Section 6.

"Subsidiary" means any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities beginning with the Company if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other interests possessing 50 percent or more of the economic interest or the total combined voting power of all classes of stock or other interests in one of the other corporations or entities in the chain.

"Unrestricted Stock Award" means any Award granted pursuant to Section 9.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT PARTICIPANTS AND DETERMINE AWARDS

(a) Committee. The Plan shall be administered by either the Board or a committee of not less than two Independent Directors (in either case, the "Administrator"). Each member of the Committee shall be an "outside director" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder and a "non-employee director" within the meaning of Rule 16b-3(b)(3)(i) promulgated under the Act, or any successor definition under said rule.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Deferred Stock Awards, Unrestricted Stock Awards, Performance Share Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more participants;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and participants, and to approve the form of written instruments evidencing the Awards;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised;

(vii) to determine at any time whether, to what extent, and under what circumstances distribution or the receipt of Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the participant and whether and to what extent the Company shall pay or credit amounts constituting interest (at rates determined by the Administrator) or dividends or deemed dividends on such deferrals; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan participants.

(c) Delegation of Authority to Grant Awards. The Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards at Fair Market Value, to individuals who are not subject to the reporting and other provisions of Section 16 of the Act or "covered employees" within the meaning of Section 162(m) of the Code. Any such delegation by the Administrator shall include a limitation as to the amount of Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price of any Option, the conversion ratio or price of other Awards and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 35,000. For purposes of this limitation, the shares of Stock underlying any Awards which are forfeited, cancelled, reacquired by the Company, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Subject to such overall limitation, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options or Stock Appreciation Rights with respect to no more than 14,000 shares of Stock may be granted to any one individual participant during any one calendar year period. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company and held in its treasury.

(b) Changes in Stock. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number of Stock Options or

Stock Appreciation Rights that can be granted to any one individual participant, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, and (iv) the price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

The Administrator may also adjust the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration material changes in accounting practices or principles, extraordinary dividends, acquisitions or dispositions of stock or property or any other event if it is determined by the Administrator that such adjustment is appropriate to avoid distortion in the operation of the Plan, provided that no such adjustment shall be made in the case of an Incentive Stock Option, without the consent of the participant, if it would constitute a modification, extension or renewal of the Option within the meaning of Section 424(h) of the Code.

(c) Mergers. In contemplation of and subject to the consummation of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Stock are exchanged for securities, cash or other property of an unrelated corporation or business entity or in the event of a liquidation of the Company (in each case, a "Transaction"), the Board, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion, take any one or more of the following actions, as to outstanding Awards: (i) provide that such Awards shall be assumed or equivalent awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), and/or (ii) upon written notice to the participants, provide that all Awards will terminate immediately prior to the consummation of the Transaction. In the event that, pursuant to clause (ii) above, Awards will terminate immediately prior to the consummation of the Transaction, all vested Awards, other than Stock Options and Stock Appreciation Rights, shall be fully settled in cash or in kind at such appropriate consideration as determined by the Administrator in its sole discretion after taking into account the consideration payable per share of Stock pursuant to the business combination (the "Merger Price") and all vested Stock Options and vested Stock Appreciation Rights shall be fully settled, in cash or in kind, in an amount equal to the difference between (A) the Merger Price times the number of shares of Stock subject to such outstanding Stock Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Stock Options and Stock Appreciation Rights; provided, however, that each participant shall be permitted, within a specified period determined by the Administrator prior to the consummation of the Transaction, to exercise all outstanding Stock Options and Stock Appreciation Rights, including those that are not then exercisable, subject to the consummation of the Transaction.

(d) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who become employees of the Company or a Subsidiary as the result of a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances.

SECTION 4. ELIGIBILITY

Participants in the Plan will be such full or part-time officers and other employees, Independent Directors and key persons of the Company and its Subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

No Incentive Stock Option shall be granted under the Plan after October 9, 2007.

(a) Grant of Stock Options. The Administrator in its discretion may grant Stock Options to eligible employees, Independent Directors and key persons of the Company or any Subsidiary. Stock Options granted pursuant to this Section 5(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable.

(i) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5(a) shall be determined by the Administrator at the time of grant but, except as provided in the last sentence of this Section 5(a)(i), shall not be less than 100 percent of the Fair Market Value on the date of grant in the case of Incentive Stock Options, or 85 percent of the Fair Market Value on the date of grant, in the case of Non-Qualified Stock Options. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option shall be not

less than 110 percent of the Fair Market Value on the grant date. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the participant's election, subject to such terms and conditions as the Administrator may establish. Stock Options granted in lieu of cash compensation may have an exercise price less than 85 percent of the Fair Market Value on the date of grant.

(ii) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Incentive Stock Option shall be exercisable more than ten years after the date the option is granted. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the term of such option shall be no more than five years from the date of grant.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date; provided, however, that Stock Options granted in lieu of compensation shall be exercisable in full as of the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award agreement:

(A) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(B) In the form of shares of Stock that are not then subject to restrictions under any Company plan and that have been beneficially owned by the optionee for at least six months, if permitted by the Administrator in its discretion. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(D) By the optionee delivering to the Company a promissory note if the Board, upon the advice of counsel, has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his Stock Option; provided that at least so much of the exercise price as represents the par value of the Stock shall be paid other than with a promissory note.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Stock Option or applicable provisions of laws.

