AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 19, 1997

REGISTRATION STATEMENT NO. 333-34679

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 6

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. GOODWIN, PROCTER & HOAR LLP Exchange Place Boston, Massachusetts 02109 (617) 570-1000	DAVID B. HARMS, ESQ. SULLIVAN & CROMWELL 125 Broad Street New York, New York 10004 (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 19, 1997

7,000,000 SHARES

[AMG LOGO]

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 December 30, 1993 to September 30, 1997; vertical axis of assets under management (in billions) ranging from $0 to $45 billion; horizontal axis is chronology of December 1993 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 December 1993 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 client 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

(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	44,917	143,211	143,951
Goodwill	53,545	254,023	255,132
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 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.

(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 $25.40 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	6,854			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	44,917	98,294	--	143,211	740	143,951
Goodwill	53,545	200,478	--	254,023	1,109	255,132
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	44,917
Goodwill	5,417	26,293	40,809	53,545
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 $143.2 million consisted of "acquired client relationships" and $254.0 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 operating 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 expenses.

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 tax liabilities. 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 November 14, 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 historical 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 EBITDA as adjusted 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 Chase Securities Inc. an underwriting fee of $6 million. In addition, in connection with the Credit Facility, the Company agreed to pay The Chase Manhattan Bank 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 U.S. Offering.

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	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. indirectly 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) 381,986 shares of restricted Common Stock, 352,405 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 819,486 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 after November 1998 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	44,917	98,294(C)	--	143,211	740(E)	143,951
Goodwill, net of accumulated amortization	53,545	200,478(C)	--	254,023	1,109(E)	255,132
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	6,854					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.)

AFFILIATED MANAGERS GROUP, INC.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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	44,917
Goodwill, net of accumulated amortization of $3,706 in 1995, $10,022 in 1996 and $11,499 in 1997	26,293	40,809	53,545
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	6,854,473

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	3,093
Increase (decrease) in deferred income taxes	(1,475)	141	(215)	--	69
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	800,000
Legal Fees and Expenses	400,000
Printing Expenses	300,000
Blue Sky Qualifications Fees and Expenses	25,000
Transfer Agent's Fee	2,000
Miscellaneous	20,278
TOTAL	$1,717,500

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(1) The amounts set forth above, except for the SEC, NYSE and NASD fees, are in each case estimated.

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
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**4.2	Credit Agreement dated as of September 30, 1997 by and among Chase Manhattan Bank and the other lenders identified therein and the Registrant (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request)
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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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10.8	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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**10.14	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 (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

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** 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. 6 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 19, 1997.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ WILLIAM J. NUTT

WILLIAM J. NUTT
PRESIDENT, CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD OF DIRECTORS

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 6 to this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
/s/ WILLIAM J. NUTT WILLIAM J. NUTT	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	November 19, 1997
* BRIAN J. GIRVAN	Senior Vice President (Principal Financial Officer and Principal Accounting Officer)	November 19, 1997
* RICHARD E. FLOOR	Director	November 19, 1997
* ROGER B. KAFKER	Director	November 19, 1997
* P. ANDREWS MCLANE	Director	November 19, 1997
* W.W. WALKER, JR.	Director	November 19, 1997
 JOHN M.B. O'CONNOR	Director	November 19, 1997

*By: /s/ NATHANIEL DALTON

NATHANIEL DALTON, ATTORNEY-IN-FACT

EXHIBIT INDEX

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** 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 2.1

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE COMMISSION. ASTERISKS (*) IDENTIFY WHERE SUCH CONFIDENTIAL INFORMATION HAS BEEN OMITTED. THE OMITTED PORTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

PURCHASE AGREEMENT

by and among

AFFILIATED MANAGERS GROUP, INC.
as "Buyer"

TWEEDY, BROWNE COMPANY L.P.
the "Company"

and

The Partners of the Company

August 15, 1997

PURCHASE AGREEMENT
INDEX

Page

EXHIBITS

Exhibit 2.1A	-	Form of Certificate of Conversion
Exhibit 2.1B	-	Form of Certificate of Formation
Exhibit 2.2	-	Form of LLC Agreement
Exhibit 5.16	-	Form of Non-Solicitation/Non-Disclosure Agreement
Exhibit 8.9	-	Form of Employment Agreement
Exhibit 8.14(g)	-	Form of Release

SCHEDULES ON AUGUST , 1997

Schedule 1.1	-	Allocation of LLC Interest Purchase Price
Schedule 1.2	-	Calculation of Gross Revenues and Related Percentages
Schedule 3.3(b)	-	Capitalization Prior to and Following Conversion
Schedule 3.8(a)	-	Company's Financial Statements
Schedule 6.7	-	Buyer's Financial Statements

PURCHASE AGREEMENT

AGREEMENT entered into as of August 15, 1997, by and among Affiliated Managers Group, Inc., a Delaware corporation ("Buyer"), Tweedy, Browne Company L.P., a Delaware limited partnership, Christopher H. Browne, William H. Browne, John D. Spears and James M. Clark, Jr. (together, the "Partners" and, each individually, a "Partner").

W I T N E S S E T H:

WHEREAS, the Company is engaged in the business of providing investment management and advisory services to private accounts of certain institutional and individual investors and public and private investment companies, and effecting transactions in securities in connection therewith;

WHEREAS, the Partners own of record and beneficially all of the issued and outstanding interests of the Company, consisting of general partner interests and limited partner interests representing in the aggregate one hundred percent of the capital and all rights to profits of the Company;

WHEREAS, the parties hereto desire and intend, and it is a condition precedent to the obligations of Buyer hereunder, that, the Company will convert, and the Partners will cause the Company to be converted, into Tweedy, Browne Company LLC, a Delaware limited liability company (the "LLC"), as more fully described below;

WHEREAS, the parties hereto desire to enter into this agreement providing for the purchase by Buyer of certain interests in the LLC and further desire that, in connection therewith, the LLC Agreement (as this and other capitalized terms are defined in Section 13.1) become effective; and

WHEREAS, to induce Buyer to enter into this Agreement, and to receive the benefits that will accrue to them if Buyer purchases interests in the LLC, the Company and the Partners have agreed to make certain representations, warranties and covenants as set forth herein.

NOW, THEREFORE, to consummate such purchase and sale and in consideration of the mutual agreements set forth herein and other valuable consideration, the receipt and adequacy whereof are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. SALE OF INTEREST AND PURCHASE PRICE.

1.1 SALE AND PURCHASE.

(a) Subject to the terms, provisions and conditions contained in this Agreement and on the basis of the representations, warranties and covenants herein set forth, each Partner hereby agrees to sell and deliver to Buyer, free and clear of any restrictions, liens, claims, charges, security interests, assignments, mortgages, deposit arrangements, pledges or encumbrances of any

kind or nature whatsoever (collectively, "Claims"), other than Claims set forth in the LLC Agreement, and Buyer hereby agrees to purchase from each Partner, the portion of the LLC Capital Account and Class A LLC Points of such Partner at the time of the Closing that is equal to the product obtained by multiplying (i) the percentage set forth opposite such Partner's name on Schedule 1.1 hereto, by (ii) the Purchased Percentage calculated pursuant to Section 1.2 below (together, and in the aggregate for all of the Partners, the "Purchased LLC Interest"), for a price equal to the product obtained by multiplying (I) the percentage set forth opposite such Seller's name on Schedule 1.1 hereto, by (II) the LLC Interest Purchase Price calculated pursuant to Section 1.2 below.

(b) The entire LLC Interest Purchase Price shall be paid in cash at the Closing; provided, however, that a pro rata portion of the LLC Interest Purchase Price payable to each Partner, with the aggregate amount being **confidential treatment requested** dollars ($**confidential treatment requested**) of such LLC Interest Purchase Price for all Partners, shall be placed into and held in escrow as contemplated in the Escrow Agreement and Section 12.2(a).

1.2 CALCULATION OF PURCHASED INTEREST AND PURCHASE PRICE.

(a) Subject to adjustment as set forth below, the "Free Cash Flow Percentage" shall be seventy percent (70%), the "Purchased Percentage" shall be eighty percent (80%) and the "LLC Interest Purchase Price" shall be three hundred million dollars ($300,000,000).

(b) Set forth as Schedule 1.2 hereto is a detailed calculation of Gross Revenues as of June 30, 1997 and the resulting Free Cash Flow Percentage, Purchased Percentage and LLC Interest Purchase Price.

(c) As soon as practicable after the date hereof, the net assets included in such calculation of Gross Revenues as of June 30, 1997 shall be increased or decreased (as applicable) to reflect changes in market value from and including July 1, 1997 to and including the day prior to the date of this Agreement, as follows, with a new Gross Revenues calculation made at such time:

(i) the net assets of each Mutual Fund included in the calculation of Gross Revenues as of June 30, 1997 shall be multiplied by an amount equal to the percentage increase or decrease (as applicable) in the net asset value per share of such Mutual Fund from and including July 1, 1997 to and including the day prior to the date of this Agreement (based upon the most recently calculated net asset value), and the resulting amount shall be added to, or subtracted from (as applicable) the net assets of such Mutual Fund included in the calculation of Gross Revenues as of June 30, 1997;

(ii) (x) the net assets of TBK Partners, L.P., included in the calculation of Gross Revenues as of June 30, 1997 shall be multiplied by an amount equal to the percentage increase or decrease (as applicable) in the value of the assets of TBK Partners, L.P. which were in TBK Partners, L.P. on June 30, 1997 (i.e., after subtracting any addition to TBK Partners, L.P. and adding back any withdrawals from TBK Partners, L.P.) from and including July 1, 1997 to and including July 31, 1997 and the resulting amount shall be added to or subtracted from (as applicable) the net assets of such account included in Gross Revenues calculated as of June 30, 1997, and then (y) the net assets of TBK Partners, L.P. obtained after the calculation in clause (x) of this paragraph (ii) shall be multiplied by an amount equal to the sum of (A) seventy percent (70%) multiplied by the percentage increase or decrease (as applicable) in the net asset value per share of the Tweedy, Browne American Value Fund and (B) thirty percent (30%) multiplied by the percentage increase or decrease (as applicable) in the net asset value per share of the Tweedy, Browne Global Value Fund (each such increase or decrease calculated from and including August 1, 1997 to and including the day prior to the date of this Agreement) and the resulting amount shall be added to or subtracted from (as applicable) the net assets of TBK Partners, L.P. computed under clause (x) of this paragraph (ii);

(iii) (x) the net assets of Vanderbilt Partners, L.P., included in the calculation of Gross Revenues as of June 30, 1997 shall be multiplied by an amount equal to the percentage increase or decrease (as applicable) in the value of the assets of Vanderbilt Partners, L.P. which were in Vanderbilt Partners, L.P. on June 30, 1997 (i.e., after subtracting any additions to Vanderbilt Partners, L.P. and adding back any withdrawals from Vanderbilt Partners, L.P.) from and including July 1, 1997 to and including July 31, 1997 and the resulting amount shall be added to or subtracted from (as applicable) the net assets of such account included in Gross Revenues calculated as of June 30, 1997, and then (y) the net assets of Vanderbilt Partners, L.P. obtained after the calculation in clause (x) of this paragraph (iii) shall be multiplied by an amount equal to the percentage increase or decrease (as applicable) in the net asset value per share of the Tweedy, Browne American Value Fund from and including August 1, 1997 to an including the day prior to the date of this Agreement and the resulting amount shall be added to or subtracted from (as applicable) the net assets of such account computed under clause (x) of this paragraph (iii);

(iv) the net assets of each investment account of a client listed on SCHEDULE 1.2(c) included in the calculation of Gross Revenues as of June 30, 1997 shall be multiplied by an amount equal to the percentage increase or decrease (as applicable) in the net asset value per share of the Tweedy, Browne Global Value Fund from and

including July 1, 1997 to and including the day prior to the date of this Agreement, and the resulting amount shall be added to or subtracted from (as applicable) the net assets of such account included in Gross Revenues calculated as of June 30, 1997;

(v) the net assets of each Offshore Fund included in the calculation of Gross Revenues as of June 30, 1997 shall be multiplied by an amount equal to the percentage increase of decrease (as applicable) in the value of the assets of such Offshore Fund which were in such Offshore Fund on June 30, 1997 (i.e., after subtracting any additions to such Offshore Fund and adding back any withdrawals to such Offshore Fund) from and including July 1, 1997, through and including August 15, 1997; and

(vi) the net assets of each other investment account of a Client (other than the clients covered by (i) through (v) above) included in the calculation of Gross Revenues as of June 30, 1997 shall be multiplied by an amount equal to the percentage increase or decrease (as applicable) in the net asset value per share of the Tweedy, Browne American Value Fund from and including July 1, 1997 to and including the day prior to the date of this Agreement and the resulting amount shall be added to or subtracted from (as applicable) the net assets of such account included in Gross Revenues calculated as of June 30, 1997.

(d) As of August 31, 1997 Gross Revenues computed pursuant to Section 1.2(b), as adjusted pursuant to Section 1.2(c) above, shall be further adjusted by (i) increasing the net assets of each investment account (which includes for purposes of this paragraph each Mutual Fund, Offshore Fund and Private Fund as an "account") included therein by the amount of contributions, if any, to such account (including by reinvestment in such account of dividends or other distributions) reflected after June 30, 1997 and on or prior to August 31, 1997; (ii) decreasing the net assets of each investment account included therein by the net amount of withdrawals, if any, from such account (including any dividends paid or distributions made from such account) reflected after June 30, 1997 and on or prior to August 31, 1997, it being agreed that any investment account that shall not have Consented prior to the Closing shall be treated as having withdrawn all its assets under management prior to August 31, 1997; (iii) for each new investment account opened after June 30, 1997 and not terminated prior to the Closing, increasing such Gross Revenues by an amount equal to the sum of (A) if such account is fully invested (except for cash balances in accordance with customary practices of the Company) (x) the contributions (net of any withdrawals) made to such accounts prior to August 31, 1997 multiplied by (y) the effective annualized advisory fee in effect with respect to such account and (B) if such account is not fully invested (except for cash balances in accordance with customary practices of the Company), the amount that would be included in Gross Revenues in accordance with the formula set forth in clause (c) of the definition thereof; and (iv) increasing or decreasing the portion of such Gross Revenues attributable to any investment account as to which the advisory fee rate shall have changed after June 30, 1997 and prior to August 31, 1997 by the annualized effect of such change in fee rate.

(e) Prior to the Closing, (i) if Gross Revenues computed pursuant to Section 1.2(b), as adjusted pursuant to Sections 1.2(c) and 1.2(d) above, exceed fifty three million five hundred seventy one thousand four hundred twenty nine dollars ($53,571,429), then two thirds (2/3) of such excess amount shall be added to the run rate free cash flow base of thirty seven million five hundred thousand dollars ($37,500,000) or (ii) if Gross Revenues computed pursuant to Section 1.2(b), as adjusted pursuant to Sections 1.2(c) and 1.2(d) above, are less than fifty three million five hundred seventy one thousand four hundred twenty nine dollars ($53,571,429), then seventy percent (70%) of such deficiency shall be subtracted from the run rate free cash flow base of thirty seven million five hundred thousand dollars ($37,500,000).

(f) If the operation of Section 1.2(e) above results in an increase to the run rate free cash flow base of thirty seven million five hundred thousand dollars ($37,500,000), then (i) the Free Cash Flow Percentage shall be adjusted to be the quotient (calculated to the fifth decimal) obtained by dividing the new figure obtained by operation of Section 1.2(e) above by the Gross Revenues computed pursuant to Section 1.2(b), as adjusted pursuant to Sections 1.2(c) and 1.2(d) above; (ii) the Purchased Percentage shall be adjusted to be the quotient (calculated to the fifth decimal) obtained by dividing thirty million dollars ($30,000,000) by the product of (x) the Free Cash Flow Percentage (as adjusted pursuant to clause (i) of this paragraph (f)), multiplied by (y) the Gross Revenues computed pursuant to Section 1.2(b), as adjusted pursuant to Sections 1.2(c) and 1.2(d) above; and (iii) the LLC Interest Purchase Price shall not be adjusted.

(g) If the operation of Section 1.2(e) above results in a decrease in the initial run rate free cash flow base of thirty seven million five hundred thousand dollars ($37,500,000), then neither the Purchased Percentage nor the Free Cash Flow Percentage shall be adjusted and, instead, the LLC Interest Purchase Price shall be adjusted to be the product obtained by multiplying the (i) Gross Revenues computed pursuant to Section 1.2(b), as adjusted pursuant to Sections 1.2(c) and 1.2(d) above, by (ii) ten (10), by (iii) the unadjusted Free Cash Flow Percentage of seventy percent (70%), and by (iv) the unadjusted Purchased Percentage of eighty percent (80%).

1.3 TIME AND PLACE OF CLOSING. The closing of the purchase and sale provided for in this Agreement (herein called the "Closing") shall be held at the offices of Goodwin, Procter & Hoar LLP at Exchange Place, Boston, Massachusetts at 10:00 a.m. local time on the date of the Closing, which shall be five (5) business days after the fulfillment or waiver of each of the conditions set forth in Sections 8 (other than to the extent delivery at the Closing is specified herein) and 9 (other than to the extent delivery at the Closing is specified herein) hereof or at such other place, or an earlier or later date or time as may be mutually agreed upon by Buyer and the Company.

1.4 FURTHER ASSURANCES. The Partners shall and the LLC shall (and the Partners shall use all commercially reasonable efforts to cause the LLC to), from time to time after the Closing, at the request of Buyer and without further consideration, execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably require to more effectively transfer and assign to, and vest in, Buyer the Purchased LLC Interest and all rights thereto, and to fully implement the provisions of this Agreement.

1.5 TRANSFER TAXES. All transfer Taxes under applicable law incurred in connection with the sale and transfer of the Purchased LLC Interest under this Agreement will be borne and paid fifty percent (50%) by the Partners (pro rata in accordance with the percentages of the LLC Interest Purchase Price to be received by them) and fifty percent (50%) by Buyer, and the Partners (jointly and severally) or Buyer, as the case may be, shall promptly reimburse the other for any such Tax that the Company or the Partners, on the one hand, or Buyer on the other hand, is required to pay under applicable law.

1.6 ADDITIONAL CONSENTS. In the event that any ERISA Client whose contract either prohibits assignment or terminates by its terms upon consummation of the transactions contemplated hereby did not Consent at or prior to the Closing (and Buyer in its sole discretion did not elect to treat such Client as having Consented at the Closing), then (a) such ERISA Client shall be treated, for purposes of calculating the Purchase Price, as having withdrawn its assets, but the Company may continue to provide services to such ERISA Client, subject in each case to the provisions of this Section 1.6, and an appropriate modification of the LLC Agreement shall be made to allocate revenues attributable to such contract of such Client for the sole benefit of the Non-Manager Members (subject to reallocation as provided in clause (b) below) and (b) if as of the date that is six (6) months after the date of the Closing, such Client remains a Client of the Company and has made payments of advisory fees to the Company since the Closing, then such Client shall remain a Client of the Company thereafter, all revenues attributable to such contract of such Client since the Closing shall be reallocated for the benefit of all Members of the Company and Gross Revenues shall be recalculated, with appropriate adjustments (consistent with the methodology set forth in Section 1.2 and based upon the revenues attributable to such contract of such Client at the Closing) made to the Purchased Percentage and the Free Cash Flow Percentage as determined by the mutual agreement of the Partners and Buyer, unless (i) Buyer and the Partners agree otherwise or (ii) Buyer so determines and the Partners are unable to provide Buyer with an opinion of counsel reasonably satisfactory in form and substance to Buyer to the effect that under applicable law, an agreement between the Company and the Client substantially in accordance with the terms of the written agreement in effect immediately prior to the Closing is in full force and effect and is valid, binding and enforceable.

1.7 Diligence, Schedules. As promptly as practicable after the date hereof, and in any event not more than one (1) day after the date hereof, the Company and the Partners shall permit Buyer and its agents to commence further due diligence investigations at the offices of the Company and shall make available to Buyer and its agents all information specifically referenced herein and all such information and access to employees as may be reasonably requested by Buyer and its agents. As promptly as practicable after the date hereof, and in any event not more than three (3) days after the date hereof, the Company and the Partners shall provide Buyer and its agents with draft Schedules setting forth all information specified, and any exceptions to the representations and warranties set forth, in Section 3 and Section 4 hereof, provided that such Schedules shall specifically reference the particular subsection of Section 3 or Section 4 with respect to which any such information or exception applies. Buyer and its agents shall conduct such due diligence investigations and review such Schedules promptly. The Company and the Partners and their agents shall cooperate with Buyer and its agents to finalize such Schedules as promptly as possible, and the Company and the Partners shall deliver such finalized Schedules to Buyer not later than the fifth (5th) day after the date draft schedules are provided to Buyer in accordance herewith. The date that is seven business days after the delivery of the aforementioned final Schedules shall be the "Delivery Date." The parties acknowledge and agree that time is of the essence in the performance of obligations under this Section 1.7.

1.8 PURCHASE PRICE ALLOCATION.

(a) Each of the Partners and Buyer hereby acknowledge and agree that the LLC Interest Purchase Price is allocable, in its entirety, to (i) the cash, cash items, accounts receivable, tangible personal property and other balance sheet items of the Company (which shall be valued at fair market value as of the Closing) and (ii) the goodwill associated with the business of the Company (which shall represent the residual balance of the LLC Interest Purchase Price after taking into account balance sheet items).

(b) Each of the Partners and Buyer hereby agree to take no position inconsistent with the acknowledgment and agreement set forth in subparagraph (a) of this Section 1.8 including, without limitation, on any Tax return or report (including information returns, declarations and reports) or in any audit or judicial or administrative proceedings before any Taxing Authority or court of law or otherwise.

SECTION 2. CONVERSION INTO LLC AND EFFECTIVENESS OF LLC AGREEMENT.

2.1 CONVERSION. Immediately prior to the Closing, the Company shall convert into the LLC (the "Conversion") in the manner contemplated by Section 18-214 of the Delaware Act, and a certificate of conversion to a limited liability company in the form attached hereto as Exhibit 2.1A (the "Certificate of Conversion") and a certificate of formation of a limited liability company in the form attached hereto as Exhibit 2.1B (the "Certificate of Formation") shall be filed with the Secretary of State of the State of Delaware and shall become effective.

2.2 EFFECTIVENESS OF LLC AGREEMENT. Simultaneously with the Closing, the LLC Agreement in substantially the form attached hereto as Exhibit 2.2 shall become effective as the operating agreement of the LLC.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE PARTNERS.

3.1 MAKING OF REPRESENTATIONS AND WARRANTIES. As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, each Partner hereby makes to Buyer the representations and warranties contained in this Section 3, which shall be subject to such exceptions as may be disclosed in Schedules delivered to Buyer pursuant to Section 1.7 of this Agreement. None of the Partners shall have any right of indemnity or contribution from the Company or any other right against the Company with respect to any breach of a representation or warranty by any Partner hereunder.

3.2 ORGANIZATION AND QUALIFICATION OF THE COMPANY.

(a) The Company is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware with full power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is currently conducted or proposed to be conducted. The copies of the Company's Certificate of Limited Partnership, as amended to date (the "Certificate of Limited Partnership"), and of the Company's Agreement of Limited Partnership, as amended and/or restated to date ("Agreement of Limited Partnership"), each certified by the Company's Secretary, and heretofore delivered to Buyer's counsel, are complete and correct, and no amendments thereto are pending.

(b) The Company is not in violation of any term of its Organizational Documents.

(c) The Company is duly qualified to do business as a foreign entity under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties requires such qualification, except for those jurisdictions where the failure to so qualify, individually or in the aggregate, would not have a Material Adverse Effect on the Company.

3.3 CAPITALIZATION; BENEFICIAL OWNERSHIP.

(a) The authorized interests of the Company are all duly and validly authorized, issued, outstanding and fully paid. There are no outstanding options, warrants, rights, commitments, preemptive rights or agreements of any kind for the issuance or sale of, or outstanding securities convertible into, any additional interests of any class, series or type of the Company. None of the Company's interests has been issued in violation of any federal or state law.

(b) Each Partner owns beneficially and of record the interests in the Company set forth opposite such Partner's name in Schedule 3.3(b) hereto, free and clear of any Claims. The Partners are the only beneficial or record holders of the Company's interests, and the interests shown in Schedule 3.3(b) are the only interests of the Company held by each Partner or with respect to which such Partner has any rights. Except as set forth in Schedule 3.3(b) attached hereto, there are no voting trusts, voting agreements, proxies or other agreements, instruments or undertakings with respect to the voting of the interests of the Company to which the Company or any of the Partners is a party.

(c) Except as set forth in this Agreement or in the LLC Agreement, there are no rights, commitments, agreements or understandings obligating, or which might obligate the Company, any of the Partners or, to the knowledge of the Company or any Partner after Due Inquiry, any other Person, to issue, transfer, sell or redeem any securities or interests in the Company.

3.4 SUBSIDIARIES. The Company has no, nor in the last six (6) year(s) has it had any, subsidiaries or equity investments in any other Person.

3.5 AUTHORITY. The Company has full right, authority and power to enter into this Agreement and each contract or agreement specifically referred to in, or executed and delivered by the Company pursuant to, this Agreement and to carry out the transactions contemplated hereby and thereby, including without limitation the Conversion. The execution, delivery and performance by the Company of this Agreement and each such other agreement, document and instrument have been duly authorized by all necessary action of the Company and the Partners, and no other action on the part of the Company or the Partners is required in connection therewith.

This Agreement and each contract or agreement specifically referenced in, or executed and delivered by the Company pursuant to, this Agreement constitutes, or when executed and delivered will constitute, valid and binding obligations of the Company enforceable against the Company in accordance with its terms. The execution, delivery and performance by the Company of this Agreement and each such other contract or agreement:

(a) does not violate any provision of the Organizational Documents of the Company, each as amended and/or restated to date;

(b) does not violate any laws of the United States, or any state or other jurisdiction (domestic or foreign) applicable to the Company or require the Company to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made, except as specifically identified in Schedule 3.5 or Schedule 3.7; and

(c) does not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Company is a party, or by which any property of the Company is bound or affected, or result in the creation or imposition of any Claim on any of the Company's assets or, except to the extent imposed pursuant to the Organizational Documents of the Company, on any Person's interest in the Company.

3.6 REAL AND PERSONAL PROPERTY.

(a) The Company owns no real property. All of the real property leased by the Company is identified in Schedule 3.6(a) and except as set forth in therein, the Company does not lease, sublease or otherwise provide (with or without rent or other consideration and with or without a written agreement) any interest in real property or rights in connection therewith to any Person. All leases with respect to real property to which the Company is a party are identified in Schedule 3.6(a), and true and complete copies thereof have been delivered to Buyer. Each of such leases has been duly authorized and executed by the parties thereto and is in full force and effect. The Company is not in default under any of such leases, nor has any event occurred which, with notice or the passage of time, or both, would give rise to such a default.

(b) Attached hereto as Schedule 3.6(b) is a list of all the assets of the Company including Intellectual Property. The Company has separately provided Buyer the tax basis of each such asset. The Company owns all its assets free and clear of any Claims and such assets are all of the assets necessary for the conduct of the business of the Company as currently conducted and for the conduct of such business by the LLC immediately following the Conversion and the Closing.

3.7 ASSETS UNDER MANAGEMENT.

(a) The aggregate assets under management by the Company as of December 31, 1996 and June 30, 1997, are accurately set forth in Schedule 3.7 hereto. In addition, set forth in Schedule 3.7 is a list as of December 31, 1996 and June 30, 1997, of all investment management, advisory or sub-advisory contracts setting forth the name of the Client under each such contract, the amount of assets under management with respect to each such contract, the fee schedule in effect with respect to each such contract, the net contributions or withdrawals from December 31, 1996 through June 30, 1997 and any material fee adjustments or material contributions to or withdrawals from assets under management (it being understood and agreed that contributions or withdrawals greater than one million dollars ($1,000,000) are material)

implemented since June 30, 1997, or presently proposed to be instituted, the consent required for the assignment of each such contract other than those that by their terms terminate upon assignment (which are so identified), and the country, if other than the United States of America, of which the Client is a citizen, if such country is known to the Company. Schedule 3.7 also includes a separate list of all contracts pursuant to which the Company has agreed to provide Brokerage Services but does not provide Investment Management Services. There are no contracts, arrangements or understandings pursuant to which the Company has undertaken or agreed to cap, waive or reimburse any or all fees or charges payable by any of the Clients set forth in Schedule 3.7 or pursuant to any of the contracts set forth in Schedule 3.7. No Client of the Company has expressed an intention to terminate or reduce its investment or brokerage relationship with the Company, or adjust the fee schedule with respect to any contract in a manner which would reduce the fee to the Company (or, after giving effect to the Conversion, the fee to the LLC) and no fact is known to the Company or any Partner that adversely affects or would adversely affect any of the contracts set forth in Schedule 3.7.

(b) Each account to which the Company provides Investment Management Services that is (i) an employee benefit plan, as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a person acting on behalf of such a plan; or (iii) an entity whose assets include the assets of such a plan within the meaning of ERISA and applicable regulations (hereinafter referred to as an "ERISA Client") have been managed by the Company such that the Company in the exercise of such management is in compliance in all material respects with the applicable requirements of ERISA.

(c) Set forth in Schedule 3.7 is a list of each Client with which the Company has a fee based on performance or otherwise providing for compensation on the basis of a share of capital gains upon, or capital appreciation of, the funds (or any portion thereof) of any Client, together with a complete description of such fee or compensation and a calculation thereof for each of the last three completed years and the most recently completed period.

3.8 FINANCIAL STATEMENTS.

(a) The Company has delivered to Buyer the following financial statements, copies of which are attached hereto as Schedule 3.8:

(i) Audited statements of financial condition of the Company 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 (3) years then ended. The audited statement of financial condition of the Company at September 30, 1996 is referred to hereinafter as the "Base Balance Sheet."

(ii) Unaudited statements of financial condition of the Company 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 the Company'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 the Company'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 and each Partner after Due Inquiry, and (subject to the foregoing exceptions with respect to unaudited financial statements) present fairly the financial condition of the Company at the dates of such statements and the results of its operations for the periods covered thereby.

(b) The Company 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 the Company 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 Buyer under Section 1.7 hereof, effective as of the date hereof; or (iii) immaterial liabilities incurred or recognized in the ordinary course of business of the Company after the date of, and not in breach of any of the terms of, this Agreement.

3.9 TAXES.

(a) The Company has paid or caused to be paid all federal, state, local, foreign or add-on and other taxes, customs duties, government fees or like amount, including, without limitation, income taxes, estimated taxes, alternative minimum taxes, franchise taxes, sales taxes, use taxes, ad valorem or value added taxes, capital stock taxes, employment and payroll-related taxes, withholding taxes, and transfer taxes, stamp taxes, occupation taxes, windfall projects taxes, and all deficiencies, or other additions to taxes, interest, fines and penalties owed by it (collectively, "Taxes"), required to be paid by it, whether disputed or not. The unpaid Taxes of the Company (i) did not, as of September 30, 1996, exceed the reserve for tax liability (rather than the reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth in the Base Balance Sheet (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the date hereof and the date of the Closing in accordance with the past custom and practice of the Company filing its Tax Returns.

(b) The Company has, in accordance with applicable law, filed all federal, state, local and foreign Tax returns required to be filed by it, and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. A list of all federal, state, local and foreign income Tax returns filed with respect to the Company for taxable periods ended on or after December 31, 1990, is set forth in Schedule 3.9 attached hereto, and such Schedule indicates those returns that have been audited or currently are the subject of an audit. For each taxable period of the Company ended on or after September 30, 1990, the Company has made available to Buyer correct and complete copies of all federal, state, local and foreign income

Tax returns, examination reports and statements of deficiencies assessed against or agreed to by the Company.

(c) Neither the IRS nor any other governmental authority responsible for the imposition or collection of any Tax (a "Taxing Authority") is now asserting or, to the knowledge of the Company or any Partner after Due Inquiry, threatening to assert against the Company any deficiency or claim for additional Taxes. No claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file reports and returns that the Company is or may be subject to taxation by that jurisdiction. There are no security interests on any of the assets of the Company that arose in connection with any failure (or alleged failure) to pay any Taxes.

(d) There has not been any audit of any tax return filed by the Company for any taxable period ending on or after December 30, 1990, no such audit is in progress, and the Company has not been notified by any Taxing Authority that any such audit is contemplated or pending. No extension of time with respect to any date on which a Tax return was or is to be filed by the Company is in force, and no waiver or agreement by the Company is in force for the extension of time for the assessment or payment of any Taxes.

(e) The Company has never been (and has never had any liability for unpaid Taxes because it once was) a member of an "affiliated group" (as defined in Section 1504(a) of the Code). The Company has never filed, and has never been required to file, a consolidated, combined or unitary Tax return with any other entity. The Company is not a party to any Tax sharing agreement.

3.10 ACCOUNTS RECEIVABLE. All of the accounts receivable of the Company shown or reflected on the Company's statement of financial condition as of June 30, 1997, included as part of Schedule 3.8, or existing at the date this representation is given (less the reserve for bad debts set forth on the Company's statement of financial condition as of June 30, 1997 included as part of Schedule 3.8) are valid and enforceable claims and subject to no set off or counterclaim. The Company has no accounts or loans receivable from any person, firm or corporation or other entity which is affiliated with the Company or from any officer, partner or employee of the Company or any member of the Immediate Family of any Partner.

3.11 ABSENCE OF CERTAIN CHANGES. Since the date of the Base Balance Sheet there has not been any:

(a) change in the condition (financial or otherwise) of properties, assets, liabilities, business, or operations of the Company, which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has had or could reasonably be expected to have a Material Adverse Effect on the Company.

(b) occurrence, activity, omission or failure to act which would require the consent of Buyer as Manager Member under Section 3.1(g) of, would be prohibited under, or would be a violation of, the LLC Agreement if the LLC Agreement were in effect at the time;

(c) obligation or liability incurred by the Company to any of its officers, partners, members or employees, or any member of the Immediate Family of any Partner, or any loans or advances made by the Company to any of their respective officers, partners, members or employees or any member of the Immediate Family of any Partner that remain outstanding;

(d) change in accounting methods or practices, or billing or collection policies used by the Company; or

(e) agreement or understanding, whether in writing or otherwise, for the Company to take any of the actions specified in paragraphs (a) through (d) above.

3.12 ORDINARY COURSE. Since the date of the Base Balance Sheet, other than with respect to transactions specifically contemplated herein, the Company has conducted its business only in the ordinary course and consistently with its prior practices.

3.13 BANKING RELATIONS. All of the arrangements which the Company has with any banking institution are completely and accurately described in Schedule 3.13 attached hereto, indicating with respect to each such arrangement the type of arrangement maintained (such as checking account, borrowing arrangements, etc.) and the person or persons authorized in respect thereof.

3.14 INTELLECTUAL PROPERTY.

(a) The Company has exclusive ownership of, or license to use, all patent, copyright, trade secret, trademark, trade name, service mark, formulas, designs, inventions or other proprietary rights (collectively, "Intellectual Property") used or to be used in the business of the Company as presently conducted or contemplated to be conducted by the LLC immediately after giving effect to the Conversion. All of the rights of the Company in any such Intellectual Property owned by the Company are freely transferable. No proceedings have been instituted, or are pending or threatened, which challenge the rights of the Company of any such Intellectual Property. The Company has the right to use all customer lists, investment or other processes, computer software, systems, data compilations, research results and other information required for, or incident to, its services or its business as presently conducted or contemplated to be conducted by the LLC immediately after giving effect to the Conversion. Except for readily available Intellectual Property licensed from others customer lists and related data and rights in and to the name "Tweedy Browne," the Company has no Intellectual Property material to its business.

(b) Neither the Company nor any Partner has any knowledge after Due Inquiry of any infringement by others of any Intellectual Property rights of the Company.

(c) The present and contemplated business, activities and products of the Company, do not infringe any rights of any other Person in Intellectual Property. No proceeding charging the Company with infringement of any Intellectual Property of any other Person has been

filed or is threatened to be filed. The Company is not making unauthorized use of any confidential information or trade secrets of any Person, including without limitation, any former employer of any past or present employee of the Company. Neither the Company nor, to the knowledge of the Company and each Partner, any of the Company's employees have any agreements or arrangements with any Persons other than the Company related to confidential information or trade secrets of such Persons or restricting any such employee's ability to engage in business activities of any nature. The activities of the employees on behalf of the Company do not violate any such agreements or arrangements known to the Company.

3.15 CONTRACTS. Except for contracts, commitments, plans, agreements and licenses described in Schedule 3.7, (true and complete copies of which will have been made available to Buyer on or prior to the Delivery Date), the Company is not a party to or subject to any:

(a) investment management or investment advisory or sub-advisory contract or any other contract for the provision of Investment Management Services or Brokerage Services;

(b) any agreement with respect to solicitation of prospective Clients or of prospective investors for the Mutual Funds;

(c) plan or contract providing for bonuses, pensions, options, stock (or beneficial interest) purchases (or other securities or phantom equity purchases), deferred compensation, retirement payments, profit sharing, or the like;

(d) employment contract, other than contracts terminable at will by the Company without liability for any penalty or severance payment;

(e) contract for services involving payments by the Company in excess of one hundred thousand dollars ($100,000) per year, which is not terminable by the Company without liability for any termination payment on not more than thirty (30) days prior notice;

(f) contract or agreement or series of related contracts or agreements for the purchase of any assets, material or equipment except purchase orders in the ordinary course of business for less than one hundred thousand dollars ($100,000) per contract or agreement or series of related contracts or agreements;

(g) contract containing covenants limiting the freedom of the Company (or its Affiliates) to compete in any line of business or with any person or entity;

(h) agreement providing for the borrowing or lending of money, and the Company has no obligations, except as disclosed in the Base Balance Sheet: (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or similar instruments, (iii) to pay the deferred purchase price of property or services, (iv) under leases that would, in accordance with GAAP, appear on the balance sheet of the lessee as a liability, (v) secured by a Claim, (vi) in respect of letters of credit, or bankers acceptances, contingent or otherwise, or (vii) in respect of any

guaranty or endorsement or other obligations to be liable for the debts of another person or entity; or

(i) other material contract or agreement to which the Company is a party or by which it is bound.

Each of the contracts described in Schedule 3.6(a), Schedule 3.7, Schedule 3.15, Schedule 3.24 and Schedule 3.25 is valid and effective in accordance with its respective terms, and there is not, under any such contract, an existing breach by the Company or event which, with the giving of notice or the lapse of time or both, would become such a breach. Assuming that the Consents set forth in Schedule 3.5 and Schedule 3.7 have been obtained or Comparable Contracts have been entered into, and after giving effect to the Conversion and the Closing, each such contract will remain valid and effective in accordance with its respective terms with the LLC having succeeded to all the rights and obligations of the Company thereunder, and the LLC will be entitled to all rights and remedies thereunder to which the Company is entitled on the date hereof. The Company has complied and is in compliance with the Client's guidelines and restrictions set forth in any contract described in Schedule 3.7, including, without limitation, any limitation set forth in the applicable prospectus, offering memorandum or marketing material for a Private Fund, Mutual Fund or Offshore Fund or governing documents for any Client delivered to the Company by the Client. The Company is not bound by any agreement, contract or arrangement the performance of which by the Company or its agents could have a Material Adverse Effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of Buyer or the Company.

3.16 LITIGATION. There is no litigation or legal (or other) action, suit, proceeding or, to the knowledge of the Company and each Partner after Due Inquiry, investigation, at law or in equity, or before any federal, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality, domestic or foreign (including, without limitation, any voluntary or involuntary proceedings under the Bankruptcy Code or any action, suit, proceeding or investigation under any foreign, federal or state securities law, rule or regulation), in which the Company or any officer, partner, member or employee thereof is engaged, or, to the knowledge of the Company and each Partner after Due Inquiry, with which any of them is threatened, in connection with the business, affairs, properties or assets of the Company, or which call into question the validity or hinder the enforceability or performance of this Agreement, or of the other contracts or agreements, specifically referenced herein and the transactions contemplated hereby and thereby. There are no proceedings pending, or to the knowledge of the Company or any of the Partners after Due Inquiry, threatened, relating to the termination of, or limitation of, the rights of the Company under its registration under the Advisers Act as an investment adviser, its registration under the Exchange Act as a broker-dealer, its membership in any exchange (as defined under the Exchange Act) or other self regulatory organization or any similar or related rights under any registrations or qualifications with various self regulatory bodies, states or other jurisdictions.

3.17 COMPLIANCE WITH LAWS. The Company and each of the Partners is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign to the extent either (a) such laws, rules and regulations are applicable to the activities of the Company or such Partner on behalf of the Company or (b) the violation of such laws, rules and regulations could give rise to Material Adverse Effect on the Company or would result in a disqualification under Section 9(a) of the Investment Company Act or require an affirmative answer to any of the questions in Item 11 of Part I of the Company's Form ADV (or any similar or successor form) or Item 7 of the Company's Form BD, including, without limitation: (i) the Advisers Act, the Investment Company Act, the Exchange Act, ERISA, the Commodity Exchange Act and the Securities Act and the regulations promulgated under each of them; (ii) the rules and regulations of the IML and the BMA; (iii) the by-laws, rules and regulations of self-regulatory organizations including without limitation the NASD and each applicable exchange (as defined under the Exchange Act); and (iv) all other foreign, federal or state securities laws and regulations applicable to the business or affairs or properties or assets of the Company, including without limitation the business and affairs of the Private Funds and the Offshore Funds ((i)-(iv), collectively "Investment Laws and Regulations"). Neither the Company, nor any officer, member, partner or employee thereof, is in default with respect to any judgment, order, writ, injunction, decree, demand or assessment relating to any aspect of the business or affairs or properties or assets of the Company and issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, or by any self-regulatory authority. Neither the Company nor any officer, member, partner or employee thereof, is charged or, to the knowledge of the Company and each Partner after Due Inquiry, threatened with, or under investigation with respect to, any violation of any provision of foreign, federal, state, municipal or other law or any administrative rule or regulation, domestic or foreign, including, without limitation, any Investment Laws and Regulations relating to any aspect of the business, affairs, properties or assets of the Company, or the transactions contemplated hereby.