(v) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

(b) Reload Options. At the discretion of the Administrator, Options granted under the Plan may include a "reload" feature pursuant to which an optionee exercising an option by the delivery of a number of shares of Stock in accordance with Section 5(a)(iv)(B) hereof would automatically be granted an additional Option (with an exercise price equal to the Fair Market Value of the Stock on the date the additional Option is granted and with such other terms as the Administrator may provide) to purchase that number of shares of Stock equal to the number delivered to exercise the original Option with an Option term equal to the remainder of the original Option term unless the Administrator otherwise determines in the Award agreement for the original Option grant.

(c) Non-transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Award agreement regarding a given Option that the optionee may transfer, without consideration for the transfer, his Non-Qualified Stock Options to members of his immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement, or subject to Section 14 below, in writing after the Award agreement

is issued, an optionee's rights in all Stock Options shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 6. STOCK APPRECIATION RIGHTS.

(a) Nature of Stock Appreciation Rights. A Stock Appreciation Right is an Award entitling the recipient to receive an amount in cash or shares of Stock or a combination thereof having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right, which price shall not be less than 85 percent of the Fair Market Value of the Stock on the date of grant (or more than the option exercise price per share, if the Stock Appreciation Right was granted in tandem with a Stock Option) multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, with the Administrator having the right to determine the form of payment.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator in tandem with, or independently of, any Stock Option granted pursuant to Section 5 of the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Qualified Stock Option, such Stock Appreciation Right may be granted either at or after the time of the grant of such Option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option, such Stock Appreciation Right may be granted only at the time of the grant of the Option.

A Stock Appreciation Right or applicable portion thereof granted in tandem with a Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Option.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator, subject to the following:

(i) Stock Appreciation Rights granted in tandem with Options shall be exercisable at such time or times and to the extent that the related Stock Options shall be exercisable.

(ii) Upon exercise of a Stock Appreciation Right, the applicable portion of any related Option shall be surrendered.

(iii) All Stock Appreciation Rights shall be exercisable during the participant's lifetime only by the participant or the participant's legal representative.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement, or subject to Section 14 below, in writing after the Award agreement

is issued, an optionee's rights in all Stock Appreciation Rights shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. A Restricted Stock Award is an Award entitling the recipient to acquire, at par value or such other higher purchase price determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives, including, but not limited to, increase in cash net income or increase in stock price. The grant of a Restricted Stock Award is contingent on the participant executing the Restricted Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants.

(b) Rights as a Stockholder. Upon execution of a written instrument setting forth the Restricted Stock Award and payment of any applicable purchase price, a participant shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the written instrument evidencing the Restricted Stock Award. Unless the Administrator shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the participant shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award agreement. If a participant's employment (or other business relationship) with the Company and its Subsidiaries terminates for any reason, the Company shall have the right to repurchase Restricted Stock that has not vested at the time of termination at its original purchase price, from the participant or the participant's legal representative.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the participant's termination of employment (or other

business relationship) with the Company and its Subsidiaries and such shares shall be subject to the Company's right of repurchase as provided in Section 7(c) above.

(e) Waiver, Deferral and Reinvestment of Dividends. The Restricted Stock Award agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

SECTION 8. DEFERRED STOCK AWARDS

(a) Nature of Deferred Stock Awards. A Deferred Stock Award is an Award of phantom stock units to a participant, subject to restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives, including, but not limited to, increase in cash net income and increase in stock price. The grant of a Deferred Stock Award is contingent on the participant executing the Deferred Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants. At the end of the deferral period, the Deferred Stock Award, to the extent vested, shall be paid to the participant in the form of shares of Stock.

(b) Election to Receive Deferred Stock Awards in Lieu of Compensation. The Administrator may, in its sole discretion, permit a participant to elect to receive a portion of the cash compensation or Restricted Stock Award otherwise due to such participant in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with rules and procedures established by the Administrator. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate.

(c) Rights as a Stockholder. During the deferral period, a participant shall have no rights as a stockholder; provided, however, that the participant may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award, subject to such terms and conditions as the Administrator may determine.

(d) Restrictions. A Deferred Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of during the deferral period.

(e) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's right in all Deferred Stock Awards that have not vested shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 9. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award to any participant pursuant to which such participant may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of cash compensation due to such participant.

SECTION 10. PERFORMANCE SHARE AWARDS

(a) Nature of Performance Share Awards. A Performance Share Award is an Award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals, including, but not limited to, increase in cash net income or increase in stock price. The Administrator may make Performance Share Awards independent of or in connection with the granting of any other Award under the Plan. The Administrator in its sole discretion shall determine whether and to whom Performance Share Awards shall be made, the performance goals, the periods during which performance is to be measured, and all other limitations and conditions.

(b) Rights as a Stockholder. A participant receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Performance Share Award agreement (or in a performance plan adopted by the Administrator).

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's rights in all Performance Share Awards shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

(d) Acceleration, Waiver, Etc. At any time prior to the participant's termination of employment (or other business relationship) by the Company and its Subsidiaries, the Administrator may in its sole discretion accelerate, waive or, subject to Section 14, amend any or all of the goals, restrictions or conditions applicable to a Performance Share Award.

SECTION 11. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such

shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any participant as a component of another Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award.

(b) Interest Equivalents. Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 12. TAX WITHHOLDING

(a) Payment by Participant. Each participant shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant. The Company's obligation to deliver stock certificates to any participant is subject to and conditioned on tax obligations being satisfied by the participant.

(b) Payment in Stock. Subject to approval by the Administrator, a participant may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Stock

owned by the participant with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

SECTION 13. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 14. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. The Administrator may provide substitute Awards at the same or reduced exercise or purchase price or with no exercise or purchase price in a manner not inconsistent with the terms of the Plan, but such price, if any, must satisfy the requirements which would apply to the substitute or amended Award if it were then initially granted under this Plan, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. If and to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or to ensure that compensation earned under Stock Options and Stock Appreciation Rights qualifies as performance-based compensation under Section 162(m) of the Code, if and to the extent intended to so qualify, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 14 shall limit the Board's authority to take any action permitted pursuant to Section 3(c).

SECTION 15. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder,

provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 16. CHANGE OF CONTROL PROVISIONS

Upon the occurrence of a Change of Control as defined in this Section 16:

(a) Except as otherwise provided in the applicable Award agreement, each outstanding Stock Option and Stock Appreciation Right shall automatically become fully exercisable.

(b) Each outstanding Restricted Stock Award and Performance Share Award shall be subject to such terms, if any, with respect to a Change of Control as have been provided by the Administrator in the Award agreement, or subject to Section 14 above, in writing after the Award agreement is issued.

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

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its Subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its Subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 25 percent or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Company's Board of Directors ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the stockholders of the Company shall approve (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 50 percent or more of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or (C) any plan or proposal for the liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of

securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person to 25 percent or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company), then a "Change of Control" shall be deemed to have occurred for purposes of the foregoing clause (i).

SECTION 17. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Administrator may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to participants under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the participant, at the participant's last known address on file with the Company.

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to such Company's insider-trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

SECTION 18. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon approval by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present or by the written consent of a majority of the stockholders. Subject to such approval by the stockholders and to the

requirement that no Stock may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of this Plan by the Board.

SECTION 19. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

EXHIBIT 10.14

FORM OF
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (hereafter the "Employment Agreement") made as of October 9, 1997 (the "Effective Date"), by and among Tweedy, Browne Company LLC, a Delaware limited liability company (the "Employer"), and _____, a resident of _____ (the "Employee").

W I T N E S S E T H

WHEREAS, pursuant to a Purchase Agreement, dated as of August 15, 1997 by and among Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), Tweedy, Browne Company L.P., a Delaware limited partnership (the "Predecessor") and the Employee and certain other parties as set forth therein (together with the Employee, the "Partners"), as amended and assigned from AMG to AMG/TBC Holdings, Inc., a Delaware corporation ("Holdings"), pursuant to the Amendment, Waiver and Assignment of Purchase Agreement, dated as of the date hereof, by and among AMG, the Predecessor, the Partners and Holdings (as amended and assigned, the "Purchase Agreement"), on the Effective Date, the Predecessor converted into the Employer and Holdings acquired certain interests in the Employer;

WHEREAS, the Employer will, on and after the Effective Date, continue the investment advisory businesses of the Predecessor (including acting as an investment manager and investment adviser and sub-advisor to the clients which were clients of the Predecessor);

WHEREAS, the Employee was a partner of the Predecessor and will receive substantial economic and other benefits if the Predecessor converts into the Employer and Holdings acquires interests in the Employer. (Reference is hereby made to that certain Limited Liability Company Agreement dated as of the Effective Date, as the same may be amended and/or restated from time to time (the "LLC Agreement") and capitalized terms used herein and not otherwise defined shall have the meaning set forth in the LLC Agreement when used in this Employment Agreement);

WHEREAS, it is a condition precedent to the obligation of AMG and Holdings to consummate the transactions contemplated by the Purchase Agreement that the Employee enter into and on the Effective Date be bound by an employment agreement with the Employer in the form hereof, superseding and replacing any previous employment agreement or arrangement that the Employee may have had with the Employer or the Predecessor, and it is further a condition precedent to the obligation of AMG and Holdings to consummate the transactions contemplated by the Purchase Agreement that each of AMG and Holdings be an intended third-party beneficiary of this Employment Agreement and be entitled to enforce all the provisions hereof as against each of the Employer and the Employee;

WHEREAS, AMG, Holdings and the Employer recognize the importance of the Employee to the Employer and to the Employer's ability to retain its client relationships, and desire that the

Employer employ the Employee for the period of employment and upon and subject to the terms herein provided;