3.18 BUSINESS; REGISTRATIONS.

(a) The Company is engaged solely in the business of providing Investment Management Services and Brokerage Services. The Company does not provide Investment Management Services to: (i) any issuer other than the Private Funds that would be required to register as an investment company (within the meaning of the Investment Company Act) but for the exemptions contained in Section 3(c)(1), the final clause of Section 3(c)(3), Section 3(c)(7) or the third or fourth clauses of Section 3(c)(11) of the Investment Company Act; (ii) any issuer other than the Offshore Funds that is registered under the laws of the appropriate securities regulatory authority in the jurisdiction in which the issuer is domiciled (other than the United States or the states thereof), and is or holds itself out as engaged primarily in the business of investing, reinvesting or trading in securities; or (iii) any issuer other than the Mutual Funds that is required to be registered as an investment company (within the meaning of the Investment Company Act).

(b) The Company is duly registered as an investment adviser under the Advisers Act. The Company 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 and where the failure to be so registered, licensed or qualified could have a Material Adverse Effect on the Company. The Company is in compliance with all foreign, federal and state laws requiring registration, licensing or qualification as an investment adviser. The Company has delivered to Buyer or its representatives, true and complete copies of its most recent Form ADV, as amended to date, and has made available copies of all foreign and state registration forms, likewise as amended to date. The information contained in such forms was true and complete at the time of filing and is true and complete.

(c) The Company is a member in good standing of the NASD and duly registered as a broker-dealer under the Exchange Act. The Company is duly registered, licensed and qualified as a broker-dealer in all jurisdictions where such registration, licensing or qualification is required in order to conduct its business and where the failure to be so registered, licensed or qualified could have a Material Adverse Effect on the Company. The Company and its Employees do not hold any registrations, memberships or similar membership privileges with such national securities exchange, board of trade, commodities exchange, clearing corporation or association, securities dealers association or similar institutions. A true and compete copy of each agreement with respect to such registration, membership or privileges has been delivered to Buyer and each such Agreement is a valid and binding agreement of the Company and the applicable Employee(s), enforceable in accordance with its terms. The Company is in compliance with all foreign, federal and state laws requiring registration, licensing or qualification as a broker-dealer, including without limitation all net capital requirements. The Company has delivered to Buyer or its representatives, true and complete copies of its most recent Form BD, as amended to date, and has made available copies of all foreign and state registration forms, likewise as amended to date. The information contained in such forms was true and complete at the time of filing and is true and complete.

(d) Neither the Company nor, to the knowledge of the Company and each Partner after Due Inquiry, any person "associated" (as defined under the Advisers Act or the Exchange Act, as appropriate) with the Company, has been convicted of any crime or has engaged in any conduct that would be a basis for denial, suspension or revocation of registration of an investment adviser under Section 203(e) of the Advisers Act or Rule 206(4)-4(b) thereunder, or is otherwise subject to "statutory disqualification" (within the meaning of the Exchange Act), and to the knowledge of the Company and each Partner after Due Inquiry, there is no proceeding or investigation that is reasonably likely to become the basis for any such disqualification, denial, suspension or revocation.

(e) Neither the Company nor any of its affiliated persons (as defined in the Investment Company Act) is subject to any of the restrictions set forth in Section 9(a) of the Investment Company Act.

(f) The Company has all memberships, permits, registrations, licenses, franchises, certifications and other approvals (collectively, the "Licenses") required from self-regulatory bodies and from foreign, federal, state or local authorities in order for the

Company to conduct its business. The Company is not subject to any limitation imposed in connection with one or more of the Licenses which could have a Material Adverse Effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of the Company or Buyer. Neither the Company nor any of its officers and employees is required to be registered as an investment adviser, a broker or dealer, a commodity trading adviser, a commodity pool operator, a futures commission merchant, an introducing broker, a registered representative or associated person, a counseling officer, an insurance agent, a sales person or in any similar capacity with the SEC, the Commodity Futures Trading Commission, the National Futures Association, the NASD, the IML, the BMA, the securities commission of any jurisdiction or any self-regulatory organization.

3.19 INSURANCE. The Company has in full force and effect such insurance with respect to its business, property and assets (including without limitation errors and omissions liability insurance) as set forth in Schedule 3.19 hereto and all bonds required by ERISA and by any contract to which the Company is a party as set forth in Schedule 3.19 hereto. The Company is not in default under any such insurance policy or bond.

3.20 POWERS OF ATTORNEY. The Company has not granted to any Person any power of attorney that remains outstanding.

3.21 FINDER'S FEE. Except for fees to Goldman, Sachs & Co., which fees will be paid by the Partners, neither the Company nor any Partner has incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

3.22 CORPORATE RECORDS; COPIES OF DOCUMENTS. On or prior to the Delivery Date the Company and the Partners will have made available for inspection and copying by Buyer and its counsel true and correct copies of all documents referred to in this Agreement or in the Schedules delivered to Buyer in connection herewith.

3.23 TRANSACTIONS WITH INTERESTED PERSONS. Neither the Company nor any partner, member, officer, supervisory employee or director of the Company or, to the knowledge of the Company and each Partner after Due Inquiry, any member of the Immediate Family of such Partner, (a) is a competitor of, or a party to any material transaction or material contract or arrangement with, the Company, or (b) serves as an officer or director or in another similar capacity of, any competitor or Client of the Company, or any organization which has a material contract or agreement with the Company or (c) owns directly or indirectly on an individual or joint-basis, (other than in or through beneficial ownership of less than five percent (5%) of the outstanding securities of a publicly traded company), any interests in any competitor or any organization that has a material contract or agreement with the Company.

25

3.24 EMPLOYEE BENEFIT PROGRAMS.

(a) Schedule 3.24, lists every Employee Program (as defined below) that has been maintained (as defined below) by the Company at any time during the three-year period ending on the date of this Agreement.

(b) Each Employee Program which is maintained by the Company and which is intended to qualify under Section 401(a) or 501(c)(9) of the Code has received a favorable determination or approval letter from the IRS regarding its qualification under such section and has, in fact, been qualified under the applicable section of the Code for all time periods necessary for its intended operations. No event or omission has occurred which would cause any such Employee Program to lose its qualification under the applicable Code section.

(c) The Company does not know and has no reason to know, of any failure of any party to comply with any laws applicable to the Employee Programs that have been maintained by the Company. With respect to any Employee Program maintained by the Company, there has occurred no "prohibited transaction," as defined in Section 406 of ERISA or Section 4975 of the Code, or breach of any duty under ERISA or other applicable law (including, without limitation, any health care continuation requirements or any other tax law requirements, or conditions to favorable tax treatment, applicable to such plan), which could result, directly or indirectly, in any taxes, penalties or other liability to the LLC or Buyer. No litigation, arbitration, or governmental administrative proceeding (or investigation) or other proceeding (other than those relating to routine claims for benefits) is pending or threatened with respect to any such Employee Program.

(d) Neither the Company nor any ERISA Affiliate (as defined below) (i) has ever maintained any Employee Program which has been subject to title IV of ERISA (including, but not limited to, any Multiemployer Plan (as defined below)) or (ii) has ever provided health care or any other non-pension benefits to any employees after their employment is terminated (other than as required by part 6 of subtitle B of title I of ERISA) or has ever promised to provide such post-termination benefits.

(e) With respect to each Employee Program maintained by the Company within the three (3) years preceding the Closing, complete and correct copies of the following documents (if applicable to such Employee Program) have previously been made available to Buyer: (i) all documents embodying or governing such Employee Program, and any funding medium for the Employee Program (including, without limitation, trust agreements) as they may have been amended; (ii) the most recent IRS determination or approval letter with respect to such Employee Program under Code Sections 401 or 501(c)(9), and any applications for determination or approval subsequently filed with the IRS; (iii) the three (3) most recently filed IRS Forms 5500, with all applicable schedules and accountants' opinions attached thereto; (iv) the summary plan description for such Employee Program (or other descriptions of such Employee Program provided to employees) and all modifications thereto; (v) any insurance policy (including any fiduciary liability insurance policy) related to such Employee Program; (vi) any documents evidencing any loan to an Employee Program that is a leveraged employee stock ownership plan; and (vii) all other

materials reasonably necessary for Buyer to perform any of its responsibilities with respect to any Employee Program subsequent to the Closing (including, without limitation, health care continuation requirements).

(f) For purposes of this section:

(i) "Employee Program" means, whether written or oral: (A) all employee benefit plans within the meaning of ERISA Section 3(3), including, but not limited to, multiple employer welfare arrangements (within the meaning of ERISA Section 3(4)), plans to which more than one unaffiliated employer contributes and employee benefit plans (such as foreign or excess benefit plans) which are not subject to ERISA; and (B) all stock option plans, bonus or incentive award plans, severance pay policies or agreements, termination pay arrangements, deferred compensation agreements, supplemental income arrangements, vacation plans, and all other employee benefit plans, agreements, and arrangements not described in (A) above. In the case of an Employee Program funded through an organization described in Code Section 501(c)(9), each reference to such Employee Program shall include a reference to such organization.

(ii) An entity "maintains" an Employee Program if such entity sponsors, contributes to, or provides (or has promised to provide) benefits under such Employee Program, or has any obligation (by agreement or under applicable law) to contribute to or provide benefits under such Employee Program, or if such Employee Program provides benefits to or otherwise covers employees of such entity, or their spouses, dependents, or beneficiaries.

(iii) An entity is an "ERISA Affiliate" of the Company if it would have ever been considered a single employer with the Company under ERISA Section 4001(b) or part of the same "controlled group" as the Company for purposes of ERISA Section 302(d)(8)(C).

(iv) "Multiemployer Plan" means a (pension or non-pension) employee benefit plan to which more than one employer contributes and which is maintained pursuant to one or more collective bargaining agreements.

3.25 DIRECTORS, OFFICERS AND EMPLOYEES.

(a) Schedule 3.25(a) hereto contains a true and complete list of all current partners and officers of the Company. In addition, Schedule 3.25(a) hereto contains a list of all managers, employees and consultants of the Company who, individually, have received or are scheduled to receive compensation from the Company for the fiscal year ending December 31, 1997, in excess of one hundred thousand dollars ($100,000). In each case such Schedule includes the current job title and aggregate annual compensation of each such individual.

(b) To the knowledge of the Company and each Partner after Due Inquiry, each employee listed in Schedule 3.25(a) hereto is in good health.

(c) As of June 30, 1997, the Company employs the employees listed in Schedule 3.25(c) (the "Employees") (which schedule indicates which employees are full-time and part-time employees) and generally enjoys good employer-employee relationships. No consultant or other Person other than the Employees renders Investment Management Services to or on behalf of the Company or renders Brokerage Services in the name of the Company. The Company does not have any obligation, contingent or otherwise, whether written or oral, under (a) any collective bargaining or other labor agreement, (b) any retainer or consulting arrangements, or (c) any other employee or employment-related contract or non-terminable (whether with or without penalty) employment arrangement (each, together with any service or employment-related agreements or contracts disclosed in Schedules 3.15 and 3.24, an "Employment Arrangement"). The Company is not in default with respect to any material term or condition of any Employment Arrangement, including, without limitation, after the giving of notice, lapse of time or both. The Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any of such employees, neither the Company nor Buyer would, by reason of the transactions contemplated under this Agreement or anything done prior to the Closing, be liable to any of such employees for so-called "severance pay" or any other payments except as set forth in the LLC Agreement. The Company does not have any policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment. The Company is in compliance with all applicable laws and regulations respecting labor, employment, fair employment practices, work place safety and health, terms and conditions of employment, and wages and hours. There are no charges of employment discrimination or unfair labor practices against or involving the Company. There are no grievances, complaints or charges that have been filed against the Company under any dispute resolution procedure that might have an adverse effect on the Company or Buyer or the conduct of their respective businesses, and there is no arbitration or similar proceeding pending and no claim therefor has been asserted. The Company has in place all employee policies required by applicable laws, rules and regulations, and there have been no violations or alleged violations of any of such policies. None of the Company or any of the Partners has received any information indicating that any of the Company's employment policies or practices is currently being audited or investigated by any federal, state or local government agency. The Company is, and at all times since November 6, 1986 has been, in compliance with the requirements of the Immigration Reform Control Act of 1986.

3.26 CODE OF ETHICS. The Company has a written policy regarding insider trading and a Code of Ethics which complies with all applicable provisions of Section 204A of the Advisers Act a copy of which has been delivered to Buyer prior to the date hereof. All employees of the Company have executed acknowledgments that they are bound by the provisions of such Code of Ethics and insider trading policy. The policies of the Company with respect to avoiding conflicts of interest are as set forth in the Company's Code of Ethics. There have been no material

violations or allegations of material violations of such Code of Ethics, insider trading policy or conflicts policy.

3.27 CERTAIN REPRESENTATIONS AND WARRANTIES AS TO PRIVATE FUNDS.

(a) True, correct and complete copies of all of the current investment advisory agreements and distribution or underwriting contracts, administrative services and other services agreements, if any, and organizational and offering documents, pertaining to each of the Private Funds (i) will have been made available to Buyer prior to the Delivery Date and (ii) are in full force and effect. Such offering materials did not, at the respective dates thereof, or at any time at which such materials were distributed or made available to investors or prospective investors, contain any untrue statement of a material fact or omit to state a 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.

(b) Each of the Private Funds is duly organized, validly existing and in good standing in the jurisdiction in which it is organized and has all requisite power and authority to conduct its business in the manner and in the places where such business is currently conducted. Each Private Fund is and, for the ten (10) years preceding the date hereof, has been engaged solely in the business of investing and reinvesting in securities. Each Private Fund is and, since its inception, has been in compliance with all Investment Laws and Regulations to the extent such laws and regulations are applicable to, or violation thereof could have a Material Adverse Effect on, such Private Fund.

(c) Each of the Private Funds has timely filed all Tax returns and reports (including information returns, declarations and reports) (the "Private Fund Tax Returns") required to be filed by it with any Taxing Authorities for taxable periods ending after December 31, 1990 and has paid, or withheld and paid over, all Taxes which were shown to be due on the Private Fund Tax Returns. The information contained in such Private Fund Tax Returns is true, correct and complete. With respect to each Private Fund, there are no liabilities for Taxes which have not been paid in prior periods or for which an adequate reserve for such liability does not exist. With respect to each Private Fund, no claims have been or are being asserted by any Taxing Authorities with respect to any Taxes and, to the knowledge of the Company and each Partner after Due Inquiry, there are no threatened claims for Taxes.

(d) The Company has made available to Buyer true, correct and complete copies of the audited financial statements, prepared in accordance with GAAP, of each of the Private Funds for the past three fiscal years (each hereinafter referred to as a "Private Fund Financial Statement"). Each of the Private Fund Financial Statements is consistent with the books and records of the applicable Private Fund, and presents fairly the consolidated financial position of such Private Funds in accordance with GAAP applied on a consistent basis (except as otherwise noted therein) at the respective date of such Private Fund Financial Statement and the results of operations and cash flows for the respective periods indicated, except in the case of the interim financial statements which are subject to normal year-end adjustments which in the aggregate are

not material. The Private Fund Financial Statements reflect and disclose all material changes in accounting principles and practices adopted by the applicable Private Fund during the periods covered by each Private Fund Financial Statement. The books of account of each of the Private Funds fairly reflect their respective transactions.

(e) There are no special restrictions, consent judgments or SEC orders on, or with regard to, any of the Private Funds. Since inception, each of the Private Funds has been excluded from the definition of an investment company under the Investment Company Act by virtue of Section 3(c)(1) thereof and has been duly registered and in good standing under the laws of each jurisdiction in which such qualification is necessary, except where the failure to be duly registered and in good standing would not have a Material Adverse Effect on the respective Private Fund or the Company.

(f) All interests of each of the Private Funds were sold pursuant to a valid and effective exemption from registration under the Securities Act and have been duly authorized and are validly issued. Each of the Private Funds' investments have been made in accordance with its respective investment policies and restrictions in effect at the time the investments were made and have been held in accordance with its respective investment policies and restrictions, to the extent applicable and in effect at the time such investments were held.

(g) All consent solicitation materials to be prepared for use by the Private Funds in connection with the transactions contemplated by this Agreement at the time such information is provided or used, as then amended or supplemented, in each case, will, insofar as it contains or consists of information supplied by the Company or the Partners, be accurate and complete and 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 the light of the circumstances under which they were made, not misleading.

(h) There is no litigation or legal (or other) action, suit, proceeding or investigation at law or in equity pending or, to the knowledge of the Company and each Partner after Due Inquiry, threatened in any court or before or by any governmental agency or instrumentality, department, commission, board, bureau or agency, or before any arbitrator, by or against any of the Private Funds. There are no judgments, injunctions, orders or other judicial or administrative mandates outstanding against or affecting any of the Private Funds.

(i) Each Private Fund has full right, authority and power to enter into each Private Fund Management Agreement to which it is a party and to carry out the transactions contemplated thereby. Each Private Fund Management Agreement, when executed and delivered by the respective Private Fund, will constitute the valid and binding obligation of such Private Fund, enforceable in accordance with its terms. No such Private Fund Management Agreement will violate any provision of the certificate of limited partnership or the partnership agreement (or any other organizational document) of the respective Private Fund (each as amended and/or restated to date) or will result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of any agreement, contract, instrument, lien,

authorization, order, writ, judgment, injunction, decree or determination to which the respective Private Fund is a party, or by which any property of such respective Private Fund is bound or affected.

3.28 CERTAIN REPRESENTATIONS AND WARRANTIES AS TO THE MUTUAL FUNDS.

(a) True, correct and complete copies of all of the current investment advisory agreements and distribution or underwriting contracts, plans adopted pursuant to Rule 12b-1 under the Investment Company Act or arrangements for the payment of service fees (as such term is defined in Rule 2830 of the NASD Conduct Rules), and all administrative services and other services agreements, if any (collectively, the "Mutual Fund Agreements"), pertaining to each of the Mutual Funds and in effect on the date of this Agreement (i) have been made available to Buyer prior to the date hereof and (ii) are in full force and effect. As to each Mutual Fund, there has been in full force and effect an investment advisory, sub-advisory, distribution or underwriting agreement (as applicable) at all times since the inception of such Mutual Fund, and each Mutual Fund Agreement pursuant to which the Company has received compensation respecting its activities in connection with each of the Mutual Funds was duly approved in accordance with the applicable provisions of the Investment Company Act.

(b) There are no special restrictions, consent judgments or SEC or judicial orders on or with regard to any of the Mutual Funds currently in effect.

(c) Since inception, Tweedy, Browne Fund, Inc. has been a duly registered investment company in material compliance with the Investment Company Act and the rules and regulations promulgated thereunder and duly registered or licensed and in good standing under the laws of each jurisdiction in which such qualification is necessary, except where the failure to be duly registered and in good standing will not and would not reasonably be expected to have a Material Adverse Effect on the respective Mutual Fund or the Company. Since their initial offering, shares of each of the Mutual Funds have been duly qualified for sale under the securities laws of each jurisdiction in which they have been sold or offered for sale at such time or times during which such qualification was required, and, if not so qualified, the failure to so qualify would not have a Material Adverse Effect on the respective Mutual Fund or the Company. The offering and sale of shares of each of the Mutual Funds have been registered under the Securities Act during such period or periods for which such registration is required, the related registration statement has become effective under the Securities Act, no stop order suspending the effectiveness of any such registration statement has been issued and no proceedings for that purpose have been instituted or, to the knowledge of the Company and each Partner after Due Inquiry, are contemplated. Such registration statement under the Investment Company Act and/or the Securities Act has, at all times when such registration statement was effective, complied in all material respects with the requirements of the Investment Company Act and the Securities Act then in effect and neither such registration statement nor any amendments thereto contained at the time such registration statement became effective, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Copies of the current

registration statement of Tweedy, Browne Fund, Inc. under the Investment Company Act and/or the Securities Act have been made available to Buyer. All shares of each of the Mutual Funds were sold pursuant to an effective registration statement and have been duly authorized and are validly issued, fully-paid and non-assessable. Each of the Mutual Funds' investments have been made in accordance with its investment policies and restrictions set forth in its registration statement in effect at the time the investments were made and have been held in accordance with its respective investment policies and restrictions, to the extent applicable and in effect at the time such investments were held.

(d) All proxy statements to be prepared for use by Tweedy, Browne Fund, Inc. in connection with the transactions contemplated by this Agreement, the written information provided by the Mutual Funds to each Board of Directors (or equivalent bodies) in connection with this Agreement or the transactions contemplated hereby at the time such information is provided and, in the case of a proxy statement, the date of the shareholder vote for which such proxy statement will be used, as then amended or supplemented, in each case, will, insofar as it contains or consists of information supplied by the Company, be accurate and complete and 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 the light of the circumstances under which they were made, not misleading.

(e) Each of the Mutual Funds has satisfied the relevant requirements of the Code for all taxable years, or parts thereof, of such Mutual Fund ending prior to the Closing as to its status as a regulated investment company as defined in Sections 851-855 of the Code. Neither the Company nor, to the knowledge of the Company and each Partner after Due Inquiry any of the Mutual Funds has received any notice or other communication relating to or affecting any Mutual Fund's compliance with any of these relevant requirements.

(f) Each of the Mutual Funds has timely filed all Tax returns and reports (including information returns, declarations and reports) (the "Mutual Fund Tax Returns") required to be filed by it with any Taxing Authorities and has paid, or withheld and paid over, all Taxes which were shown to be due on the Mutual Fund Tax Returns. The information contained in such Mutual Fund Tax Returns is true, correct and complete. With respect to each Mutual Fund, there are no liabilities for Taxes which have not been paid in prior periods or for which an adequate reserve for such liability does not exist. With respect to each Mutual Fund, no claims have been or are being asserted by any Taxing Authorities with respect to any Taxes and, to the knowledge of the Company and each Partner after Due Inquiry, there are no threatened claims for Taxes.

(g) Neither the Company, any person who is an "affiliated person" (as defined in the Investment Company Act) or any other "interested person" of the Company (as defined in the Investment Company Act), receives or is entitled to receive any compensation directly or indirectly (i) from any person in connection with the purchase or sale of securities or other property to, from or on behalf of any of the Mutual Funds, other than bona fide ordinary compensation as principal underwriter for any of the Mutual Funds or as broker in connection with

the purchase or sale of securities in compliance with Section 17(e) of the Investment Company Act, or (ii) from any of the Mutual Funds or its security holders for other than bona fide investment advisory, administrative or other services. Accurate and complete disclosure of all such compensation arrangements has been made in the registration statement of Tweedy Browne Fund, Inc. filed under the federal securities laws.

(h) The Company has made available to Buyer true, correct and complete copies of the audited financial statements, prepared in accordance with GAAP, of each of the Mutual Funds for the past three fiscal years (or such shorter period as such Mutual Fund shall have been in existence), and unaudited financial statements, prepared in accordance with GAAP, of each of the Mutual Funds for the first six-months of its most recent fiscal year if the date of the Mutual Fund's fiscal year end and six-month period financial statements (each hereinafter referred to as a "Mutual Fund Financial Statement"). Each of the Mutual Fund Financial Statements is consistent with the books and records of the related Mutual Fund, and presents fairly the consolidated financial position of the related Mutual Fund in accordance with GAAP applied on a consistent basis (except as otherwise noted therein) at the respective date of such Mutual Fund Financial Statement and the results of operations and cash flows for the respective periods indicated. The Mutual Fund Financial Statements reflect and disclose all material changes in accounting principles and practices adopted by each of the Mutual Funds during the periods covered by each Mutual Fund Financial Statement. The books of account pertaining to each of the Mutual Funds fairly reflect their respective transactions.

(i) There is no litigation or legal (or other) action, suit, proceeding or investigation at law or in equity pending or, to the knowledge of the Company and each Partner after Due Inquiry, threatened in any court or before or by any governmental agency or instrumentality, department, commission, board, bureau or agency, or before any arbitrator, by or against any of the Mutual Funds, or any officer or director thereof relating to the activities of the Mutual Funds, any disqualification of the Company or any Partner under Section 9(a) of the Investment Company Act, or any event which would require the Company to give an affirmative response to any of the questions in Item 11 of the Company's Form ADV (or any similar or successor form) or under Item 7 of the Company's Form BD (or any similar or successor form). There are no judgments, injunctions, orders or other judicial or administrative mandates outstanding against or affecting any of the Mutual Funds or any officer or director thereof relating to the activities of or affecting the Mutual Funds.

(j) Each Mutual Fund complies, and has been maintained in compliance, in all material respects, with all applicable requirements, including all reporting and disclosure requirements, prescribed by any and all Investment Laws and Regulations and orders thereunder.

(k) The exhibit list in the current registration statement of Tweedy Browne Fund, Inc. includes all of the documents that would be required to be included thereon if such registration statement were being refiled.

3.29 CERTAIN REPRESENTATIONS AND WARRANTIES AS TO THE OFFSHORE FUNDS AND OFFSHORE RELATED PARTNERSHIPS.

(a) True, correct and complete copies of all of the current investment advisory agreements and distribution or underwriting contracts, arrangements for the payment of service fees, and all administrative services and other services agreements, if any (collectively, the "Offshore Fund Agreements"), pertaining to each of the Offshore Funds (i) will have been made available to Buyer on or prior to the Delivery Date and (ii) are in full force and effect. As to each Offshore Fund, there has been in full force and effect an investment advisory, sub-advisory, distribution or underwriting agreement (as applicable) at all times since the inception of such Offshore Fund, and each Offshore Fund Agreement, pursuant to which the Company has received compensation respecting its activities in connection with each of the Offshore Funds was duly approved in accordance with the applicable provisions of the Investment Company Act.

(b) There are no special restrictions, consent judgments or orders of the SEC, the IML, the BMA or any other regulatory body under any applicable Investment Laws and Regulations on or with regard to any of the Offshore Funds or Offshore Related Partnerships currently in effect.

(c) Each of the Offshore Funds is duly organized, validly existing and in good standing in the jurisdiction in which it is organized and has all requisite power and authority to conduct its business in the manner and in the places where such business is currently conducted. Each Offshore Fund is and, since its inception has been, engaged solely in the business of an investment company. Each Offshore Fund and Offshore Related Partnership is and, since its inception has been, in compliance with all Investment Laws and Regulations and orders thereunder.

(d) All offering materials used by the Offshore Funds and all proxy or consent statements to be prepared for use by the Offshore Funds in connection with the transactions contemplated by this Agreement, the written information provided by the Company to each Board of Directors (or equivalent bodies) of the Offshore Funds in connection with this Agreement or the transactions contemplated hereby has been or will be accurate and complete and has not or 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 the light of the circumstances under which they were made, not misleading or.

(e) None of the Offshore Funds is engaged in the conduct of a trade or business in the United States (within the meaning of the Code). Each Offshore Fund is a passive foreign investment company (within the meaning of the Code) and is not a controlled foreign corporation (within the meaning of the Code). Each of the Offshore Funds has in effect a QEF election. Each of the Offshore Funds and the Related Offshore Partnerships has timely filed all Tax returns and reports (including information returns, declarations and reports) (the "Offshore Tax Returns") required to be filed by it with any Taxing Authorities and has paid, or withheld and paid over, all Taxes which were shown to be due on the Offshore Tax Returns. The information contained in

such Offshore Tax Returns is true, correct and complete. With respect to each Offshore Fund and Offshore Related Partnership, there are no liabilities for Taxes which have not been paid in prior periods or for which an adequate reserve for such liability does not exist. With respect to each Offshore Fund and Offshore Related Partnership, no claims have been or are being asserted by any Taxing Authorities with respect to any Taxes and, to the knowledge of the Company and each Partner after Due Inquiry, there are no threatened claims for Taxes.

(f) The Company has made available to Buyer true, correct and complete copies of the audited financial statements, prepared in accordance with GAAP, of each of the Offshore Funds and Offshore Related Partnerships for the past three fiscal years (each hereinafter referred to as a "Offshore Financial Statement"). Each of the Offshore Financial Statements is consistent with the books and records of each of the Offshore Funds, and presents fairly the consolidated financial position of each of the Offshore Funds in accordance with GAAP applied on a consistent basis (except as otherwise noted therein) at the respective date of such Offshore Financial Statements and the results of operations and cash flows for the respective periods indicated. The Offshore Financial Statements reflect and disclose all material changes in accounting principles and practices adopted by the Offshore Funds and Offshore Related Partnerships during the periods covered by each Offshore Financial Statement. The books of account of each of the Offshore Funds fairly reflect their respective transactions.

(g) There is no litigation or legal (or other) action, suit, proceeding or investigation at law or in equity pending or, to the knowledge of the Company and each Partner after Due Inquiry threatened in any court or before or by any governmental agency or instrumentality, department, commission, board, bureau or agency, or before any arbitrator, by or against any of the Offshore Funds, or any officer or director thereof, relating to the activities of the Offshore Funds, any disqualification of the Company an any Partner under Section 9(a) of the Investment Company Act, or any event which would require the Company to give an affirmative response to any of the questions in Item 11 of the Company's Form ADV (or any similar or successor form) or under Item 7 of the Company's Form BD (or any similar or successor form). There are no judgements, injunctions, orders or other judicial or administrative mandates outstanding against or affecting any of the Offshore Funds or any officer or director thereof, relating to the activities of or affecting the Offshore Funds.

(h) Each Offshore Fund complies, and has been maintained in compliance, in all material respects, with all applicable requirements, including all reporting and disclosure requirements, prescribed by any and all Investment Laws and Regulations.

(i) Schedule 3.29(i) contains a true, complete and correct list, as of the date hereof, of all contracts, agreements and commitments written or oral, between any Offshore Fund and any Offshore Related Partnership or by which one or more Offshore Funds and (or any of their respective properties) one or more Offshore Related Partnerships (or any of their respective properties) is bound as of the date hereof and such contracts, agreements and commitments have been previously delivered by the Company and the Partners to Buyer, and such contracts,

agreements and commitments contain substantially the entire understanding between the Offshore Funds and Offshore Related Partnerships with respect to the subject matter thereof.

(j) Each Offshore Fund has full right, authority and power to enter into amendments to each Offshore Management Agreement to which it is a party in order to facilitate the transition contemplated by Section 5.7 of the LLC Agreement and to carry out the transactions contemplated thereby (except to the extent that certain provisions may be subject to subject to the receipt of all necessary consents or approvals and the making of any necessary filings to effect an amendment to the organizational documents of such Offshore Fund as contemplated in Section 5.15). Each Offshore Management Agreement, at the time the foregoing amendments are executed and delivered by the respective Offshore Fund, will constitute a valid and binding obligation of such Offshore Fund, enforceable in accordance with its terms (subject to the exception in the foregoing sentence). No such Offshore Management Agreement will violate any provision of the by-laws or articles of incorporation (or any other organizational document) of the respective Offshore Fund (each as amended and/or restated to date) or will result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of any agreement, contract, instrument, lien, authorization, order, writ, judgment, injunction, decree or determination to which the respective Offshore Fund is a party, or by which any property of such respective Offshore Fund is bound or affected.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF THE PARTNERS.

As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, each Partner hereby makes to Buyer each of the representations and warranties set forth in this Section 4 with respect to such Partner. No Partner shall have any right of indemnity or contribution from the Company (or any other right against the Company) with respect to the breach of any representation or warranty by any Partner hereunder.

4.1 AUTHORITY. Such Partner has full right, authority, power and capacity to enter into this Agreement and each contract or agreement specifically referenced in, or executed and delivered by or on behalf of such Partner pursuant to, or as contemplated by, this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each contract or agreement, specifically referenced in, or executed and delivered by such Partner pursuant to, this Agreement constitutes, or when executed and delivered will constitute, a valid and binding obligation of such Partner, enforceable against such partner in accordance with its respective terms. The execution, delivery and performance of this Agreement and each such agreement, contract, document and instrument:

(a) does not and will not violate any provision of any laws of the United States or any state or other jurisdiction applicable to such Partner, or require such Partner to obtain any approval, consent or waiver from, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made; and

(b) does not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which such Partner is a party or by which the property of such Partner is bound or affected.

4.2 OWNERSHIP OF LLC INTERESTS. After giving effect to the Conversion and the Closing, such Partner will be the record and beneficial owner of an interest in the LLC, free and clear of any Claims other than restrictions imposed pursuant to the LLC Agreement, in an amount set forth opposite his name in Schedule 1.1. Such interest will constitute all the interests in the LLC or rights in connection with interests in the LLC which are then held by such Person, directly or indirectly.

4.3 FINDER'S FEE. Except for fees to Goldman, Sachs & Co., which fees will be paid by the Partners, such Partner has not incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

4.4 INVESTMENT ADVISORY AND BROKERAGE REPRESENTATION. Except as set forth in Schedule 4.4, such Partner does not serve as an investment adviser (within the meaning of the Advisers Act) or broker or dealer (within the meaning of Exchange Act) to, or provide, directly or indirectly, Investment Management Services or Brokerage Services to, any person or entity, other than on behalf of the Company pursuant to an agreement between the Company and a Client thereof.

4.5 AGREEMENTS. There are no agreements, including without limitation, non-competition, trade secret or confidentiality agreements, not contained herein or disclosed in a Schedule hereto, to which such Partner is a party relating to the business of the Company or the LLC or to such Partner's rights and obligations as a partner, member, director, officer or employee of the Company.

4.6 EMPLOYMENT DATA. Such Partner's date of birth and date of commencement of employment with the Company are both accurately reflected in Schedule 4.6 hereto.

SECTION 5. COVENANTS OF THE COMPANY AND THE PARTNERS.

5.1 MAKING OF COVENANTS AND AGREEMENTS. The Company and each Partner hereby makes the covenants and agreements set forth in this Section 5 and the Partners agree to cause the Company to comply with such agreements and covenants. No Partner shall have any right of indemnity or contribution from the Company (or any other right against the Company) with respect to the breach of any covenant or agreement by the Company or any Partner hereunder.

5.2 CLIENT CONSENTS AND APPROVALS.

(a)

(i) As soon as practicable after the date hereof, but in any event prior to August 9, 1997, the Company shall notify each of its Clients (excluding for these purposes the Mutual Funds, Offshore Funds and Private Funds and shareholders or partners thereof and Clients who are Clients solely with respect to Brokerage Services) of the transactions contemplated hereby and by the other agreements, documents and instruments contemplated hereby. Such notice shall be in the form of Exhibit 5.2A hereto with respect to those Clients (excluding for these purposes the Mutual Funds, Offshore Funds and Private Funds and Clients who are Clients solely with respect to Brokerage Services) whose contracts require affirmative written consent for their assignment, and in the form of Exhibit 5.2B with respect to those Clients (excluding for these purposes the Mutual Funds, Offshore Funds and Private Fund and Clients who are Clients solely with respect to Brokerage Services) whose contracts do not require affirmative written consent for their assignment (in each case, with such changes to Exhibit 5.2A and Exhibit 5.2B as may be agreed to by Buyer).

(ii) On or prior to September 5, 1997, the Company shall send to each Client who was sent, but who has not by such date returned, the notice in substantially the form of Exhibit 5.2A or Exhibit 5.2B hereto countersigned indicating approval of the transactions contemplated hereby, an additional notice in the form of Exhibit 5.2C (with such changes thereto as may be agreed to by Buyer).

(b) With respect to the Offshore Funds, the Company and the Partners shall use all commercially reasonable efforts to obtain such Consents from regulatory authorities or investors as may be necessary or appropriate and satisfactory to Buyer to permit consummation of the transactions contemplated hereby.

(c) With respect to the Mutual Funds, the Company and the Partners shall use all commercially reasonable efforts to cause each of the Mutual Funds to call a meeting of its shareholders to consider, and to solicit its shareholders with regard to, approval of the investment advisory agreement with the LLC contemplated under Section 8.3(b), to be in effect at and after the Closing, consistent with all of the requirements of federal securities laws applicable to such solicitation.

(d) With respect to the Private Funds, the Company and the Partners shall use all commercially reasonable efforts to obtain such Consents from regulatory authorities or investors as may be necessary or appropriate and satisfactory to Buyer to permit consummation of the transactions contemplated hereby.

(e) The Company and the Partners shall use all commercially reasonable efforts to obtain Consents from the Company's Clients in the manner contemplated by this Section 5.2.

5.3 FILINGS AND REGULATORY AUTHORIZATIONS.

(a) The Company and each of the Partners will cause the Company to: (i) file, as soon as practicable after the date hereof, and in any event prior to August 22, 1997, with the SEC, a Uniform Application for Investment Adviser Registration on Form ADV to register the LLC as an investment adviser under the Advisers Act; (ii) file the appropriate applications for investment adviser registration as soon as practicable with all other jurisdictions in which the Company is registered as an investment adviser and in each other jurisdiction where it is necessary or desirable for the LLC to be registered as an investment adviser in order to conduct its business (including, without limitation, the business currently conducted by the Company) after the Conversion and the Closing; (iii) file, as soon as practicable after the date hereof, and in any event prior to August 22, 1997, with the Central Registration Depository Operated by the NASD a Uniform Application for Broker-Dealer Registration on Form BD to register the LLC as a broker-dealer under the Exchange Act; and (iv) file the appropriate applications for broker-dealer registration as soon as practicable with all other jurisdictions in which the Company is registered as a broker-dealer and in each other jurisdiction where it is necessary or desirable for the LLC to be registered as a broker-dealer in order to conduct its business (including, without limitation, the business currently conducted by the Company) after the Conversion and the Closing; provided, however, that, upon advice of counsel to the Company and Buyer, the Company and Buyer may elect to rely on successor registration provisions or the continuance of the Company's current registrations under applicable laws, in which case such successor or continuance filings shall be made as of the Closing.

(b) The Partners and the Company will use all commercially reasonable efforts to cause all applicable Employees to file, as soon as practicable after the date hereof, such applications for licensing, registration or qualification (i) of investment adviser representatives (within the meaning of Rule 203A-3(a) under the Advisers Act) in each jurisdiction where such applicable investment adviser representative has a place of business (within the meaning of Rule 203A-3(b) under the Advisers Act) and such licensing, registration or qualification is necessary in order to conduct the business of the Company as currently conducted and (ii) of registered representatives, principals and associated persons with the SEC, the NASD and in each jurisdiction where such licensing, registration or qualification is necessary in order to conduct the business of the Company in the manner conducted by the Company as of the date of this Agreement; provided, however, that, upon advice of counsel to the Company and Buyer, the Company and Buyer may elect to rely on successor registration provisions or the continuance of the Company's current registrations under applicable laws, in which case such successor or continuance filings shall be made as of the Closing.

(c) The Company and each of the Partners will use all commercially reasonable efforts to cause the Mutual Funds to prepare and file a proxy statement and related materials with respect to a meeting of the shareholders of the Mutual Funds, as contemplated by Section 5.2(c), as soon as practical following the execution of this Agreement.

(d) Prior to the Closing, the Partners will use all commercially reasonable efforts to (i) cause the Company to inform the IML of the transactions contemplated herein and provide the IML with a draft publication describing the transaction and (ii) obtain such additional consents and approvals as may be necessary and appropriate and satisfactory to Buyer in connection with the consummation of the transactions contemplated hereby; and as promptly as possible, but no more than seven (7) days after the Closing, the Partners shall provide to the shareholders of the Offshore Funds, a copy of the publication referred to above.

(e) Prior to the Closing, the Partners will use all commercially reasonable efforts to obtain such BMA approval or and/or file such notice with the BMA as may be necessary under applicable law, and/or obtain such shareholder approval as may be necessary or appropriate and satisfactory to Buyer in connection with the consummation of the transactions contemplated hereby.

(f) The Company and each of the Partners will cause the Company to make any additional filings necessary to obtain approvals in connection with securing for the LLC the benefits of memberships and registrations on Schedule 3.18(c).

(g) The Company and each of the Partners will use all commercially reasonable efforts to cause the LLC to obtain all authorizations, consents, orders and approvals of self-regulatory organizations, federal, state and local regulatory bodies and officials that may be or become necessary for their respective execution and delivery of, and the performance of their respective obligations pursuant to, this Agreement and the other agreements, documents and instruments contemplated hereby, and for the LLC to conduct the business of the Company in the manner conducted by the Company as of the date of this Agreement.

5.4 AUTHORIZATION FROM OTHERS. The Company and each of the Partners will use all commercially reasonable efforts to obtain all authorizations, consents, approvals, waivers and permits of others required to permit the consummation by the Partners and the Company of the transactions contemplated by this Agreement.

5.5 CONDUCT OF BUSINESS. Between the date of this Agreement and the Closing, without the prior written consent of Buyer:

(a) the Company will conduct its business only in the ordinary course of business, and consistent with past policies, procedures and practices;

(b) the Company shall not take any action or omit to take any action if such action or omission would require the consent of Buyer as Manager Member under Section 3.1(g) of, would be prohibited under, or would be a violation of, the LLC Agreement if the LLC Agreement were in effect at the time;

(c) the Company will not make or incur any obligation to make a change in its Organizational Documents or authorized or issued capital or interests, except as is contemplated hereunder with respect to the Conversion and the LLC Agreement;

(d) the Company will not (and each Partner will cause the Company not to) declare, set aside or pay any dividend or distribution, make (or incur an obligation to make) any other distribution in respect of its capital or interests or make (or incur an obligation to make) any direct or indirect redemption, purchase or other acquisition of its stock or interests if as a result of such dividend, distribution, redemption, purchase or acquisition, the Company would be unable to satisfy the conditions set forth in Section 8.13;

(e) the Company will (and each Partner will cause the Company to) use all commercially reasonable efforts to prevent any change with respect to its management and supervisory personnel;

(f) the Company will (and each Partner will cause the Company to) have in effect and maintain at all times all insurance of the kind, in the amount and with the insurers set forth in Schedule 3.19 hereto or equivalent insurance with any substitute insurers approved in writing by Buyer;

(g) The Company will not (and each Partner will not and will cause the Company not to) enter into any agreement or understanding in connection with any of the matters in paragraphs (a) through (f) above.

5.6 FINANCIAL STATEMENTS. Until the Closing, the Company will furnish Buyer with copies of unaudited monthly financial information, in such form and method of presentation as reasonably acceptable to Buyer.