WHEREAS, AMG, Holdings and the Employer wish to be assured that the Employee will not compete with the Employer and its Controlled Affiliates during the period of employment, and will not for a period thereafter compete with the Employer or its Controlled Affiliates, or solicit any Past Client (as hereinafter defined), Present Client, or Potential Clients (as hereinafter defined) of the Predecessor or the Employer and will not, by such competition or solicitation, damage the Employer's goodwill among its clients and the general public;

WHEREAS, the Employee desires to be employed by the Employer and to refrain from competing with the Employer or soliciting its clients and the clients of the Predecessor for the periods and upon and subject to the terms herein provided; and

WHEREAS, the Employee has been a partner of, or employed by, the Predecessor for approximately 20 years, has while so employed contributed to the acquisition and retention of the Company's clients, and will continue to seek to acquire and retain clients and to generate goodwill in the future as an officer, employee and agent of the Employer.

AGREEMENTS

In consideration of the premises, the mutual covenants and the agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

SECTION 1. TERM OF EMPLOYMENT. The Employer agrees to employ the Employee for a period of ten (10) years beginning on the Effective Date (the "Term") as an officer of the Employer except as provided herein; and the Employee hereby accepts such employment.

SECTION 2. COMPENSATION AND BENEFITS. As consideration for the Employee's performance hereunder, the Employer will pay the Employee for his services during the Term hereof such amounts (which may be zero (0)) as shall be determined by the Management Board consistent with the provision of Article III of the LLC Agreement (including, by way of example and not of limitation, the provisions of Section 3.5(a) of the LLC Agreement with regard to the use of Operating Cash Flow), subject to such payroll and withholding deductions as are required by law. Pursuant to the powers vested under Article III, the Employee's compensation (including salary and bonus) will be periodically reviewed and adjusted (with respect to both increases and/or decreases). The Employee shall participate, to the extent he is eligible and in a manner and to an extent that is fair and appropriate in light of his position and duties with the Employer at such time, in all bonus, pension, profit-sharing, group insurance, or other fringe benefit plans which the Employer may hereafter in its sole and absolute discretion make available generally to its officers consistent with the provisions of Article III of the LLC Agreement, but the Employer will not be required to establish any such program or plan. The Employee shall be entitled to such

vacations and to such reimbursement of expenses as the Employer's policies allow, from time to time, to officers having comparable responsibilities and duties.

SECTION 3. OFFICE AND DUTIES. During the Term of this Employment Agreement, the Employee shall hold such positions and perform such duties relating to the Employer's businesses and operations as may from time to time be assigned to him in accordance with the provisions of Article III of the LLC Agreement. During the Term of this Employment Agreement and while employed by the Employer, the Employee shall devote substantially all of his working time (which need not, to the extent permitted by the Management Board, be any particular minimum number of hours or be spent at any particular location or locations) to his duties hereunder and shall, to the best of his ability, perform such duties in a manner which will further the business and interests of the Employer.

SECTION 4. TERMINATION OF EMPLOYMENT. Notwithstanding any other provision of this Employment Agreement, Employee's employment with the Employer shall be terminated during the Term only in the following circumstances:

(a) At any time by the Manager Member, or by the Employer by action of its Management Board with the prior written consent of the Manager Member, For Cause, it being understood that clause (b) of the definition thereof requires a joint determination by the Manager Member and the Management Board;

(b) At any time by the Manager Member, or by the Employer by action of its Management Board with the prior written consent of the Manager Member, upon the Permanent Incapacity of the Employee; or

(c) Upon the death of the Employee.

Notwithstanding the foregoing, neither the Employer nor the Manager Member shall assert that a resignation by the Employee has occurred following: (a) a change in control of AMG as evidenced by an unaffiliated third party purchasing in excess of forty percent (40%) of the outstanding capital stock of AMG (on a fully converted basis) and thereafter the Manager Member has willfully and repeatedly violated the provisions of Section 3 of the LLC Agreement after sixty (60) days notice and opportunity to cure, which violations significantly disrupt the Employee's working environment; (b) the consent of the Manager Member to any action with respect to such Employee covered by Section 3.1(g)(v) of the LLC Agreement; or (c) a significant deterioration after the date of this Agreement in the health of the Employee, which deterioration has been described to the reasonable satisfaction of the Employer and the Manager Member in a letter from a licensed physician familiar with the Employee's health. The foregoing sentence is not intended to create any implication that a resignation of the Employee during the term in any other circumstances is or is not compensable.

Notwithstanding any provision hereof or of the LLC Agreement (of which this Agreement forms a part) to the contrary, upon any exercise by the Manager Member of any of any of its

rights under Section 3.3(b)(iv) of the LLC Agreement, (A) this Agreement (including without limitation Section 6 hereof) and the provisions of Sections 3.7, 3.8, 3.9, 3.11, 3.12, 7.1(c), 7.1(d) (other than the first sentence thereunder) and 7.3(c) (commencing with the first words of the proviso thereto and continuing to the end of Section 7.3(c)) of the LLC Agreement, to the extent applicable to the Employee as a Non-Manager Member thereunder, shall terminate automatically and be of no further force and effect, (B) Section 5.4 of the LLC Agreement shall be amended to delete the words "to resign," in the first sentence thereof, (C) Section 7.1(b) of the LLC Agreement shall be amended (i) to delete the words "Original Principal" in each place in which they appear and replace them with the words "Non-Manager Member," (ii) to delete the words "in the year 2003" and "starting with such date in the year 2003" and to replace them with the words "starting immediately," and (iii) to delete the words "Effective Date" and replace them with the words "any date," (D) Sections 7.1(e), 7.2(d) and 7.3.(c) of the LLC Agreement, with respect to the Put Price, Call Price and Repurchase Price applicable to the Employee as a Non-Manager Member thereunder, shall be amended to delete the words "eight and one-half (8.5)" and to replace them with the word "twenty (20)," (E) the third sentence of Section 7.3(e) of the LLC Agreement shall be amended (i) to delete the words "Original Principal"in each place in which they appear and replace them with the words "Non-Manager Member," (ii) to delete the phrase "or, in the case of any other Non-Manager Member . . . " through the close of the following parenthesis and (iii) to delete clause (ii) thereof, and (F) Section 7.4 of the LLC Agreement shall terminate automatically and be of no further force and effect with respect to such Employee as a Non-Manager Member thereunder. In addition, if the Employee notifies the Employer and the Manager Member in writing, each other employee of the Employer and any of its Controlled Affiliates shall be released unconditionally and without penalty of any sort from any non-competition, non-solicitation, confidentiality or similar obligation relating to his employment by the Employer or any of its Controlled Affiliates.

SECTION 5. ALL BUSINESS TO BE THE PROPERTY OF THE EMPLOYER; ASSIGNMENT OF INTELLECTUAL PROPERTY; CONFIDENTIALITY.

(a) The Employee agrees that any and all presently existing investment advisory businesses of the Employer (including, for all purposes, in this Section 5, the Predecessor) and its Controlled Affiliates, and all businesses developed by the Employer and its Controlled Affiliates, including by such Employee or any other employee of the Employer for the Employer or any Controlled Affiliate including, without limitation, all investment methodologies, all investment advisory contracts, fees and fee schedules, commissions, records, data, client lists, agreements, trade secrets, and any other incident of any business developed by the Employer or its Controlled Affiliates or earned or carried on by the Employee for the Employer or its Controlled Affiliates other than any such matters that are in the public record (unless they are so available by virtue of a breach of the provisions of this Section 5 or Section 3.8 of the LLC Agreement), and all trade names, service marks and logos under which the Employer or its Controlled Affiliates do business, and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Employer or such Controlled Affiliate, as applicable, for its or their sole use, and (where applicable) shall be payable directly to the Employer or such Controlled Affiliate. In addition, the Employee acknowledges and agrees that the investment

performance of the accounts managed by the Employer was attributable to the efforts of the team of professionals of the Employer and not to the efforts of any single individual, and that therefore, the performance records of the accounts managed by the Employer are and shall be the exclusive property of the Employer.

(b) The Employee acknowledges that, in the course of performing services hereunder and otherwise, the Employee has had, and will from time to time have, access to information of a confidential or proprietary nature, including without limitation, confidential or proprietary investment methodologies, trade secrets, proprietary or confidential plans, client identities and information, client lists, service providers, business operations or techniques, records and data ("Intellectual Property") owned or used in the course of business by the Employer or its Controlled Affiliates. The Employee agrees always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than in the regular business of the Employer) any Intellectual Property of the Employer or any Controlled Affiliate thereof that is not publicly available (other than Intellectual Property that is publicly available by virtue of a breach of this Section 5 or Section 3.8 of the LLC Agreement). At the termination of the Employee's services to the Employer, all data, memoranda, client lists, notes, programs and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Employee's possession or control shall be returned to the Employer and remain in the Employer's possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

(c) The Employee acknowledges that, in the course of entering into this Employment Agreement, the Employee has had and, in the course of the operation of the Employer, the Employee will from time to time have, access to Intellectual Property owned by or used in the course of business by AMG or Holdings. The Employee agrees, for the benefit of Employer and its Members, and for the benefit of AMG and Holdings, always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than with the consent of the Manager Member) any knowledge or information regarding Intellectual Property of AMG or Holdings that is not otherwise publicly available (other than Intellectual Property that is publicly available by virtue of a breach of this Section 5 or Section 3.8 of the LLC Agreement). At the termination of the Employee's service to the Employer, all data, memoranda, documents, notes and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Employee's possession or control shall be returned to AMG or Holdings, as applicable, and remain in its possession.

SECTION 6. NON-COMPETITION COVENANT.

(a) While employed by the LLC or any of its Affiliates, the Employee shall not, without the express written consent of the Manager Member, directly or indirectly, whether as owner, part-owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant, or in any other capacity, on behalf of himself or any firm, corporation or other business organization other than the Employer and its Controlled Affiliates, engage in any activity

described in Section 6(b), including with respect to Section 6(b)(i), without regard to whether such Person is a Client.