5.7 PRESERVATION OF BUSINESS AND ASSETS. Until the Closing, the Company and each of the Partners shall use all commercially reasonable efforts to: (a) preserve the current business of the Company, (b) maintain the present Clients of the Company, in each case, on terms that are at least as favorable as the terms of the agreement between the Company and the relevant Client as in effect on the date hereof, (c) preserve the goodwill of the Company, and (d) preserve any Licenses required for, or useful in connection with, the business of the Company (including without limitation all investment adviser and broker-dealer registrations and all memberships or similar privileges in exchanges or self-regulatory organizations). In addition, none of the Partners shall take any material action not in the ordinary course of business relating to the Company or which might have a material effect on the transactions contemplated hereby, without the prior consent of Buyer.

5.8 ACCESS. The Company shall afford to Buyer and its representatives and agents free access, during normal business hours and with reasonable notice, to the properties and records of the Company in order that Buyer may have full opportunity to make such investigation as it shall desire for purposes consistent with this Agreement. The Company shall afford, or use all

commercially reasonable efforts to cause to be afforded, to Buyer and its representatives and agents free access, during normal business hours and with reasonable notice, to the properties and records of the Private Funds, the Mutual Funds, the Offshore Funds and the Offshore Related Partnerships in order that Buyer may have full opportunity to make such investigation as it shall desire for purposes consistent with this Agreement.

5.9 CONSUMMATION OF AGREEMENT. The Company and each of the Partners shall use all commercially reasonable efforts to perform and fulfill all conditions and obligations to be performed and fulfilled by each of them under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. During the period from the date of this Agreement and continuing through the Closing, except as required by applicable law or with the prior written consent of Buyer, neither the Company nor any of the Partners shall take any action which, or fail to take any action the failure of which to be taken, would, or could reasonably be expected to: (a) result in any of the representations and warranties of the Partners set forth in this Agreement being or becoming untrue in any respect that would cause Section 8.2 not to be satisfied; (b) result in any conditions to the Closing set forth in Section 8 not being satisfied; or (c) result in a material violation of any provision of this Agreement.

5.10 COOPERATION OF THE COMPANY AND PARTNERS. The Company and each of the Partners shall cooperate with all reasonable requests of Buyer and Buyer's counsel in connection with the preparation of Schedules and due diligence investigations contemplated in Section 1.7 hereof and the consummation of the transactions contemplated hereby and the preparation and filing of a registration statement or statements (including any supplements or amendments thereto) with respect to Buyer or securities issued or to be issued by Buyer.) Each Partner shall cooperate with Buyer in causing the Company to make an election under Section 754 of the Code with respect to its taxable year ended on the date of the Closing.

5.11 NO SOLICITATION OF OTHER OFFERS. Until the termination of this Agreement pursuant to Section 10.1, none of the Company, any of the Partners, or any of their representatives will, directly or indirectly, solicit, encourage, assist, initiate discussions or engage in negotiations with, provide any information to, or enter into any agreement or transaction with, any person, other than Buyer, relating to the possible acquisition of any equity interests of the Company, or any of the assets of the Company.

5.12 CONFIDENTIALITY. The Company and the Partners agree that, unless and until the Closing has been consummated, each of the Company, the Partners and their officers, partners, members, agents and representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from Buyer with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transaction contemplated hereby. Information generally known in Buyer's industry or which has been disclosed to the Company or the Partners by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, the Company and the Partners will return, and cause their respective officers, directors, members, agents and representatives to

return, to Buyer (or certify that they have destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, test reports, tax returns, lists, memoranda, and other documents prepared by or made available to the Company or the Partners (and their officers, directors, members, agents and representatives) in connection with the transaction.

5.13 POLICIES AND PROCEDURES. The Company and the Partners shall, and shall cause the Employees of the Company to, cooperate with and assist in such compliance audits and regulatory reviews as may reasonably be requested by Buyer.

5.14 NOTIFICATION OF CERTAIN MATTERS. The Partners shall give prompt notice to Buyer of (a) the occurrence, or failure to occur, of any event or existence of any condition that has caused or could reasonably be expected to cause any of their representations or warranties contained in this Agreement to be untrue or inaccurate in any material respect at any time after the date of this Agreement, up to and including the Closing Date, and (b) any failure on its part to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

5.15 AMENDMENT OF OFFSHORE FUND ORGANIZATIONAL DOCUMENTS. As promptly as practicable (which may be following the Closing), the Company and the Partners shall use all commercially reasonable efforts to cause each Offshore Fund to amend its organizational documents (and obtain all necessary consents and approvals in connection therewith) to permit the modification of the formulas for determination and payment of the Performance Increment thereunder as, when and to the extent contemplated by the Offshore Management Agreements and Section 5.7 of the LLC Agreement.

5.16 NON-SOLICITATION/NON-DISCLOSURE AGREEMENTS. Each Partner shall use all commercially reasonable efforts to cause (a) Robert Q. Wyckoff, Jr. and Thomas Shrager to enter into a Non-Solicitation/Non-Disclosure Agreement with the Company in the form attached hereto as Exhibit 5.16, (each, a "Non-Solicitation Agreement" and collectively, the "Non-Solicitation Agreements") and (b) each such Non-Solicitation Agreement to be in full force and effect for the benefit of the LLC at the Closing.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF BUYER.

6.1 MAKING OF REPRESENTATIONS AND WARRANTIES. As a material inducement to the Company and the Partners to enter into this Agreement and consummate the transactions contemplated hereby, Buyer hereby makes the representations and warranties to the Company and the Partners contained in this Section 6.

6.2 ORGANIZATION OF BUYER. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

6.3 AUTHORITY OF BUYER. Buyer has full right, authority and power to enter into this Agreement, the LLC Agreement, and each other contract or agreement specifically referenced in, or to be executed and delivered by Buyer pursuant to, or as contemplated by, this Agreement and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement, the LLC Agreement and each such other contract or agreement have been duly authorized by all necessary corporate action of Buyer and no other corporate action on the part of Buyer is required in connection therewith. This Agreement, the LLC Agreement and each other contract or agreement specifically referenced in, or executed and delivered by Buyer pursuant to, this Agreement constitute, or when executed and delivered will constitute, valid and binding obligations of Buyer enforceable in accordance with their terms. The execution, delivery and performance by Buyer of this Agreement, the LLC Agreement and each such other contract or agreement:

(a) does not violate any provision of the Certificate of Incorporation or By-laws of Buyer, each as amended to date;

(b) does not violate any laws of the United States or of any state or any other jurisdiction applicable to Buyer or require Buyer to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) which has not been obtained or made; and

(c) does not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which Buyer is a party or by which any property of Buyer is bound or affected and which is material to the business and financial condition of Buyer and its affiliated organizations on a consolidated basis.

6.4 LITIGATION. There is no litigation pending or, to its knowledge after Due Inquiry, threatened against Buyer which would prevent or hinder the consummation of the transactions contemplated by this Agreement.

6.5 FINDER'S FEE. Buyer has not incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

6.6 INVESTMENT INTENT. The Purchased LLC Interest will be acquired by Buyer for investment for Buyer's own account, and Buyer has no present intention of selling, granting participation in, or otherwise distributing the same. Buyer represents and warrants that it is an "accredited investor" within the meaning of Rule 501 promulgated by the SEC under the Securities Act.

6.7 FINANCIAL STATEMENTS. Buyer has delivered to the Company the following financial statements, copies of which are attached hereto as Schedule 6.7:

(a) Audited balance sheets of Buyer at December 31, 1994, December 31, 1995 and December 31, 1996, and unaudited statements of income, retained earnings and cash flows for each of the three (3) years then ended.

(b) 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 are complete and correct to the knowledge of Buyer after Due Inquiry, and present fairly the financial condition of Buyer at the dates of such statements and the results of its operations for the periods covered thereby (except that Buyer's unaudited financial statements do not include footnote disclosure or year-end adjustments).

6.8 COMPLIANCE WITH LAWS. Buyer and each of its Controlled Affiliates is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign to the extent applicable to the activities of Buyer or such Controlled Affiliate, including, without limitation: the Advisers Act, the Investment Company Act, the Exchange Act, ERISA, the Commodity Exchange Act and the Securities Act and the regulations promulgated under each of them, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect on Buyer and its Controlled Affiliates taken as a whole.

SECTION 7. COVENANTS OF BUYER.

7.1 MAKING OF COVENANTS AND AGREEMENT. Buyer hereby makes the covenants and agreements set forth in this Section 7.

7.2 CONFIDENTIALITY. Buyer agrees that, unless and until the Closing has been consummated, each of Buyer and its officers, directors, agents and representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from the Company or the Partners with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transaction contemplated hereby and except for disclosures to Buyer's lenders and other financing sources and except to the extent necessary or appropriate in connection with the preparation and filing with the SEC of a registration statement or statements (including any supplements or amendments thereto) with respect to Buyer or securities issued or to be issued by Buyer. Information generally known in the Company's industry or which has been disclosed to Buyer by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, Buyer will return, and will cause its officers, directors, agents and representatives to return, to the Company (or certify that they have destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, test reports, tax returns, lists, memoranda, and other documents prepared by or made available to Buyer (and its officers, directors, agents and representatives) in connection with the transaction.

7.3 CONSUMMATION OF AGREEMENT. Buyer shall use all commercially reasonable efforts to perform and fulfill all conditions and obligations to be performed and fulfilled by each of them under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. During the period from the date of this Agreement and continuing through the Closing, except as required by applicable law or with the prior written consent of the Company, Buyer shall not take any action which, or fail to take any action the failure of which to be taken, would, or could reasonably be expected to: (a) result in any of the representations and warranties of the Company set forth in this Agreement being or becoming untrue in any respect that would cause Section 9.2 not to be satisfied; (b) result in any conditions to the Closing set forth in Section 9 not being satisfied; or (c) result in a material violation of any provision of this Agreement.

7.4 COOPERATION OF BUYER. Buyer shall cooperate with all reasonable requests of the Company and the Company's counsel in connection with the consummation of the transactions contemplated hereby.

7.5 NOTIFICATION OF CERTAIN MATTERS. Buyers shall give prompt notice to Partners of (a) the occurrence, or failure to occur, of any event or existence of any condition that has caused or could reasonably be expected to cause any of their representations or warranties contained in this Agreement to be untrue or inaccurate in any material respect at any time after the date of this Agreement, up to and including the Closing Date, and (b) any failure on its part to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

SECTION 8. CONDITIONS TO THE OBLIGATIONS OF BUYER.

The obligation of Buyer to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment (or waiver by Buyer), prior to or at the Closing, of the following conditions precedent:

8.1 LITIGATION; NO OPPOSITION. No judgment, injunction, order or decree enjoining or prohibiting any of Buyer, the Company or any of the Partners or other parties to this Agreement or any of the agreements, documents and instruments contemplated hereby, from consummating the transactions contemplated hereby or thereby, shall have been entered and no suit, action or proceeding shall be pending or threatened at any time prior to or on the date of the Closing before or by any court or governmental body seeking to restrain or prohibit, or seeking damages or other relief in connection with, the execution and delivery of this Agreement or any of the agreements, documents and instruments contemplated hereby, or the consummation of the transactions contemplated hereby or thereby or which could be expected to have an adverse effect on the LLC or Buyer.

8.2 REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Each of the representations and warranties of each of the Partners (or made by any person authorized by them to make representations on their behalf) contained in this Agreement and in any Schedule or Exhibit attached hereto and in each other contract, agreement, or certificate contemplated hereby shall be true, correct and complete (i) in all material respects as of the date of this Agreement and (ii) in all material respects as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of or are limited to an earlier date); provided, however, that solely for purposes of determining the satisfaction of the conditions contained in this Section 8.2(a) and not for purposes of determining liability under Section 12 hereof or otherwise, no effect shall be given to any exception in such representations and warranties relating to knowledge, materiality, or a Material Adverse Effect, 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, materiality, and Material Adverse Effect exceptions do not represent in the aggregate a Material Adverse Effect on the Company or Buyer, and except that:

(i) the representations of Sections 3.2(a) and 3.3(b) shall be made as of the time immediately prior to the Conversion, instead of as of the Closing;

(ii) the representations in Section 3.7 shall also be made with respect to assets under management and contracts as of a date which is no more than ten (10) days prior to the Closing, instead of being made with respect to assets under management and contracts as of the date of the Closing;

(iii) as contemplated by the definition of "Company," all representations made with respect to the Company as of the date of this Agreement (except the representations in Sections 3.2(a) or 3.3(b)) shall be made at the Closing with respect to the LLC as the continuation by Conversion of the Company.

Each and all of the agreements, covenants, obligations and conditions to be performed, complied with or satisfied by the Company (including without limitation by the LLC as the continuation by conversion of the Company) and each of the Partners hereunder and under the other contracts and agreements contemplated hereby at or prior to the Closing shall have been duly performed, complied with or satisfied.

(b) Each of the Partners shall represent to Buyer that each of the following representations and warranties is true, correct and complete in all material respects upon effectiveness of the Conversion and at the Closing (or immediately prior to the Closing, if so specified below); provided, however, that solely for purposes of determining the satisfaction of the conditions contained in this Section 8.2(b) and not for purposes of determining liability under Section 12 hereof or otherwise, no effect shall be given to any exception in such representations and warranties relating to knowledge, materiality, or a Material Adverse Effect, 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, materiality, and Material Adverse Effect exceptions do not represent in the aggregate a Material Adverse Effect on the Company or Buyer.

(i) The LLC is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, with full power and authority under the Delaware Act and the LLC Agreement to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted or proposed to be conducted. The copies of the LLC Agreement, certified by the Secretary of the LLC, and of the Certificate of Conversion and Certificate of Formation, certified by the Secretary of State of the State of Delaware, delivered at the Closing are complete and correct, and no amendments thereto are pending.

(ii) All contracts described in Schedule 3.6(a), Schedule 3.7, and Schedule 3.15 remain valid and effective in accordance with their respective terms (except, with respect to contracts set forth in Schedule 3.7 as to which Consent has not been provided) with the LLC having succeeded to all the obligations of the Company thereunder, and the LLC is entitled to all rights and remedies thereunder to which the Company is entitled on the date of this Agreement, or such contract has been replaced by a Comparable Contract.

(iii) The LLC has all Licenses required from self-regulatory bodies and from foreign, federal, state or local authorities in order for the LLC to conduct the business being conducted by the Company immediately prior to the Conversion, except to the extent failure to be so licensed or qualified would not have a Material Adverse Effect on the Company. Neither the Company nor the LLC is subject to any limitation imposed in connection with one or more of the Licenses which could have a Material Adverse Effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of the Company, the LLC or Buyer.

(iv) Each insurance policy or bond listed in Schedule 3.19 or equivalent policies or bonds are in full force and effect, with the LLC as the sole owner and beneficiary of each such policy and bond.

(v) All proxy statements to be prepared for use by Tweedy, Browne Fund, Inc. in connection with the transactions contemplated by this Agreement, the written information provided by the Mutual Funds to each Board of Directors in connection with this Agreement or the transactions contemplated hereby at the time such information was provided and, in the case of a proxy statement, the date of the shareholder vote for which such proxy statement was used, as then amended or supplemented, in each case, insofar as it contains or consists of information supplied by the Company, has been accurate and complete and has not contained any untrue statement of a material fact, or omitted to state

any material fact (a) required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (b) necessary to correct any statement in any earlier communication that had become false or misleading.

(vi) All offering materials used by the Offshore Funds and all proxy or consent statements to prepared for use by the Offshore Funds in connection with the transactions contemplated by this Agreement, the written information provided by the Company to each Board of Directors (or equivalent bodies) of the Offshore Funds in connection with this Agreement or the transactions contemplated hereby has been accurate and complete and has not contained any untrue statement of a material fact, or omitted to state any material fact (a) required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (b) necessary to correct any statement in any earlier communication that had become false or misleading.

(c) Each of the Partners shall represent to Buyer that each of the following representations is true and correct in all material respects:

(i) Upon effectiveness of the Conversion and immediately prior to the Closing, the Partners are the sole members of the LLC. After giving effect to the Conversion and the Closing, the capitalization of the LLC is as set forth in Schedule 8.2 hereto (with respect to both capital and profits interests), with all such interests owned beneficially and of record by the entities and in the amounts indicated in such Schedule 8.2 in each case, free and clear of any Claims (other than restrictions imposed pursuant to the LLC Agreement). After giving effect to the Conversion and the Closing, all outstanding interests in the LLC have been duly authorized and issued under the LLC Agreement and are fully paid and (except, as to the Non-Manager Members, in connection with the Offshore Fund Adjustment and, as to all Members, in connection with the establishment of reserves in accordance with the provisions of the LLC Agreement) non-assessable. After giving effect to the Conversion and the Closing, Buyer is the sole Manager Member (as such term is defined in the LLC Agreement) and manager (as such term is defined in the Delaware Act) of the LLC, and Buyer will have good title to its interest in the LLC, as shown in Schedule 8.2. Except as set forth in this Agreement or in the LLC Agreement, there are no rights, commitments, agreements or understandings obligating or which might obligate the LLC, the Company, any of the Partners or, to the knowledge of the Company and each Partner, any other Person, to issue, transfer, sell or redeem any securities or interests in the LLC. Each Partner will be or is the record and beneficial owner of the interests in the LLC shown as owned by it in Schedule 8.2 hereof, in each case free and clear of any Claims other than restrictions imposed pursuant to the LLC Agreement. The interests in the LLC shown as owned by each Partner in Schedule 8.2 hereof constitute all the interests in the LLC or rights in connection with interests in the LLC which are held by such Person, directly or indirectly; and

(ii) All of the accounts receivable of the Company included in the Company's net worth or working capital for purposes of Section 8.13 of this Agreement are enforceable and any reserves for noncollectibility included in such net worth or working capital are adequate under the requirements of GAAP.

(d) Each Partner shall have furnished Buyer with a certificate dated as of the date of the Closing to the foregoing effect.

8.3 CLIENT CONSENTS AND APPROVALS.

(a) Clients of the Company whose advisory agreements provide for the payment of fees constituting Gross Revenues calculated as of August 31, 1997 under Section 1.2(d) equal to at least ninety percent (90%) of Gross Revenues calculated as of June 30, 1997 shall have Consented to the transactions contemplated hereby, and advisory agreements which represent at least ninety percent (90%) of the Gross Revenues calculated as of June 30, 1997 shall survive the Conversion and the Closing and then be in full force and effect (or be replaced by Comparable Contracts which are then in full force and effect).

(b) The Company shall have obtained Consent from each Mutual Fund.

(c) At the Closing, the Company shall deliver a certificate representing that Schedule 1.2 hereto is true, complete and correct and certifying as to the calculation of the LLC Interest Purchase Price pursuant to Section 1.2 and compliance with the foregoing, which certificate shall include the calculation of compliance, including a list in the form of Schedule 3.7 of all investment management or advisory contracts as of the date of calculation, including all the categories of information set forth in Schedule 3.7.

8.4 REGISTRATION AS AN INVESTMENT ADVISER AND REGISTRATION OF INVESTMENT ADVISER REPRESENTATIVES.

(a) The LLC shall be registered as an investment adviser under the Advisers Act and the rules and regulations promulgated thereunder, and under the laws of each state where such a registration may be necessary to enable the LLC, after giving effect to the Conversion and the Closing, to conduct the business of the Company in the manner conducted by the Company as of the date of this Agreement.

(b) All applicable Employees shall be registered as investment adviser representatives of the LLC under the laws of each state where such a registration may be necessary or desirable (in the opinion of Buyer) to enable the LLC, after giving effect to the Conversion and the Closing, to conduct the business of the Company in the manner conducted by the Company as of the date of this Agreement.

8.5 REGISTRATION AS A BROKER-DEALER AND REGISTRATION OF REGISTERED REPRESENTATIVES.

(a) The LLC and its Employees shall hold all of the Licenses held by the Company and its Employees as of the date of this Agreement. The LLC shall be registered as a broker-dealer under the Exchange Act and the rules and regulations promulgated thereunder, and under the laws of each state, and shall have such related Licenses as may be necessary to enable the LLC, after giving effect to the Conversion and the Closing, to conduct the business of the Company in the manner conducted by the Company as of the date of this Agreement.

(b) All applicable Employees shall be registered representatives (within the meaning of the Exchange Act) of the LLC under the Exchange Act and the laws of each state and shall have such related Licenses as may be necessary to enable the LLC, after giving effect to the Conversion and the Closing, to conduct the business of the Company in the manner conducted by the Company as of the date of this Agreement.

8.6 OTHER APPROVALS. Except as otherwise specifically contemplated hereby, all actions by or in respect of, or filings with or approvals of, any self-regulatory organization, governmental body, agency, or official or authority required to permit the consummation of the transactions contemplated hereby so that after the Conversion and the Closing, the LLC shall be able to carry on the business presently being conducted by the Company, in the manner now conducted by the Company, shall have been taken, made or obtained, and any and all other material permits, approvals, consents or other actions necessary to consummate the transactions hereunder shall have been received or taken, and none of such permits, approvals or consents shall contain any provisions which, in the reasonable judgment of Buyer, are unduly burdensome.

8.7 CONVERSION. (a) The Conversion shall have occurred and (b) such additional documents and instruments of transfer or conversion as Buyer shall reasonably deem necessary in connection therewith, shall have been executed, delivered and performed.

8.8 LLC AGREEMENT. Each Partner who is receiving interests in the LLC shall have executed and delivered the LLC Agreement in substantially the form attached hereto as Exhibit 2.2, with such changes therein as the Company and Buyer may agree, upon advice of their respective counsel.

8.9 EMPLOYMENT AGREEMENTS. Each Partner (other than Clark) shall have entered into an Employment Agreement with the Company in the form and substance materially consistent with Exhibit 8.9 hereto (each, an "Employment Agreement" and collectively the "Employment Agreements"), and each such Employment Agreement shall be in full force and effect for the benefit of the LLC at the Closing.

8.10 INTENTIONALLY OMITTED.

8.11 AGREEMENTS WITH RESPECT TO PRIVATE FUNDS. Each Private Fund shall have entered into an investment advisory agreement in form and substance reasonably satisfactory to the

Company and Buyer pursuant to which the Company shall provide investment advisory services to such Private Fund, in consideration of a fee in the amount of one and one half percent (1.5%) per annum of the net asset value of such Private Fund on each valuation date (the "Private Fund Management Agreements"), and each Private Fund Management Agreement shall be in full force in effect for the benefit of the LLC upon the Conversion and at the Closing (having been approved by all necessary consents or approvals and after the making of any necessary filings).

8.12 AGREEMENTS WITH RESPECT TO OFFSHORE FUNDS. The Partners and the managers or general partners of each Offshore Fund shall have entered into an amendment to the existing management agreements in form and substance reasonably satisfactory to the Company and Buyer pursuant to which the Company shall provide investment advisory services to such Offshore Fund, in consideration of a base fee in the amount of one half of one percent (0.5) per annum of the net asset value of such Offshore Fund on each valuation date and an additional payment, which shall initially be zero, but shall increase, subject to the receipt of all necessary consents or approvals and the making of any necessary filings to effect an amendment to the organizational documents of such Offshore Fund as contemplated in Section 5.15, under certain circumstances contemplated in the LLC Agreement to provide that the Performance Increment Accruals to Manager Shares shall be reduced and the amount of such reduction paid to the LLC (the "Offshore Management Agreements"), and each such Offshore Management Agreement shall be in full force and effect (subject to the foregoing consents, approvals and filings) for the benefit of the LLC upon the Conversion and at the Closing.

8.13 CAPITALIZATION, NET WORTH AND WORKING CAPITAL OF THE LLC. Immediately prior to the Closing, but after giving effect to the Conversion and taking into account all transaction costs incurred by the Company or the LLC in performing this Agreement which are not reimbursed by other Persons, the LLC shall have a tangible net worth of at least one million seven hundred thousand dollars ($1,700,000), working capital (defined as current assets less current liabilities) of at least eight hundred thousand dollars ($800,000) and cash on hand of at least one hundred seventy five thousand dollars ($175,000) (all as determined in accordance with GAAP using the accrual method of accounting, consistently applied), or such greater net worth, working capital or amount of cash on hand as shall be necessary for the operation of the business of the LLC consistent with past practices of the Company and applicable Investment Laws and Regulations, including, without limitation, the net capital requirement applicable to the Company as a registered broker-dealer.

8.14 DELIVERY. Each of the Company and the Partners shall have executed (where applicable) and delivered to Buyer (or shall have caused to be executed and delivered to Buyer by the appropriate person) the following:

(a) a copy of the Certificate of Conversion certified by the Secretary of State of the State of Delaware, a copy of the Certificate of Formation certified by the Secretary of State of the State of Delaware and all such other documents of transfer and conversion as Buyer may reasonably require in connection therewith;

(b) a certificate issued by the appropriate Secretary of State of each state in which, after giving effect to the Conversion, the LLC does business certifying that the LLC, as applicable, is in good standing in such state as of the most recent practicable date;

(c) true and correct copies of each of the agreements, documents and instruments contemplated hereby (including, without limitation, the LLC Agreement), and all agreements, documents, instruments and certificates delivered or to be delivered in connection therewith;

(d) for each of the Partners of the Company (other than Clark), evidence that such person has had a physical examination within ninety (90) days prior to the Closing, including a letter from a licensed physician familiar with such person's health indicating that such person is in good health at such date;

(e) a certificate of the Secretary of the LLC, certifying that the Certificate of Conversion, Certificate of Formation and LLC Agreement in paragraphs (a) and (c) above are in full force and effect and have not been amended or modified, and that the officers of the LLC are those persons named in the certificate;

(f) an opinion from counsel to the Company and the Partners, in form and substance reasonably satisfactory to Buyer and its counsel;

(g) a release of the LLC from all liabilities other than those arising out of the transactions or agreements contemplated hereby, from each of the Partners in the form attached hereto as Exhibit 8.14(g); and

(h) such other certificates and documents as are required hereby or are reasonably requested by Buyer, which certificates and documents are hereby deemed to be referenced in this Agreement.

8.15 ESCROW AGREEMENT. Each Partner shall have entered into an Escrow Agreement with Buyer and an escrow agent reasonably acceptable to the Partners and Buyer (it being agreed that The Chase Manhattan Bank is acceptable) providing for the establishment of an escrow fund in the initial aggregate amount for all Partners of **confidential treatment requested** dollars ($**confidential treatment requested**), to be held for a period of two (2) years plus the pendency of any claims for indemnification of any Buyer Indemnified Parties asserted under Section 12 of this Agreement on or prior to the Indemnification Cut-Off Date, which agreement shall be in form and substance reasonably acceptable to the Partners, Buyer and such escrow agent and shall be in full force and effect. It is contemplated that the escrow fund will initially constitute cash and cash equivalents and that, under the Escrow Agreement, the Partners shall have the authority to cause the escrow fund to be invested in high grade fixed-income securities or in investment accounts or products made available by the LLC.

8.16 EVIDENCE OF INSURABILITY. Buyer shall have received such evidence as it shall deem necessary or appropriate as to the insurability of each of the Persons listed in Schedule 3.25(b)

hereto as and in amounts contemplated by the LLC Agreement with respect to both key-man life insurance and disability insurance policies.

8.17 INSURANCE POLICIES. Each of the Company and the LLC shall have in place insurance policies (a) with respect to the Company, covering liabilities of directors and officers, in such amounts as previously disclosed to Buyer; (b) with respect to the LLC, covering errors and omissions and other liabilities of managers and officers, in such amounts as the Company and Buyer shall have previously agreed; and (c) with respect to the LLC, as contemplated by Section 3.19.

8.18 MATERIAL ADVERSE CHANGE. There shall have been no event or condition or events or conditions, which, either individually or in the aggregate, is reasonably likely to have a Material Adverse Effect on the condition (financial or otherwise), properties, assets, liabilities, business operations or prospects of the LLC, and Buyer shall be provided with a certificate from the President of the LLC to that effect at the Closing.

SECTION 9. CONDITIONS TO OBLIGATIONS OF THE COMPANY AND THE PARTNERS.

The obligation of the Company and the Partners to consummate this Agreement and the transactions contemplated hereby is subject to the fulfillment (or waiver by the Company), prior to or at the Closing, of the following conditions precedent:

9.1 NO LITIGATION; NO OPPOSITION. No judgment, injunction, order or decree enjoining or prohibiting any of Buyer or the Company or any of the Partners or other parties to this Agreement or any of the agreements, documents and instruments contemplated hereby, from consummating the transactions contemplated hereby, or thereby shall have been entered and no suit, action or proceeding shall be pending or threatened on the date of Closing before or by any court or governmental body seeking to restrain or prohibit the execution and delivery of this Agreement or any of the agreements, documents or instruments contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

9.2 REPRESENTATIONS, WARRANTIES AND COVENANTS. Each of the representations and warranties of Buyer (or made by any Person authorized by it to make representations on its behalf) contained in this Agreement and in any Schedule or Exhibit attached hereto and in each other contract, agreement, or certificate contemplated hereby shall be true, correct and complete (a) in all material respects as of the date of this Agreement and (b) in all material respects as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of or are limited to an earlier date); provided, however, that solely for purposes of determining the satisfaction of the condition contained in this Section 9.2(b) and not for purposes of determining liability under Section 12 hereof or otherwise, no effect shall be given to any exception in such representations and warranties relating to knowledge, materiality, or a Material Adverse Effect, 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, materiality, and Material Adverse Effect exceptions do not represent in the aggregate a Material Adverse Effect. Each and all of the agreements, covenants, obligations and conditions to be performed, complied with or satisfied by Buyer hereunder and under the other contracts and agreements contemplated hereby at or prior to the Closing shall have been duly performed, complied with or satisfied. Buyer shall have furnished the Partners with a certificate dated as of the date of the Closing to the foregoing effect.

9.3 CLIENT CONSENT AND APPROVALS. The conditions set forth in Section 8.3 through 8.7 shall have been satisfied.

9.4 DELIVERY. Buyer shall have executed and delivered to the Company and the Partners, the following:

(a) certified copies of resolutions of the board of directors of Buyer authorizing the execution of this Agreement and each of the other agreements, documents or instruments contemplated hereby to which Buyer is a party;

(b) a copy of the Certificate of Incorporation and By-laws of Buyer which, in the case of the Certificate of Incorporation is certified as of a recent date by the Secretary of State of the State of Delaware;

(c) a certificate issued by the Secretary of State of the State of Delaware certifying that Buyer is validly existing and in good standing in Delaware as of the most recent practicable date;

(d) true and correct copies of each of the agreements, documents and instruments contemplated hereby (including, without limitation, the LLC Agreement) to which Buyer is a party, and all agreements, documents, instruments and certificates delivered or to be delivered in connection therewith by Buyer;

(e) a certificate of the Secretary of Buyer certifying that the resolutions, Certificate of Incorporation and By-laws in paragraphs (a) and (b) above are in full force and effect and have not been amended or modified, and that the officers of Buyer are those persons named in the certificate; and

(f) an opinion from Goodwin, Procter & Hoar LLP in substantially the form of Exhibit 9.4(f) hereto.

SECTION 10. TERMINATION OF AGREEMENT; RIGHTS TO PROCEED.

10.1 TERMINATION. At any time prior to the Closing, this Agreement may be terminated as follows:

(a) by mutual written consent of Buyer and the Company;

(b) by Buyer, pursuant to written notice by Buyer to the Company and the Partners, if any of the conditions set forth in Section 8 of this Agreement have not been satisfied at or prior to October 31, 1997, or if it has become reasonably and objectively certain that any of such conditions will not be satisfied at or prior to October 31, 1997, such written notice to set forth such conditions which have not been or will not be so satisfied;

(c) by the Company, pursuant to written notice by the Company to Buyer, if any of the conditions set forth in Section 9 of this Agreement have not been satisfied at or prior to October 31, 1997, or if it has become reasonably and objectively certain that any of such conditions will not be satisfied at or prior to October 31, 1997, such written notice to set forth such conditions which have not been or will not be so satisfied; provided, however, that if any of the conditions set forth in Section 8 or Section 9 of this Agreement are not satisfied for any reason other than material breach of this Agreement by Buyer, then the termination right set forth in this Section 10.1(c) shall be suspended, and may not be exercised, until December 15, 1997; and

(d) by Buyer, at any time prior to 5 p.m., Eastern Time, on the Delivery Date, pursuant to written notice to the Company and the Partners if Buyer has determined in its reasonable, good faith discretion that the exceptions described in the Schedules or information provided to Buyer and its agents after the date of this Agreement (i) in the aggregate could reasonably be expected to have a Material Adverse Effect on the Company or Buyer, (ii) constitute any exception to any of the representations and warranties contained in the following provisions of this 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); or (iii) constitute a material exception to any of the representation and warranties contained in the following provisions of this 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 that Buyer becomes aware of any exception or information that it believes may be material, it shall in good faith identify such exception or information to the Company promptly; provided, however, that any failure to identify such exception or information to the Company shall not in any way limit or effect a waiver of any right of Buyer hereunder (including, without limitation, any right to indemnification pursuant to Section 12 hereof) or result in the imposition of any claim against, or the creation of any liability of, Buyer.

Notwithstanding the foregoing Sections 10.1(b) and (c), a party who is in material breach of any of its obligations or representations and warranties hereunder shall not have the right to terminate this Agreement pursuant to Section 10.1(b) or (c), as the case may be.

10.2 EFFECT OF TERMINATION. All obligations of the parties hereunder shall cease upon any termination pursuant to Section 10.1; provided, however, that (a) the provisions of this Section 10 and Sections 5.12, 7.2 and 14 hereof shall survive any termination of this Agreement; (b) nothing in this Section 10.2 shall relieve any party from any liability for an error or omission in any of its representations or warranties contained herein or a failure to comply with any of its covenants, conditions or agreements contained herein, and (c) any party may proceed as further set forth in Section 10.3 below.

10.3 RIGHT TO PROCEED. Anything in this Agreement to the contrary notwithstanding, if any of the conditions specified in Section 8 hereof have not been satisfied, Buyer shall have the right to proceed with the transactions contemplated hereby without waiving any of its rights hereunder, and if any of the conditions specified in Section 9 hereof have not been satisfied, the Partners shall have the right to proceed with the transactions contemplated hereby without waiving any of their rights hereunder.

SECTION 11. RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING.

11.1 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS. Each of the representations, warranties, agreements, covenants and obligations herein or in any schedule, exhibit or certificate delivered by any party to any other party incident to the transactions contemplated hereby are material, shall be deemed to have been relied upon by the other party and shall survive the Closing until the second anniversary of the date of the Closing, except for the representations and warranties made in Section 3.9 and each other representation with respect to Taxes applicable to the Company or Tax related matters of the Company (but only to the extent so related), which shall survive until the expiration of the applicable 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. All covenants herein not fully performed shall survive the Closing and continue thereafter until fully performed. Any investigation, audit or other examination that may have been made or may be made at any time by or on behalf of the party to whom any such representation or warranty is made shall not limit or diminish such representations and warranties, and the parties may rely on the representations and warranties set forth in this Agreement irrespective of any information obtained by them by any investigation, audit or examination or otherwise.

11.2 REGULATORY FILINGS. Each of the Partners, the LLC and Buyer will cooperate to enable Buyer and the LLC to make any and all regulatory filings required by them with respect to the LLC or the transactions contemplated hereby (including, by way of example and not of limitation, the filing of tax returns).

11.3 COVENANTS WITH RESPECT TO SECTION 15(f) OF THE INVESTMENT COMPANY ACT.

(a) In accordance with Section 15(f) of the Investment Company Act (i) for a period of three (3) years after the Closing, Buyer shall not cause, and shall use all commercially reasonable efforts not to permit, any "interested person" (as such term is defined in the Investment Company Act) of Buyer or the LLC to become or to continue as a member of the Board of Directors of the Mutual Funds unless, taking into account such interested person, at least seventy-five percent (75%) of the members of such Board of Directors are not interested persons of Buyer or the LLC and (ii) for a period of two (2) years following the Closing, Buyer will not engage in or cause, and will use all commercially reasonable efforts to prevent its Affiliates from engaging in or causing, any act, practice or arrangement that imposes an unfair burden on the Mutual Funds within the meaning of Section 15(f).

(b) In accordance with Section 15(f) of the Investment Company Act (i) for a period of three (3) years after the effectiveness of the Closing Date, the Partners and the LLC shall not cause, and shall use all commercially reasonable efforts to cooperate with reasonable requests made by Buyer so as not to permit, any "interested person" (as such term is defined in the Investment Company Act) of Buyer, the Partners or the LLC to become or to continue as a member of the Board of Directors of the Mutual Funds, and (ii) for a period of two (2) years

following the Closing, the Partners and the LLC will not engage in or cause, and will use all commercially reasonable efforts to prevent their respective Affiliates from engaging in or causing, any act, practice or arrangement that imposes an unfair burden on the Mutual Funds within the meaning of Section 15(f), or if the Partners or the LLC and/or any of their respective Affiliates or the Mutual Funds shall have obtained an order from the SEC providing an exemption from the provisions of Section 15(f) or an opinion of counsel based on judicial precedents under applicable federal law with respect to the meaning of Section 15(f), which opinion is reasonably satisfactory in form and substance to the Board of Directors of the Mutual Funds, then this Agreement shall be deemed to be modified to the extent necessary to permit the Partners, the LLC and their Affiliates to act in a manner consistent with such exemptive order or legal opinion.

11.4 AGREEMENT OF CERTAIN PARTNERS. Effective for all periods on and after the Closing, the Partners hereby amend the Agreement dated April 11, 1994 between Christopher H. Browne, William H. Browne, John D. Spears as "Continuing Partners" and James M. Clark, Jr. in the following respects: (i) the first sentence of paragraph 4 of the recitals thereto is deleted, and the second sentence of such paragraph 4 is amended to add the words ", other than Affiliated Managers Group, Inc., a Delaware corporation, and its successors and assigns ("AMG")," immediately after the words "any other person"; (ii) the first sentence of Section 2 thereof is amended to state that "The Continuing Partners undertake to cause to be allocated to Clark with respect to the Covered Period an amount equal to the sum of (A) the amounts allocable to him pursuant to Article IV of the Limited Liability Company Agreement of Tweedy, Browne Company LLC, dated as of the Closing Date, by and among AMG, the Continuing Partners, Clark and one or more of Thomas Shrager and Robert Q. Wyckoff, Jr., as amended from time to time (the "LLC Agreement"), it being understood that Clark's interest in Tweedy Browne and the Existing Partnerships listed in Exhibit C shall be diluted pro rata with the Continuing Partners by the interests of AMG and by interests and/or amounts (not in excess, for any one person, of 5% of the income and profits of Tweedy Browne and 5% of the Covered Income of Covered Entities other than Tweedy Browne) allocated and/or paid to Shrager, Wyckoff and any other person (other than the Continuing Partners) who is active in the business and becomes a Non-Manager Member (as such term is defined in the aforementioned LLC Agreement), plus (B) 10% of the aggregate amount of the salaries and bonuses paid by Tweedy Browne to Covered Persons, plus (C) 10% of the Covered Income of the Covered Entities other than Tweedy Browne and the Existing Partnerships listed in Exhibit C, calculated in accordance with Section 6."; (iii) the fourth sentence of Section 2 is amended to delete the phrase "except that, in accordance with Section 6, the economic results of overlapping fiscal periods shall be taken into account"; (iv) each of Tweedy Browne and the Existing Partnerships listed in Exhibit C shall cease to be a Covered Entity for purposes of Section 4; (v) Section 6 is deleted in its entirety and replaced with "There shall be no reduction for salaries or bonuses to Covered Persons in the calculation of Covered Income in the case of any Covered Entity, other than Tweedy Browne and the Existing Partnerships listed in Exhibit C (it being understood that the income and profits of Tweedy Browne shall be calculated in accordance with the LLC Agreement). If any fiscal period of any Covered Entity, other than Tweedy Browne and the Existing Partnerships listed in Exhibit C, is partly within and partly without the Covered Period, the calculation of Covered Income of such Covered Entity for such fiscal period shall be based upon the income or profits of its entire fiscal period prorated on a daily

basis."; (vi) Section 7 shall not apply to Tweedy Browne; (vii) Section 18 is amended to add the words "with the prior written consent of AMG"; and (viii) a new Section 22 shall be added to state "22. Third Party Beneficiary. AMG is an intended third party beneficiary of the provisions of this Agreement. This Agreement shall inure to the benefit of AMG and to any person or firm who may succeed to substantially all of the assets of AMG."

SECTION 12. INDEMNIFICATION.

12.1 INDEMNIFICATION BY THE PARTNERS. The Partners agree subsequent to the Closing to indemnify and hold Buyer and its subsidiaries and Affiliates and persons serving as officers, directors, members, partners, stockholders, or employees thereof or, to the extent the Loss claimed is suffered by the LLC, the LLC (individually a "Buyer Indemnified Party" and collectively the "Buyer Indemnified Parties") harmless from and against any damages, liabilities, losses (including, without limitation, diminution in value), taxes, fines, penalties, costs, and expenses (including, without limitation, reasonable fees and expenses of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing), and if the indemnified party is the LLC or is claiming damage or harm through its interest in the LLC, net of any insurance proceeds actually received by the LLC on account of insurance policies the premiums on which were paid by the Company prior to the Conversion or by the LLC out of Operating Cash Flow (as defined in the LLC Agreement), less the aggregate premiums paid by the LLC for such insurance (collectively, "Losses") which may be sustained or suffered by any of them arising out of, based upon any of the following matters:

(a) fraud, intentional misrepresentation or any breach of any representation, warranty or covenant of the Company or any Partner under this Agreement or under any agreement, document or instrument contemplated hereby, or in any certificate, schedule or exhibit delivered pursuant hereto or thereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting such a breach; provided, however, that for purposes of determining any such breach no effect shall be given to any exception in any such representation, warranty or covenant relating to knowledge, materiality, or a Material Adverse Effect; and

(b) the activities, conduct, business or operation of the Company, the Private Funds, the Mutual Funds or the Offshore Funds prior to the Closing, or arising out of facts, events or circumstances regarding the Company, the Private Funds, the Mutual Funds or the Offshore Funds existing prior to the Closing.

12.2 LIMITATIONS ON INDEMNIFICATION BY THE PARTNERS. Notwithstanding the foregoing, the right of Buyer Indemnified Parties to indemnification under Section 12.1 shall be subject to the following provisions:

(a) No indemnification shall be payable to a Buyer Indemnified Party for Losses with respect to claims asserted pursuant to Section 12.1 above (exclusive of any claims for

indemnification arising out of, related to or based upon (i) fraud of the Company or any Partner or (ii) Taxes applicable to the Company or based upon or related to a breach of any representation, warranty or covenant with respect to Taxes applicable to the Company or Tax related matters of the Company (whether or not the representation which is breached specifically relates to Taxes applicable to the Company) after the amount paid to Buyer Indemnified Parties by the Partners under Section 12.1 of this Agreement exceeds **confidential treatment requested** dollars ($**confidential treatment requested**), provided that the purposes of this limitation, any payment to the LLC by a Partner pursuant to the provisions of Section 12.1 of this Agreement shall be treated as having been paid to Buyer Indemnified Parties in the amount equal to the total amount paid to the LLC by such Partner, multiplied by the Free Cash Flow Percentage (as defined in the LLC Agreement), multiplied by a fraction the numerator of which is the number of LLC Points held by Buyer and the denominator of which is the sum of the total number of LLC Points then outstanding and the total number of Reserved Points (as defined in the LLC Agreement), all as determined as of the date on which the payment under Section 12.1 is made to the LLC.

(b) No indemnification shall be payable to a Buyer Indemnified Party with respect to claims asserted pursuant to Section 12.1 above (exclusive of any claims arising out of, related to or based upon (i) fraud of the Company or any Partner or (ii) indemnification for Taxes applicable to the Company or arising out of, based upon or related to a breach of any representation, warranty or covenant with respect to Taxes applicable to the Company or Tax related matters of the Company (whether or not the representation which is breached specifically relates to Taxes) after the second anniversary of the date of the Closing (the "Indemnification CutOff Date"); provided, however, that such expiration shall not affect any claim with respect to which notice was given in the manner contemplated by Section 12.5 hereof prior to the Indemnification Cut-Off Date.

(c) The parties hereby agree that the representations and covenants made by each Partner under Section 3, Section 4 and Section 5 of this Agreement are made only on a several basis, which means that each Partner shall be liable, subject to any applicable limitations under this Section 12, only for that portion of each Loss from claims arising out of, related to or based upon (i) fraud of the Company or any Partner or (ii) indemnification for Taxes or arising out of, based upon or related to a breach of any representation, warranty or covenant with respect to Taxes applicable to the Company or Tax related matters of the Company) equal to the amount of such Loss multiplied by the percentage set forth opposite such Partner's name on Schedule 1.1 hereto, and in the event that one or more other Partners defaults in payment of his liability hereunder for any reason, each other Partner shall be liable for an amount equal to the portion of such Loss allocated to such defaulting Partner, multiplied by a fraction, the numerator of which is the percentage set forth opposite such non-defaulting Partner's name on Schedule 1.1 hereto and the denominator of which is the sum of all percentages set forth opposite all non-defaulting Partners' names on Schedule 1.1 hereto.

12.3 INDEMNIFICATION BY BUYER. Buyer agrees to indemnify and hold the Partners harmless from and against any Losses which may be sustained or suffered by the Partners (either indirectly through their ownership of interests in the Company or directly) arising out of or based upon any breach of any representation, warranty or covenant made by Buyer in this Agreement or in any agreement, document or instrument contemplated hereby, or in any certificate, schedule or exhibit delivered pursuant hereto or thereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting such a breach.

12.4 LIMITATION ON INDEMNIFICATION BY BUYER. Notwithstanding the foregoing, the right of the Partners to indemnification under Section 12.3 shall be subject to the following provisions:

(a) No indemnification shall be payable to the Partners with respect to claims asserted pursuant to Section 12.3 above in amounts in excess of twenty five million dollars ($25,000,000), less

one-third (1/3) of the amount, if any, paid to the Members under Section 7 of the LLC Agreement prior to the date any such claim is made.

(b) No indemnification shall be payable to the Partners with respect to claims asserted pursuant to Section 12.3 above after the Indemnification Cut-Off Date; provided, however, that such expiration shall not affect any claim with respect to which notice was given in the manner contemplated by Section 12.5 hereof prior to the Indemnification Cut-Off Date.

(c) No indemnification shall be payable to the Partners with respect to claims asserted pursuant to Section 12.3 above unless the total of all claims for indemnification pursuant to Section 12.3 shall exceed two million five hundred thousand dollars ($2,500,000) in the aggregate, whereupon the full amount of such claims shall be recoverable in accordance with the terms hereof.

12.5 NOTICE; DEFENSE OF CLAIMS. An indemnified party may make claims for indemnification hereunder by giving written notice thereof to the indemnifying party within the period in which indemnification claims can be made hereunder. If indemnification is sought for a claim or liability asserted by a third party, the indemnified party shall also give written notice thereof to the indemnifying party promptly after it receives notice of the claim or liability being asserted, but the failure to do so shall not relieve the indemnifying party from any liability except to the extent that it is prejudiced by the failure or delay in giving such notice. Such notice shall summarize the bases for the claim for indemnification, the general nature and extent of the Losses expected to be claimed and the details of any claim or liability being asserted by a third party; provided, however, that the failure to provide complete details or description of the general nature and extent of the losses shall not relieve the indemnifying party from any liability except to the extent that it is prejudiced by the failure to provide such information. Within twenty (20) days after receiving such notice the indemnifying party shall give written notice to the indemnified party stating whether it disputes the claim for indemnification and whether it will defend against any third party claim or liability at its own cost and expense. If the indemnifying party fails to give notice that it disputes an indemnification claim within twenty (20) days after receipt of notice thereof, it shall be deemed to have accepted and agreed to the claim, which shall become immediately due and payable. The indemnifying party shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the indemnified party, which consent shall not be unreasonably withheld) as long as the indemnifying party is conducting a good faith and diligent defense. The indemnified party shall at all times have the right to fully participate in the defense of a third party claim or liability at its own expense directly or through counsel; provided, however, that if the named parties to the action or proceeding include both the indemnifying party and the indemnified parties and the indemnified parties are advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the indemnified parties may engage a single separate counsel at the expense of the indemnifying party. If no such notice of intent to dispute and defend a third party claim or liability is given by the indemnifying party, or if such good faith and diligent defense is not being or ceases to be conducted by the indemnifying party, the indemnified party shall have the right, at the expense of the indemnifying party, to undertake the defense of such claim or liability (with counsel selected by the indemnified party), and, upon five

(5) days notice to the indemnifying party, to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available such information and assistance as the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense, at the expense of the indemnifying party.

12.6 SATISFACTION OF THE PARTNERS' INDEMNIFICATION OBLIGATIONS. The indemnification obligations of the Partners under this Section shall be satisfied first out of the funds held in escrow pursuant to the Escrow Agreement.

12.7 EXCLUSIVE REMEDY. Except in the case of claims arising out of, based upon or related to fraud of the Company or any Partner, the indemnification in this Section 12 shall be the exclusive remedy available to any indemnified party against any indemnifying party for any Losses arising out of or based upon the matters set forth in Sections 12.1 and 12.3 of this Agreement, provided, however, that nothing herein shall limit the non-monetary equitable remedies of any party hereto in respect to any breach of any covenant or other agreement of any party required to be performed after the Closing. Any and all disputes between the parties (except to the extent non-monetary equitable remedies are sought) shall be resolved as contemplated in Section 14.2.

SECTION 13. DEFINITIONS.

13.1 DEFINITIONS. For purposes of this Agreement and the Exhibits and Schedules hereto, the following terms shall have the respective meanings specified in this Section 13.1

"Advisers Act" shall mean the Investment Advisers Act of 1940, as the same may be amended from time to time, and any successor to such act.

"Affiliates" shall mean, with respect to any Person (herein the "first party"), any other Person 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 or indirectly, of the power to (a) vote fifty percent (50%) or more of the outstanding voting securities of such Person or (b) otherwise direct the management or policies of such Person by contract or otherwise.

"Agreement of Limited Partnership" shall have the meaning specified in Section 3.2(a) hereof.

"BMA" shall mean the Bermuda Monetary Authority.

"Base Balance Sheet" shall have the meaning specified in Section 3.8(a)(i) hereof.

"Brokerage Services" any services (other than Investment Management Services) which involve the effecting of transactions in securities or the buying and selling of securities as part of a regular business.

"Buyer" shall have the meaning specified in the preamble hereto.

"Buyer Indemnified Party" shall have the meaning specified in Section 12.1 hereof.

"Certificate of Conversion" shall have the meaning specified in Section 2.1 hereof.

"Certificate of Formation" shall have the meaning specified in Section 2.1 hereof.

"Certificate of Limited Partnership" shall have the meaning specified in Section 3.2(a) hereof.

"Claims" shall have the meaning specified in Section 1.1(a) hereof.

"Class A LLC Points" shall have the meaning specified in the LLC Agreement.

"Client" shall mean any Person to whom the Company provides Investment Management Services or Brokerage Services and, with respect to the Private Funds and the Offshore Funds (but not the Mutual Funds) shall include each partner or shareholder of such Private Fund or Offshore Fund.

"Closing" shall have the meaning specified in Section 1.3 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor code thereto. For purposes of this Agreement, all references to Sections of the Code shall include any predecessor provisions to such Sections and any similar provisions of federal, state, local or foreign law.

"Commodity Exchange Act" shall mean the Commodity Exchange Act, 7 U.S.C. Section 1 et. seq., as the same may be amended from time to time, and any successor to such act.

"Company" shall mean Tweedy, Browne Company L.P., a Delaware limited partnership, and shall include, unless otherwise specifically required by the context, the LLC as a continuation of the Company at and after the Conversion.

"Comparable Contract" means a new contract between the LLC and the party or parties to a prior contract with the Company which new contract is substantially the same as such prior contract with the Company and is at least as favorable in all respects (including without limitation with respect to advisory fees) to the LLC as such prior contract (as in effect on the date hereof) was to the Company.

"Consent" shall mean (a) with respect to an ERISA Client whose contract by its terms terminates upon the consummation of the transactions contemplated hereby, that the LLC shall have entered into a new contract on substantially equivalent terms which contract is effective after giving effect to the Conversion and the Closing; (b) with respect to a Private Fund or an Offshore

Fund, such Private Fund or Offshore Fund shall have provided such consent as may be required under the applicable contract and made such filings or obtained such approvals as may be required by applicable law, and (c) with respect to a Mutual Fund, the Company shall have obtained from each Mutual Fund (with the approval of the Board of Directors (including a majority of the members of the Board of Directors who are not "interested persons" (as such term is defined in the Investment Company Act) and the shareholders of each Mutual Fund at a shareholders meeting) new investment advisory contracts that are Comparable Contracts, effective as of the Closing and (d) with respect to all other Clients, the Company shall have complied in full with the procedures set forth in Section 5.2 and not received from such Client a statement or indication that such Client withholds or refuses to give its Consent as of the Closing. Notwithstanding the foregoing, no Client of the Company shall be deemed to have given its Consent or been retained as a Client if such Client has expressed an intent to terminate its investment relationship with the Company and a Client shall be deemed to have effected a partial withdrawal of assets to the extent that such Client has expressed an intent to significantly reduce its investment relationship with the Company or to adjust the fee schedule with respect to one or more of its contracts in a manner that would materially reduce the revenues attributable to such contract(s).

"Conversion" shall have the meaning specified in Section 2.1 hereof.

"Delaware Act" shall mean the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101, et. seq., as amended from time to time, and any successor to such act.

"Delivery Date" shall have the meaning specified in Section 1.7.

"Due Inquiry" shall mean consultation with each Partner and with the Company's senior officers, senior employees, members, representatives and agents but shall not include docket searches or inquiry of other third parties.

"Employees" shall have the meaning specified in Section 3.26.

"Employment Agreement" shall have the meaning specified in Section 8.9.

"Employment Arrangement" shall have the meaning specified in Section 3.26 hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor to such act.

"ERISA Client" shall have the meaning specified in Section 3.7(b) hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor to such act.

"Free Cash Flow Percentage" shall have the meaning specified in Section 1.2(a) hereof.

"GAAP" shall mean United States generally accepted accounting principles as in effect from time to time and, with respect to the Offshore Funds, shall mean international generally accepted accounting principles in effect from time to time.

"Global Intrinsic Value Fund" shall mean Global Intrinsic Value Fund, a mutual fund company organized under the laws of Bermuda.

"Gross Revenues" shall mean, as of the date of measurement, the sum of:

(a) the aggregate revenues from all investment accounts (excluding the Offshore Funds and excluding the accounts covered by paragraphs (c) and (e) below) to which the Company provides Investment Management Services (and excluding for these purposes accounts of any Client whose commitment for assets to be managed by the Company as set forth in such Client's contract with the Company has not been fully invested except for cash balances in accordance with customary practices of the Company), determined by multiplying the net assets of each such account under management by the Company as of such date by the applicable annualized advisory services fee rate in effect as of such date with respect to such Client account (net of any fee reimbursements or waivers and without giving effect to any performance or incentive fee);

(b) the product of (x) the net assets under management in each Offshore Fund as of such date and (y) one and one half percent (1.5%), net of any fee reimbursements and waivers;

(c) with respect to each Client of the Company whose commitment for assets to be managed by the Company as set forth in such Client's contract with the Company has not been fully invested (except for cash balances in accordance with customary practices of the Company), the aggregate revenues from each such account, determined to be an amount that is the greater of (i) the product of fifty percent (50%) of the net assets of such account committed to be managed by the Company as set forth in such Client's contract with the Company and the applicable annualized advisory services fee rate in effect as of such date with respect to such account or (ii) the product of the non-cash net assets of such account under management by the Company as of such date and the applicable annualized advisory services fee rate in effect as of such date with respect to such account (in each case, net of any fee reimbursements or waivers);

(d) one million five hundred thousand dollars ($1,500,000), which represents an estimate of the annualized positive difference between (i) the aggregate revenues from the provision of Brokerage Services and (ii) commission expenses and clearing charges paid by the LLC in connection with the provision of such Brokerage Services during the current year; and

(e) with respect to each investment account under management by the Company which has a performance fee component, an amount equal to the product of (x) the net assets under management in that account as of such date, and (y) one and one-half percent (1.50%) (net of any fee reimbursements and waivers).

"IML" shall mean the Institute Monetaire Luxembourgeois.

"Immediate Family" shall mean, with respect to any individual, such individual's former spouse, spouse, parents, grandparents, children, grandchildren and siblings (and estates, trusts, partnerships and other entities and legal relationships of which a substantial majority in interest of the beneficiaries, owners, investors, members or participants at all times in question are, directly or indirectly, one or more of the Persons described above and/or such individual).

"Indemnification Cut-Off Date" shall have the meaning specified in Section 12.2(c) hereof.

"Intellectual Property" shall have the meaning specified in Section 3.14(a).

"Investment Company Act" shall mean the Investment Company Act of 1940, as the same may be amended from time to time, and any successor to such act.

"Investment Laws and Regulations" shall have the meaning specified in Section 3.17.

"Investment Management Services" shall mean any services which involve (a) the management of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds).

"IRS" shall mean the Internal Revenue Service.

"Licenses" shall have the meaning specified in Section 3.18(f) hereof.

"LLC" shall have the meaning specified in the preamble hereto.

"LLC Agreement" shall mean the Limited Liability Company Agreement of the LLC in substantially the form attached hereto as Exhibit 2.2, as the same may be amended from time to time in accordance with its terms.

"LLC Capital Account" shall mean a Capital Account as defined in the LLC Agreement.

"LLC Interest Purchase Price" shall have the meaning specified in Section 1.1(b) hereof.

"LLC Points" shall have the meaning specified in the LLC Agreement.

"Losses" shall have the meaning specified in Section 12.1 hereof.

"Material Adverse Effect" shall mean, with respect to a Person, a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of such Person.

"Mutual Funds" shall mean Tweedy, Browne Global Value Fund and Tweedy, Browne American Value Fund, each a series of Tweedy, Browne Fund Inc. a Maryland corporation.

"Mutual Fund Agreements" shall have the meaning specified in Section 3.28(a).

"Mutual Fund Financial Statements" shall have the meaning specified in Section 3.28(h).

"Mutual Fund Tax Returns" shall have the meaning specified in Section 3.28(f).

"NASD" shall mean the National Association of Securities Dealers, Inc.

"Offshore Financial Statements" shall have the meaning specified in Section 3.29(f) hereof.

"Offshore Fund Agreements" shall have the meaning specified in Section 3.29(a) hereof.

"Offshore Funds" shall mean Tweedy, Browne USA Value Fund, Tweedy Browne International Value Fund and Tweedy Brown International Swiss Franc Fund, each a series of Tweedy, Browne Value Funds, a societe d'investissement a capital variable established under the laws of the Grand Duchy of Luxembourg, and Global Intrinsic Value Fund.

"Offshore Management Agreements" shall have the meaning specified in Section 8.12 hereof.

"Offshore Tax Returns" shall have the meaning specified in Section 3.29(e) hereof.

"Offshore Related Partnerships" shall mean Alpine, Partners, L.P., Belgravia Partners, L.P., Genpar Partners II, L.P., Tweeco Partners, L.P. and 52 Associates, L.P., each a Delaware limited partnership, and any successors thereto holding interests in the investment portfolio of the Offshore Funds.

"Organizational Documents" shall mean, up to the time of Conversion, the Certificate of Limited Partnership and the Agreement of Limited Partnership, and from and after the time of Conversion, the Certificate of Formation and the LLC Agreement.

"Performance Increment Accruals to Manager Shares" shall mean the definitive Performance Increment (within the meaning of the organizational documents of the Offshore Funds) booked for the benefit of the Manager's Shares (within the meaning of the organizational documents of the Offshore Funds).

"Person" shall mean any individual, partnership (general or limited), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

"Private Fund Management Agreements" shall have the meaning specified in Section 8.11 hereof.

"Private Fund Financial Statements" shall have the meaning specified in Section 3.27(d).

"Private Fund Tax Returns" shall have the meaning specified in Section 3.27(c).

"Private Funds" means TBK Partners, L.P., a Delaware limited partnership, and Vanderbilt Partners, L.P., a Delaware limited partnership.

"Purchased Percentage" shall have the meaning specified in Section 1.2(a) hereof

"Purchased LLC Interest" shall have the meaning specified in Section 1.1 hereof.

"SEC" shall mean the Securities and Exchange Commission, or any successor agency thereto.

"Securities Act" shall mean the Securities Act of 1933, as the same may be amended from time to time, and any successor to such act.

"Taxes" shall have the meaning specified in Section 3.9(a) hereof.

"Taxing Authority" shall have the meaning specified in Section 3.9(c) hereof.

SECTION 14. MISCELLANEOUS.

14.1 FEES AND EXPENSES.

(a) Buyer shall pay its own expenses incident to the negotiation and consummation of the transactions contemplated by this Agreement and the agreements, instruments and documents contemplated hereby. The Partners shall pay their own expenses (and the expenses of the Company, the LLC, the Private Funds, the Mutual Funds, the Offshore Funds and the Related Offshore Partnerships) incident to the negotiation and consummation of the transactions contemplated by this Agreement and the agreements, instruments and documents contemplated hereby.

(b) The Company will pay all costs incurred, whether at or subsequent to the Closing, in connection with the transfer of the Purchased LLC Interest to Buyer as contemplated by this Agreement, including without limitation, all transfer taxes and charges applicable to such transfer, and all costs of obtaining permits, waivers, registrations or consents with respect to any assets, rights or contracts of the Company.

(c) Notwithstanding the foregoing, the Partners collectively and Buyer shall each be responsible for fifty percent (50%) of the expenses and costs of printing and mailing the proxy statement and hiring a proxy solicitor to obtain Consent from the Mutual Funds for the transactions contemplated hereby.

14.2 DISPUTE RESOLUTION. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the applicable rules of the American Arbitration Association. The arbitration shall be held in The Commonwealth of Massachusetts before a single arbitrator selected in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry, and shall otherwise be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules.

14.3 WAIVERS. Any waiver of any terms or conditions or of the breach of any covenant, representation or warranty of this Agreement in any one instance, shall not operate as or be deemed to be or construed as a further or continuing waiver of any other breach of such term, condition, covenant, representation or warranty or any other term, condition, covenant, representation or warranty, nor shall any failure or delay at any time or times to enforce or require performance of any provision hereof operate as a waiver of or affect in any manner such party's right at a later time to enforce or require performance of such provision or of any provision hereof; provided, however, that no such waiver, unless it, by its own terms, explicitly provides to the contrary, shall be construed to effect a continuing waiver of the provision being waived and no such waiver in any instance shall constitute a waiver in any other instance or for any other purpose or impair the right of the party against whom such waiver is claimed in all other instances or for all other purposes to require full compliance. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

14.4 GOVERNING LAW. This Agreement shall be construed under and governed by the internal laws of The Commonwealth of Massachusetts without regard to its conflict of laws provisions.

14.5 NOTICES. Any notice, request, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered or sent by facsimile transmission, upon receipt, or if sent by registered or certified mail, upon the sooner of the date on which receipt is acknowledged or the expiration of three days after deposit in United States post office facilities properly addressed with postage prepaid. All notices to a party will be sent to the addresses set forth below or to such other address or person as such party may designate by notice to each other party hereunder:

TO BUYER: Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, MA 02110
Attn: Nathaniel Dalton, Senior Vice President
Facsimile No.: (617) 747-3380

With a copy to: Goodwin, Procter & Hoar LLP
Exchange Place
Boston, MA 02109
Attn: Richard E. Floor, P.C.
Facsimile No.: (617) 523-1231

TO COMPANY: Tweedy, Browne Company L.P.
52 Vanderbilt Avenue
New York, New York 10017
Attn: Christopher H. Browne
Facsimile No.: (212) 916-0637

With a copy to: Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attn: Richard T. Prins, Esq.
Facsimile No.: (212) 735-2000

TO ANY PARTNER c/o Tweedy, Browne Company L.P.
52 Vanderbilt Avenue
New York, New York 10017
Attn: Christopher H. Browne
Facsimile No.: (212) 916-0637

With a copy to: Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attn: Richard T. Prins, Esq.
Facsimile No.: (212) 735-2000

TO THE LLC:
Tweedy, Browne Company LLC
52 Vanderbilt Avenue
New York, New York 10017
Attn: Christopher H. Browne
Facsimile No.: (212) 916-0637

With a copy to: Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, MA 02110
Attn: Nathaniel Dalton, Senior Vice President
Facsimile No.: (617) 747-3380

Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

14.6 ENTIRE AGREEMENT. This Agreement, including the Schedules and Exhibits referred to herein and the other writings specifically identified herein or contemplated hereby, is complete, reflects the entire agreement of the parties with respect to its subject matter, and supersedes all previous written or oral negotiations, commitments and writings. No promises, representations, understandings, warranties and agreements have been made by any of the parties hereto except as referred to herein or in such Schedules and Exhibits or in such other writings; and all inducements to the making of this Agreement and the transactions contemplated hereby which were relied upon by either party hereto have been expressed herein or in such Schedules or Exhibits or in such other writings.

14.7 ASSIGNABILITY; BINDING EFFECT. This Agreement or any of the obligations or rights hereunder (i) may not assigned by Buyer without the prior written consent of the Company prior to the Closing and the prior written consent of the Partners after the Closing, except that Buyer may at any time assign this Agreement or such obligation or rights to a wholly owned subsidiary of Buyer established either (a) solely for the purpose of holding Buyer's interest in the Company following the Closing or (b) in connection with a reincorporation merger or similar transaction of Buyer and (ii) may not be assigned by any of the Company, the LLC or the Partners without the prior written consent of Buyer; that Buyer hereby assents and agrees to the assignment by operation of law of the Agreement from the Company to the LLC pursuant to the Conversion. Subject to the foregoing, this Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns, including without limitation the LLC upon the Conversion. Upon assignment permitted hereby, Buyer shall cause the assignee to perform the obligations of Buyer hereunder and such assignee shall be substituted for Buyer hereunder except to the extent the context otherwise specifically requires.

14.8 AMENDMENTS. This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed (a) by Buyer and the Company prior to the Closing and (b) by Buyer and the Partners after the Closing, or in the case of a waiver, the party waiving compliance.

14.9 CONSENT TO JURISDICTION. Each of the parties hereby consents to personal jurisdiction, service of process and venue in the federal or state courts sitting in The Commonwealth of Massachusetts for any claim, suit or proceeding arising under this Agreement to enforce any arbitration award or obtain equitable relief, or in the case of a third party claim subject to indemnification hereunder, in the court where such claim is brought and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such state court or, to the extent permitted by law, in such federal court. Each of the parties hereby irrevocably consents to the service of process in any such action or proceeding by the mailing by certified mail of copies of any service or copies of the summons and complaint and any other process to such party at the address specified in Section 14.5 hereof. the parties agree that a final judgment in any such action or proceeding shall be conclusive and may be

enforced in other jurisdictions by suit on the right of a party to service legal process in any other manner permitted by law or affect the right of a party to bring any action or proceeding in the courts of other jurisdictions.

14.10 CAPTIONS AND GENDER. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof. The use in this Agreement of the masculine pronoun in reference to a party hereto shall be deemed to include the feminine or neuter, as the context may require.

14.11 EXECUTION IN COUNTERPARTS. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

14.12 PUBLICITY AND DISCLOSURES. No press releases or public disclosure, either written or oral, of the transactions contemplated by this Agreement, shall be made by a party to this Agreement without the prior knowledge and written consent of Buyer and the Company, except as may be otherwise required by applicable laws, rules and regulations (including, without limitation, the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder in connection with the preparation and filing of one or more registration statements (including any exhibits, supplements and amendments thereto) for the purpose of registering securities of Buyer under the Securities Act or registering Buyer under the Exchange Act).

[END OF TEXT]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

BUYER:

AFFILIATED MANAGERS GROUP, INC.

By:/s/ William J. Nutt

Name: William J. Nutt

Title: President and CEO

COMPANY:

TWEEDY, BROWNE COMPANY L.P.

By:/s/ William H. Browne

Name: William H. Browne

Title: General Partner

/s/ Christopher H. Browne

Christopher H. Browne

/s/ William H. Browne

William H. Browne

/s/ John D. Spears

John D. Spears

/s/ James M. Clark, Jr.

James M. Clark, Jr.

EXHIBIT 2.2

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE COMMISSION. ASTERISKS (*) IDENTIFY WHERE SUCH CONFIDENTIAL INFORMATION HAS BEEN OMITTED. THE OMITTED PORTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

AGREEMENT AND PLAN OF REORGANIZATION

by and among

AFFILIATED MANAGERS GROUP, INC.
as "AMG"

AMG MERGER SUB, INC.
as "Merger Sub"

GEOCAPITAL CORPORATION
the "Company"

GEOCAPITAL, LLC
the "LLC"

and

the Stockholders of the Company

Dated August 15, 1997

AGREEMENT AND PLAN OF REORGANIZATION

INDEX

EXHIBITS

SCHEDULES

AGREEMENT AND PLAN OF REORGANIZATION

AGREEMENT entered into as of August 15, 1997, by and among Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), AMG Merger Sub, Inc., a Delaware Corporation and a wholly owned subsidiary of AMG ("Merger Sub"), GeoCapital Corporation, a Delaware corporation (the "Company"), GeoCapital, LLC, a Delaware limited liability company (the "LLC"), Irwin Lieber, Barry K. Fingerhut, Seth Lieber, Jonathan C. Lieber, Dana G. Lieber, Andrew J. Fingerhut and Brooke A. Fingerhut (together, the "Stockholders" and, each individually, a "Stockholder").

W I T N E S S E T H:

WHEREAS, the Company is engaged in the business of providing investment management and advisory services to private accounts of certain institutional and individual investors;

WHEREAS, the Stockholders own of record and beneficially all of the issued and outstanding capital stock of the Company, consisting of one hundred (100) shares of the Company's Common Stock, $1.00 par value per share (the "Company Common Stock");

WHEREAS, the parties hereto desire, and the Boards of Directors of AMG and the Company have each determined that it is in the best interests of their respective stockholders, and the stockholders of the Company have determined to enter into this agreement providing for the acquisition by AMG, by means of a merger of the Company into Merger Sub, of all of the Company's interest in the LLC and further desire that, in connection therewith, the LLC's Existing Limited Liability Company Agreement be amended and restated into the Restated LLC Agreement (as these and other capitalized terms are defined in Section 13.1);

WHEREAS, the parties hereto desire and intend, and it is a condition precedent to the obligations of AMG and Merger Sub hereunder, that five full business days prior to the closing of the transactions contemplated hereby, the Company will, and the Stockholders will cause the Company to, contribute substantially all the assets and liabilities of the Company to the LLC, as more fully described below, in exchange for LLC Points and a Capital Account in the LLC pursuant to the Asset Transfer Agreement; and

WHEREAS, to induce AMG to enter into this Agreement, and to receive the benefits that will accrue to them if the Company merges with and into Merger Sub as contemplated hereby, the Company, the LLC and the Stockholders have agreed to make certain representations, warranties and covenants as set forth herein.

NOW, THEREFORE, to consummate said merger and in consideration of the mutual agreements set forth herein and other valuable consideration, the receipt and adequacy whereof are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. THE MERGER.

1.1 THE MERGER. Subject to the terms, provisions and conditions contained in this Agreement, and on the basis of the representations, warranties and covenants herein set forth, at the Effective Time (as such term is defined in Section 1.2), in accordance with this Agreement and the Delaware General Corporation Law, the Company hereby agrees to, and the Stockholders hereby agree to use their respective best efforts to cause the Company to, merge with and into Merger Sub (the "Merger"). Merger Sub shall be the surviving corporation (sometimes referred to herein as the "Surviving Corporation") of the Merger and shall continue its corporate existence under the laws of the State of Delaware as a subsidiary of AMG, but shall change its name to "GeoCapital Corporation." Upon consummation of the Merger, the separate corporate existence of the Company shall terminate.

1.2 EFFECTIVE TIME. The Merger shall become effective as set forth in the certificate of merger in the form attached hereto as Exhibit 1.2 (the "Certificate of Merger") which shall be filed with the Secretary of State of the State of Delaware on the date of the Closing (as defined in Section 1.8). The term "Effective Time" shall be the date and time when the Merger becomes effective, as set forth in the Certificate of Merger. The parties hereto agree to execute, act on and make all filings or other recordings required in connection with the Merger.

1.3 EFFECTS OF THE MERGER. At and after the Effective Time, the Merger shall have the effects provided herein and set forth in the applicable provisions of the Delaware General Corporation Law. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions, disabilities and duties of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation (it being understood that (i) the Stockholders shall be liable for certain liabilities set forth in Section 12 of this Agreement and (ii) all liabilities of the Company, other than the Excluded Liabilities (as such term is defined in the Asset Transfer Agreement) shall have been transferred to the LLC pursuant to the Asset Transfer).

1.4 CERTIFICATE OF INCORPORATION. The Certificate of Incorporation of the Surviving Corporation shall be the Certificate of Incorporation of Merger Sub immediately prior to the Effective Time, until thereafter amended in accordance with applicable law and such Certificate.

1.5 BY-LAWS. Unless otherwise determined by AMG prior to the Effective Time, the By-Laws of the Surviving Corporation shall be the By-Laws of Merger Sub immediately prior to the Effective Time, until thereafter amended in accordance with applicable law and such By-Laws.

1.6 DIRECTORS AND OFFICERS. Unless otherwise determined by AMG prior to the Effective Time, the initial directors and officers of the Surviving Corporation shall be the directors and officers of Merger Sub immediately prior to the Effective Time, each to hold office in

accordance with the Certificate of Incorporation and By-laws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

1.7 CONVERSION OF SECURITIES OF THE COMPANY.

(a) At the Effective Time, all of the shares of Company Common Stock issued and outstanding immediately prior to the Effective Time and all rights attached thereto, shall, by virtue of this Agreement and without any action on the part of the holder thereof, be converted into the right to receive, subject to adjustment as provided in this Section 1.7, (i) cash in the aggregate amount of Fourteen Million and Four Hundred Thousand Dollars ($14,400,000) and (ii) ten thousand six hundred sixty-six and two-thirds (10,666 2/3) shares of Preferred Stock (the "Preferred Shares") of AMG having an aggregate purchase price of Nine Million Six Hundred Thousand Dollars ($9,600,000) (together, the "Merger Consideration"). The Merger Consideration shall be payable to the Stockholders in the specific amounts set forth in Schedule 1.7 hereto.

(b) If, as of the Closing, the Company shall have received Consents from clients whose investment advisory agreements provide for the payment (based on the Contract Value of each such investment advisory agreement) of fees constituting less than ninety-five percent (95%) of the Base Fees, then (i) the cash amount delivered to each Stockholder pursuant to clause (i) of Section 1.7(a) above, will be reduced to an amount equal to the product of (A) the cash amount set forth in Schedule 1.7 opposite such Stockholder's name, multiplied by (B) a fraction (the "Adjustment Fraction"), (x) the numerator of which shall be the sum of the Contract Values of each investment advisory agreement of the Company which has not been terminated at or prior to the Closing, and with respect to which the Client of the Company has given its Consent, plus an additional amount equal to five percent (5%) of Base Fees, and (y) the denominator of which shall be the Base Fees, and (ii) the number of Preferred Shares delivered by AMG to each Stockholder pursuant to clause (ii) of Section 1.7(a) above will be reduced to a number equal to the product of (A) the number of Preferred Shares set forth in Schedule 1.7 opposite such Stockholder's name, multiplied by (B) the Adjustment Fraction.

(c) All of the shares of Company Common Stock converted into the right to receive the Merger Consideration pursuant to this Section 1.7 shall no longer be outstanding and shall automatically be canceled and shall ceased to exist, and each certificate previously representing any such shares of Company Common Stock shall thereafter represent only the right to receive the portion of the Merger Consideration into which the shares of Company Common Stock represented by such certificate have been converted pursuant to this Section 1.7. Certificates previously representing shares of Company Common Stock shall be surrendered at the Closing and shall be exchanged for Merger Consideration paid in consideration therefor, without any interest thereon.

1.8 TIME AND PLACE OF CLOSING. The closing of the Merger and the related transactions provided for in this Agreement (herein called the "Closing") shall be held at the offices of Goodwin, Procter & Hoar LLP at Exchange Place, Boston, Massachusetts at 10:00 a.m. local time

on the date of the Closing, which shall be five (5) business days after the fulfillment or waiver of each of the conditions set forth in Sections 8 (other than Section 8.13) and 9 (other than Section 9.4) hereof or at such other place, or an earlier or later date or time as may be mutually agreed upon by AMG and the Company.

1.9 FURTHER ASSURANCES. The Stockholders shall (and shall use their best efforts to cause the Company to), from time to time after the Closing, at the request of AMG and without further consideration, execute and deliver further instruments of transfer and assignment and take such other action as AMG may reasonably require to fully implement the provisions of this Agreement.

SECTION 2. RESTATEMENT OF LLC AGREEMENT.

2.1 RESTATEMENT OF LLC AGREEMENT. Simultaneously with the Closing, the Existing LLC Agreement shall be amended and restated in substantially the form attached hereto as Exhibit 2.1.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS.

3.1 MAKING OF REPRESENTATIONS AND WARRANTIES. As a material inducement to AMG and Merger Sub to enter into this Agreement and consummate the transactions contemplated hereby, the Stockholders jointly and severally hereby make to AMG and Merger Sub the representations and warranties contained in this Section 3; provided, however, each of the Stockholders severally and not jointly, makes the representations set forth in Section 3.3(b) hereof and each Stockholder severally and not jointly makes any other representation or warranty made solely by such Stockholder. None of the Stockholders shall have any right of indemnity or contribution from the Company or the LLC (or any other right against the Company or the LLC) with respect to any breach of a representation or warranty hereunder.

3.2 ORGANIZATION AND QUALIFICATION OF THE COMPANY AND THE LLC.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is currently conducted or proposed to be conducted. The copies of the Company's Certificate of Incorporation, as amended to date (the "Certificate of Incorporation"), certified by the Secretary of State of the State of Delaware, and of the Company's By-laws, as amended to date, certified by the Company's Secretary, and heretofore made available to AMG's counsel, are complete and correct, and no amendments thereto are pending. The Company is not in violation of any term of its Certificate of Incorporation or By-laws.

(b) The Company is duly qualified to do business as a foreign corporation under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties requires such qualification, except for those jurisdictions where the failure to so qualify, individually or in the aggregate, would not have a Material Adverse Effect on the Company.

(c) The copies of the LLC's Existing LLC Agreement, certified by the Secretary of the Company in its capacity as manager member of the LLC, and of the LLC's Existing Certificate of Formation, certified by the Secretary of State of the State of Delaware, and heretofore delivered to AMG's counsel, are complete and correct, and no amendments thereto are pending (except, in each case, as contemplated by Section 2 hereof).

3.3 CAPITALIZATION; BENEFICIAL OWNERSHIP.

(a) The authorized capital stock of the Company consists only of one hundred (100) shares of Common Stock, $1.00 par value per share, all of which shares are duly and validly authorized, issued, outstanding, fully paid and non-assessable and none of which are held directly or indirectly by the Company or in its treasury. There are no outstanding options, warrants, rights, commitments, preemptive rights or agreements of any kind for the issuance or sale of, or outstanding securities convertible into, any additional shares of capital stock of any class of the Company. None of the Company's capital stock has been issued in violation of any federal or state law.

(b) Each Stockholder owns beneficially and of record the shares of the Company's capital stock set forth opposite such Stockholder's name in Schedule 3.3(b) hereto, free and clear of any Claims. The Stockholders are the only beneficial or record holders of the Company's capital stock, and the shares of capital stock shown in Schedule 3.3(b) are the only shares of capital stock of the Company held by each Stockholder or with respect to which such Stockholder has any rights. Except as set forth in Schedule 3.3(b) attached hereto, there are no voting trusts, voting agreements, proxies or other agreements, instruments or undertakings with respect to the voting of the capital stock of the Company to which the Company or any of the Stockholders is a party. No Stockholder has any right of appraisal with respect to the Company's capital stock.

(c) The records showing that the Company and the Stockholders are the sole members of the LLC, and the capitalization of the LLC (with respect to capital accounts and interests in profits), are included in Schedule 3.3(c) hereto. There are no other records of the LLC and the LLC has not considered, approved or taken any action other than as set forth in such records. All such interests are owned beneficially by the Persons and in the amounts indicated in said Schedule 3.3(c), and no such Person has taken (or omitted to take) any action that would result in any transfer, hypothecation, mortgage or other claim being imposed on such interests and no claim has arisen by operation of law with respect to any such interests.

3.4 SUBSIDIARIES. Other than the Company's interest in the LLC, the Company has no, nor has it ever had any, subsidiaries or investments in any other Person.

13

3.5 AUTHORITY OF THE COMPANY.

(a) The Company has full right, authority and power to enter into this Agreement and each agreement, document and instrument to be executed and delivered by the Company pursuant to, or as contemplated by, this Agreement and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement and each such other agreement, document and instrument have been duly authorized by all necessary action of the Company and the Stockholders (including without limitation under Section 251 of the Delaware General Corporation Law), and no other action on the part of the Company or any Stockholder is required in connection therewith.

This Agreement and each agreement, document and instrument executed and delivered by the Company pursuant to, or as contemplated by, this Agreement constitutes, or when executed and delivered will constitute, valid and binding obligations of the Company enforceable in accordance with their terms. The execution, delivery and performance by the Company of this Agreement and each such other agreement, document and instrument:

(i) does not and will not violate any provision of the Certificate of Incorporation or By-laws of the Company, each as amended to date;

(ii) does not and will not violate any laws of the United States, or any state or other jurisdiction (domestic or foreign) applicable to the Company or require the Company to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made, except as specifically identified in Schedule 3.5 or Schedule 3.7 which approvals, consents and waivers identified in such Schedules shall have been received or made prior to the Closing (except, with respect to investment advisory agreements, to the extent permitted by Section 8.3 hereof with respect to the percentage of investment advisory agreements that may terminate prior to the Closing) or, at any earlier time required hereunder or under applicable laws, rules and regulations or the provisions of any agreement, contracts or instruments; and

(iii) except as set forth on Schedule 3.5, does not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Company is a party or by which the property of the Company is bound or affected, or result in the creation or imposition of any Claim on any of the Company's assets or any Person's interest in the Company.

(b) The Company (in its capacity as manager member of the LLC) has taken all action required by the Existing LLC Agreement and the Delaware Act to cause the LLC to enter into this Agreement and each agreement, document and instrument to be executed and delivered by the LLC pursuant to, or as contemplated by, this Agreement and to carry out the transactions

contemplated hereby and thereby and no other action on the part of the LLC, the Company or any other member is required in connection therewith.

3.6 REAL AND PERSONAL PROPERTY.

(a) All of the real property leased by the Company is identified in Schedule 3.6(a). The Company does not own any real property. The Company does not lease, sublease or otherwise provide (with or without rent or other consideration and with or without a written agreement) any real property to any Person, except as described in Schedule 3.6(a). All leases with respect to real property to which the Company is party are identified in Schedule 3.6(a), and true and complete copies thereof have been made available to AMG. Each of said leases has been duly authorized and executed by the parties thereto and is in full force and effect. The Company is not in default under any of said leases, nor has any event occurred which, with notice or the passage of time, or both, would give rise to such a default. To the Company's knowledge, the other party to each of said leases is not in default under any of said leases and there is no event which, with notice or the passage of time, or both, would give rise to such a default.

(b) Attached hereto as Schedule 3.6(b) is a list of all the assets of the Company including Intellectual Property and including as part of such Schedule, the tax basis of each such asset. Except as set forth in Schedule 3.6(b) hereto, as of the date hereof, the Company owns all its assets free and clear of any Claims. The assets listed in Schedule 3.6(b) hereto include all the material assets used in, and all the assets necessary or desirable for, the conduct of the business of the Company as currently conducted and are suitable and in an appropriate condition for such purpose.