(b) In addition to, and not in limitation of, the provisions of Section 6(a), the Employee agrees, for the benefit of the Employer, AMG and Holdings, that from and after the termination of his employment with the Employer and continuing until the later of five (5) years following the termination of the Employee's employment with the Employer or any of its Affiliates, or fifteen (15) years from the date hereof, the Employee shall not, without the express written consent of the Manager Member and the Management Board, directly or indirectly, whether as owner, part-owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant, or in any other capacity, on behalf of himself or any firm, corporation or other business organization other than the Employer and its Controlled Affiliates:

(i) provide Investment Management Services or Brokerage Services to any Person that is a Client of the Employer or any of its Controlled Affiliates;

(ii) solicit or induce, whether directly or indirectly, any Person for the purpose (which need not be the sole or primary purpose) of (A) causing any funds with respect to which the Employer provides Investment Management Services or Brokerage Services to be withdrawn from such management, or (B) causing any Client of the Employer (including any Potential Clients) not to engage the Employer or any of its Controlled Affiliates to provide Investment Management Services or Brokerage Services for any additional funds;

(iii) contact or communicate with, in either case in connection with Investment Management Services or Brokerage Services, whether directly or indirectly, any Client of the Employer; or

(iv) solicit or induce, or attempt to solicit or induce, directly or indirectly, any employee or agent of, or consultant to, the LLC or any of its Controlled Affiliates to terminate its, his relationship therewith, hire any such employee, agent or consultant, or former employee, agent or consultant, or work in any enterprise involving Investment Management Services or Brokerage Services with any employee, agent or consultant or former employee, agent or consultant, of the LLC or its Controlled Affiliates who was employed by or acted as an agent or consultant to the LLC or its Controlled Affiliates at any time preceding the termination of the Employee's employment (excluding for all purposes of this sentence, secretaries and individuals holding other similar positions).

For purposes of Sections 6(a) and 6(b), in determining who is included in the definition of "Client" of the Employer, (x) the term "Past Client" shall be limited to those Past Clients (as defined in the LLC Agreement) who were advisees or investment advisory clients of, or recipients of Investment Management Services or Brokerage Services from, the Employer (including the Predecessor) or any of its Controlled Affiliates at the date of termination of the Employee's

employment or at any time during the twelve (12) months immediately preceding the date of such termination (y) the term "Potential Client" shall be limited to those Persons to whom an offer was made for Investment Management Services or Brokerage Services within two (2) years prior to the date of termination of the Employee's employment, and (z) neither the term "Client" nor the term "Person" shall include any Person who is included in the definition of "Immediate Family" with respect to the Employee.

Notwithstanding the provisions of Sections 6(a) and 6(b) hereof, the Employee may make passive investments in AMG or in a competitive enterprise the shares or other equity interests of which are (A) publicly traded, provided his holding therein, together with any holdings of his Affiliates and members of his Immediate Family, do not exceed five percent (5%) of the outstanding shares of comparable interests in such entity at the time such investments are made or (B) not publicly traded, provided such holdings do not exceed such percentage and such enterprise neither (i) by itself or (ii) with its Affiliates does not derive more than 20% of gross revenues from competitive activities either by itself or together with its Affiliates.

(c) The Employee, the Employer, AMG and Holdings agree that the periods of time and the unlimited geographic area applicable to the covenants of this Section 6 and of Section 3 are reasonable, in view of: (i) the Employee's status as a long-term, significant partner of the Predecessor which converted into the Employer; (ii) the Employee's member interest in the Employer (including all of the payments and rights with respect thereto under the LLC Agreement); (iii) the Employee's receipt of the consideration required by the Employer under the Purchase Agreement and the payments specified in Section 2 above; (iv) the geographic scope and nature of the business in which the Employer is engaged; (v) the Employee's knowledge of the Employer's (and its predecessor, the Company's, businesses); and (vi) the Employee's relationships with the investment advisory clients of the Employer and the Predecessor. However, if such period or such area should be adjudged unreasonable in any judicial proceeding, then the period of time shall be reduced by such number of months or such area shall be reduced by elimination of such portion of such area, or both, as are deemed unreasonable, so that this covenant may be enforced in such maximum area and during such maximum period of time as are adjudged to be reasonable.

(d) The provisions of this Section 6 and Section 5 shall not be deemed to limit any of the rights of the Employer, AMG or Holdings under the LLC Agreement or under applicable law, but shall be in addition to the rights set forth in the LLC Agreement and those which arise under applicable law.

SECTION 7. NOTICES. All notices hereunder shall be in writing and shall be delivered, sent by recognized overnight courier or mailed by registered or certified mail, postage and fees prepaid, to the party to be notified at the party's address shown below. Notices which are hand delivered or delivered by recognized overnight courier shall be effective on delivery. Notices which are mailed shall be effective on the third day after mailing.

(i) If to the Employer:

Tweedy, Browne Company LLC
52 Vanderbilt Avenue
New York, NY 10017
Attention: Christopher H. Browne

with a copy to:

Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, MA 02110
Attention: Nathaniel Dalton

(ii) if to the Employee:

Christopher H. Browne
c/o Tweedy, Browne Company LLC
52 Vanderbilt Avenue
New York, NY 10017

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, NY 10022
Attention: Richard T. Prins, Esq.