3.7 ASSETS UNDER MANAGEMENT.

(a) The aggregate assets under management by the Company as of March 31, 1997, June 30, 1997 and August 8, 1997 are accurately set forth in Schedule 3.7 hereto. In addition, set forth in Schedule 3.7 is a list as of December 31, 1997, March 31, 1997 and June 30, 1997, of all investment management, advisory or sub-advisory contracts setting forth the name of the client under each such contract, the amount of assets under management with respect to each such contract, the fee schedule in effect with respect to each such contract and any material fee adjustments or material adjustments in the amount of assets under management (it being understood and agreed that adjustments in assets under management greater than $500,000 are material) implemented between April 1, 1997 and August 12, 1997, or presently proposed to be instituted, the consent required for the assignment of each such contract other than those that by their terms terminate upon assignment (which are so identified), and the country, if other than the United States of America, of which the client is a citizen. Except as set forth in Schedule 3.7 and expressly described thereon, there are no contracts, arrangements or understandings pursuant to which the Company has undertaken or agreed to cap, waive or reimburse any or all fees or charges payable by any of the clients set forth in Schedule 3.7 or pursuant to any of the contracts set forth in Schedule 3.7. Except as is set forth in Schedule 3.7 hereto, no client of the Company has stated an intention to terminate or reduce its investment relationship with the Company, or has requested

an adjustment to the fee schedule with respect to any contract in a manner which would reduce the fee to the Company (or, after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement), the fee to the LLC).

(b) Each account to which the Company provides Investment Management Services that is (i) an employee benefit plan, as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a person acting on behalf of such a plan; or (iii) an entity whose assets include the assets of such a plan, within the meaning of ERISA and applicable regulations (hereinafter referred to as an "ERISA Client") have been managed by the Company such that the Company in the exercise of such management is in compliance in all material respects with the applicable requirements of ERISA. Schedule 3.7 identifies each Client that is an ERISA Client with an appropriate footnote. The Company is not required, under any contract to which it is a party, to be a qualified professional asset manager (as such term is used in Prohibited Transaction Class Exemption 84-14).

(c) Set forth in Schedule 3.7 is a list of each client with which the Company has a fee based on performance or otherwise provides for compensation on the basis of a share of capital gains upon or capital appreciation of the funds (or any portion thereof) of any client, together with a complete description of such fee or compensation. In addition, with respect to the performance fee applicable to the Minnesota Account set forth in Schedule 3.7, is a calculation of such fee since the inception of the fee and an indication of the deficit balance as of the date of this Agreement, which shall be updated as of a date within five (5) business days prior to the date of the Closing.

3.8 FINANCIAL STATEMENTS.

(a) The Company has delivered to AMG the following financial statements, copies of which are attached hereto as Schedule 3.8:

(i) Audited balance sheets of the Company at September 30, 1994, September 30, 1995 and September 30, 1996, and audited statements of income, retained earnings and cash flows for each of the three (3) years then ended. The audited balance sheet of the Company at September 30, 1996 (including the notes thereto) is referred to hereinafter as the "Base Balance Sheet."

(ii) An unaudited balance sheets of the Company at December 31, 1996 and March 31, 1997 and June 30, 1997 and statements of income for the period then ended, certified by the Company's chief 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 the Company's unaudited financial statements do not include footnote disclosure and, other than such statements prepared for the period ending June 30, 1997, are on a cash basis method of accounting), are complete and correct and present fairly the financial condition of the

Company at the dates of said statements and the results of its operations for the periods covered thereby.

(b) As of the date of the Base Balance Sheet, the Company 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 the Company or the conduct of its businesses prior to the date of the Base Balance Sheet regardless of whether claims in respect thereof had been asserted as of such date), except immaterial liabilities incurred in the ordinary course of business of the Company, consistent with past practices, or those stated or adequately reserved against on the Base Balance Sheet, or reflected in Schedules furnished to AMG hereunder as of the date hereof.

(c) As of the date hereof (including, with respect to the giving of this representation pursuant to Section 8.2 hereof at the Closing, after giving effect to the Asset Transfer) (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement), the Company has not had and will 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, or liabilities for taxes due or then accrued or to become due or contingent or potential liabilities relating to activities of the Company or the conduct of its business prior to the date hereof, regardless of whether claims in respect thereof had been asserted as of such date), except liabilities that are: (i) stated or adequately reserved against on the Base Balance Sheet or the notes thereto, (ii) reflected in Schedules furnished to AMG hereunder on the date hereof, or (iii) immaterial and were incurred after the date of, and permitted under, this Agreement.

3.9 TAXES.

(a) The Company has paid or caused to be paid all federal, state, local, foreign or add-on and other taxes, customs duties, government fee or like amount, including, without limitation, income taxes, estimated taxes, alternative minimum taxes, franchise taxes, sales taxes, use taxes, ad valorem or value added taxes, capital stock taxes, employment and payroll-related taxes, withholding taxes, and transfer taxes, stamp taxes, occupation taxes, windfall projects taxes, and all deficiencies, or other additions to tax, interest, fines and penalties owed by it (collectively, "Taxes"), required to be paid by it, whether disputed or not. The unpaid Taxes of the Company (i) did not, as of December 31, 1996 exceed the reserve for Tax liability (rather than the reserve for deferred Taxes established to reflect timing differences between book and tax income) set forth in the Base Balance Sheet (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the date hereof and the date of the Closing in accordance with the past custom and practice of the Company in filing its Tax Returns. All Taxes required to be withheld by the Company, including, but not limited to, Taxes arising as a result of payments to foreign persons or to employees of the Company, have been collected and withheld,

and have been either paid to the respective governmental agencies, set aside in accounts for such purpose, or accrued, reserved against, and entered upon the books and records of the Company.

(b) The Company has, in accordance with applicable law, filed all federal, state, local and foreign tax returns required to be filed by it, and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. A list of all federal, state, local and foreign income Tax returns filed with respect to the Company for taxable periods ended on or after December 31, 1990, is set forth in Schedule 3.9 attached hereto, and said Schedule indicates those Tax returns that have been audited or currently are the subject of an audit. For each taxable period of the Company ended on or after December 31, 1990, the Company has made available to AMG correct and complete copies of all federal, state, local and foreign income tax returns, examination reports and statements of deficiencies assessed against or agreed to by the Company.

(c) Neither the IRS nor any other governmental authority responsible for the imposition or collection of any Tax (a "Taxing Authority") is now asserting or, to the knowledge of the Company or any Stockholder, threatening in writing to assert against the Company any deficiency or claim for additional Taxes. No claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file reports and returns that the Company is or may be subject to taxation by that jurisdiction. There are no security interests on any of the assets of the Company that arose in connection with any failure (or alleged failure) to pay any Taxes, except for Taxes that are not yet due and payable or that are being contested in good faith and against which reserves have been taken in accordance with GAAP.

(d) There has not been any audit of any tax return filed by the Company, no such audit is in progress, and the Company has not been notified in writing by any Taxing Authority that any such audit is contemplated or pending. No extension of time with respect to any date on which a Tax return was or is to be filed by the Company is in force, and no waiver or agreement by the Company is in force for the extension of time for the assessment or payment of any Taxes.

(e) The Company has never been a member of an "affiliated group" (as defined in Section 1504(a) of the Code). The Company has never filed, or been required to file, a consolidated, combined or unitary tax return with any other entity. The Company is not a party to any tax sharing agreement.

(f) The Company (and any predecessor of the Company) has been a validly electing S corporation within the meaning of Sections 1361 and 1362 of the Code at all times during its existence, and the Company will be an S corporation up to the Effective Date.

(g) None of the Company's payroll, property, or receipts, or other factors used in a particular state's apportionment or allocation formula results in an apportionment or allocation of business income to any state other than New York, California or Minnesota, and the Company

has no non-business income that is allocated, apportioned or otherwise sourced to any state other than New York, California or Minnesota.

3.10 COLLECTIBILITY OF ACCOUNTS RECEIVABLE. All of the accounts receivable of the Company shown or reflected on the Company's balance sheet as of June 30, 1997, included as part of Schedule 3.8, or existing at the date this representation is given (less the reserve for bad debts set forth on the Company's balance sheet as of June 30, 1997 included as part of Schedule 3.8 are and will be at the Closing, valid and enforceable claims, fully collectible and subject to no set off or counterclaim. The Company does not have any accounts or loans receivable from any person, firm or corporation or other entity which is affiliated with the Company or from any director, officer, stockholder, member or employee of the Company except as disclosed in Schedule 3.10 hereto.

3.11 ABSENCE OF CERTAIN CHANGES. Except as disclosed in Schedule 3.11 attached hereto or as expressly provided for herein, since the date of the Base Balance Sheet there has not been any:

(a) change in the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of the Company which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, could have a Material Adverse Effect on the Company;

(b) amendment or termination or, to the best knowledge of the Company and each of the Stockholders, proposed or threatened amendment or termination, whether written or oral, of any agreement listed in Schedule 3.7 hereto;

(c) obligation or liability of any nature, whether accrued, absolute, contingent or otherwise, asserted or unasserted, known or unknown (including, without limitation (i) liabilities for Taxes due or to become due, or (ii) contingent or potential liabilities relating to services provided by the Company or the conduct of the business of the Company since the date of the Base Balance Sheet regardless of whether claims in respect thereof have been asserted, or (iii) contingent liabilities incurred by the Company as guarantor or otherwise with respect to the obligations of the Company or others), incurred by the Company other than obligations and liabilities incurred in the ordinary course of business consistent with the terms of this Agreement (it being understood that liability claims in respect of services provided shall not be deemed to be incurred in the ordinary course of business);

(d) material Claim placed on any of the properties or assets of the Company;

(e) cancellation of any material debt or claim owing to, or waiver of any material right of, the Company;

(f) purchase, sale or other disposition, or any agreement or other arrangement for the purchase, sale or other disposition, of any of the properties or assets of the Company other

than pursuant to the Asset Transfer or in the ordinary course of business consistent with past practices;

(g) damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the properties, assets or business of the Company;

(h) declaration, setting aside or payment of any dividend or distribution by the Company, or the making of any other distribution in respect of the capital stock of the Company , or any direct or indirect redemption, purchase or other acquisition by the Company of its own capital stock or interests, respectively;

(i) change in the compensation payable or to become payable by the Company to any of their respective officers, employees, agents or independent contractors other than normal merit increases in accordance with its usual practices, or any bonus payment or arrangement made to or with any of such officers, employees, agents or independent contractors;

(j) change with respect to the officers or management of the Company;

(k) material payment or discharge of a Claim or liability of the Company;

(l) obligation or liability incurred by the Company to any of their respective officers, directors, stockholders, members or employees, or any loans or advances made by the Company to any of their respective officers, directors, stockholders, members or employees, except normal compensation and expense allowances payable to officers or employees in the ordinary course of business consistent with past practices;

(m) change in accounting methods or practices, or billing or collection policies used by the Company;

(n) other transaction entered into by the Company other than transactions in the ordinary course of business consistent with past practices; or

(o) agreement or understanding, whether in writing or otherwise, for the Company to take any of the actions specified in paragraphs (a) through (n) above.

3.12 ORDINARY COURSE. Since the date of the Base Balance Sheet, other than with respect to transactions specifically contemplated herein, the Company has conducted its business only in the ordinary course and consistently with its prior practices. Since its formation, the LLC has only conducted those operations necessary for the performance of its obligations hereunder and activities necessary in connection herewith and therewith.

3.13 BANKING RELATIONS. Schedule 3.13 includes a list of all of the checking accounts, savings accounts, borrowing arrangements or similar arrangements which the Company has with

a banking institution and indicates with respect to each of such arrangements the person or persons authorized in respect thereof.

3.14 INTELLECTUAL PROPERTY.

(a) Except as described in Schedule 3.14, the Company has exclusive ownership of, or exclusive license to use, all patent, copyright, trade secret, trademark, trade name, service mark, formulas, designs, inventions or other proprietary rights (collectively, "Intellectual Property") used or to be used in the business of the Company as presently conducted. All of the rights of the Company in such Intellectual Property are freely transferable. There are no claims or demands of any other Person pertaining to any of such Intellectual Property and no proceedings have been instituted, or are pending or to the knowledge of the Company threatened, which challenge the rights of the Company in respect thereof. The Company has the right to use, free and clear of any claims or rights of other Person, all customer lists, investment or other processes, computer software (other than rights of other Persons in computer software that is generally available to the public in the retail marketplace), systems, data compilations, research results and other information required for or incident to its services or its business as presently conducted.

(b) There are no patents, patent applications, trademarks, trademark applications and registrations and registered copyrights which are owned by or licensed to the Company or used or to be used by the Company in its business as presently conducted or contemplated.

(c) All licenses or other agreements under which the Company is granted rights in items of Intellectual Property which are material to the business or operations of the Company are listed in Schedule 3.14. All said licenses or other agreements are in full force and effect, there is no material default by any party thereto, and, except as set forth in Schedule 3.14, all of the rights of the Company thereunder are freely assignable. To the knowledge of the Company and the Stockholders, the licensors under said licenses and other agreements have and had all requisite power and authority to grant the rights purported to be conferred thereby. True and complete copies of all such licenses or other agreements, and any amendments thereto, have been provided to AMG.

(d) Other than as part of the Asset Transfer or with respect to the name "GeoCapital" as described in Schedule 3.14, the Company has not granted rights to others in Intellectual Property owned or licensed by the Company. With respect to the name "GeoCapital," all rights granted to others are solely the right to use such name for limited purposes (and do not include any right to sublease or assign such right) and are subject to the Company's right to revoke such grant.

(e) The Company's business practices to establish and preserve its ownership of all Intellectual Property rights with respect to its services and rights in and to other Intellectual Property conform to practices generally applied in the investment advisory industry. The Company has not made any of such information available to any Person other than employees of the Company, except pursuant to written agreements requiring the recipients to maintain the

confidentiality of such information and appropriately restricting the use thereof. The Company has no knowledge of any infringement by others of any Intellectual Property rights of the Company.

(f) The present business, activities and products of the Company do not infringe any rights of any other person in Intellectual Property. No proceeding charging the Company with infringement of any Intellectual Property of any other person or entity has been filed or, to the knowledge of the Company, is threatened to be filed. The Company is not making unauthorized use of any confidential information or trade secrets of any person, including without limitation, any former employer of any past or present employee of the Company. Except as set forth in Schedule 3.14, neither the Company, nor, to the knowledge of the Company and the Stockholders, any of the Company's employees have any agreements or arrangements with any persons other than the Company related to confidential information or trade secrets of such persons or restricting any such employee's ability to engage in business activities of any nature. The activities of the employees on behalf of the Company do not violate any such agreements or arrangements known to the Company.

3.15 CONTRACTS. Except for contracts, commitments, plans, agreements and licenses described in Schedule 3.6, Schedule 3.7, Schedule 3.14 or Schedule 3.15 (true and complete copies of which have been made available to AMG), the Company is not a party to or subject to any:

(a) investment management or investment advisory or sub-advisory contract or any other contract for the provision of investment management or other similar services;

(b) plan or contract providing for bonuses, pensions, options, stock (or beneficial interest) purchases (or other securities or phantom equity purchases), deferred compensation, retirement payments, profit sharing, or the like;

(c) employment contract or contract for services which is not terminable at will by the Company without liability for any penalty or severance payment;

(d) contract or agreement for the purchase of any assets, material or equipment except purchase orders in the ordinary course for less than $10,000 each, such orders not exceeding $50,000 in the aggregate;

(e) other contracts or agreements creating any obligations of the Company of $50,000 or more with respect to any such contract or agreement not specifically disclosed elsewhere under this Agreement;

(f) contract or agreement not made in the ordinary course of business (including, without limitation, any contract for the sale of all or any material portion of the assets of the Company or any contract for the purchase of all or any material portion of the assets of any other entity) other than the Asset Transfer Agreement and the agreements contemplated thereby;

(g) contract with any investment or research consultant, solicitor or sales agent;

(h) contract containing covenants limiting the freedom of the Company (or its respective Affiliates) to compete in any line of business or with any person or entity;

(i) license agreement (as licensor or licensee);

(j) agreement providing for the borrowing or lending of money, and the Company has no obligations: (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or similar instruments, (iii) to pay the deferred purchase price of property or services, (iv) under leases that would, in accordance with GAAP, appear on the balance sheet of the lessee as a liability, (v) secured by a Claim, (vi) in respect of letters of credit, or bankers acceptances, contingent or otherwise, or (vii) in respect of any guaranty or endorsement or other obligations to be liable for the debts of another person or entity; or

(k) other material contract or agreement to which the Company is a party or by which it is bound.

Each of the contracts described in Schedule 3.6(a), Schedule 3.7, Schedule 3.14, Schedule 3.15 or Schedule 3.24 is valid and effective in accordance with its respective terms, and there is not, under any such contract, an existing breach or event which, with the giving of notice or the lapse of time or both, would become such a breach. All of the consents necessary to effectuate the transfer of each such contract to the LLC pursuant to the Asset Transfer Agreement are set forth in Schedule 3.5 and Schedule 3.7. The Company has complied and is in compliance with the client's guidelines and restrictions set forth in any contract described in Schedule 3.7, including, without limitation, any limitation set forth in the applicable prospectus, offering memorandum or marketing material for a collective investment vehicle or governing documents for any client.

3.16 LITIGATION. There is no litigation or legal (or other) action, suit, proceeding or, to the Company's and the Stockholders' knowledge, investigation, at law or in equity, or before any federal, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality, domestic or foreign (including, without limitation, any voluntary or involuntary proceedings under the Bankruptcy Code or any action, suit, proceeding or investigation under any foreign, federal or state securities law, rule or regulation), in which the Company or any officer, director, stockholder, or member or employee thereof is engaged, or, to the knowledge of the Company and the Stockholders, with which any of them is threatened, in connection with the business, affairs, properties or assets of the Company, or which might call into question the validity or hinder the enforceability or performance of this Agreement, or of the other agreements, documents and instruments contemplated hereby and the transactions contemplated hereby and thereby. There are no proceedings pending, or to the knowledge of the Company or any of the Stockholders, threatened, relating to the termination of, or limitation of, the rights of the Company under its registration under the Advisers Act, as an investment adviser, or any similar or related rights under any registrations or qualifications with various states or other jurisdictions.

3.17 COMPLIANCE WITH LAWS. The Company is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign, including, without limitation, the Advisers Act, the Investment Company Act, the Exchange Act, ERISA, the Commodity Exchange Act and the Securities Act and the regulations promulgated under each of them; the rules and regulations of self-regulatory organizations including, without limitation, the NASD and each applicable exchange (as defined under the Exchange Act); and all other foreign, federal or state securities laws and regulations applicable to the business or affairs or properties or assets of the Company (collectively "Investment Laws and Regulations"). None of the Company or any officer, director, member, stockholder or employee thereof, is in default with respect to any judgment, order, writ, injunction, decree, demand or assessment relating to any aspect of the business or affairs or properties or assets of the Company and issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, or by any self-regulatory authority. None of the Company nor any officer, director, member, stockholder or employee thereof, is charged or, to the knowledge of the Company or any of the Stockholders, under investigation with respect to, any violation of any provision of foreign, federal, state, municipal or other law or any administrative rule or regulation, domestic or foreign, including, without limitation, any Investment Laws and Regulations, affecting the Company or the transactions contemplated hereby.

3.18 BUSINESS; REGISTRATIONS.

(a) The Company is and has, since its inception, been engaged solely in the business of providing Investment Management Services. The Company does not provide Investment Management Services to (i) any of the Private Funds, or any other issuer that would be an investment company (within the meaning of the Investment Company Act) but for the exemptions contained in Section 3(c)(1), Section 3(c)(7), the final clause of Section 3(c)(3) or the third or fourth clauses of Section 3(c)(11) of the Investment Company Act, (ii) any issuer, registered under the laws of the appropriate securities regulatory authority in the jurisdiction in which the issuer is domiciled (other than the United States or the States thereof), which is or holds itself out as engaged primarily in the business of investing, reinvesting or trading in securities or (iii) any issuer that is an investment company (within the meaning of the Investment Company Act).

(b) The Company is and has, since its inception, been duly registered as an investment adviser under the Advisers Act. The Company 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 and where the failure to be so registered, licensed or qualified could have a Material Adverse Effect on the Company. The Company is in compliance with all foreign, federal and state laws requiring registration, licensing or qualification as an investment adviser. The Company has made available to AMG or its representatives, true and complete copies of its most recent Form ADV, as amended to date, and has made available copies of all foreign and state registration forms, likewise as amended to date. The information contained in such forms was true and complete at the time of filing and the Company has made all amendments to such forms as it is required to make under any applicable laws. Neither the

Company nor, to the knowledge of the Company and the Stockholders, any person "associated" (as defined under the Advisers Act or under the Commodity Exchange Act, as appropriate) with the Company, has been convicted of any crime or is or has engaged in any conduct that would be a basis for denial, suspension or revocation of registration of an investment adviser under Section 203(e) of the Advisers Act or Rule 206(4)-4(b) thereunder, or of similar action under the Commodity Exchange Act, and to the knowledge of the Company and the Stockholders, there is no proceeding or investigation that is reasonably likely to become the basis for any such disqualification, denial, suspension or revocation. The Company has all permits, registrations, licenses, franchises, certifications and other approvals (collectively, the "Licenses") required from foreign, federal, state or local authorities in order for it to conduct the businesses it presently conducts. The Company is not subject to any limitation imposed in connection with one or more of the Licenses which is reasonably likely to have a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of the Company or AMG. The Company is not a "broker" or "dealer" within the meaning of the Exchange Act, or a "commodity pool operator" or "commodity trading adviser" within the meaning of the Commodity Exchange Act. None of the Company or its officers and employees is required to be registered as a broker or dealer, a commodity trading adviser, a commodity pool operator, a futures commission merchant, an introducing broker, a registered representative or associated person, a counseling officer, an insurance agent, a sales person or in any similar capacity with the SEC, the Commodity Futures Trading Commission, the National Futures Association, the NASD or the securities commission of any state or any self-regulatory body.

3.19 INSURANCE. The Company has in full force and effect such insurance as, to the knowledge of the Company, is customarily maintained by companies of similar size in the same or a similar business, with respect to its businesses, properties and assets (including, without limitation, errors and omissions liability insurance) and all bonds required by ERISA and by any contract to which the Company is a party, all as listed in Schedule 3.19 hereto. The Company is not in default under any such insurance policy or bond.

3.20 POWERS OF ATTORNEY. Neither the Company nor with respect to the Company Common Stock, any Stockholder, has any outstanding power of attorney.

3.21 FINDER'S FEE. Neither the Company nor any Stockholder has incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

3.22 CORPORATE RECORDS; COPIES OF DOCUMENTS. The record books of the Company accurately record all corporate action taken by its respective stockholders or members and board of directors and committees, as applicable, and true and complete copies of the originals of such documents have been made available to AMG for review. The Company and the Stockholders have made available for inspection and copying by AMG and its counsel true and correct copies of all documents referred to in this Agreement or in the Schedules delivered to AMG in connection herewith.

3.23 TRANSACTIONS WITH INTERESTED PERSONS. Except as set forth in Schedule 3.23, neither the Company nor any stockholder, member, officer, supervisory employee or director of the Company or, to the knowledge of the Company or any of the Stockholders, any of their respective spouses or family members, is a party to any material transaction or material contract or arrangement with the Company, or owns directly or indirectly on an individual or joint basis any interest in, or serves as an officer or director or in another similar capacity of, any competitor or client of the Company, or any organization which has a material contract or arrangement with the Company (in each case, other than as expressly contemplated hereby).

3.24 EMPLOYEE BENEFIT PROGRAMS.

(a) Schedule 3.24 hereto lists every Employee Program (as defined below) that has been maintained (as defined below) by the Company at any time during the three-year period ending on the date of the Closing.

(b) Each Employee Program which has ever been maintained by the Company and which has at any time been intended to qualify under Section 401(a) or 501(c)(9) of the Code has received a favorable determination or approval letter from the IRS regarding its qualification under such section. The Company does not know, and has no reason to know, of any event or omission that has occurred which would cause any such Employee Program to lose its qualification under the applicable Code section.

(c) The Company does not know, and has no reason to know, of any failure of any party to comply with any laws applicable to the Employee Programs that have been maintained by the Company. With respect to any Employee Program ever maintained by the Company, there has occurred no "prohibited transaction," as defined in Section 406 of the ERISA or Section 4975 of the Code, or breach of any duty under ERISA or other applicable law (including, without limitation, any health care continuation requirements or any other tax law requirements, or conditions to favorable tax treatment, applicable to such plan), which could result, directly or indirectly, in any taxes, penalties or other liability to the LLC, Merger Sub or AMG. No litigation, arbitration, or governmental administrative proceeding (or investigation) or other proceeding (other than those relating to routine claims for benefits) is pending or threatened with respect to any such Employee Program.

(d) Neither the Company nor any ERISA Affiliate has incurred any liability under title IV of ERISA which has not been paid in full prior to the Closing. There has been no "accumulated funding deficiency" (whether or not waived) with respect to any Employee Program ever maintained by the Company or any Affiliate and subject to Code Section 412 or ERISA Section 302. With respect to any Employee Program maintained by the Company or an ERISA Affiliate and subject to title IV of ERISA, there has been no (nor will be any as a result of the transaction contemplated by this Agreement) (i) "reportable event," within the meaning of ERISA Section 4043, or the regulations thereunder (for which notice the notice requirement is not waived under 29 C.F.R. Part 2615) and (ii) no event or condition which presents a material risk of plan termination or any other event that may cause the Company or any ERISA Affiliate to incur

liability or have a lien imposed on its assets under title IV of ERISA. All payments and/or contributions required to have been made (under the provisions of any agreements or other governing documents or applicable law) with respect to all Employee Programs ever maintained by the Company or any Affiliate, for all periods prior to the Closing, either have been made or have been accrued (and all such unpaid but accrued amounts are described on Schedule 3.24). Except as described in Schedule 3.24, no Employee Program maintained by the Company or an Affiliate and subject to title IV of ERISA (other than a Multiemployer Plan) has any "unfunded benefit liabilities" within the meaning of ERISA Section 4001(a)(18), as of the Closing Date. Neither the Company nor any Affiliate has ever maintained a Multiemployer Plan. None of the Employee Programs ever maintained by the Company or any Affiliate has ever provided health care or any other non-pension benefits to any employees after their employment is terminated (other than as required by part 6 of subtitle B of title I of ERISA) or has ever promised to provide such post-termination benefits. Any Employee Program which has been subject to Title IV of ERISA has been terminated in accordance with Section 4041 of ERISA and the regulations promulgated thereunder.

(e) With respect to each Employee Program maintained by the Company within the three (3) years preceding the Closing, complete and correct copies of the following documents (if applicable to such Employee Program) have previously been made available to AMG: (i) all documents embodying or governing such Employee Program, and any funding medium for the Employee Program (including, without limitation, trust agreements) as they may have been amended; (ii) the most recent IRS determination or approval letter with respect to such Employee Program under Code Sections 401 or 501(c)(9), and any applications for determination or approval subsequently filed with the IRS; (iii) the three (3) most recently filed IRS Forms 5500, with all applicable schedules and accountants' opinions attached thereto; (iv) the summary plan description for such Employee Program (or other descriptions of such Employee Program provided to employees) and all modifications thereto; (v) any insurance policy (including any fiduciary liability insurance policy) related to such Employee Program; (vi) any documents evidencing any loan to an Employee Program that is a leveraged employee stock ownership plan; and (vii) all other materials reasonably necessary for AMG to perform any of its responsibilities with respect to any Employee Program subsequent to the Closing (including, without limitation, health care continuation requirements).

(f) Each Employee Program listed on Schedule 3.24 may be amended, terminated, modified or otherwise revised by the Company, including the elimination of any and all future benefit accruals under any Employee Program (except claims incurred but not reported under any welfare plan or any benefit described in Section 411(d)(6) of the Code).

(g) The GeoCapital Corporation Defined Benefit Pension Plan met the requirements of Section 4021(b)(13) of ERISA at all times and as a result, was not required make any filings with the Pension Benefit Guaranty Corporation including without limitation, filings in connection with the termination of such plan.

(h) For purposes of this section:

(i) "Employee Program" means (A) all employee benefit plans within the meaning of ERISA Section 3(3), including, but not limited to, multiple employer welfare arrangements (within the meaning of ERISA Section 3(4)), plans to which more than one unaffiliated employer contributes and employee benefit plans (such as foreign or excess benefit plans) which are not subject to ERISA; and (B) all stock option plans, bonus or incentive award plans, severance pay policies or agreements, deferred compensation agreements, supplemental income arrangements, vacation plans, and all other employee benefit plans, agreements, and arrangements not described in (A) above. In the case of an Employee Program funded through an organization described in Code Section 501(c)(9), each reference to such Employee Program shall include a reference to such organization.

(ii) An entity "maintains" an Employee Program if such entity sponsors, contributes to, or provides (or has promised to provide) benefits under such Employee Program, or has any obligation (by agreement or under applicable law) to contribute to or provide benefits under such Employee Program, or if such Employee Program provides benefits to or otherwise covers employees of such entity, or their spouses, dependents, or beneficiaries.

(iii) An entity is an "ERISA Affiliate" of the Company if it would have ever been considered a single employer with the Company under ERISA Section 4001(b) or part of the same "controlled group" as the Company for purposes of ERISA Section 302(d)(8)(C).

(iv) "Multiemployer Plan" means a (pension or non-pension) employee benefit plan to which more than one employer contributes and which is maintained pursuant to one or more collective bargaining agreements.

3.25 DIRECTORS, OFFICERS AND EMPLOYEES.

(a) Schedule 3.25(a) hereto contains a true and complete list of all current directors and officers of the Company. In addition, Schedule 3.25(a) hereto contains a list of all managers, employees and consultants of the Company who, individually, have received or are scheduled to receive compensation from the Company for the fiscal year ending December 31, 1997, in excess of $75,000. In each case such Schedule includes the current job title and aggregate annual compensation of each such individual.

(b) To the knowledge of the Company and the Stockholders, each employee listed in Schedule 3.25(b) hereto is in good health.

(c) The Company employs 16 full-time employees and 5 part-time employees, all of whom are listed in Schedule 3.25(c) (the "Employees") and generally enjoys good employer-employee relationships. Except as specifically described in Schedule 3.25(c), no consultant or

other Person other than the Employees renders Investment Management Services to or on behalf of the Company. Except as set forth in Schedule 3.25(c) hereto (or Schedule 3.15 or Schedule 3.24 hereto), the Company does not have any obligation, contingent or otherwise, under (a) any employment, collective bargaining or other labor agreement, (b) any written or oral agreement containing severance or termination pay arrangements, (c) any deferred compensation agreement, retainer or consulting arrangements, (d) any pension or retirement plan, any bonus or profit-sharing plan, any stock option or stock purchase plan, or (e) any other employee contract or non-terminable (whether with or without penalty) employment arrangement (each an "Employment Arrangement"). The Company is not in default with respect to any material term or condition of any Employment Arrangement, nor will the Closing or the Asset Transfer (or the transactions contemplated hereby or thereby, assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) result in any such default, including, without limitation, after the giving of notice, lapse of time or both. The Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any of said employees, none of the LLC, Merger Sub nor AMG would, by reason of the transactions contemplated under this Agreement or anything done prior to the Closing, be liable to any of said employees for so-called "severance pay" or any other payments except as set forth in the Restated LLC Agreement. The Company has not made any payments, is not obligated to make any payments, and is not a party to any agreement that under certain circumstances could obligate Merger Sub or the LLC to make any payments that will not be deductible under Section 280G of the Code. The Company does not have any policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment. The Company is in compliance with all applicable laws and regulations respecting labor, employment, fair employment practices, work place safety and health, terms and conditions of employment, and wages and hours. To the knowledge of the Company or the Stockholders there are no charges of employment discrimination or unfair labor practices against or involving the Company. To the knowledge of the Company or the Stockholders there are no grievances, complaints or charges that have been filed against the Company under any dispute resolution procedure that might have a Material Adverse Effect on the Company, Merger Sub, the LLC or AMG or the conduct of their respective businesses, and there is no arbitration or similar proceeding pending and no claim therefor has been asserted. The Company has in place all employee policies required by applicable laws, rules and regulations, and there have been no violations or alleged violations of any of such policies. None of the Company or any of the Stockholders has received notice that any of the Company's employment policies or practices is currently being audited or investigated by any federal, state or local government agency. The Company is, and at all times since November 6, 1986 has been, in compliance with the requirements of the Immigration Reform Control Act of 1986, except as would not have a Material Adverse Effect on the Company.

3.26 CODE OF ETHICS. The Company has a written policy regarding insider trading and a Code of Ethics which complies with all applicable provisions of Section 204A of the Advisers Act a copy of which has been delivered to AMG prior to the date hereof. All employees of the Company and other Persons listed on Schedule 3.25(a) have executed acknowledgments that they

are bound by the provisions of such Code of Ethics and insider trading policy. The policies of the Company with respect to avoiding conflicts of interest are as set forth in the Company's most recent Form ADV or incorporated by reference therein. There have been no material violations or allegations of material violations of such Code of Ethics, insider trading policy or conflicts policy.

3.27 CERTAIN REPRESENTATIONS AND WARRANTIES AS TO COLLECTIVE INVESTMENT VEHICLES.

(a) True, correct and complete copies of all of the current investment advisory agreements and distribution or underwriting contracts, administrative services and other services agreements, if any, and organizational and offering documents, pertaining to each of the Private Funds (i) have been made available to AMG prior to the date hereof and (ii) are in full force and effect. Such offering materials as of the dates as of which they were prepared and distributed did not contain an untrue statement of a material fact or omit to state a 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.

(b) Each of the Private Funds is duly organized, validly existing and in good standing in the jurisdiction in which it is organized and has all requisite power and authority to conduct its business in the manner and in the places where such business is currently conducted. Each Private Fund is and has, since its inception, been engaged solely in the business of an investment company. Each Private Fund is and has, since its inception, been in compliance with all foreign, federal and state laws requiring registration, licensing or qualification as an investment company and all Investment Laws and Regulations.

(c) AMG has been furnished true, correct and complete copies of the audited financial statements, prepared in accordance with GAAP, of each of the Private Funds for the past three fiscal years (or such shorter period as such Private Fund shall have been in existence), and unaudited financial statements, prepared in accordance with GAAP, of each of the Private Funds for the first six-months of its most recent fiscal year if the date of the Private Fund's fiscal year end and six-month period financial statements are hereinafter referred to as a "Fund Financial Statement." Each of the Fund Financial Statements is consistent with the books and records of each of the Private Funds, and presents fairly the consolidated financial position of each of the Private Funds in accordance with GAAP applied on a consistent basis (except as otherwise noted therein) at the respective date of such Fund Financial Statements and the results of operations and cash flows for the respective periods indicated, except in the case of the interim financial statements which are subject to normal year-end adjustments which in the aggregate are not material. The Fund Financial Statements reflect and disclose all material changes in accounting principles and practices adopted by each of the Private Funds during the periods covered by each Fund Financial Statement. The books of account of each of the Private Funds fairly reflect their respective transactions. None of the Private Funds has any direct or indirect liabilities other than (i) liabilities fully and adequately reflected or reserved against on the balance sheets contained in the Fund Financial Statements, (ii) immaterial liabilities incurred in the ordinary course of

business of the Company consistent with past practices and (iii) liabilities incurred since the date of the fund Financial Statements and incurred in the ordinary course of business.

(d) There are no restrictions imposed pursuant to any Investment Laws and Regulations, consent judgments or SEC orders on or with regard to any of the Private Funds. Since inception, each of the Private Funds has been excluded from the definition of an investment company under the Investment Company Act by virtue of Section 3(c)(1) thereof and has been duly registered or licensed and in good standing under the laws of each jurisdiction in which such qualification is necessary, except where the failure to be duly registered and in compliance would not have a Material Adverse Effect on the respective Private Fund or the Company.

(e) All interests of each of the Private Funds were sold pursuant to a valid and effective exemption from registration under the Securities Act and have been duly authorized and are validly issued. Each of the Private Funds' investments have been made in accordance with its respective investment policies and restrictions in effect at the time the investments were made and at all times when the investments were held.

(f) All consent solicitation materials to be prepared for use by the Private Funds in connection with the transactions contemplated by this Agreement at the time such information is provided or used, as then amended or supplemented, and any information disseminated in respect of the transactions contemplated hereby at the time such information is disseminated, in each case, will, insofar as it contains or consists of information supplied by the Company or the Stockholders, be accurate and complete and will not contain any untrue statement of a material fact, or omit to state any material fact (i) required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (ii) necessary to correct any statement in any earlier communication that has become false or misleading.

(g) There is no litigation or legal (or other) action, suit, proceeding or investigation at law or in equity pending or, to the best knowledge of the Company and the Stockholders after due inquiry, threatened in any court or before or by any governmental agency or instrumentality, department, commission, board, bureau or agency, or before any arbitrator, by or against any of the Private Funds, or any officer or director thereof. There are no judgements, injunctions, orders or other judicial or administrative mandates outstanding against or affecting any of the Private Funds or any officer or director thereof.

3.28 DISCLOSURE. The representations, warranties and statements contained in this Agreement and the agreements, documents and instruments contemplated hereby, and in the certificates, exhibits and schedules delivered by the Company and the Stockholders to AMG pursuant to this Agreement or any of such other agreements, documents and instruments, do not contain any untrue statement of a material fact, and, when taken together, do not omit to state a material fact required to be stated therein or necessary in order to make such representations, warranties or statements not misleading in light of the circumstances under which they were made. There are no facts (other than changes in general economic or market conditions) which presently

or may in the future have a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of the Company.

3.29 NO IMPLIED REPRESENTATION. Notwithstanding any provision of this Agreement, it is the explicit intent of each party hereto that none of the Company or the Stockholders is making any representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement including, but not limited to, any implied representation as to condition, merchantability, suitability or fitness for a particular purpose as to any of the physical assets owned by the Company. It is understood that any cost estimates, projections or other financial predictions provided to AMG or any of its affiliates, agents or representatives are not and shall not be deemed to be representations or warranties of any of the Company or the Stockholders.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF INDIVIDUAL STOCKHOLDERS.

As a material inducement to AMG and Merger Sub to enter into this Agreement and consummate the transactions contemplated hereby, each Stockholder hereby severally makes to AMG each of the representations and warranties set forth in this Section 4 with respect to such Stockholder. In addition, each Stockholder which is a party to the Restated LLC Agreement and which has elected to form a Management Corporation to receive his or her LLC Points jointly and severally with such Management Corporation makes the representations and warranties set forth in this Section 4 with respect to such Management Corporation. No Stockholder or Management Corporation shall have any right of indemnity or contribution from the Company or the LLC (or any other right against the Company or the LLC) with respect to the breach of any representation or warranty hereunder.

4.1 AUTHORITY AND ORGANIZATION.

(a) Such Stockholder has full right, authority, power and capacity to enter into this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of such Stockholder pursuant to, or as contemplated by, this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by such Stockholder pursuant to this Agreement constitutes, or when executed and delivered will constitute, a valid and binding obligation of such Stockholder, enforceable in accordance with its respective terms. The execution, delivery and performance by the Stockholder of this Agreement and each such other agreement, document and instrument have been duly authorized by all necessary action (corporate, trust or otherwise) of each Stockholder which is not an individual, and no other action on the part of such Stockholder is required in connection therewith. The execution, delivery and performance of this Agreement and each such agreement, document and instrument:

(i) does not and will not violate any provision of the organizational documents of any Stockholder which is not a natural person, or any laws of the United States or any state or other jurisdiction applicable to such Stockholder, or require such

Stockholder to obtain any approval, consent or waiver from, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made; and

(ii) does not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which such Stockholder is a party or by which the property of such Stockholder is bound or affected, or result in the creation or imposition of any Claim on any assets of the Company or the LLC or on the capital stock of the Company owned by such Stockholder.

(b) Each Management Corporation is duly organized validly existing and in good standing under the laws of its state of organization with full power and authority to own and lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased and such business is currently conducted or proposed to be conducted. The copies of each Management Corporation's organizational documents (including any certificate of organization, by-laws, declaration of trust, certificate of organization, limited liability company operating agreement or similar documents) as amended to date, certified by the appropriate Secretary of State or, if such documents are of a type not typically certified by a Secretary of State, certified by such Management Corporation's secretary, trustee or similar authorized person, and heretofore delivered to AMG's counsel, are complete and correct and no amendments thereto are pending. No Management Corporation is in violation of any term of its organizational documents.

(c) The authorized and issued equity of each Management Corporation is as set forth in Schedule 4.1(c) hereof, which schedule includes the record and beneficial holders thereof. All the outstanding equity of each Management Corporation has been duly authorized and validly issued and is fully paid and nonassessable. There are no outstanding options, warrants, rights, commitments, preemptive rights or agreements for the issuance or sale of, or outstanding securities convertible into, capital of any Management Corporation.

(d) Each Management Corporation has full right, authority and corporate power to enter into this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of such Management Corporation pursuant to, or as contemplated by, this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by such Management Corporation pursuant to this Agreement constitutes, or when executed and delivered will constitute, a valid and binding obligation of such Management Corporation, enforceable in accordance with its respective terms. The execution, delivery and performance by each Management Corporation of this Agreement and each such other agreement, document and instrument have been duly authorized by all necessary action of each Management Corporation, and no other action on the part of any Management Corporation or its stockholder is required in connection therewith. The execution, delivery and performance of this Agreement and each such agreement, document and instrument:

(i) does not and will not violate any provision of the charter of by-laws of any Management Corporation, or any laws of the United States or any state or other jurisdiction applicable to such Management Corporation, or require such Management Corporation to obtain any approval, consent or waiver from, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made; and

(ii) does not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which such Management Corporation is a party or by which the property of such Management Corporation is bound or affected, or result in the creation or imposition of any Claim on any assets of the Company or the LLC or on interests of such Management Corporation in the LLC, or any interests of a Stockholder in such Management Corporation.

4.2 OWNERSHIP OF LLC INTERESTS. The LLC Interests shown as owned by each Stockholder and Management Corporation, respectively, in the records set forth in Schedule 3.3(c) hereof constitute all the interests in the LLC or rights to purchase interests in the LLC which are held by such Person, directly or indirectly.

4.3 FINDER'S FEE. No Stockholder or Management Corporation has incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

4.4 INVESTMENT ADVISORY REPRESENTATION. Such Stockholder does not serve as an investment adviser (within the meaning of the Advisers Act) to, or provide, directly or indirectly, Investment Management Services to, any person or entity, other than on behalf of the Company (and, after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement), the LLC) pursuant to an investment advisory agreement between the Company (and, after giving effect to the Asset Transfer, the LLC) and a client thereof, except as set forth in Schedule 4.4.

4.5 AGREEMENTS. Such Stockholder is not a party to any non-competition, trade secret or confidentiality agreement with any party other than the Company or the LLC. There are no agreements or arrangements not contained herein or disclosed in a Schedule hereto, to which such Stockholder or Management Corporation is a party relating to the business of the Company or the LLC or to such Stockholder's or Management Corporation's rights and obligations as a stockholder, member, director, officer or employee of the Company or the LLC. Such Stockholder does not own, directly or indirectly, on an individual or joint basis, any interest in, or serve as an officer or director of, any organization which has a contract or arrangement with the Company or the LLC.

4.6 EMPLOYMENT DATA. Such Stockholder's (i) date of birth, and (ii) date of commencement of employment with the Company, are both accurately reflected in Schedule 4.6 hereto.

4.7 INVESTMENT INTENT. Each Stockholder who acquires Preferred Shares will make such acquisition for investment for such Stockholder's own account, and such Stockholder has no present intention of selling, granting participations in or otherwise distributing the same. Each Stockholder represents and warrants that he is an "accredited investor" within the meaning of Rule 501 promulgated by the SEC under the Securities Act.

SECTION 5. COVENANTS OF THE STOCKHOLDERS.

5.1 MAKING OF COVENANTS AND AGREEMENTS. The Stockholders jointly and severally hereby make the covenants and agreements set forth in this Section 5 and the Stockholders jointly and severally agree to use their respective best efforts to cause the Company and the LLC to comply with such agreements and covenants. No Stockholder shall have any right of indemnity or contribution from the Company or the LLC (or any other right against the Company or the LLC) with respect to the breach of any covenant or agreement hereunder.

5.2 CLIENT CONSENTS.

(a) As soon as practicable after the date hereof, but in any event prior to August 8, 1997, the Company shall notify each of its clients of the transactions contemplated hereby and by the other agreements, documents and instruments contemplated hereby. Such notice shall be in the form of Exhibit 5.2A hereto with respect to those clients whose contracts require affirmative written consent for their assignment and in the form of Exhibit 5.2B with respect to those clients whose contracts do not require affirmative written consent for their assignment (in each case, with such changes thereto as may be agreed to by AMG in writing).

(b) On or prior to September 8, 1997, the Company shall send to each client who was sent, but who has not by such date returned, the notice in substantially the form of Exhibit 5.2A or Exhibit 5.2B hereto countersigned indicating approval of the transactions contemplated hereby, an additional notice in form and substance acceptable to AMG.

(c) The Company and the LLC shall use their respective best efforts to, and the Stockholders shall use their best efforts to cause the Company and the LLC to, obtain consents from their clients in the manner contemplated by this Section 5.2.

5.3 AUTHORIZATIONS.

(a) The LLC shall, and the Company and each of the Stockholders shall use their best efforts to cause the LLC to: (i) file, as soon as practicable after the date hereof, and in any event prior to August 15, 1997, with the SEC, a Uniform Application for Investment Adviser Registration on Form ADV to register the LLC as an investment adviser under the Advisers Act;

and (ii) file the appropriate applications for investment adviser registration as soon as practicable with all other jurisdictions in which the Company is registered as an investment adviser and in each other jurisdiction where it is necessary or desirable for the LLC to be registered as an investment adviser in order to conduct its businesses (including, without limitation, the businesses currently conducted by the Company) after the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and the Closing.

(b) The Stockholders shall, and the Company and the LLC shall use their best efforts to cause all applicable Employees to, file, as soon as practicable after the date hereof, such applications for licensing, registration or qualification of investment adviser representatives (within the meaning of Rule 203A-3(a) under the Advisers Act, upon effectiveness) in each jurisdiction where such applicable investment adviser representative has a place of business (within the meaning of Rule 203A-3(b) under the Advisers Act, upon effectiveness) and in each other jurisdiction where it is necessary or desirable to effect such licensing, registration or qualification in order to conduct the business of the LLC (including, without limitation, the business currently conducted by the Company) after the Asset Transfer and the Closing.

(c) The LLC will, and the Company and each of the Stockholders will use their best efforts to cause the LLC to, obtain all authorizations, consents, orders and approvals of federal, state and local regulatory bodies and officials that may be or become necessary for their respective execution and delivery of, and the performance of their respective obligations pursuant to, this Agreement and the other agreements, documents and instruments contemplated hereby, and for the LLC to conduct the businesses presently being conducted by the Company.

5.4 AUTHORIZATION FROM OTHERS. The Stockholders, the Company and the LLC will use their respective best efforts to obtain all authorizations, consents, approvals and permits of others required to permit the consummation by the Stockholders, the Company and the LLC of the transactions contemplated by this Agreement.

5.5 CONDUCT OF BUSINESS. Between the date of this Agreement and the Closing, except as set forth in Schedule 5.5 hereto, without the prior written consent of AMG:

(a) the Company will conduct its business only in the ordinary course of business, and consistent with past practices, and the LLC will only conduct those operations necessary for the performance of its obligations hereunder and activities necessary in connection therewith (provided, that after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement), the LLC will conduct the business it obtains in the Asset Transfer in the ordinary course of business and consistent with the past practices of the Company);

(b) neither the Company nor the LLC will (i) make (or incur any obligation to make) any purchase, sale or disposition of any asset or property other than as specifically provided for in the Asset Transfer, or in the ordinary course of business consistent with past practices, or (ii) mortgage, pledge, subject to a Claim or otherwise encumber any of its properties or assets

(including, without limitation, with respect to the Company, its interest in the LLC), nor permit any of the foregoing to exist;

(c) neither the Company nor the LLC will incur any contingent or fixed obligations or liabilities including, without limitation, any liability (contingent or fixed) as a guarantor or otherwise with respect to the obligations of others except, with respect to the Company (and, with respect to the LLC, after the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement)), in the ordinary course of business consistent with the past practices of the Company;

(d) the Company will not make or incur any obligation to make a change in its Certificate of Incorporation, By-laws or authorized or issued capital stock, and the LLC will not make or incur any obligation to make any change in the Existing LLC Agreement (other than the restatement into the Restated LLC Agreement as contemplated by Section 2.1 hereof);

(e) neither the Company nor the LLC will declare, set aside or pay any dividend or distribution, make (or incur an obligation to make) any other distribution in respect of its capital stock or interests or make (or incur an obligation to make) any direct or indirect redemption, purchase or other acquisition of its stock or interests if as a result of such dividend, distribution, redemption, purchase or acquisition, the Company would be unable to satisfy the conditions set forth in Section 8.11;

(f) neither the Company nor the LLC will make any change in the compensation payable or to become payable to any of the Company's officers, employees, agents or independent contractors, and neither the Company nor the LLC will hire any directors, officers, employees or agents (other than to fill vacant positions at the Company), or enter into any collective bargaining agreement, bonus, equity, option, profit sharing, compensation, welfare, retirement, or other similar arrangement, or any employment contract;

(g) the Company will not make any change in its borrowing arrangements, and the LLC will not enter into any borrowing arrangements;

(h) the Company will use its best efforts to prevent any change with respect to its management and supervisory personnel and banking arrangements;

(i) the Company will have in effect and maintain at all times all insurance of the kind, in the amount and with the insurers set forth in Schedule 3.19 hereto or equivalent insurance with any substitute insurers approved in writing by AMG, and prior to the Asset Transfer the LLC will have in effect and thereafter maintain at all times all insurance of the kind, in the amount and with the insurers set forth in Schedule 3.19 hereto or equivalent insurance with any substitute insurers approved in writing by AMG; and

(j) neither the Company nor the LLC will settle any material litigation.

5.6 FINANCIAL STATEMENTS. Until the Closing, the Company will furnish AMG with unaudited monthly balance sheets and statements of income and retained earnings and cash flows of the Company and the LLC on a consolidated and consolidating basis within ten (10) days after each month end for each month ending more than ten (10) days prior to the Closing, certified by the Chairman of the Company, which financial statements shall be prepared in accordance with GAAP applied consistently using the accrual method of accounting, shall be complete and correct in all material respects and shall present fairly in all material respects the financial condition of the Company and the LLC at the dates of said statements and the results of their operations for the periods covered thereby.

5.7 PRESERVATION OF BUSINESS AND ASSETS. Until the Closing, each of the Company, the LLC and each of the Stockholders shall use their best efforts to: (a) preserve the current business of the Company, (b) maintain the present clients of the Company, in each case, on terms that are at least as favorable as the terms of the agreement between the Company and the relevant client as in effect on the date hereof, (c) preserve the goodwill of the Company, and (d) preserve any Licenses required for, or useful in connection with, the business of the Company (including without limitation all investment adviser registrations). In addition, none of the Stockholders shall take any material action not in the ordinary course of business relating to the Company or which might have a material adverse effect on the transactions contemplated hereby, without the prior consent of AMG.

5.8 OBSERVER RIGHTS AND ACCESS. Until the Closing: (a) a representative of AMG shall be entitled to attend and observe all meetings of the Company's stockholders and directors (or a committee thereof) in a non-voting observer capacity, (b) AMG shall be entitled to receive all notices and information furnished by the Company to its stockholders and directors (or a committee thereof), as well as copies of the minutes of any meetings of the Company's stockholders and directors (or a committee thereof), and (c) the Company's stockholders or directors (or a committee thereof) shall not take any action by written consent in lieu of a meeting unless AMG shall have been given at least five (5) business days prior written notice which includes a copy of such written consent by which such action is proposed to be taken. The Company and the LLC shall afford to AMG and its representatives and agents free access, during normal business hours and with reasonable notice, to the properties and records of the Company and the LLC in order that AMG may have full opportunity to make such investigation as it shall desire for purposes consistent with this Agreement.

5.9 NOTICE OF DEFAULT. Promptly upon the occurrence of, or promptly upon the Company, the LLC or a Stockholder becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or default, or would have caused or constituted a breach or default had such event occurred or been known to the Company, the LLC or such Stockholder prior to the date hereof, of any of the representations, warranties or covenants of the Company, the LLC or the Stockholders contained in or referred to in this Agreement or in any Schedule or Exhibit referred to in this Agreement, the Company, the LLC and such Stockholder shall give detailed written notice thereof to AMG, and the Company and the Stockholders shall use their best efforts to prevent or promptly remedy the same.

5.10 CONSUMMATION OF AGREEMENT. The Stockholders shall, and shall cause the Company and the LLC to, use their respective best efforts to perform and fulfill all conditions and obligations to be performed and fulfilled by each of them under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out.

5.11 COOPERATION OF THE COMPANY AND STOCKHOLDERS. The Stockholders shall, and shall cause the Company and the LLC to, cooperate with all reasonable requests of AMG and AMG's counsel in connection with the consummation of the transactions contemplated hereby and the making of any filings required in connection therewith, including without limitation, filings under the HSR Act. In addition, the Stockholders shall, and shall cause the Company and the LLC to, cooperate fully, as and to the extent requested by AMG and AMG's counsel, in connection with the filing of tax returns and any audit, litigation or other proceeding with respect to Taxes.

5.12 NO SOLICITATION OF OTHER OFFERS. Until a date which is six (6) months after a termination of this Agreement other than (i) a termination pursuant to Section 10.1(b) as a result of a material breach by the Company of this Agreement, in which case until a date which is twelve (12) months after a termination of this Agreement or (ii) a termination pursuant to Section 10.1(c) as a result of a material breach by AMG, in which case until the date of such termination, none of the Company, the LLC, any of the Stockholders, or any of their representatives will, directly or indirectly, solicit, encourage, assist, initiate discussions or engage in negotiations with, provide any information to, or enter into any agreement or transaction with, any person, other than AMG, relating to the possible acquisition of any capital stock of the Company, the Company, any equity interests of the LLC or any of the assets of the Company or the LLC, except for the sale of assets by the Company in the ordinary course of business consistent with past practices and the terms of this Agreement.

5.13 CONFIDENTIALITY. The Company, the LLC and the Stockholders agree that, unless and until the Closing has been consummated, each of the Company, the LLC, the Stockholders and their officers, directors, members, agents and representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from AMG with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transaction contemplated hereby. Information generally known in AMG's industry or which has been disclosed to the Company, the LLC or the Stockholders by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, the Company, the LLC and the Stockholders will return, and cause their respective officers, directors, members, agents and representatives to return, to AMG (or certify that they have destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, test reports, tax returns, lists, memoranda, and other documents prepared by or made available to the Company, the LLC or the Stockholders (and their officers, directors, members, agents and representatives) in connection with the transaction.

5.14 POLICIES AND PROCEDURES. The Company, the LLC and the Stockholders shall, and shall cause the Employees of the Company to, cooperate with and assist in such compliance audits and regulatory reviews as may reasonably be requested by AMG.

5.15 VIOLATION OF EXISTING LLC AGREEMENT. Between the date of this Agreement and the Closing, none of the Stockholders, the Company nor the LLC will take any action that is in violation of any term or provision of the Existing LLC Agreement or would be in violation of any term or provision of the Restated LLC Agreement if such Restated LLC Agreement were then in effect.

5.16 SUBSIDIARIES; INVESTMENTS IN OTHER PERSONS. Between the date of this Agreement and the Closing, none of the Stockholders, the Company nor the LLC will take any action to acquire, form or otherwise establish any subsidiary of the Company or the LLC or cause the Company or the LLC to make any investment in any other Person.

5.17 LLC INTERESTS. Between the date of this Agreement and the Closing, (a) the LLC will take no action to issue any rights or interests in addition to or different from the interests in the LLC shown in the records set forth on Schedule 3.3(c), (b) the LLC will take no action that will cause the interests in the LLC set forth on Schedule 3.3(c) to be revoked, repurchased, rescinded, terminated, liquidated, transferred, amended or modified in any manner and (c) no Stockholder will sell, assign, pledge or otherwise transfer or restrict such Stockholder's interests in the LLC without the prior written consent of AMG. At the Closing, the LLC shall issue the interests and rights therein set forth in the Restated LLC Agreement to the Members (as defined in the Restated LLC Agreement) and shall take such actions as may be reasonably directed by AMG in connection therewith.

5.18 EMPLOYEE PROGRAMS. Between the date of this Agreement and the Closing, the LLC will not maintain any Employee Program other than the Employee Programs listed on Schedule 3.24.

5.19 FOREIGN QUALIFICATIONS. The LLC shall qualify to do business as a foreign limited liability company under the laws of each jurisdiction where the Company is, as of the date of this Agreement, qualified to do business as a foreign corporation and under the laws of each jurisdiction in which the nature of the business it will conduct after giving effect to the Asset Transfer, or the ownership or leasing of the properties it will receive in the Asset Transfer, requires such qualification, except for those jurisdictions where the failure to so qualify, individually or in the aggregate, would not have a Material Adverse Effect on the LLC.

5.20 LIENS. Between the date of this Agreement and the Closing, the LLC shall not cause or permit any of the assets listed in Schedule 3.6(b) to be or become subject to any Claim.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF AMG.

6.1 MAKING OF REPRESENTATIONS AND WARRANTIES. As a material inducement to the Company and the Stockholders to enter into this Agreement and consummate the transactions contemplated hereby, AMG hereby makes the representations and warranties to the Company and the Stockholders contained in this Section 6.

6.2 ORGANIZATION OF AMG. AMG is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

6.3 CAPITALIZATION. As of the date of this Agreement, the duly authorized capital stock of AMG consists of those classes, series and numbers of shares as are set forth in Schedule 6.3 hereto. In addition, set forth in Schedule 6.3 hereto are the numbers of shares of each such class and series which are issued and outstanding or with respect to which options have been granted as of the date of this Agreement. All the outstanding shares of capital stock of AMG have been duly authorized and validly issued and are fully paid and nonassessable.

6.4 SUBSIDIARIES. Except as set forth on Schedule 6.4, as of the date of this Agreement AMG does not have any ownership interest in any corporation, partnership, limited liability company, limited liability partnership, joint venture or other entity. Schedule 6.4 includes a notation indicating which entities are registered as investment advisers under the Advisers Act and which are members of IMRO.

6.5 AUTHORITY OF AMG. AMG has full right, authority and power to enter into this Agreement, the Restated LLC Agreement, and each other agreement, document and instrument to be executed and delivered by AMG pursuant to or as contemplated by, this Agreement and subject to approval of its stockholders with respect to and the effectiveness of an amendment of its Amended and Restated Certificate of Incorporation, to carry out the transactions contemplated hereby and thereby. Except with respect to an amendment of AMG's Amended and Restated Certificate of Incorporation to authorize the Preferred Stock, the execution, delivery and performance by AMG of this Agreement, the Restated LLC Agreement and each such other agreement, document and instrument have been duly authorized by all necessary corporate action of AMG; no other action on the part of AMG is required in connection therewith; and this Agreement, and each other agreement, document and instrument executed and delivered by AMG pursuant to this Agreement constitute, or when executed and delivered will constitute, valid and binding obligations of AMG enforceable in accordance with their terms. The execution, delivery and subject to approval of its stockholders with respect to and the effectiveness of an amendment of its Amended and Restated Certificate of Incorporation performance by AMG of this Agreement, the Restated LLC Agreement and each such other agreement, document and instrument:

(i) does not and will not violate any provision of the Certificate of Incorporation or By-laws of AMG;

(ii) does not and will not violate any laws of the United States or of any state or any other jurisdiction applicable to AMG or require AMG to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) which has not been obtained or made, except for such filings and approvals as may be necessary under the HSR Act or which will otherwise be obtained prior to the Closing; and

(iii) does not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of any indenture, loan or credit agreement, or other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, decree, determination or arbitration award to which AMG is a party and which is material to the business and financial condition of AMG and its affiliated organizations on a consolidated basis.

6.6 FINANCIAL STATEMENTS.

(a) AMG has delivered to the Company audited balance sheets of AMG at December 31, 1995 and December 31, 1996, and audited statements of income, cash flows and stockholders equity for the years then ended, copies of which are attached hereto as Schedule 6.6.

(b) Said financial statements have been prepared in accordance with generally accepted accounting principles using the accrual method of accounting, are complete and correct and present fairly the financial condition of AMG at the date of said statements and the results of its operations for the period covered thereby (except that AMG's unaudited financial statements do not include footnote disclosure or year-end adjustments).

6.7 ABSENCE OF CHANGES. Except as disclosed in Schedule 6.8 or Schedule 6.7 attached hereto or as expressly provided for herein, since December 31, 1996 there has not been any (a) change in the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of AMG, which change by itself or in conjunction with all other such changes, could have a Material Adverse Effect on AMG and its Affiliates, or (b) declaration, setting aside or payment of any dividend or other distribution in respect of the capital stock of AMG. Notwithstanding the foregoing, no representation is given herein with respect to (i) the terms or conditions on which AMG is negotiating, or may have negotiated, debt and/or equity financings, or (ii) the terms or conditions on which AMG is negotiating or may have negotiated investments in investment management companies, which investments have not closed, or (iii) any impact on the condition (financial or otherwise) properties, assets, liabilities, operations or business relating to any investment of AMG, which investment may not have closed.

6.8 LITIGATION. There is no litigation pending against AMG or Merger Sub which would prevent or hinder the consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing, set forth on Schedule 6.8 hereto is a description of certain litigation matters.

6.9 COMPLIANCE WITH LAWS. AMG (with respect to AMG and Merger Sub only, and not its other Affiliates) is, and at all times has been, in material compliance with all Investment Laws and Regulations applicable to it, except to the extent that noncompliance would not have a Material Adverse Effect on AMG and its Affiliates. None of AMG, Merger Sub nor any officer, director or employee thereof is in default with respect to any judgment, order, writ, injunction, decree, demand or assessment relating to any aspect of the business or affairs or properties or assets of AMG and issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, or by any self-regulatory authority. AMG, nor any officer, director or employee thereof, is charged or, to the best knowledge of AMG, under investigation with respect to, any violation of any provision of foreign, federal, state, municipal or other law or any administrative rule or regulation, domestic or foreign, including, without limitation, any Investment Laws and Regulations, affecting AMG, Merger Sub or the transactions contemplated hereby.

6.10 FINDER'S FEE. Neither AMG nor Merger Sub has incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

6.11 PERMITS. AMG has all material Licenses presently required from foreign, federal, state or local authorities in order for AMG to conduct the business presently being conducted by AMG, except for those Licenses, the absence of which could not reasonably be expected to prevent or hinder the consummation of the transactions contemplated by this Agreement.

6.12 MERGER SUB. Merger Sub is a newly formed wholly-owned subsidiary of AMG that contains no assets or liabilities other than those incident to its formation and the consummation of the transactions contemplated hereby.

6.13 ACQUISITION OF SHARES FOR INVESTMENT. AMG has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the shares of Company Common Stock. AMG confirms that the Stockholders and the Company have made available to AMG the opportunity to ask questions of the officers and management employees of the Company and to acquire additional information about the business and financial condition of the Company and the LLC. AMG is acquiring the shares of Company Common Stock for investment and not with a view toward or for sale in connection with any distribution thereof in violation of any federal or state securities or "blue sky" law, or with any present intention of distributing or selling such shares in violation or any federal or state securities or "blue sky" law. AMG understands and agrees that the shares of Company Common Stock may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act of 1933, as amended, except pursuant to an exemption from such registration available under such Act, and without compliance with state, local and foreign securities laws, in each case, to the extent applicable.

6.14 NO IMPLIED REPRESENTATIONS. Notwithstanding any provision of this Agreement, it is the explicit intent of each party hereto that neither AMG nor Merger Sub is making any

representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement. It is understood that any cost estimates, projections or other financial predictions provided to the Company, the Stockholders or any of their affiliates, agents or representatives are not and shall not be deemed to be representations or warranties of AMG or Merger Sub.

SECTION 7. COVENANTS OF AMG.

7.1 MAKING OF COVENANTS AND AGREEMENT. AMG hereby makes the covenants and agreements set forth in this Section 7.

7.2 CONFIDENTIALITY. AMG agrees that, unless and until the Closing has been consummated, each of AMG, Merger Sub and their respective officers, directors, agents and representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from the Company or the Stockholders with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transaction contemplated hereby and except for disclosures to AMG's lenders and other financing sources and except to the extent required by any Investment Laws and Regulations. Information generally known in the Company's industry or which has been disclosed to AMG or Merger Sub by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, AMG will return, and will cause Merger Sub and their respective officers, directors, agents and representatives to return, to the Company (or certify that they have destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, test reports, tax returns, lists, memoranda, and other documents prepared by or made available to AMG (and Merger Sub and their respective officers, directors, agents and representatives) in connection with the transaction.

7.3 COOPERATION OF AMG. AMG shall cooperate and shall cause Merger Sub to cooperate with all reasonable requests of the Company in connection with the Company's compliance with its covenants in Sections 5.2, 5.3 and 5.4 hereof. AMG shall cooperate and shall cause Merger Sub to cooperate with all reasonable requests of the Company and the Company's counsel in connection with the consummation of the transactions contemplated hereby, including without limitation, filings under the HSR Act.

7.4 CONSUMMATION OF AGREEMENT. AMG shall use its best efforts to perform and fulfill and to cause Merger Sub to perform and fulfill all conditions and obligations to be performed and fulfilled by AMG or Merger Sub, as applicable, under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out.

7.5 ORGANIZATION AND AUTHORIZATION OF MERGER SUB. AMG shall take such action as is necessary or appropriate to organize Merger Sub as a wholly owned subsidiary of AMG and (as the sole stockholder of Merger Sub) to authorize Merger Sub to become a party to this Agreement and perform and carry out the transactions contemplated by this Agreement.

SECTION 8. CONDITIONS TO THE OBLIGATIONS OF AMG AND MERGER SUB.

The obligations of AMG and Merger Sub to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment (or waiver by AMG), prior to or at the Closing, of the following conditions precedent:

8.1 LITIGATION; NO OPPOSITION. No judgment, injunction, order or decree enjoining or prohibiting any of AMG, Merger Sub, the Company, the LLC, any of the Stockholders, any of the Management Corporations or any of the other parties to this Agreement or any of the agreements, documents and instruments contemplated hereby, from consummating the transactions contemplated hereby or thereby, shall have been entered and no suit, action or proceeding shall be pending at any time prior to or on the date of the Closing before or by any court or governmental body seeking to restrain or prohibit, or seeking damages or other relief in connection with, the execution and delivery of this Agreement or any of the agreements, documents and instruments contemplated hereby, or the consummation of the transactions contemplated hereby or thereby or which could be expected to have a Material Adverse Effect on the LLC, Merger Sub or AMG.

8.2 REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Each of the representations and warranties of each of the Stockholders contained in this Agreement and in any Schedule or Exhibit attached hereto and in each other agreement, document, instrument or certificate contemplated hereby or otherwise made in writing by any of them or made by any person authorized by them to make representations on their behalf, shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) as of the date of this Agreement and at and as of the Closing as though newly made at such time; except that

(i) the representations in Section 3.7 shall also be made with respect to assets under management and advisory contracts as of a date which is no more than ten (10) days prior to the Closing (but is prior to the Asset Transfer), instead of being made with respect to assets under management and advisory contracts as of the date of the Closing;

(ii) the representations in Section 3.15 shall be true and correct as of the date of this Agreement and shall be made at and as of the Closing with any change since such date having occurred in compliance with the terms and conditions of this Agreement including, without limitation, the provisions of Section 5.5; and

(iii) the representations and warranties in Sections 3.6, 3.14(a), 3.14(b), 3.14(c), 3.25(c) and the first sentence of Section 3.18(a) with respect to the Company shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as

so qualified shall be true in all respects) only as of the date of this Agreement and at and as of the date of the Asset Transfer.

(b) Upon the assumption that the Asset Transfer has occurred in accordance with the terms of the Asset Transfer Agreement, each of the representations and warranties of each of the Stockholders contained in the following Sections of this Agreement with respect to the Company: 3.4 (Subsidiaries), 3.6 (Real and Personal Property), 3.8(c) (Financial Statements), 3.9 (Taxes), 3.10 (Collectibility of Accounts Receivable), 3.11 (Absence of Certain Changes), 3.12 (Ordinary Course), 3.13 (Banking Relations), 3.14 (Intellectual Property), 3.15 (Contracts), 3.16 (Litigation), 3.17 (Compliance with Laws), 3.18 (Business; Registrations), 3.19 (Insurance), 3.20 (Powers of Attorney), 3.21 (Finder's Fee), 3.22 (Corporate Records; Copies of Documents), 3.23 (Transactions with Interested Persons), 3.24 (Employee Benefit Programs), 3.25 (Directors; Officers and Employees), 3.26 (Code of Ethics), 3.28 (Disclosure) and 3.29 (No Implied Representation) shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) at and as of the Closing with respect to the LLC and all references therein to the Company and its Stockholders shall be deemed to be references to the LLC and its Members, respectively.

(c) Each and all of the agreements and conditions to be performed or satisfied by the Company, the LLC, each of the Stockholders hereunder and under the other agreements, documents and instruments contemplated hereby at or prior to the Closing shall have been duly performed or satisfied.

(d) The Company, the LLC, each of the Stockholders shall have furnished AMG and Merger Sub with a certificate or certificates dated as of the date of the Closing with respect to each of the foregoing.

8.3 ADVISORY CONTRACT CONSENTS. Clients of the Company whose advisory agreements provide for the payment (based on the Contract Value of each such advisory agreement) of fees constituting at least eighty-five percent (85%) of the Base Fees shall have Consented to the transactions contemplated hereby. For purposes of this Section 8.3:

(i) "Base Fees" shall mean the annual advisory fees (other than incentive or performance fees) payable to the Company under all its contracts calculated based on assets under management and the fee schedules set forth in the relevant agreements as of December 31, 1996;

(ii) "Consent" shall mean (A) with respect to a client whose contract by its terms terminates upon the consummation of the transactions contemplated hereby, that the LLC shall have entered into a new contract on substantially equivalent terms which contract is effective after giving effect to the Asset Transfer and the Closing, (B) with respect to a client whose contract requires written consent from a party or parties thereto for it to survive the transactions contemplated hereby, that the Company shall have

obtained all such written consents as may be required under such contract, and (C) with respect to a client whose contract does not require written consent from any party thereto for it to survive the transactions contemplated hereby, that the Company shall have obtained such consents as may be required under such contract (including, with respect to the requirement for contracts to include provisions requiring consent to transfer set forth under the Advisers Act, that the Company has complied with Section 5.2 hereof with respect to such contract). Notwithstanding the foregoing, no client of the Company shall be deemed to have given its Consent if such client has expressed an intent to terminate or significantly reduce its investment relationship with the Company (or, after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and the Closing, the LLC) or to adjust the fee schedule with respect to one or more of its contracts in a manner that would materially reduce the fee to the LLC.

(iii) "Contract Value" shall mean, (A) with respect to an advisory contract which was in effect on June 30, 1997, the product of four (4) and the quarterly advisory fees (other than incentive or performance fees) payable to the Company as of June 30, 1997 (adjusted for any additions and/or withdrawals since June 30,1997 and for any amendments to the fee schedule since such date), and (B) with respect to an advisory contract which is entered into by the Company after June 30,1997, the annual advisory fees (other than incentive or performance fees) payable to the Company based on the fee schedule and assets under management set forth in the relevant agreement on the date of such agreement (adjusted for any additions or withdrawals since that date and for any amendments to the fee schedule since such date). For purposes of the definition of "Contract Value," each so called "wrap-fee" program shall be considered an advisory contract and the addition and withdrawal of participants in each such program shall be treated as an addition or withdrawal of funds.

At the Closing, the Company shall deliver a certificate certifying as to compliance with the foregoing, which certificate includes the calculation of compliance, including a list in the form of subsection (a) of Schedule 3.7 of all investment management or advisory contracts as of the date of calculation, including all the categories of information set forth in subsection (a) of Schedule 3.7.

8.4 REGISTRATION AS AN INVESTMENT ADVISER AND REGISTRATION OF INVESTMENT ADVISER REPRESENTATIVES.

(a) The LLC shall have become registered as an investment adviser under the Advisers Act and the rules and regulations promulgated thereunder, and under the laws of each state where such a registration may be necessary or desirable (in the opinion of AMG) to enable the LLC, after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and the Closing, to conduct the businesses presently conducted by the Company.

(b) All applicable Employees shall have become registered as investment adviser representatives (within the meaning of Rule 203A-3(a) under the Advisers Act, upon effectiveness) of the LLC under the laws of each state where such a registration may be necessary or desirable (in the opinion of AMG) to enable the LLC, after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and the Closing, to conduct the business presently conducted by the Company.

8.5 OTHER APPROVALS. Except as otherwise specifically contemplated hereby, all actions by or in respect of, or filings with, any governmental body, agency, or official or authority required to permit the consummation of the transactions contemplated hereby so that after the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and the Closing, the LLC shall be able to carry on the business presently being conducted by the Company, in the manner now conducted by the Company, shall have been taken, made or obtained, and any and all other material permits, approvals, consents or other actions necessary to consummate the transactions hereunder shall have been received or taken, and none of such permits, approvals or consents shall contain any provisions which, in the reasonable judgment of AMG, are unduly burdensome.

8.6 TRANSFER. (a) The transactions contemplated by the Asset Transfer Agreement in the form attached hereto as Exhibit 8.6 (and the schedules and exhibits thereto) shall have occurred (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and (b) such other and additional documents and instruments of transfer as AMG shall reasonably deem necessary in connection therewith, shall have been executed, delivered and performed.

8.7 RESTATED LLC AGREEMENT. Each Stockholder who is receiving (direct or indirect) interests in the LLC (and, in the case of each Stockholder who has elected to form a corporation to receive his or her interests in the LLC, such Management Corporation) has executed and delivered the Restated LLC Agreement.

8.8 NON SOLICITATION/NON DISCLOSURE AGREEMENTS. Each Employee Stockholder (and in the case of each Stockholder who has elected to form a wholly-owned corporation to receive his or her interests in the LLC, such Management Corporation) shall have entered into a Non Solicitation/Non Disclosure Agreement with the LLC and its Manager Member (each a "Non Solicitation Agreement") in the form attached hereto as Exhibit 8.8, and each such Non Solicitation Agreement shall be in full force and effect.

8.9 EMPLOYMENT AGREEMENTS. Each of Irwin Lieber and Barry K. Fingerhut, shall have entered into an Employment Agreement with the LLC and its Manager Member in the form attached hereto as Exhibit 8.9 (the "Employment Agreements"), and each such Employment Agreement shall be in full force and effect.

8.10 AGREEMENTS WITH RESPECT TO PRIVATE FUNDS. The Stockholders and the managers or general partners of each Private Fund shall have entered into agreements in the form attached hereto as Exhibit 8.10A and Exhibit 8.10B, and each such agreement shall be in full force in effect

(having been approved by all necessary consents or approvals and after the making of any necessary filings).

8.11 CAPITALIZATION, NET WORTH AND WORKING CAPITAL OF THE LLC. The LLC's capitalization, including capital and profits interests and other rights to purchase interests in the LLC shall be as set forth in Schedule 3.3(c) hereto. At the Closing, and after giving effect to the Asset Transfer (assuming the due authorization, validity and enforceability of the Asset Transfer Agreement) and taking into account all transaction costs of the LLC, the LLC shall have a tangible net worth (determined in accordance with GAAP using the accrual based method of accounting, consistently applied) of at least $3,600,000, working capital (defined as current assets less current liabilities and excluding, for these purposes, the accounts receivable listed in Schedule 3.10) of at least $3,263,000 and cash on hand of at least $100,000 or such greater net worth, working capital or amount of cash on hand as shall be necessary for the operation of the business of the LLC consistent with past practices of the Company.

8.12 DELIVERY. Each of the Company, the Stockholders and the Management Corporations shall have executed (where applicable) and delivered to AMG (or shall have caused to be executed and delivered to AMG by the appropriate person including, without limitation, the LLC) the following:

(a) the Asset Transfer Agreement (including all agreements and documents which are schedules thereto) and all such other documents of transfer and assignment as AMG may reasonably require in connection therewith;

(b) certified copies of resolutions of the board of directors (and, if necessary, the shareholders) of the Company and each Management Corporation authorizing the execution of this Agreement and each of the agreements, documents and instruments contemplated hereby to which the Company or a Management Corporation is a party (and which the Company executes on behalf of the LLC);

(c) a copy of the charter and by-laws of the Company and each of the Management Corporations which, in the case of the charter, is certified as of a recent date by the Secretary of State of the relevant state of incorporation;

(d) a copy of the Certificate of Formation of the LLC certified as of a recent date by the Secretary of State of the State of Delaware;

(e) a copy of the Limited Liability Company Agreement of the LLC as in effect immediately prior to the restatement into the Restated LLC Agreement;

(f) a certificate issued by the appropriate Secretary of State certifying that the Company and each of the Management Corporations is validly existing and in good standing in such state as of the most recent practicable date;

(g) a certificate issued by the appropriate Secretary of State of each state in which each of the Company and, after giving effect to the Asset Transfer, the LLC does business certifying that each of the Company and the LLC, as applicable, are in good standing in such state as of the most recent practicable date;

(h) true and correct copies of each of the agreements, documents and instruments contemplated hereby (including, without limitation, the Restated LLC Agreement), and all agreements, documents, instruments and certificates delivered or to be delivered in connection therewith;

(i) for each of the individuals listed in Schedule 3.25(b), evidence that such person has had a physical examination within thirty (30) days prior to the Closing, including a letter from a licensed physician familiar with such person's health indicating that such person is in good health at such date;

(j) a certificate of the Secretary of the Company, the LLC and each of the Management Corporations, certifying that the resolutions, charter, limited liability company agreement and by-laws in paragraphs (b), (c) and (e) above are in full force and effect and have not been amended or modified, and that the officers of such corporation or limited liability company are those persons named in the certificate;

(k) an opinion from counsel to the Company, the Stockholders and the Management Corporations, in substantially the form of Exhibit 8.12(k) hereto;

(l) a release of the LLC from all liabilities other than those arising out of the transactions or agreements contemplated hereby, from each of the Company and the Stockholders in the form attached hereto as Exhibit 8.12(l);

(m) all corporate record books of the Company, including minutes of all meetings of stockholders, directors and committees of the Board of Directors, if any, and the stock records of the Company (including all original stock certificates surrendered by the Stockholders);

(n) a Subscription Agreement in the form attached as Exhibit 8.12(n) hereto;

(o) the Certification attached to the signature pages hereto certifying stockholder approval of this Agreement; and

(p) such other Certificates and documents as are required hereby or are reasonably requested by AMG.

8.13 EVIDENCE OF INSURABILITY. AMG shall have received such evidence as it shall deem necessary or appropriate as to the insurability of each of the Persons listed in Schedule 3.25(b) hereto as and in amounts contemplated by Section 3.5(e) of the Restated LLC Agreement with respect to both key-man life insurance and disability insurance policies.

8.14 INSURANCE POLICIES. Each of the Company and the LLC shall have in place insurance policies (a) with respect to the Company, covering liabilities of directors and officers, in such amounts as AMG shall reasonably deem necessary, and (b) with respect to the LLC, as contemplated by Section 3.19.

8.15 POLICIES AND PROCEDURES. The LLC and its employees shall have adopted such maternity leave and similar employment policies, Code of Ethics, insider trading policies, policies with respect to soft dollars, trade allocation policies, client intake procedures and Supervisory Procedures Manuals as are reasonably acceptable to AMG.

8.16 MATERIAL ADVERSE CHANGE. There shall have been no event or condition or events or conditions, which, either individually or in the aggregate, could have a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business operations or prospects of the LLC, and AMG shall be provided with a certificate from the Chairman of the Company to that effect at the Closing.

8.17 HSR ACT. Any applicable waiting period under the HSR Act (including any extensions thereof) shall have expired or been terminated.

8.18 LICENSE TO USE NAME. The Company and the LLC shall have entered into an agreement substantially in the form of Exhibit 8.18 attached hereto granting to GeoCapital Ventures a limited irrevocable license to use the name "GeoCapital."

SECTION 9. CONDITIONS TO OBLIGATIONS OF THE COMPANY.

The obligation of the Company to consummate this Agreement and the transactions contemplated hereby is subject to the fulfillment (or waiver by the Company), prior to or at the Closing, of the following conditions precedent:

9.1 NO LITIGATION; NO OPPOSITION. No judgment, injunction, order or decree enjoining or prohibiting any of AMG, the Company, the LLC, any of the Stockholders, the Management Corporations or other parties to this Agreement or any of the agreements, documents and instruments contemplated hereby, from consummating the transactions contemplated hereby, or thereby shall have been entered and no suit, action or proceeding shall be pending or threatened on the date of Closing before or by any court or governmental body seeking to restrain or prohibit the execution and delivery of this Agreement or any of the agreements, documents or instruments contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

9.2 REPRESENTATIONS, WARRANTIES AND COVENANTS. Each of the representations and warranties of AMG contained in this Agreement and in any Schedule or Exhibit attached hereto and in the other agreements, documents or instruments contemplated hereby or otherwise made in writing by AMG or by any person authorized by AMG to make representations on its behalf shall be true and correct in all material respects at and as of the Closing as though newly made at such time. Each and all the agreements and conditions to be performed or satisfied by AMG

hereunder and under the other agreements, documents as instruments contemplated hereby at or prior to the Closing shall have been duly performed or satisfied. AMG shall have furnished the Stockholders with a certificate dated as of the date of the Closing to the foregoing effect.

9.3 ADVISORY CLIENT CONSENT. The condition set forth in Section 8.3 shall have been met.

9.4 EMPLOYMENT AGREEMENTS. Merger Sub, as Manager Member of the LLC, shall have caused the LLC to execute and deliver at the Closing the Employment Agreements of each of Irwin Lieber and Barry K. Fingerhut.

9.5 MATERIAL ADVERSE CHANGE. There shall have been no change in the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of AMG, which change by itself or in conjunction with all other such changes, could have a Material Adverse Effect on AMG and its Affiliates and the Company shall be provided with a certificate from the President or any Senior Vice President of AMG to that effect at the Closing. Notwithstanding the foregoing, this Section 9.5 shall not apply the entrance into any letter of intent, commitment letter, contract or other agreement with respect to, or the incurrence of any debt, claim or obligation arising from, (i) debt and/or equity financings which AMG is negotiating, or may have negotiated, or (ii) investments in investment management companies which AMG is negotiating or may have negotiated, which investments have not closed, or (iii) the properties, assets, liabilities, operations or business relating to any investment of AMG, which investment may not have closed.

9.6 DELIVERY. AMG shall have executed and delivered to the Company, the following:

(a) certified copies of resolutions of the board of directors of AMG and Merger Sub authorizing the execution of this Agreement and each of the other agreements, documents or instruments contemplated hereby to which AMG is a party;

(b) a copy of the Amended and Restated Certificate of Incorporation and By-laws of AMG and Merger Sub which, in the case of the Certificate of Incorporation, is certified as of a recent date by the Secretary of State of the State of Delaware;

(c) a certificate issued by the Secretary of State of the State of Delaware certifying that each of AMG and Merger Sub is validly existing and in good standing in Delaware as of the most recent practicable date;

(d) true and correct copies of each of the agreements, documents and instruments contemplated hereby (including, without limitation, the Restated LLC Agreement) to which AMG or Merger Sub is a party, and all agreements, documents, instruments and certificates delivered or to be delivered in connection therewith by AMG or Merger Sub, as applicable;

(e) a certificate of the Secretary of AMG and Merger Sub certifying that (i) the resolutions, Amended and Restated Certificate of Incorporation and By-laws in paragraphs (a) and (b) above are in full force and effect and have not been amended or modified, (ii) the Preferred Shares have been duly authorized and if, when and as issued hereunder will be validly issued, fully paid and nonassessable and (iii) that the officers of AMG are those persons named in the certificate;

(f) an opinion from Goodwin, Procter & Hoar LLP in substantially the form of Exhibit 9.6(f) hereto; and

(g) the Certification attached to the signature pages hereto.