(iii) if to AMG:

Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, MA 02110
Attention: Nathaniel Dalton, Esq.

with a copy to:

Goodwin, Procter & Hoar LLP
Exchange Place
Boston, MA 02110
Attention: Elizabeth Shea Fries, Esq.

(iv) if to Holdings:

AMG/TBC Holdings, Inc.
c/o Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, MA 02110
Attention: Nathaniel Dalton, Esq.

with a copy to:

Goodwin, Procter & Hoar LLP
Exchange Place
Boston, MA 02110
Attention: Elizabeth Shea Fries, Esq.

unless and until notice of another or different address shall be given as provided herein.

SECTION 8. THIRD PARTY BENEFICIARY; ASSIGNABILITY. Each of AMG and Holdings is an intended third party beneficiary of the provisions of this Employment Agreement. This Employment Agreement shall be binding upon and inure to the benefit of the Employer, AMG and Holdings, and to any person or firm who may succeed to substantially all of the assets of the Employer, AMG or Holdings. This Employment Agreement shall not be assignable by the Employee.

SECTION 9. ENTIRE AGREEMENT. Except as set forth in the following below, this Employment Agreement contains the entire agreement between the Employer and the Employee with respect to the subject matter hereof, and supersedes all prior oral and written agreements between the Employer and the Employee with respect to the subject matter hereof, including without limitation any oral agreements relating to compensation. In the event of any conflict between the provisions hereof and of the LLC Agreement, the provisions hereof shall control.

SECTION 10. EQUITABLE RELIEF. The Employee recognizes and agrees that the remedy at law of the Employer, AMG or Holdings for any breach of the provisions of Sections 5 or 6 hereof would be inadequate and that for any breach of such provisions by the Employee, the Employer, AMG and Holdings shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Employment Agreement, be entitled to injunctive relief and to enforce their respective rights by an action for specific performance to the extent permitted by law. Should the Employee engage in any activities prohibited by this Employment Agreement, he agrees to pay over to the Employer all compensation received in connection with such activities. Such payment shall not impair any other rights or remedies of the Employer, AMG or Holdings or affect the obligations or liabilities of the Employee under this Employment Agreement or applicable law.

SECTION 11. ARBITRATION OF DISPUTES. Any controversy or claim arising out of or relating to this Employment Agreement or the breach hereof or otherwise arising out of the Employee's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in New York, New York in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators, except that the arbitrator shall apply the law as established by decisions of the U.S. Supreme Court, the Court of Appeals for the Second Circuit and the U.S. District Court for the Southern District of New York in deciding the merits of claims and defenses under federal law or any state or federal anti-discrimination law, and any awards to the Employee for violation of any anti-discrimination law shall not exceed the maximum award to which the Employee would be entitled under the applicable (or most analogous) federal anti-discrimination or civil rights laws. In the event that any person or entity other than the Employee, the Employer, AMG or Holdings may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 11 shall be specifically enforceable. Notwithstanding the foregoing, this Section 11 shall not preclude any party hereto from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 11.

SECTION 12. CONSENT TO JURISDICTION. To the extent that any court action is permitted consistent with or to enforce Section 10 of this Employment Agreement, the parties hereby consent to the jurisdiction of the Supreme Court of the State of New York, Manhattan Branch and the United States District Court for the Southern District of New York. Accordingly, with respect to any such court action, the Employee: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process at the address determined pursuant to the provisions of Section 8 hereof; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

SECTION 13. THIRD-PARTY AGREEMENTS AND RIGHTS. The Employee hereby confirms that the Employee is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Employee's use or disclosure of information or the Employee's engagement in any business. The Employee represents to the Employer that the Employee's execution of this Employment Agreement, the Employee's employment with the Employer and the performance of the Employee's proposed duties for the Employer will not violate any obligations the Employee may have to any such previous employer or other party. In the Employee's work for the Employer, the Employee will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Employee will not bring to the premises of the Employer any copies or other

tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

SECTION 14. LITIGATION AND REGULATORY COOPERATION. During and after the Employee's employment, the Employee shall cooperate fully with the Employer in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Employer, AMG or Holdings or their Affiliates which relate to events or occurrences that transpired while the Employee was employed by the Employer (including, without limitation, the Predecessor). The Employee's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Employer, AMG or Holdings or their Affiliates at mutually convenient times. During and after the Employee's employment, the Employee also shall cooperate fully with the Employer, AMG, Holdings and their Affiliates in connection with any investigation or review of any federal, state or local regulatory authority (including, without limitation, the Securities and Exchange Commission) as any such investigation or review relates to events or occurrences that transpired while the Employee was employed by the Employer (including, without limitation, the Predecessor). The Employer shall reimburse the Employee for any reasonable out-of-pocket expenses incurred in connection with the Employee's performance of obligations pursuant to this Section 14.