9.7 TAX OPINION. The Company shall have received an opinion of Wachtell, Lipton, Rosen & Katz, counsel to the Company, dated the date of the Closing, based upon facts and assumptions set forth in such opinion, to the effect that (i) the Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code and (ii) the Company, AMG and Merger Sub will each be a party to such reorganization within the meaning of Section 368(b) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in letters from the Company, AMG and the Stockholders.

9.8 HSR ACT. Any applicable waiting period under the HSR Act (including any extensions thereof) shall have expired or been terminated.

9.9 PREFERRED SHARES. AMG shall have amended its Amended and Restated Certificate of Incorporation to authorize the issuance of the Preferred Shares.

SECTION 10. TERMINATION OF AGREEMENT; RIGHTS TO PROCEED.

10.1 TERMINATION. At any time prior to the Closing, this Agreement may be terminated as follows:

(a) by mutual written consent of AMG and the Company;

(b) by AMG, pursuant to written notice by AMG to the Company and the Stockholders, if any of the conditions set forth in Section 8 of this Agreement have not been satisfied at or prior to October 31, 1997, or if it has become reasonably and objectively certain that any of such conditions, will not be satisfied at or prior to October 31, 1997, such written notice to set forth such conditions which have not been or will not be so satisfied; and

(c) by the Company, pursuant to written notice by the Company to AMG, if any of the conditions set forth in Section 9 of this Agreement have not been satisfied at or prior to October 31, 1997, or if it has become reasonably and objectively certain that any of such conditions, will not be satisfied at or prior to October 31, 1997, such written notice to set forth such conditions which have not been or will not be so satisfied.

53

10.2 EFFECT OF TERMINATION; EXPENSES.

(a) All obligations of the parties hereunder shall cease upon any termination pursuant to Section 10.1; provided, however, that (i) such termination shall not relieve any party hereto of any liability for any willful breach of this Agreement and related agreement and (ii) the provisions of this Section 10, Sections 5.12, 5.13, and 7.2, and the provisions of Section 14 hereof shall survive any termination of this Agreement.

(b) If this Agreement is terminated pursuant to Section 10.1(b) as a result of a material breach by the Company of this Agreement, the Company shall be liable to AMG for all actual out-of-pocket expenses incurred by AMG in connection with the entering into of this Agreement. If this Agreement is terminated pursuant to Section 10.1(c) as a result of a material breach by AMG of this Agreement, AMG shall be liable to the Company for all actual out-of-pocket expenses incurred by the Company in connection with the entering into of this Agreement. For purposes of this Section 10.2(b), it is understood that the failure to satisfy a condition shall not in and of itself constitute a breach of this Agreement. In all other circumstances, expenses shall be paid as contemplated in Section 14.1.

10.3 RIGHT TO PROCEED. Anything in this Agreement to the contrary notwithstanding, if any of the conditions specified in Section 8 hereof have not been satisfied, AMG shall have the right to proceed with the transactions contemplated hereby without waiving any of its rights hereunder, and if any of the conditions specified in Section 9 hereof have not been satisfied, the Company shall have the right to proceed with the transactions contemplated hereby without waiving any of their rights hereunder.

SECTION 11. RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING.

11.1 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS. Each of the representations, warranties, agreements and obligations herein or in any schedule, exhibit or certificate delivered by any party to any other party incident to the transactions contemplated hereby are material, shall be deemed to have been relied upon by the other party and shall survive the Closing until the date that is sixty (60) days following AMG's receipt of audited financial statements of the LLC for the period ending December 31, 1998, except for the representations and warranties made in Sections 3.9, 3.24 and, to the extent it relates thereto, Section 3.28, which shall survive until the expiration of the applicable statute of limitations, if any and except that all covenants herein not fully performed shall survive the Closing and continue thereafter until fully performed. The expiration of any representation or warranty shall not affect any claim made prior to the date of such expiration. Any investigation, audit or other examination that may have been made or may be made at any time by or on behalf of the party to whom any such representation or warranty is made shall not limit or diminish such representations and warranties, and the parties may rely on the representations and warranties set forth in this Agreement irrespective of any information obtained by them by any investigation, audit or examination or otherwise.

11.2 REGULATORY FILINGS. Each of the Company and the Stockholders will cooperate with AMG and Merger Sub and their counsel to enable AMG, Merger Sub and the LLC to make any and all regulatory filings required by them with respect to the LLC or the transactions contemplated hereby (including, by way of example and not of limitation, the filing of tax returns).

SECTION 12. INDEMNIFICATION.

12.1 INDEMNIFICATION BY THE STOCKHOLDERS. The Stockholders jointly and severally with respect to the representations, warranties and covenants of the Stockholders and of each Stockholder severally but not jointly with respect to the representations and warranties that relate only to such Stockholder agree subsequent to the Closing to indemnify and hold the LLC, Merger Sub, AMG and their respective subsidiaries and Affiliates and persons serving as officers, directors, partners stockholders or employees thereof (individually a "AMG Indemnified Party" and collectively the "AMG Indemnified Parties") harmless from and against any damages, liabilities, losses (including, without limitation, diminution in value), taxes, fines, penalties, costs, and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing), and, if the AMG Indemnified Party is the LLC, net of any insurance proceeds actually received by the LLC (less the aggregate premiums paid by the LLC for such insurance), which may be sustained or suffered by any of them arising out of or based upon any of the following matters:

(a) fraud, intentional misrepresentation or a deliberate or willful breach by the Company, the LLC or any Stockholder or Management Corporation of any of their representations, warranties or covenants under this Agreement or any agreement, document or instrument contemplated hereby or in any certificate, schedule or exhibit delivered pursuant hereto or thereto;

(b) any breach of any representation, warranty or covenant of the Company, the LLC or any Stockholder or Management Corporation under this Agreement or under any agreement, document or instrument contemplated hereby, or in any certificate, schedule or exhibit delivered pursuant hereto or thereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting such a breach;

(c) the activities, conduct, business or operation of the Company or the LLC prior to the Closing, or arising out of facts, events or circumstances regarding the Company or the LLC existing prior to the Closing other than executory obligations to be performed after the Closing that arise pursuant to the obligations expressly assumed by the LLC as Assumed Obligations pursuant to the Asset Transfer Agreement; and

(d) any payments required to be made to the Minnesota State Board of Investment on account of the performance of the Company in managing assets under the control of the Minnesota State Board of Investment (the "Minnesota Account") prior to the Closing (including, without limitation, an account of (i) Residual (as such term is described on Exhibit C

to the Minnesota Agreement) in existence on the date of Closing, (ii) any Carryover (as such term is described on Exhibit C to the Minnesota Agreement) in existence on the date of Closing, and (iii) the performance of the Minnesota Account prior to the date of Closing).

12.2 LIMITATIONS ON INDEMNIFICATION BY THE STOCKHOLDERS. Notwithstanding the foregoing, the right of AMG Indemnified Parties to indemnification under Section 12.1 other than Section 12.1(d) shall be subject to the following provisions:

(a) No indemnification shall be payable pursuant to an AMG Indemnified Party with respect to claims asserted to Section 12.1(b) or 12.1(c) above, unless the aggregate amount of all claims for indemnification pursuant to Section 12.1 shall exceed $250,000 in the aggregate, whereupon the full amount of such claims shall be recoverable in accordance with the terms hereof.

(b) No indemnification shall be payable to an AMG Indemnified Party with respect to claims asserted pursuant to Section 12.1(b) or 12.1(c) above (exclusive of any claims for indemnification for Taxes or based upon or related to a breach of any representation, warranty or covenant with respect to Taxes or tax related matters (whether or not the representation which is breached specifically relates to Taxes), Employee Programs or Investment Laws and Regulations) in amounts in excess of the sum of (i) **confidential treatment requested** Dollars ($**confidential treatment requested**) and (ii) any and all amounts of principal under any promissory note issued to such Stockholder (or the Management Corporation of which he is a stockholder) pursuant to the provisions of Section 3.12 of the Restated LLC Agreement (whether or not then due and payable) in accordance with the terms of such note.

(c) No indemnification shall be payable to an AMG Indemnified Party with respect to claims asserted pursuant to Section 12.1(b) or 12.1(c) above (exclusive of any claims for indemnification for Taxes or based upon or related to a breach of any representation, warranty or covenant with respect to Taxes or tax related matters (whether or not the representation which is breached specifically relates to Taxes), Employee Programs or Investment Laws and Regulations) after the date that is sixty (60) days following AMG's receipt of audited financial statements of the LLC for the period ended December 31, 1998 (the "Indemnification Cut-Off Date"); provided, however, that such expiration shall not affect any claim with respect to which notice was given in the manner contemplated by Section 12.5 hereof prior to the Indemnification Cut-Off Date.

12.3 INDEMNIFICATION BY AMG. AMG agrees to indemnify and hold the Stockholders harmless from and against any damages, liabilities, losses and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) which may be sustained or suffered by the Stockholders (directly or indirectly through their interests in the LLC net of insurance proceeds and tax benefits received by the LLC) arising out of or based upon any breach of any representation, warranty or covenant made by AMG in this Agreement or in any agreement, document or instrument contemplated hereby, or

in any certificate, schedule or exhibit delivered pursuant hereto or thereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting such a breach.

12.4 LIMITATION ON INDEMNIFICATION BY AMG. Notwithstanding the foregoing, the right of the Stockholders to indemnification under Section 12.3 shall be subject to the following provisions:

(a) No indemnification shall be payable to the Stockholders with respect to claims asserted pursuant to Section 12.3 above unless the total of all claims for indemnification pursuant to Section 12.3 shall exceed $250,000 in the aggregate, whereupon the full amount of such claims shall be recoverable in accordance with the terms hereof.

(b) No indemnification shall be payable to the Stockholders with respect to claims asserted pursuant to Section 12.3 above in amounts in excess of **confidential treatment requested** Dollars ($**confidential treatment requested**).

(c) No indemnification shall be payable to the Stockholders with respect to claims asserted pursuant to Section 12.3 above after the Indemnification Cut-Off Date; provided, however, that such expiration shall not affect any claim with respect to which notice was given in the manner contemplated by Section 12.5 hereof prior to the Indemnification Cut-Off Date.

12.5 NOTICE; DEFENSE OF CLAIMS. An indemnified party may make claims for indemnification hereunder by giving written notice thereof to the indemnifying party within the period in which indemnification claims can be made hereunder. If indemnification is sought for a claim or liability asserted by a third party, the indemnified party shall also give written notice thereof to the indemnifying party promptly after it receives notice of the claim or liability being asserted, but the failure to do so shall not relieve the indemnifying party from any liability except to the extent that it is prejudiced by the failure or delay in giving such notice. Such notice shall summarize the bases for the claim for indemnification and any claim or liability being asserted by a third party. Within twenty (20) days after receiving such notice the indemnifying party shall give written notice to the indemnified party stating whether it disputes the claim for indemnification and whether it will defend against any third party claim or liability at its own cost and expense. If the indemnifying party fails to give notice that it disputes an indemnification claim within twenty (20) days after receipt of notice thereof, it shall be deemed to have accepted and agreed to the claim, which shall become immediately due and payable. The indemnifying party shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the indemnified party, which consent shall not be unreasonably withheld) as long as the indemnifying party is conducting a good faith and diligent defense. The indemnified party shall at all times have the right to fully participate in the defense of a third party claim or liability at its own expense directly or through counsel; provided, however, that if the named parties to the action or proceeding include both the indemnifying party and the indemnified party and the indemnified party is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the indemnified party may engage separate counsel at the expense of the indemnifying party. If no such notice of intent

to dispute and defend a third party claim or liability is given by the indemnifying party, or if such good faith and diligent defense is not being or ceases to be conducted by the indemnifying party, the indemnified party shall have the right, at the expense of the indemnifying party, to undertake the defense of such claim or liability (with counsel selected by the indemnified party), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available such information and assistance as the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense, at the expense of the indemnifying party.

12.6 SATISFACTION OF THE STOCKHOLDERS' INDEMNIFICATION OBLIGATIONS. In order to satisfy the indemnification obligations of the Stockholders pursuant to Section 10.1 above, an AMG Indemnified Party shall have the right (in addition to collecting directly from the Stockholders) to set off its indemnification claims against any and all amounts of interest and principal under any promissory note issued to such Stockholder (or the Management Corporation of which he is a stockholder) pursuant to the provisions of Section 3.12(e) of the Restated LLC Agreement (whether or not then due and payable) in accordance with the terms of such note.

SECTION 13. DEFINITIONS.

13.1 DEFINITIONS. For purposes of this Agreement and the Exhibits and Schedules hereto, the following terms shall have the respective meanings set forth in this Section 13.1.

"Adjustment Fractions" shall have the meaning specified in Section 1.7(b)(i).

"Advisers Act" shall mean the Investment Advisers Act of 1940, as the same may be amended from time to time, and any successor to such act.

"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 or indirectly, of the power to (a) vote fifty percent (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.

"AMG" shall have the meaning specified in the preamble hereto.

"AMG Indemnified Party" shall have the meaning specified in Section 12.1 hereof.

"Asset Transfer" shall mean each of the transactions contemplated by the Asset Transfer Agreement as well as each of the other agreements, documents and instruments contemplated thereby.

"Asset Transfer Agreement" shall mean the Asset Transfer Agreement in the form attached hereto as Exhibit 8.6.

"Base Balance Sheet" shall have the meaning specified in Section 3.8 hereof.

"Base Fees" shall have the meaning specified in Section 8.3 hereof.

"Certificate of Incorporation" shall mean the Company's Certificate of Incorporation, as amended to the date of this Agreement.

"Certificate of Merger" shall have the meaning specified in Section 1.2 hereof.

"Claims" shall mean any restrictions, liens, claims, charges, security interests, assignments, mortgages, deposit arrangements, pledges or encumbrances of any kind or nature whatsoever.

"Closing" shall have the meaning specified in Section 1.8 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor code thereto. For purposes of this Agreement, all references to Sections of the Code shall include any predecessor provisions to such Sections and any similar provisions of federal, state, local or foreign law.

"Commodity Exchange Act" shall mean the Commodity Exchange Act, 7 U.S.C. Section 1 et. seq., as the same may be amended from time to time, and any successor to such act.

"Company" shall have the meaning specified in the preamble hereto.

"Consent" shall have the meaning specified in Section 8.3 hereof.

"Contract Value" shall have the meaning specified in Section 8.3 hereof.

"Delaware Act" shall mean the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101, et. seq., as amended from time to time, and any successor to such act.

"Effective Time" shall have the meaning specified in Section 1.2 hereof.

"Employees" shall have the meaning specified in Section 3.25(c) hereof.

"Employment Agreement" shall have the meaning specified in Section 8.9 hereof.

"Employment Arrangement" shall have the meaning specified in Section 3.25(c) hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor to such act.

"ERISA Client" shall have the meaning specified in Section 3.7(b) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and any successor to such act.

"Existing Certificate of Formation" shall mean the Certificate of Formation of the LLC, as amended to the date of this Agreement.

"Existing LLC Agreement" shall mean the Limited Liability Company Agreement of the LLC dated as of August __, 1997, which is the Limited Liability Company Agreement of the LLC on the date of this Agreement and immediately prior to its amendment and restatement into the Restated LLC Agreement.

"GAAP" shall mean United States generally accepted accounting principles as in effect from time to time.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"IMRO" shall mean the United Kingdom Investment Management Regulatory Organization Ltd., or any successor organization thereto.

"Indemnification Cut-Off Date" shall have the meaning specified in Section 12.2(c) hereof.

"Intellectual Property" shall have the meaning specified in Section 3.14(a).

"Investment Company Act" shall mean the Investment Company Act of 1940, as the same may be amended from time to time, and any successor to such act.

"Investment Laws and Regulations" shall have the meaning specified in Section 3.17.

"Investment Management Services" shall mean any services which involve (a) the management of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds), and activities related or incidental thereto.

"IRS" shall mean the Internal Revenue Service.

"Licenses" shall have the meaning specified in Section 3.18(b) hereof.

"LLC" shall mean GeoCapital, LLC, a Delaware limited liability company.

"LLC Points" shall have the meaning specified in the Restated LLC Agreement.

"Management Corporation" shall have the meaning specified in the preamble hereof.

"Material Adverse Effect" shall mean, with respect to a Person, a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of such Person.

"Merger" shall have the meaning specified in Section 1.1 hereof.

"Merger Consideration" shall have the meaning specified in Section 1.7 hereof.

"Minnesota Account" shall have the meaning specified in Section 12.1(d) hereof.

"Minnesota Agreement" shall mean the Investment Advisory Agreement dated as of July 1, 1993 between the Company and the Minnesota State Board of Investment.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"Non Solicitation Agreement" shall mean a Non Solicitation/Non Disclosure Agreement substantially in the form attached hereto as Exhibit 8.8.

"Person" shall mean any individual, partnership (general or limited), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

"Preferred Shares" shall have the meaning specified in Section 1.7(a) hereof.

"Preferred Stock" shall mean Series B-1 Preferred Stock, $.01 par value per share, of AMG; provided, however, that if AMG has created or believes it is likely to create a class or series of convertible preferred stock, then at the option of AMG, "Preferred Stock" shall mean Class D Preferred Stock, $.01 par value per share on substantially the terms and conditions provided to the Stockholders by AMG as of the date of this Agreement as being the terms and conditions of the proposed Class C Preferred Stock, $.01 per value per share.

"Private Funds" shall mean Applewood Associates, L.P., Wheatley Partners, L.P. and Wheatley Foreign Partners, L.P.

"Restated LLC Agreement" shall mean the Amended and Restated Limited Liability Company Agreement of the LLC in substantially the form attached hereto as Exhibit 2.1, as the same may be amended from time to time in accordance with its terms.

"SEC" shall mean the Securities and Exchange Commission, or any successor agency thereto.

"Securities Act" shall mean the Securities Act of 1933, as the same may be amended from time to time, and any successor to such act.

"Stockholder" shall have the meaning specified in the preamble hereof.

"Surviving Corporation" shall have the meaning specified in Section 1.1 hereof.

"Taxes" shall have the meaning specified in Section 3.9(a) hereof.

"Taxing Authority" shall have the meaning specified in Section 3.9(c) hereof.

SECTION 14. MISCELLANEOUS.

14.1 FEES AND EXPENSES. Subject to Section 10.2(b), the rights and obligations of the parties with respect to fees and expenses are set forth in this Section 14.1. AMG shall pay its own expenses incident to the negotiation and consummation of the transactions contemplated by this Agreement and the agreements, instruments and documents contemplated hereby, including without limitation, any filing fees under the HSR Act. The Stockholders shall pay their own expenses and the expenses of the Company and the LLC incident to the negotiation and consummation of the transactions contemplated by this Agreement and the agreements, instruments and documents contemplated hereby, including without limitation the reasonable costs of such reviews or audits as may be requested by AMG pursuant to Section 5.14 and the reasonable costs incurred in connection with the policies and procedures contemplated in Section 8.15; provided, however, that AMG shall pay the filing and registration fees incurred by the LLC in connection with the transactions contemplated hereby.

14.2 DISPUTE RESOLUTION. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the applicable rules of the American Arbitration Association. The arbitration shall be held in The Commonwealth of Massachusetts before a single arbitrator selected in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry, and shall otherwise be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules.

14.3 WAIVERS. Any waiver of any terms or conditions or of the breach of any covenant, representation or warranty of this Agreement in any one instance, shall not operate as or be deemed to be or construed as a further or continuing waiver of any other breach of such term, condition, covenant, representation or warranty or any other term, condition, covenant, representation or warranty, nor shall any failure or delay at any time or times to enforce or require performance of any provision hereof operate as a waiver of or affect in any manner such party's

right at a later time to enforce or require performance of such provision or of any provision hereof; provided, however, that no such waiver, unless it, by its own terms, explicitly provides to the contrary, shall be construed to effect a continuing waiver of the provision being waived and no such waiver in any instance shall constitute a waiver in any other instance or for any other purpose or impair the right of the party against whom such waiver is claimed in all other instances or for all other purposes to require full compliance. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

14.4 GOVERNING LAW. This Agreement shall be construed under and governed by the internal laws of The Commonwealth of Massachusetts without regard to its conflict of laws provisions.

14.5 NOTICES. Any notice, request, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered or sent by facsimile transmission, upon receipt, or if sent by registered or certified mail, upon the sooner of the date on which receipt is acknowledged or the expiration of three days after deposit in United States post office facilities properly addressed with postage prepaid. All notices to a party will be sent to the addresses set forth below or to such other address or person as such party may designate by notice to each other party hereunder:

TO AMG:	Affiliated Managers Group, Inc. Two International Place, 23rd Floor Boston, MA 02110 Attn: Nathaniel Dalton, Senior Vice President Facsimile No.: (617) 747-3380
With a copy to:	Goodwin, Procter & Hoar LLP Exchange Place Boston, MA 02109 Attn: Elizabeth Shea Fries Facsimile No.: (617) 523-1231
TO Merger Sub:	c/o Affiliated Managers Group, Inc. Two International Place, 23rd Floor Boston, MA 02110 Attn: Nathaniel Dalton, Senior Vice President Facsimile No.: (617) 747-3380
With a copy to:	Goodwin, Procter & Hoar LLP Exchange Place Boston, MA 02109 Attn: Elizabeth Shea Fries Facsimile No.: (617) 523-1231

TO COMPANY:	GeoCapital Corporation 767 Fifth Avenue New York, NY 10153-4590 Attn: Irwin Lieber Facsimile No.: (212) 486-4469
With a copy to:	Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019-6150 Attn: Craig M. Wasserman Facsimile No.: (212) 403-2000
TO ANY STOCKHOLDER:	c/o GeoCapital Corporation 767 Fifth Avenue New York, NY 10153-4590 Attn: Irwin Lieber Facsimile No.: (212) 486-4469
With a copy to:	Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019-6150 Attn: Craig M. Wasserman Facsimile No.: (212) 403-2000
TO THE LLC:	
Prior to the Closing to:	GeoCapital Corporation 767 Fifth Avenue New York, NY 10153-4590 Attn: Irwin Lieber Facsimile No.: (212) 486-4469
Following the Closing to:	c/o Affiliated Managers Group, Inc. Two International Place, 23rd Floor Boston, MA 02110 Attn: Nathaniel Dalton, Senior Vice President Facsimile No.: (617) 747-3380

Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

14.6 ENTIRE AGREEMENT. This Agreement, including the Schedules and Exhibits referred to herein and the other writings specifically identified herein or contemplated hereby, is complete, reflects the entire agreement of the parties with respect to its subject matter, and supersedes all previous written or oral negotiations, commitments and writings. No promises, representations, understandings, warranties and agreements have been made by any of the parties hereto except as referred to herein or in such Schedules and Exhibits or in such other writings; and all inducements to the making of this Agreement and the transactions contemplated hereby which were relied upon by either party hereto have been expressed herein or in such Schedules or Exhibits or in such other writings.

14.7 ASSIGNABILITY; BINDING EFFECT. This Agreement or any of the obligations or rights hereunder (i) may only be assigned by AMG to an entity under the control of AMG other than with the prior written consent of the Company, and (ii) may not be assigned by any of the Company, the LLC or the Stockholders without the prior written consent of AMG. This Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

14.8 AMENDMENTS. This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by AMG and the Company, or in the case of a waiver, the party waiving compliance.

14.9 CONSENT TO JURISDICTION. Each of the parties hereby consents to personal jurisdiction, service of process and venue in the federal or state courts sitting in the Commonwealth of Massachusetts for any claim, suit or proceeding arising under this Agreement, or in the case of a third party claim subject to indemnification hereunder, in the court where such claim is brought and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such state court or, to the extent permitted by law, in such federal court. Each of the parties hereby irrevocably consents to the service of process in any such action or proceeding by the mailing by certified mail of copies of any service or copies of the summons and complaint and any other process to such party at the address specified in Section 14.5 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit or in any other manner permitted by law and shall affect the right of a party to service legal process or to bring any action or proceeding in the courts of other jurisdictions.

14.10 CAPTIONS AND GENDER. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof. The use in this Agreement of the masculine pronoun in reference to a party hereto shall be deemed to include the feminine or neuter, as the context may require.

14.11 EXECUTION IN COUNTERPARTS. For the convenience of the parties and to facilitate execution, this Agreement may be executed by facsimile (if followed by an original delivered

within two (2) business days) in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

14.12 PUBLICITY AND DISCLOSURES. No press releases or public disclosure, either written or oral, of the transactions contemplated by this Agreement, shall be made by a party to this Agreement without the prior knowledge and written consent of AMG and the Company, except as may be otherwise required by applicable laws, rules and regulations (including, without limitation, the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder).

[END OF TEXT]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

AMG:

AFFILIATED MANAGERS GROUP, INC.

By: /s/ William J. Nutt

Name: William J. Nutt
Title: President and CEO

MERGER SUB:

AMG MERGER SUB, INC.

By: /s/ Sean M. Healey

Name: Sean M. Healey
Title: President

COMPANY:

GEOCAPITAL CORPORATION

By: /s/ Barry K. Fingerhut

Name: Barry K. Fingerhut
Title: President

LLC:

GEOCAPITAL, LLC

By: GeoCapital Corporation, manager
member

By: /s/ Barry K. Fingerhut

Name: Barry K. Fingerhut
Title: President

STOCKHOLDERS:

/s/ Irwin Lieber

Irwin Lieber

/s/ Barry K. Fingerhut

Barry K. Fingerhut

/s/ Seth Lieber

Seth Lieber

/s/ Jonathan C. Lieber

Jonathan C. Lieber

/s/ Andrew J. Fingerhut

Andrew J. Fingerhut

/s/ Brooke A. Fingerhut

Brooke A. Fingerhut

/s/ Dana G. Lieber

Dana G. Lieber

Certifications

The undersigned, being the Secretary of Merger Sub, hereby certifies that this Agreement has been adopted by the Board of Directors of Merger Sub pursuant to Section 251(f) of the Delaware General Corporation Law and that (1) this Agreement does not amend the Certificate of Incorporation, (2) each outstanding share of Merger Sub prior to the Merger is identical to those shares outstanding after the Effective Date, and (3) no shares of Merger Sub are to be issued or delivered pursuant to this Agreement.

_____
Nathaniel Dalton
Secretary

Dated: _____, 1997

The undersigned, being the Secretary of GeoCapital Corporation, hereby certifies that all of the outstanding shares of each class of GeoCapital Corporation entitled to vote on this Agreement have voted for the adoption of such Agreement.

_____
[Barry Fingerhut]
Secretary

Dated: _____, 1997

EXHIBIT 2.3

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE COMMISSION. ASTERISKS (*) IDENTIFY WHERE SUCH CONFIDENTIAL INFORMATION HAS BEEN OMITTED. THE OMITTED PORTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

STOCK PURCHASE AGREEMENT

DATED AS OF JANUARY 17, 1996

BY AND AMONG

TALEGEN HOLDINGS, INC.,

AFFILIATED MANAGERS GROUP, INC.,

FIRST QUADRANT HOLDINGS, INC.

CERTAIN MANAGERS OF FIRST QUADRANT CORP.

AND

THE MANAGEMENT CORPORATIONS NAMED HEREIN

TABLE OF CONTENTS

LIST OF EXHIBITS

LIST OF SCHEDULES

Schedule 1.1(a)	-	Company Employees (and Former Employees)
Schedule 1.1(b)	-	Persons Not Company Employees
Schedule 1.1(c)	-	Investment Advisory Agreements
Schedule 4.1	-	Officers and Directors of the Company and its Subsidiary
Schedule 4.2(b)	-	Partnerships and Joint Ventures
Schedule 4.5(b)	-	Consents
Schedule 4.7	-	Regulatory Documents
Schedule 4.8(a)	-	Company Financial Statements
Schedule 4.8(b)	-	Pro-Forma Financial Statements
Schedule 4.8(c)	-	Material Liabilities and Indebtedness
Schedule 4.8(d)	-	Accounts Receivable
Schedule 4.11	-	Legal Proceedings
Schedule 4.12(a)	-	Permits
Schedule 4.12(c)	-	Government Proceedings
Schedule 4.13(a)	-	Real Property Leases
Schedule 4.13(b)	-	Assets
Schedule 4.13(c)	-	Intellectual Property
Schedule 4.14	-	Assets Under Management
Schedule 4.15	-	Employment Arrangements
Schedule 4.16(a)	-	ERISA Matters
Schedule 4.17(a)	-	Tax Matters
Schedule 4.17(g)	-	Assets and Tax Basis
Schedule 4.18	-	Contracts
Schedule 4.19	-	Material Adverse Changes
Schedule 4.21	-	Insurance
Schedule 6.6	-	Government Proceedings
Schedule 6.8	-	Investment Advice
Schedule 8.1(f)(i)	-	Managers
Schedule 8.1(f)(ii)	-	U.K. Managers
Schedule 8.1(h)	-	U.K. Partnership Capitalization
Schedule 8.3(a)	-	Annual Advisory Fees

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of January 17, 1996, by and among Talegen Holdings, Inc., a Delaware corporation ("Seller"), Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), First Quadrant Holdings, Inc., a Delaware corporation ("Buyer"), R. D. Arnott Corp., a California corporation ("Arnott Corporation"), Culonbois Corporation, a California corporation ("Culonbois"), Luck Monster Corporation, a California corporation ("Luck Corporation"), AYPWIP Corporation, a California corporation ("AYPWIP"), R.M. Darnell Corporation, a California corporation ("Darnell Corporation"), T.S. Meckel Ruhestands Corporation, a Massachusetts corporation ("Meckel Corporation"), Lovell, Inc., a New Jersey corporation ("Lovell Inc." and, together with Arnott Corporation, Culonbois, Luck Corporation, AYPWIP, Darnell Corporation, Meckel Corporation, the "Management Corporations" and each, individually, a "Management Corporation"), Mr. Robert D. Arnott ("Arnott"), Curt J. Ketterer ("Ketterer"), Christopher G. Luck ("Luck"), David J. Leinweber ("Leinweber"), R. Max Darnell ("Darnell"), Timothy S. Meckel ("Meckel"), Robert M. Lovell, Jr. ("Lovell"), William A.R. Goodsall ("Goodsall") and Robert Brown ("Brown"). Messrs. Arnott, Ketterer, Luck, Leinweber, Darnell, Meckel, Lovell, Goodsall and Brown are each referred to herein individually as a "Manager" and collectively as the "Managers".

RECITALS

WHEREAS, Seller is the owner of the Shares (as hereinafter defined) of First Quadrant Corp., a New Jersey corporation (the "Company"), which Shares constitute all of the issued and outstanding shares of the Company's capital stock;

WHEREAS, Buyer desires to purchase the Shares of the Company from Seller in accordance with and subject to the terms and conditions set forth herein;

WHEREAS, Seller desires to sell the Shares to Buyer in accordance with and subject to the terms and conditions set forth herein;

WHEREAS, the Company is the sole general partner of the Partnership;

WHEREAS, in connection with Buyer's purchase of the Shares of the Company from Seller, the Partnership's Interim Partnership Agreement (as such term is defined in Section 1.1 hereof) shall be amended and restated in the form attached hereto as Exhibit 3.2(d) (the "Restated Partnership Agreement") and in connection therewith, the Management Corporations and certain of the Managers (as set forth therein) shall be issued certain Partnership Points and Options (as such terms are defined in Article I hereof);

WHEREAS, it is a condition precedent to the obligations of Buyer hereunder that, prior to the Asset Transfer (as such term is defined in Section 1.1 hereof), the Company and each of the Management Corporations and certain of the Managers (as set forth therein) have entered into the Interim Partnership Agreement (as such term is defined in Section 1.1 hereof);

WHEREAS, it is a condition precedent to the obligations of Buyer hereunder, that, one (1) full business day prior to the closing of the transactions contemplated hereby, the Company will contribute all its assets involved in its investment management business and all its working capital to the Partnership, as more fully described below, in exchange for Partnership Points and a Capital Account therein, all pursuant to the Asset Transfer Agreement in the form attached hereto as Exhibit 1.1(a) (the "Asset Transfer Agreement") and the agreements and documents which are attached as exhibits and schedules thereto;

WHEREAS, it is a condition precedent to the obligations of Buyer hereunder, that the Company, the Management Corporations and certain of the Managers (as set forth therein) enter into the U.K. Partnership Agreement (as hereinafter defined) and, in connection therewith, the Company contribute all the capital stock of its Subsidiary to the U.K Partnership (as such terms are hereinafter defined) and, in connection therewith the Company, the Management Corporations and certain of the Managers (as set forth therein) will be issued certain U.K. Partnership Points (as hereinafter defined); and

WHEREAS, the parties hereto have agreed to make certain representations, warranties and covenants as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be bound hereby, the parties agree as follows:

ARTICLE I - DEFINITIONS

Section 1.1 Definitions. For all purposes of this Agreement and the Schedules hereto, the following terms shall have the respective meanings set forth in this Section 1.1 (such definitions to be equally applicable to both the singular and plural forms of the terms herein defined):

"Advisers Act" means the Investment Advisers Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by or is under common control with such Person (the term "control," for purposes of this definition, meaning the power to (a) direct or cause the direction of the management or policies of the controlled Person or (b) vote twenty-five percent (25%) or more of the outstanding voting securities of such Person); provided, however, that Managers and Management Corporations shall not be deemed to be Affiliates of Seller, the Company, its Subsidiary, the Partnership or Buyer or AMG.

"Agreement" means this Stock Purchase Agreement, as it may hereafter be amended.

"AMG" means Affiliated Managers Group, Inc., a Delaware corporation.

"Am Re Documents" has the meaning set forth in Section 7.9 hereof.

"Annualized Advisory Fee" shall mean the amounts set forth opposite each fee arrangement on Schedule 8.3(a) hereto under the heading "Annualized Advisory Fees".

"Applicable Law" means any domestic or foreign, federal, state or local statute, law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree, policy, guideline or other requirement applicable to (as the context may require) Seller, the Company, the Partnership, Buyer or any of their respective Affiliates, properties, assets, businesses, officers, directors, employees or agents.

"Asserted Liability" has the meaning set forth in Section 9.5(a) hereof.

"Asset Transfer" means the consummation of the transactions to be effected pursuant to the Asset Transfer Agreement, as set forth in Section 8.1(e) hereof.

"Asset Transfer Agreement" means that certain Agreement for the Transfer of the Assets and Liabilities of First Quadrant Corp., a form of which is attached hereto as Exhibit 1.1(a).

"Base Fees" has the meaning set forth in Section 8.3(a) hereof.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in Seattle, Washington or New York, New York are not required or authorized to close for regular banking business.

"Buyer" means First Quadrant Holdings, Inc., a Delaware corporation.

"Buyer Material Adverse Effect" means a material adverse effect on the business, assets, financial condition, results of operations or (solely with reference to the existing business of Buyer) financial prospects of Buyer, or on the ability of Buyer to complete the transactions contemplated hereby.

"Capital Account" has the meaning specified in the Restated Partnership Agreement.

"Claims Notice" has the meaning set forth in Section 9.5(a) hereof.

"Closing" means the completion of the transactions contemplated by Section 3.1 of this Agreement.

"Closing Date" has the meaning set forth in Section 3.1 hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

"Code of Ethics" shall mean the Code of Ethics to be adopted by the Partnership.

"Company" shall mean First Quadrant Corp., a New Jersey corporation.

"Company Clients" shall mean those clients of the Company and its Subsidiary for which they provide investment advisory services.

"Company Employees" shall mean those current or former employees of the Company or its Subsidiary who are set forth on Schedule 1.1(a) and who, at the time of the Closing, are:

(1) actively employed by the Company or its Subsidiary, including those who are absent from employment due to illness, injury, military service, or other authorized absence (including those who are "disabled" within the meaning of either the short-term or the long-term disability plan currently applicable to the Company (collectively, the "Disability Plan");

(2) former employees of the Company or its Subsidiary who, on the Closing Date, are receiving long-term disability benefits under the Disability Plan; and

(3) former employees of the Company or its Subsidiary who have previously satisfied the requirements for retiree medical and/or life insurance coverage under any of the arrangements disclosed pursuant to Section 4.16(a);

but (i) other former employees of the Company or its Subsidiary, (ii) employees otherwise not actively employed by the Company or its Subsidiary (other than as specifically included above), and (iii) those employees of the Company or its Subsidiary whose names are set forth on Schedule 1.1(b) are not Company Employees.

"Company Financial Statements" has the meaning specified in Section 4.8(a) hereof.

"Company Material Adverse Effect" means a material adverse effect on the business, assets, financial condition, results of operations or (solely with reference to the existing business of the Company and its Subsidiary) financial prospects of the Company and its Subsidiary, taken as a whole.

"Confidentiality Agreement" means that certain letter agreement dated December 15, 1994, between Seller and TA Associates, Inc., to which AMG joined as a party on October 4, 1995, with respect to the confidentiality of information with respect to the Company, Seller and their respective Affiliates and other related Persons, provided by Seller or the Company to Buyer, as it may have been or may hereafter be amended from time to time.

"Consent" has the meaning specified in Section 8.3(a) hereof.

"Contracts" means any Investment Advisory Agreements to which the Company or its Subsidiary is a party and any lease, license or other agreement to which the Company or its Subsidiary is a party, and all rights and interests of the Company or its Subsidiary arising thereunder or in connection therewith.

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 7-101, et. seq.) as it may be amended from time to time, and any successor to such act.

"Designated Cash Amount" means the sum of (i) Three Million Four Hundred Thirty-One Thousand Dollars ($3,431,000).

"Designated Receivables Amount" means the sum of Nine Million Three Hundred Thousand Dollars ($9,300,000).

"Disability Plan" means The LTD Income Protection Plan of Talegen Holdings, Inc.

"Effective Time" has the meaning specified in the Asset Transfer Agreement.

"Employee Stockholder" has the meaning specified in the Restated Partnership Agreement.

"Employment Arrangement" has the meaning set forth in Section 4.15 hereof.

"Encumbrance" means any lien, pledge, security interest, claim, charge, easement, limitation, commitment, encroachment, restriction or encumbrance of any kind or nature whatsoever.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"Exchange Act" means the Securities Exchange Act of 1934, as the same may be amended from time to time, and any successor to such act.

"Fee Arrangement Value" has the meaning specified in Section 8.3(a) hereof.

"Financial Statements" has the meaning set forth in Section 4.8(b) hereof.

"First Quadrant Insurance" means those assets and liabilities of the Company which were transferred to American Re Asset Management, Inc. pursuant to that certain Asset Purchase Agreement dated as of August 11, 1995, by and between First Quadrant Corp. and American Re Asset Management, Inc. and the businesses associated with such assets and liabilities.

"Former Employees" means former employees of the Company or its Subsidiary who are not Company Employees.

"GAAP" means generally accepted accounting principles as used in the United States of America as in effect at the time any applicable financial statements were prepared or any act requiring the application of GAAP was performed.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including the SEC or any other government authority, agency, department, board, commission or instrumentality of the United States, any foreign government, any State of the United States or any political subdivision thereof, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any governmental or nongovernmental self-regulatory organization, agency or authority (including the National Association of Securities Dealers, Inc., the Commodity Futures Trading Commission, the National Futures Association and IMRO).

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"IMRO" means the United Kingdom Investment Management Regulatory Organization Ltd., or any successor or similar organization.

"IMRO Rules" means the rules promulgated by IMRO as amended from time to time.

"Incentive Compensation Plan" means that certain First Quadrant Corp. Incentive Compensation Plan (As Amended and Restated As of January 1, 1990).

"Indebtedness" means all obligations (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or similar instruments, (iii) to pay the deferred purchase price of property or services (other than accrued expenses arising in the ordinary course of business), (iv) under leases that would, in accordance with GAAP, appear on the balance sheet of the lessee as liabilities, (v) secured by a lien except for minor imperfections of title or insignificant liens which do not, in the aggregate, detract from the value of any assets, or interfere with the present or proposed uses thereof or the business of the Company (or, following the Asset Transfer, the Partnership) or any Subsidiary thereof, (vi) in respect of letters of credit, or bankers acceptances, contingent or otherwise, or (vii) in respect of any guaranty or endorsement or other obligations to be liable for the debts of another Person.

"Indemnifying Party" has the meaning set forth in Section 9.5(a) hereof.

"Indemnitee" has the meaning set forth in Section 9.5(a) hereof.

"Independent Accounting Firm" means any "Big Six" accounting firm or its successor, except for the respective independent public accountants of Seller and Buyer or their respective Affiliates or Subsidiaries.

"Initial Partnership Agreement" means the Partnership's limited partnership agreement as in effect on the date hereof, a copy of which is attached hereto as Exhibit 4.4(a).

"Intellectual Property" has the meaning set forth in Section 4.13(c) hereof.

"Interim Financial Statements" has the meaning set forth in Section 7.10(b) hereof.

"Interim Partnership Agreement" means the Partnership's partnership agreement as amended and restated in the form attached hereto as Exhibit 1.1(b) to admit, as limited partners, each of the Management Corporations and certain of the Managers (as defined therein), which amendment and restatement shall occur prior to the Asset Transfer.

"Investment Advisory Agreements" means the Contracts set forth in Schedule 1.1(c) and any other contract or agreement whereby the Company or any Subsidiary thereof has agreed to act as an investment adviser or sub-adviser or to manage any investment or trading of another Person and includes investment advisory agreements entered into by the Company or any Subsidiary thereof prior to the Closing Date.

"IRP" means The Individual Retirement Plan of Talegen Holdings, Inc.

"IRS" means the Internal Revenue Service.

"Knowledge" means, with respect to any Person which is other than an individual, the actual knowledge of the executive officers and directors of such Person and its Subsidiaries (provided, however, that (a) with respect to Seller, Knowledge shall mean the actual knowledge of the executive officers and directors of Seller, the Company, its Subsidiary and the Managers and (b) with respect to AMG, Knowledge shall mean the actual knowledge of the executive officers and directors of AMG and Buyer), and with respect to a Person who is an individual, the actual knowledge of such Person.