SECTION 15. WAIVERS AND FURTHER AGREEMENTS. Neither this Employment Agreement nor any term or condition hereof, including without limitation the terms and conditions of this Section 15, may be waived or modified in whole or in part as against AMG, Holdings, the Employer or the Employee, except by written instrument executed by or on behalf of each of the parties hereto other than the party seeking such waiver or modification, expressly stating that it is intended to operate as a waiver or modification of this Employment Agreement or the applicable term or condition hereof, it being understood that any action under this Section 15 on behalf of the Employer may be taken only with the approval of the Manager Member. Each of the parties hereto agrees to execute all such further instruments and documents and to take all such further action as the other party may reasonably require in order to effectuate the terms and purposes of this Employment Agreement.

SECTION 16. AMENDMENTS; EMPLOYER'S CONSENTS. This Employment Agreement may not be amended, nor shall any change, modification, consent, or discharge be effected except by written instrument executed by or on behalf of the party against whom enforcement of any change, modification, consent or discharge is sought, it being understood that any action under this Section 16 on behalf of the Employer may be taken only with the prior written approval of the Manager Member of the Employer.

Whenever under this Agreement the consent of the Employer is required, that consent shall only be effective if given with the prior written consent of the Manager Member of the Employer.

SECTION 17. SEVERABILITY. If any provision of this Employment Agreement shall be held or deemed to be invalid, inoperative or unenforceable in any jurisdiction or jurisdictions, because

of conflicts with any constitution, statute, rule or public policy or for any other reason, such circumstance shall not have the effect of rendering the provision in question unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provisions herein contained unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy, but this Employment Agreement shall be reformed and construed in any such jurisdiction or case as if such invalid, inoperative, or unenforceable provision had never been contained herein and such provision reformed so that it would be enforceable to the maximum extent permitted in such jurisdiction or in such case.

SECTION 18. GOVERNING LAW. This Employment Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York which apply to contracts executed and performed solely in the State of New York.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as a sealed instrument as of the date first above written.

EMPLOYEE:

_____
EMPLOYEE

TWEEDY, BROWNE COMPANY LLC

By: AMG/TBC Holdings, Inc.,
its Managing Member

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT:

AFFILIATED MANAGERS GROUP, INC.

By: _____
Name: _____
Title: _____

AMG/TBC HOLDINGS, INC.

By: _____
Name: _____
Title: _____

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in Pre-Effective Amendment No. 5 to the registration statement on Form S-1 (File No. 333-34679) of our report dated April 26, 1997, except for Note 16 for which the date is October 27, 1997, on our audits of the financial statements of Affiliated Managers Group, Inc. We also consent to the references to our firm under the captions "Experts", "Summary Historical and Pro Forma and Financial Data" and "Selected Historical Financial Data."

/s/ COOPERS & LYBRAND L.L.P.

Coopers & Lybrand L.L.P.

Boston, Massachusetts

November 14, 1997

EXHIBIT 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in Pre-Effective Amendment No. 5 to the registration statement on Form S-1 (File No. 333-34679) of our reports dated August 8, 1997 and August 15, 1997, on our audits of the financial statements of The Burridge Group Inc. and Gofen and Glossberg, Inc., respectively. We also consent to the references to our firm under the captions "Experts", "Summary Historical and Pro Forma and Financial Data" and "Selected Historical Financial Data".

/s/ COOPERS & LYBRAND L.L.P.

Coopers & Lybrand L.L.P.

Chicago, Illinois

November 14, 1997

EXHIBIT 23.4

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in Pre-Effective Amendment No. 5 to the registration statement on Form S-1 (File No. 333-34679) of our reports dated September 23, 1997, except for Note 9 for which the date is October 9, 1997, and August 15, 1997, except for Note 9 for which the date is September 30, 1997, on our audits of the financial statements of Tweedy, Browne Company L.P. and GeoCapital Corporation. We also consent to the references to our Firm under the captions "Experts", "Summary Historical and Pro Forma and Financial Data" and "Selected Historical Financial Data".

/s/ COOPERS & LYBRAND L.L.P.

Coopers & Lybrand L.L.P.

New York, New York

November 14, 1997

EXHIBIT 23.5

ACCOUNTANTS' CONSENT

The Board of Directors
First Quadrant:

We consent to the use of our report included herein and to the reference to our firm under the heading "Experts" in the Prospectus.

/s/ KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP

Los Angeles, California

November 14, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1996 AND ITS UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

1,000

YEAR	9-MOS
DEC-31-1996	DEC-31-1997
JAN-01-1996	JAN-01-1997
DEC-31-1996	SEP-30-1997
6,767	10,442
0	0
15,491	19,580
0	0
0	0
23,064	33,331
5,013	6,558
(2,014)	(2,487)
101,335	142,400
23,591	17,251
33,400	63,300
0	0
42,476	53,577
5	15
(5,514)	(4,681)
101,335	142,400
50,384	53,280
50,384	53,280
0	0
43,213	44,308
0	0
0	0
2,747	2,707
(1,208)	1,054
181	221
(1,389)	833
0	0
(983)	0
0	0
(2,372)	833
(0.21)	0.12
(0.21)	0.12