"Limited Partner" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Loss" means any and all claims, losses (including, without limitation, diminution in value), liabilities, costs, penalties, fines and expenses (including attorney's, accountant's, consultant's and expert's fees and expenses), damages, obligations to third parties, expenditures, proceedings, judgments, awards or demands that are imposed upon or otherwise incurred or suffered by the relevant party.

"Management Corporation" has the meaning ascribed thereto in the preamble hereof.

"Manager" has the meaning ascribed thereto in the preamble hereof.

"Material Adverse Effect" means a material adverse effect on the business, assets, financial condition, results of operations or (solely with reference to the existing business of such Person or Persons) financial prospects of such Person or Persons, as the case may be, or on the ability of any of the parties to complete the transactions contemplated hereby.

"NFA" means the National Futures Association.

"Non Solicitation Agreement" means one of the Non Solicitation/Non Disclosure Agreements by and among the Company, the Partnership, the U.K. Partnership, each Manager and his Management Corporation (if any) through which a Manager will hold his or her Partnership Interests and U.K. Partnership Interests, in form and substance reasonably acceptable to Buyer and in substance materially consistent with Exhibit 8.1(f)(i) hereto.

"Option" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Partnership" means First Quadrant, L.P., a Delaware limited partnership.

"Partnership Interests" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Partnership Points" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Permits" has the meaning specified in Section 4.12(a) hereof.

"Person" means any individual, corporation, company, partnership (limited or general), joint venture, limited liability company, association, trust or other entity, and any government, governmental department or agency or political subdivision thereof.

"Pre-Closing Transaction Documents" means all Transaction Documents executed by or on behalf of Seller, the Company, its Subsidiary, the Partnership or the U.K. Partnership, other than the Restated Partnership Agreement, the Non Solicitation Agreements and any other Transaction Documents (other than Transaction Documents executed by Seller) to the extent entered into in connection with the Restated Partnership Agreement or the Non Solicitation Agreements but not to the extent entered into in connection with any of the Pre-Closing Transaction Documents.

"Pro-Forma Financial Statements" has the meaning specified in Section 4.8(b) hereof.

"Purchase Price" has the meaning specified in Section 2.2 hereof.

"Records" means all records and original documents in Seller's, the Company's or its Subsidiary's possession which pertain to or are utilized by the Company or its Subsidiary to administer, reflect, monitor, evidence or record information respecting the business or conduct of the Company or its Subsidiary.

"Restated Partnership Agreement" means the Partnership's Amended and Restated Limited Partnership Agreement in form and substance reasonably acceptable to Buyer and in substance materially consistent with Exhibit 3.2(d) hereto.

"Retirement Plan" means the Retirement Plan of Talegen Holdings, Inc.

"SEC" means the Securities and Exchange Commission.

"SEC Documents" means all reports and registration statements filed, or required to be filed, by law, by contract or otherwise, by an entity pursuant to the Securities Laws.

"Securities Laws" means the Securities Act of 1933, as amended (the "Securities Act"); the Exchange Act; the Advisers Act; the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC promulgated thereunder; foreign securities and investment advisory and/or management laws, rules and regulations; and state "blue sky" laws.

"Seller" means Talegen Holdings, Inc., a Delaware corporation.

"Seller Entities" means Seller, the Company, the Partnership, the U.K. Partnership and the Company's Subsidiary.

"Seller's Welfare Plans" has the meaning set forth in Section 7.12(b)(i) hereof.

"SERP" means the Supplemental Executive Retirement Plan of Talegen Holdings, Inc.

"Shares" means 1,000 shares of common stock, par value $1.00 per share, which shares constitute all of the issued and outstanding shares of the Company's capital stock.

"SIRP" means the Supplemental IRP of Talegen Holdings, Inc.

"Stock Contribution Agreement" has the meaning specified in Section 8.1(h)(ii) hereof.

"Subsidiary" means any corporation or other Person more than fifty percent (50%) of the outstanding securities or other interests having voting power of which shall be owned or controlled, directly or indirectly, by such other entity and, when the phrase "its Subsidiary" is used with respect to the Company, it means First Quadrant Limited, a United Kingdom corporation.

"Tax Dispute Accountants" has the meaning set forth in Section 11.8 hereof.

"Taxes" shall mean all federal, state, local and foreign taxes, and other tax assessments (whether imposed directly or through withholding), including any interest, additions to tax, or penalties applicable thereto.

"Tax Returns" shall mean all federal, state, local and foreign tax returns, declarations, statements, reports, schedules, forms and information returns and any amended tax returns relating to Taxes; provided that the federal income Tax Return of the Company shall be a pro forma Tax Return, prepared as if the Company constituted a separate affiliate.

"Tax Sharing Agreement" means that certain Crum and Forster, Inc. Federal Income Tax Allocation Agreement dated as of January 11, 1983, as amended by Amendment No. 1 thereto dated as of April 15, 1992, to which Seller and the Company are parties.

"Transaction Documents" means this Agreement, the Asset Transfer Agreement (and all the agreements, documents and certificates which are exhibits thereto or included on the schedules thereto), the Stock Contribution Agreement, the Initial Partnership Agreement, the Interim Partnership Agreement, the Restated Partnership Agreement, the U.K. Partnership Agreement, the XFS Indemnification Agreement, the Non Solicitation Agreements and all the agreements, documents, instruments and certificates entered into in connection herewith or therewith.

"Transfer Tax" has the meaning set forth in Section 11.5(b) hereof.

"Third-Party Claim" has the meaning specified in Section 9.2 hereof.

"U.K. Capital Account" has the meaning specified in the U.K. Partnership Agreement.

"U.K. Partnership" means First Quadrant U.K., L.P., a Delaware limited partnership to be formed by the Company (as its general partner) pursuant to the provisions of Section 8.1(h) hereof.

"U.K. Partnership Agreement" has the meaning specified in Section 8.1(h) hereof.

"U.K. Partnership Interests" shall mean "Partnership Interests" as such term is defined in the U.K. Partnership Agreement.

"U.K. Partnership Points" has the meaning specified in the U.K. Partnership Agreement.

"Wire Transfer" means a payment in immediately available funds by wire transfer in lawful money of the United States of America to such account or accounts as shall have been designated by notice to the paying party.

"Xerox Financial Services" means Xerox Financial Services, Inc., a Delaware corporation.

"XFS Indemnification Agreement" means that certain Indemnification Agreement by and among Xerox Financial Services, the Company, the Buyer and AMG, which is contemplated by Section 8.1(n) hereto.

ARTICLE II - PURCHASE OF SHARES

Section 2.1 Purchase of Shares. Upon the terms and subject to the conditions set forth in this Agreement, Seller shall, at the Closing, sell to Buyer, and Buyer shall (and AMG shall cause Buyer to) purchase from Seller, the Shares for the Purchase Price. The Shares shall be free and clear of any Encumbrances.

Section 2.2 Purchase Price and Related Adjustments.

(a) The purchase price for the Shares (the "Purchase Price") shall be **confidential treatment requested** Dollars ($**confidential treatment requested**), subject to increase or decrease as provided in this Section 2.2.

(b) Notwithstanding anything else set forth herein to the contrary, if, and only if, as of the Closing Date, the Company and its Subsidiary shall have received Consents from Clients whose Investment Advisory Agreements provide for the payment (based on the Fee Arrangement Values of each such Investment Advisory Agreement) of fees constituting less than ninety-five percent (95%) of the Base Fees, then the Purchase Price shall be adjusted as follows: the Purchase Price shall then equal (i) the Purchase Price set forth in Section 2.2(a) above, multiplied by (ii) a fraction, (A) the numerator of which shall be the sum of the Fee Arrangement Values of each Investment Advisory Agreement which has not been terminated at or prior to the Closing, and with respect to which the Client of the Company has given its Consent, and an additional amount equal to 5% of Base Fees, and (B) the denominator of which shall be the Base Fees. The calculation set forth in this Section 2.2(b) shall be done prior to any adjustment or permitted dividend pursuant to Sections 2.2(c) and 2.2(d) below.

(c) If the Company and its Subsidiary collectively had, at the close of business on December 31, 1995, cash in excess of the Designated Cash Amount, then, notwithstanding the provisions of Section 7.2(viii) hereof, on the Closing Date and immediately prior to the Closing, the Partnership may distribute to the Company and the Company may dividend to Seller, an amount equal to the amount of such excess, in cash. If, however, at the close of business on December 31, 1995, the Company and its Subsidiary collectively had cash which was less than the Designated Cash Amount, then the Purchase Price for the Shares shall be reduced by an amount equal to the amount of such deficiency.

(d) If the Company and its Subsidiary collectively had, at the close of business on December 31, 1995, receivables in excess of the Designated Receivables Amount, then, provided that the Closing shall have occurred, Buyer shall pay, or cause to be paid by the Partnership or the Company, to Seller, on April 1, 1996, an amount in cash equal to forty and one-half percent (40.5%) of the amount of such excess. If, however, at the close of business on December 31, 1995, the Company and its Subsidiary collectively had receivables which were less than the Designated Receivables Amount, then, provided that the Closing shall have occurred, Seller shall pay to the Company, on April 1, 1996, an amount in cash equal to forty and one-half percent (40.5%) of the amount of such deficiency.

(e) In order to effectuate the provisions of Sections 2.2(c) and 2.2(d) above, the parties agree as follows:

(i) Not less than three (3) Business Days prior to the Closing, Seller shall cause the senior financial officer of the Company to certify to Buyer the amounts of cash and receivables which the Company and its Subsidiary had at the close of business on December 31, 1995, which amounts shall be used as the cash and receivables amounts for purposes of Sections 2.2(c) and 2.2(d) above.

(ii) As soon as is reasonably practicable after the Company's receipt thereof, the Company shall provide each of Buyer and Seller with a copy of the Company's audited consolidated balance sheet as of December 31, 1995, accompanied by the audit report of KPMG Peat Marwick LLP. In the event that either Buyer or Seller disagrees with the amount of cash and/or receivables reflected on such balance sheet, then such party shall notify the other within five (5) days after delivery of such balance sheet of the existence of such disagreement and Buyer and Seller shall in good faith attempt to negotiate a settlement to such disagreement. If Buyer and Seller are unable to negotiate a resolution of the disagreement within fifteen (15) days after the delivery of the notice of such disagreement then, within five (5) business days after the expiration of such fifteen (15) day period, each of Buyer and Seller shall designate an accounting firm, which accounting firms shall jointly designate a single Independent Accounting Firm, which Independent Accounting Firm shall perform such procedures as it may deem necessary or desirable to determine the amounts of cash and receivables which the Company and its Subsidiary had at the close of business on December 31, 1995. The costs of the three accounting firms shall be borne one-half (1/2) by Seller and one-half (1/2) by Buyer, unless the amounts of cash and receivables as determined by the Independent Accounting Firm referred to above are not materially (for purposes of this paragraph, the term material shall mean that either cash or receivables is different by an amount equal to or greater than $50,000) different from those reflected on the Company's consolidated balance sheet as of December 31, 1995, in which case, the party which disagreed with such amount shall bear the costs of all three accounting firms.

(iii) Within ten (10) business days after (A) if there is no disagreement under clause (ii) above, receipt by Buyer and Seller of the Company's audited consolidated balance sheet as of December 31, 1995, or (B) if there is a disagreement under clause (ii)

above, receipt of the calculation of cash and receivables by the Independent Accounting Firm referred to in paragraph (ii) above, either Seller or Buyer shall make any payments required so that the net amounts received pursuant to Sections 2.2(c) and 2.2(d) above together with any such payments are equal to the amounts which the Persons described in such Sections would have received if the cash and receivables amounts in the Company's audited consolidated financial statements (or, if applicable, the amounts determined by the Independent Accounting Firm) had been certified by the Company's senior financial officer prior to the Closing.

ARTICLE III - THE CLOSING

Section 3.1 Closing. Subject to the terms and conditions of this Agreement, the closing of the purchase and sale of the Shares (the "Closing") shall be at 10:00 A.M. at the offices of Goodwin, Procter & Hoar, Exchange Place, Boston, Massachusetts 02109, or at such other location designated by Seller (and agreed by Buyer) on the third Business Day following the date on which all of the conditions set forth in Article VIII (other than the Asset Transfer and those conditions designating instruments, certificates or other documents to be delivered at the Closing) shall have been satisfied or waived, or such other date as Buyer and Seller shall agree upon in writing, and shall be one full Business Day after the Asset Transfer (which itself shall take place after the restatement of the Initial Partnership Agreement into the Interim Partnership Agreement), such date being hereinafter called the "Closing Date."

Section 3.2 Deliveries by the Parties; Payment of Purchase Price.

(a) At the Closing, Seller shall deliver, or shall cause to be delivered, to Buyer the following:

(1) one or more certificates representing all of the Shares duly executed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer, with such other documents as may be reasonably required by Buyer to effect a valid transfer of such Shares by Seller, free and clear of any Encumbrance;

(2) Records of the Company, its Subsidiary, the Partnership and the U.K. Partnership in the possession of Seller (to the extent such Records are not also located at the offices of the Company or its Subsidiary);

(3) a certificate of the Secretary of State of the State of New Jersey as to the good standing of the Company (including tax good standing) dated as of a date not earlier than ten (10) days prior to the Closing Date, together with a copy of the Amended and Restated Certificate of Incorporation, as amended, of the Company, certified by the Secretary of State of the State of New Jersey, and a certificate of the Secretary of State of the State of Delaware as to the good standing of Seller dated as of a date not earlier than ten (10) days prior to the Closing Date, together with a copy of the Certificate of Incorporation, as amended, of Seller, certified by the Secretary of State of the State of Delaware;

(4) the By-laws of the Company, certified by the Secretary of the Company as of the Closing Date, and the By-laws of Seller, certified by the Secretary or Assistant Secretary of the Seller as of the Closing Date;

(5) certificates of the Secretary of State of the State of Delaware as to the good standing of the Partnership and the U.K. Partnership dated as of a date not earlier than ten (10) days prior to the Closing Date, together with copies of the Certificate of Limited Partnership of the Partnership and of the U.K. Partnership, each certified by the Secretary of State of the State of Delaware;

(6) a certificate issued by the appropriate official of each jurisdiction in which the Company (and, on the Closing Date, the Partnership) does business certifying that the Company and the Partnership are in good standing in such state, to the extent applicable, as of a date not earlier than ten (10) days prior to the Closing Date;

(7) a certificate of the Registrar of Companies at Cardiff regarding First Quadrant Limited, dated as of a date not earlier than ten (10) days prior to the Closing Date, together with a copy of the charter documents of First Quadrant Limited, certified by an authorized officer;

(8) resolutions of the boards of directors (and, if necessary, the shareholders) of Seller and the Company, authorizing the execution and delivery of each of the Pre-Closing Transaction Documents to which such Person is a party and, in the case of the Company, to which the Partnership is a party) and approving all other actions required to be taken or approved in connection with this Agreement and the other Pre-Closing Transaction Documents and the transactions contemplated hereby and thereby, but excluding approval of the Transaction Documents which are not Pre-Closing Transaction Documents and actions required to be taken or approved solely in connection with Transaction Documents which are not Pre-Closing Transaction Documents in each case, certified by the Secretary or Assistant Secretary of the relevant Person;

(9) the Asset Transfer Agreement and the Stock Contribution Agreement and all such other documents of transfer and assignment as Buyer may reasonably have requested to effectuate the Asset Transfer and the transfer of the stock of First Quadrant Limited to the U.K. Partnership;

(10) true and correct copies of each of the Transaction Documents (other than this Agreement) to which the Seller Entities are parties;

(11) a certificate of each of the Secretary or Assistant Secretary of Seller and the Company, certifying that its respective resolutions, charter and by-laws described above are in full force and effect and have not been amended or modified, and that the officers of such corporation are those persons named in the certificate;

(12) the releases contemplated by Section 7.9 hereof;

(13) an opinion from Skadden, Arps, Slate, Meagher & Flom, counsel to Seller, in form and substance reasonably acceptable to Buyer but including as one of the opinions set forth therein, the opinion included in Exhibit 3.2(a)(13) hereto;

(14) such other certificates and other documents as Buyer, or Goodwin, Procter & Hoar as counsel to Buyer, may reasonably have requested in connection with the transactions contemplated hereby and by the other Transaction Documents.

(b) At the Closing, the Managers shall deliver, or shall cause to be delivered, to Buyer the following:

(1) a certificate issued by the appropriate Secretary of State certifying that each Management Corporation is validly existing and in good standing in such state as of a date not earlier than ten (10) days prior to the Closing Date;

(2) a copy of the charter and bylaws of each of the Management Corporations which, in the case of the charter, is certified as of a date not earlier than ten (10) days prior to the Closing Date by the Secretary of State of the relevant state of incorporation;

(3) resolutions of the boards of directors (and, if necessary, the shareholders) of each Management Corporation, authorizing the execution and delivery of each of the Transaction Documents to which such Person is a party and approving all other actions required to be taken or approved in connection with this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, in each case, certified by the Secretary of the relevant Person;

(4) true and correct copies of each of the Transaction Documents (other than this Agreement) to which the Managers or the Management Corporations are parties;

(5) a certificate of the Secretary of each of the Management Corporations, certifying that its respective resolutions, charter and by-laws described above are in full force and effect and have not been amended or modified, and that the officers of such corporation are those persons named in the certificate;

(6) for each of the Managers, evidence that such Person has had a physical examination within thirty (30) days (or such longer period as may be agreed in writing by AMG with respect to any Manager) prior to the Closing, including a letter from a licensed physician familiar with such Person's health indicating that such Person is in good health at such date;

(7) an opinion from Munger, Tolles and Olson, counsel to the Managers and the Management Corporations, in form and substance reasonably acceptable to Buyer but including, as one of the opinions set forth therein, an opinion as to the valid, binding and enforceable nature as against the Managers and the Management Corporations of each of the Transaction Documents to which any such Manager or Management Corporation is a party; and

(8) such other certificates and other documents as Buyer, or Goodwin, Procter & Hoar as counsel to Buyer, may reasonably have requested in connection with the transactions contemplated hereby and by the other Transaction Documents;

provided, however, that no Manager (or, to the extent applicable, Management Corporation) shall have any obligation to make the foregoing deliveries, if such Manager has terminated his employment with the Company prior to the date of execution of the Interim Partnership Agreement although this shall have no effect on any of the conditions set forth in Section 8.1 hereof or otherwise.

(c) At the Closing, AMG and Buyer shall deliver, or shall cause to be delivered, to Seller (and, with respect to the items in (1), (2), (3) and (4) below, to each of the Managers):

(1) a certificate of the Secretary of State of the State of Delaware as to the good standing of each of AMG and Buyer dated as of a date not earlier than ten (10) days prior to the Closing Date, together with a copy of the Certificate of Incorporation, as amended (in the case of AMG), of each of AMG and Buyer, certified by the Secretary of State of the State of Delaware;

(2) the By-laws of each of AMG and Buyer, certified by the Secretary of AMG and the Secretary of Buyer as of the Closing Date;

(3) resolutions of the board of directors (and, if necessary, the shareholders) of Buyer and AMG, authorizing the execution and delivery of this Agreement and approving all other actions required to be taken or approved in connection with this Agreement and the transactions contemplated hereby, in each case, certified by the Secretary of Buyer and the Secretary of AMG, respectively;

(4) a certificate of the Secretary of Buyer and the Secretary of AMG, respectively, certifying that the resolutions, charter and by-laws described above are in full force and effect and have not been amended or modified, and that the officers of Buyer and AMG are those persons named in the respective certificate;

(5) an amount equal to the Purchase Price (determined as set forth in Section 2.2 hereof) payable by Wire Transfer to an account of Seller of which Seller has informed Buyer in writing not less than three (3) days prior to the Closing Date;

(6) an opinion from Goodwin, Procter & Hoar, as counsel to Buyer, in form and substance reasonably acceptable to Seller; and

(7) such other certificates and other documents as Seller, Skadden, Arps, Slate, Meagher & Flom (as counsel to Seller), the Managers, the Management Corporations and Munger, Tolles & Olsen, as counsel to the Managers and the Management Corporations, may reasonably have requested in connection with the transactions contemplated hereby.

(d) In connection with and as a condition precedent to the Closing, the Interim Partnership Agreement of the Partnership shall be amended and restated in form and substance reasonably acceptable to Buyer and in substance materially consistent with Exhibit 3.2(d) hereto (the "Restated Partnership Agreement").

(e) Immediately following the Closing, Buyer shall deliver to the Managers an opinion of Goodwin, Procter & Hoar, as counsel to Buyer, in form and substance reasonably satisfactory to Arnott Corporation, regarding the valid, binding and enforceable nature of the Restated Partnership Agreement as against the Company.

Section 3.3 Further Assurances. Seller from time to time after the Closing at the request of Buyer and without further consideration shall execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to remove any Encumbrances on the Shares. In addition, each of the parties hereto shall, whether prior to or after the Closing Date, execute such documents and other papers and perform such further acts as may be reasonably requested by another party hereto to carry out the provisions hereof and the transactions contemplated hereby.

Section 3.4 Transfer Taxes. All transfer taxes, fees and duties under Applicable Law incurred in connection with the sale and transfer of the Shares under this Agreement will be borne and paid by Seller, and Seller shall promptly reimburse the Company and Buyer for any such tax, fee or duty which any of them is required to pay under Applicable Law.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer and AMG as follows:

Section 4.1 Organization of the Company and Related Matters. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of New Jersey. The Company has full corporate power and authority to execute and deliver each of the Transaction Documents to which it is or will be a party and to consummate the transactions contemplated hereby and thereby. The Company has the corporate power and authority to carry on its business as it is now being conducted and to own all of its assets, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the

business conducted by it or the character of the assets owned by it makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not have a Company Material Adverse Effect. The copies of the Certificate of Incorporation and By-laws and any amendments thereto of the Company heretofore delivered to Buyer are complete and correct copies of such instruments as in effect as of the date hereof. Schedule 4.1 attached hereto contains a true and complete list of all current officers and directors of the Company and its Subsidiary.

Section 4.2 Organization of the Subsidiary and Related Matters.

(a) All of the outstanding shares of capital stock of First Quadrant Limited are owned beneficially and of record by the Company, free and clear of any Encumbrances and all such shares were duly authorized, validly issued and are fully paid and nonassessable. There is no outstanding option, warrant, right, subscription, call, unsatisfied pre-emptive right or other agreement or right of any kind to purchase or otherwise acquire from Seller or any of its Subsidiaries any capital stock of such Subsidiary, whether issued and outstanding, authorized but unissued or treasury shares. The Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has the corporate power and authority to carry on its business as it is now being conducted and to own all of its assets and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character of the assets owned by it makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not have a Company Material Adverse Effect. The copies of the charter documents of First Quadrant Limited heretofore delivered to Buyer are complete and correct copies of such instruments as in effect as of the date hereof.

(b) Except for the stock of its Subsidiary and its interest in the Partnership and except for portfolio investments made in the ordinary course of business and set forth (together with the basis thereof) on Schedule 4.17(h), there are no Persons in which the Company owns, of record or beneficially, any direct or indirect equity interest or any right (contingent or otherwise) to acquire the same. Other than as set forth on Schedule 4.2(b), the Company is not a member of (nor does it conduct any part of its business through) any partnership or joint venture or similar Person.

Section 4.3 Organization of Seller and Related Matters. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Seller has full corporate power and authority to execute and deliver this Agreement and each other Transaction Document to which Seller is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which Seller is or will be a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly approved by all requisite corporate action on the part of Seller, and no other corporate proceedings on the part of Seller are necessary to approve this Agreement or any other Transaction Document or to consummate the transactions contemplated hereby and thereby. No action on the part of any

25
person or entity controlling Seller (for purposes hereof, the term "controlling" means having the power to direct the management or policies of the Seller whether by virtue of ownership of equity, official position, contract or otherwise) is required in connection herewith, other than such actions as have been previously taken (other than the approval of the Board of Directors of Xerox Financial Services or a committee thereof which is required to approve only the XFS Indemnification Agreement). This Agreement has been duly and validly executed and delivered by Seller and (assuming the due authorization, execution and delivery of this Agreement by Buyer, the Managers and the Management Corporations) constitutes a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights and remedies generally.

Section 4.4 Organization of Partnership and Related Matters.

(a) The Partnership is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware, and a copy of the Partnership's limited partnership agreement (the "Initial Partnership Agreement") is attached hereto as Exhibit 4.4(a).

(b) As of the date of this Agreement, the Company is the sole general partner of the Partnership and FQC, Inc., a Delaware corporation, is the sole limited partner of the Partnership, with all interests owned beneficially and of record by such Persons, in each case, free and clear of any Encumbrances other than restrictions imposed by the Initial Partnership Agreement or this Agreement or by Applicable Law. Except as set forth in this Agreement, there are no outstanding options, warrants, rights, subscriptions, calls, unsatisfied pre-emptive rights or other agreements or rights of any kind to purchase or otherwise acquire from Seller or any of its Subsidiaries any interest in the Partnership. As of the date of this Agreement, all outstanding interests in the Partnership have been authorized and issued in accordance with the provisions of the Initial Partnership Agreement. Except as set forth in this Agreement, there are no existing rights, agreements or commitments obligating or which could obligate the Partnership to issue, transfer, sell or redeem any securities.

Section 4.5 Non-Contravention.

(a) Neither the execution and delivery by any of the Seller Entities of this Agreement or the other Pre-Closing Transaction Documents, nor the consummation by any of the Seller Entities of the transactions contemplated hereby (excluding any transactions effectuated by the Transaction Documents which are not Pre-Closing Transaction Documents) and thereby, nor compliance by any of the Seller Entities with any of the terms or provisions hereof and thereof, will (i) violate any provision of the charter, by-laws or partnership agreement, as applicable, of such Seller Entity, (ii) assuming that the consents and approvals referred to in Section 7.3 and 8.3 and Schedule 4.5(b) hereof are duly obtained, (x) violate in any material respect any Applicable Law with respect to the Seller Entities, or any of their

respective material properties or assets, (y) result in the creation of any Encumbrance upon any of the Shares or any of the assets of the Company, its Subsidiary or the Partnership, or (z) violate, conflict with, result in a breach of any provision of, or constitute a default under any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which any of the Seller Entities is a party or by which any of the Seller Entities or any of their respective properties or assets is bound or affected, except (in the case of clause (x) and (z) above) for such violations, conflicts, breaches or defaults which, either individually or in the aggregate, would not have and could not reasonably be expected to have a Company Material Adverse Effect or a Material Adverse Effect with respect to Seller.

(b) Except for (i) consents, approvals, notices and filings set forth in Sections 7.3 and 8.3 and Schedule 4.5(b) hereto, (ii) the applicable filings under the HSR Act and (iii) such other filings, authorizations, consents or approvals the failure to make or obtain which would not have and could not reasonably be expected to have a Company Material Adverse Effect, no consents or approvals of, filings or registrations with or notices to any Governmental Authority or third party are necessary in connection with (A) the execution and delivery by the Seller Entities of the Pre-Closing Transaction Documents or (B) the consummation by the Seller Entities of the transactions contemplated hereby or thereby.

Section 4.6 Stock Ownership. Seller owns, beneficially and of record and free and clear of Encumbrances, all of the Shares to be sold to Buyer by Seller, and Seller has the full and unrestricted power to sell, assign, transfer and deliver the Shares to Buyer in accordance with the terms of this Agreement free and clear of any Encumbrances. There are no shares of capital stock of the Company issued or outstanding other than the Shares. All of the Shares are duly authorized, validly issued, fully paid, nonassessable and free of any pre-emptive rights. There is no outstanding option, warrant, right, subscription, call, unsatisfied pre-emptive right or other agreement or right of any kind to purchase or otherwise acquire from the Company or Seller any capital stock of the Company, whether issued and outstanding, authorized but unissued or treasury shares. Seller has not granted any outstanding powers of attorney to dispose of or vote the Shares.

Section 4.7 Regulatory Documents.

(a) Except as set forth in Schedule 4.7, since January 1, 1991, Seller (to the extent such a filing is necessary for the operation of the Company or its Subsidiary), the Company and its Subsidiary have each filed all reports, registration statements and other documents, together with any amendments required to be made with respect thereto, that it was required to file with any Governmental Authority, including, without limitation, the SEC and the NFA, and has paid all fees and assessments due and payable in connection therewith, and the information contained in such filings was accurate and complete (in accordance with the instructions for such filings and relevant interpretations thereof) at the time of filing in all material respects.

(b) Except as set forth in Schedule 4.7, as of their respective dates, the SEC Documents of each Seller Entity complied in all material respects with the requirements of the Securities Laws, as the case may be, to the extent applicable to such SEC Documents. The Company has previously delivered or made available to Buyer a complete copy of each SEC Document of each Seller Entity filed with the SEC or the NFA after January 1, 1991 and prior to the date hereof (including a composite Form ADV for the Company as in effect on the date hereof), and will deliver to Buyer at the same time as the filing thereof a complete copy of each SEC Document filed by each Seller Entity after the date hereof and prior to the Closing Date.

Section 4.8 Financial Statements.

(a) Seller has previously delivered to Buyer copies of (i) the audited consolidated balance sheets of the Company as of December 31, 1993 and December 31, 1994, and the related audited statements of income, change in stockholder's equity and cash flow for each fiscal year then ended, accompanied by the audit report of KPMG Peat Marwick, independent public accountants with respect to the Company, and (ii) the Company's unaudited consolidating and consolidated balance sheets dated as of September 30, 1995, and unaudited consolidating and consolidated statements of income for the nine-month period then ended (collectively, the statements referred to above being referred to as the "Company Financial Statements"). The Company Financial Statements referred to in the previous sentence (including the related notes, where applicable) fairly present, in all material respects, the financial position of the Company as of the respective dates thereof or the results of operations for the periods covered thereby, and all the Company Financial Statements have been prepared in accordance with GAAP (subject, in the case of the September 30, 1995 Financial Statements, to normal year-end adjustments and the absence of footnotes) applied, in the case of the Company Financial Statements as of and for the period ended September 30, 1995, in a manner consistent with the audited Company Financial Statements as of and for the period ended December 31, 1994. The Company Financial Statements are attached hereto as Schedule 4.8(a).

(b) Seller has previously delivered to Buyer copies of the unaudited pro-forma consolidated statements of income of the Company for the fiscal years ended December 31, 1993 and December 31, 1994 and the six-month period ended June 30, 1995, which have been prepared pro-forma for the sale of First Quadrant Insurance as if such sale had occurred prior to January 1, 1993 (collectively, the statements referred to above being referred to as the "Pro-Forma Income Statements" and, together with the Company Financial Statements, the "Financial Statements"). The Pro-Forma Income Statements (including the related notes attached as part of Schedule 4.8(b), fairly present, in all material respects, the results of operations of the Company for the periods covered thereby in accordance with GAAP applied, in the case of the Pro-Forma Income Statements for the period ended December 31, 1993, in a manner consistent with the Statement of Income included in the Company Financial Statements for the period ended December 31, 1993 and in the case of the Pro-Forma Statements for the periods ended December 31, 1994 and June 30, 1995, in a manner consistent with the Statement of Income included in the Company Financial Statements

for the period ended December 31, 1994, but are pro-forma for the sale of First Quadrant Insurance as if such sale had occurred prior to January 1, 1993. The Pro-Forma Income Statements are attached hereto as Schedule 4.8(b).

(c) Except as and to the extent reflected or reserved therefor in the balance sheet of the Company at September 30, 1995 contained in Schedule 4.8(a), or as otherwise set forth as part of Schedule 4.8(c), (i) neither the Company nor its Subsidiary has any material liability (as would be required to be currently accrued or otherwise disclosed under GAAP) or related liabilities which are together material (as defined below) and (ii) there are no facts of which Seller has Knowledge or of which Seller would have Knowledge except for the negligence or misconduct (including, without limitation, any failure to comply with any Applicable Laws or any failure to comply with or enforce the internal policies and procedures of the Company or its Subsidiary) of any of the Seller Entities or the Managers or any of the executive officers or directors of any of the Seller Entities which could reasonably be expected to result in the Company, its Subsidiary or the Partnership incurring any material liability (as defined above) or related liabilities which are together material (as defined below). For purposes of this Section 4.8(c), the term "material" shall mean any liability or related liabilities (as defined above) equal to or greater than $100,000. Except as set forth on Schedule 4.8(c), neither the Company nor its Subsidiary has any material Indebtedness.

(d) To the Knowledge of Seller, all of the accounts receivable of the Company, its Subsidiary and the Partnership are fully collectible in the ordinary course of business after deducting the reserves set forth in the balance sheet dated as of September 30, 1995, as adjusted since that date as set forth on Schedule 4.8(d) hereto, which reserves are reasonable estimates of uncollectible accounts. To the Knowledge of Seller, except as set forth on Schedule 4.8(d), neither the Company nor its Subsidiary has any accounts or loans receivable from any Person which is affiliated with the Company or its Subsidiary or from any director, officer or employee of the Company or its Subsidiary.

Section 4.9 Ineligible Persons. Neither the Company, nor any "associated person" (as defined in the Advisers Act) thereof, is subject to any disqualification under the provisions of Section 203(e) of the Advisers Act or is ineligible to serve as an investment adviser or as an associated person to a registered investment adviser.

Section 4.10 No Other Broker. Other than Morgan Stanley & Co. Incorporated, the fees and expenses of which will be paid by Seller, no broker, finder or similar intermediary has acted for or on behalf of Seller, the Company or its Subsidiary, or is entitled to any broker's, finder's or similar fee or other commission from Seller, the Company or its Subsidiary, in connection with this Agreement or the transactions contemplated hereby.

Section 4.11 Legal Proceedings. Except as set forth in Schedule 4.11, neither the Company nor its Subsidiary is a party to any, and there are no pending or, to Seller's Knowledge, overtly threatened, legal, administrative, arbitration or other proceedings, claims, actions or governmental or regulatory investigations of any nature against the Company or its

Subsidiary or their respective properties or assets or challenging the validity or propriety of the transactions contemplated by this Agreement and the other Transaction Documents, and there is no injunction, order, judgment, decree, or regulatory restriction imposed upon the Company or its Subsidiary or any of their respective properties or assets. Seller is not a party to, and there are no pending or, to Seller's Knowledge, overtly threatened, legal, administrative, arbitration or other proceedings, claims, actions or governmental or regulatory investigations of any nature against Seller or otherwise affecting the Shares or its ownership thereof or challenging the validity or propriety of the transactions contemplated by this Agreement and the other Transaction Documents with respect to any of the Seller Entities, and there is no injunction, order, judgment, decree or regulatory restriction imposed on Seller which could reasonably affect the Shares or its ownership thereof, or which could reasonably call into question or hinder the enforceability or performance by Seller of this Agreement or any of the other Transaction Documents to which it is or will be a party, or the transactions contemplated hereby or thereby.

Section 4.12 Permits; Compliance with Applicable Law.

(a) Except as disclosed in Schedule 4.12(a), each of the Company, its Subsidiary and the Partnership holds all material licenses, franchises, permits, approvals and authorizations, including those issuable by any domestic or foreign self regulatory organization (collectively, "Permits") necessary for the lawful ownership and use of its properties and assets and the conduct of its business under and pursuant to Applicable Laws relating to the Company, its Subsidiary and the Partnership, except for Permits the failure to hold which would not have a Company Material Adverse Effect, and there has been no material violation of any of the above nor has Seller received notice asserting any such violation. All such Permits are valid and in good standing and are not subject to any suspension, modification or revocation or proceedings related thereto.

(b) Each of the Company and its Subsidiary is and at all times has been in compliance with each Applicable Law relating to it or any of its assets, properties or operations, except where noncompliance with any such Applicable Law would not have a Company Material Adverse Effect.

(c) Since January 1, 1991, except as disclosed in Schedule 4.12(c), and except for normal examinations conducted by any Governmental Authority in the regular course of the business of the Company or its Subsidiary, no Governmental Authority has initiated any proceeding with respect to or, to the Knowledge of Seller, investigation into the business or operations of the Company or its Subsidiary and to the Seller's Knowledge, no Governmental Authority is now threatening to initiate any proceeding or investigation into the business or operations of the Company or its Subsidiary.

(d) With respect to any employee benefit plans described in Section 3(3) of ERISA or governmental plans described in Section 3(32) of ERISA for which the Company serves as investment manager, Seller has no Knowledge, nor would Seller have Knowledge

except for the negligence or misconduct (including, without limitation, any failure to comply with any Applicable Laws or any failure to comply with or enforce the internal policies or procedures of the Company or its Subsidiary) of any of the Seller Entities or the Managers or any of the executive officers or directors of any of the Seller Entities, of any material breach of any fiduciary duty under ERISA, any "prohibited transaction" as defined in Section 406 of ERISA or Section 4975 of the Code, or any material breach of state laws governing governmental plans, which could reasonably result, directly or indirectly, in any material taxes, material penalties or other material liability to the Company or its Subsidiary or the Partnership.

Section 4.13 Assets.

(a) Neither the Company nor its Subsidiary owns any real property. Schedule 4.13(a) hereto lists all real property leased by the Company and its Subsidiary, together with the location of such property, the total square footage under lease, monthly lease payments and lease termination dates. Assuming due authorization, execution and delivery by the parties thereto other than the Company or its Subsidiary, all such leases are valid and effective in accordance with their terms, and there is not under any such lease any existing breach or event which, with the giving of notice, the lapse of time, or both, would become a breach.

(b) Except as set forth on Schedule 4.13(b) hereto, as of the date hereof, each of the Company and its Subsidiary owns all of the material assets owned by it (the "Owned Assets") free and clear of any Encumbrances except for minor imperfections of title or insignificant liens which do not, in the aggregate, detract from the value of such assets, taken as a whole, or interfere with the present or proposed uses thereof, the business of the Company or its Subsidiary or the transfer of the assets of the Company to the Partnership or the transfer of the stock of the Company's Subsidiary to the U.K. Partnership. The assets listed on Schedule 4.17(g) hereto together with the Leased Assets (as such term is defined below) include all the material assets used in, and all the material assets necessary for, the conduct of the business of the Company and its Subsidiary as currently conducted. The Company and its Subsidiary lease certain of the assets used in the conduct of their business pursuant to leases which are (assuming due authorization, execution and delivery by the parties thereto other than the Company or its Subsidiary) valid and effective, and under which there is not any existing breach or event which, with the giving of notice, the lapse of time, or both, would become a breach (the "Leased Assets").

(c) (i) Attached hereto as Schedule 4.13(c) is a list of all material (A) domestic and foreign registered trademarks and service marks, registered copyrights and patents, (B) applications for registration or grant of any of the foregoing, and (C) unregistered trademarks, service marks, trade names, logos and assumed names owned by Company or its Subsidiary and used in or necessary to conduct the business of Company or its Subsidiary. The items on Schedule 4.13(c), together with all other material trademarks, service marks, trade names, logos, assumed names, patents,

copyrights, trade secrets, computer software, formula, designs and inventions currently used in or necessary to conduct the business of Company or its Subsidiaries, constitute the "Intellectual Property."

(ii) Neither the Company nor its Subsidiary has materially infringed or violated, in any way, any trademark, trade name, patent, copyright, trade secret or other intellectual property right or contractual relation of another. None of the Seller Entities has received any notice, claim or protest respecting any such infringement or violation, or given any indemnification to any Person reporting any such infringement or violation.

(iii) The Company or its Subsidiary has, as the case may be, ownership of or such rights by license, lease or other agreement in and to the Intellectual Property as necessary to conduct its business as presently conducted, free and clear of any Encumbrances on the right to exercise such rights in the conduct of its business as presently conducted, except for Encumbrances which would not have a Company Material Adverse Effect.

(iv) None of Seller or any of its Affiliates (other than the Company and its Subsidiary or the Partnership) will have as of the Closing any possession of or rights in or to (whether by license, lease, other agreement or otherwise) any material Intellectual Property of the Company or its Subsidiary.

Section 4.14 Assets Under Management. The aggregate assets under management by each of the Company and its Subsidiary as of September 30, 1995, are set forth on Schedule 4.14 hereto. In addition, set forth on Schedule 4.14 is a list as of September 30, 1995, of all Investment Advisory Agreements setting forth the name of the client under each such contract, the amount of assets under management with respect to each such contract and any material adjustments in fee rates or structures or other fee adjustments agreed to with such client or material adjustments in the amount of assets under management (it being understood and agreed that adjustments in assets under management greater than $3,000,000 are material) implemented since September 30, 1995, or which the Company and such client have agreed to institute, or of which the Company has given notice or been given written notice of a proposal to be instituted. To Seller's Knowledge, except as is set forth on Schedule 4.14 hereto, no client of the Company or its Subsidiary has informed Seller, the Company or its Subsidiary of its intention to terminate or reduce its investment relationship with the Company or its Subsidiary, or adjust the fee schedule with respect to any contract in any manner.

Section 4.15 Employment Arrangements. Except as set forth on Schedule 4.15 hereto, neither the Company nor its Subsidiary has any obligation, contingent or otherwise, under (i) any employment, collective bargaining or other labor agreement, (ii) any written or oral agreement containing severance or termination pay arrangements or any written or oral agreement containing any provision for payment upon or related to a change in control of the Company or its Subsidiary (or anticipated change in control of the Company or its Subsidiary),

whether upon a signing of this Agreement, the Closing or otherwise, (iii) any deferred compensation agreement, retainer or consulting arrangements, (iv) any pension or retirement plan, any bonus or profit-sharing plan, any stock option or stock purchase plan, or (v) any other employee contract or non-terminable (whether with or without penalty) employment arrangement (each an "Employment Arrangement"). Neither the Company nor its Subsidiary is in default with respect to any material term or condition of any Employment Arrangement, nor except as set forth on Schedule 4.15, after obtaining the consents set forth in Sections 7.3 and 8.3 and on Schedule 4.5(b), will the Closing result in any such default or any acceleration of any obligation under any Employment Arrangement, including, without limitation, after the giving of notice, lapse of time or both, except for such defaults or accelerations which would not have a Company Material Adverse Effect.

Section 4.16 Employee Benefit Plans; ERISA.

(a) Except as set forth in Schedule 4.16(a), no employee benefit plans or arrangements of any type (including, without limitation, plans described in section 3(3) of ERISA) are maintained by the Company or its Subsidiary and neither the Company nor its Subsidiary is obligated to contribute to any "multiemployer plan" (within the meaning of section 4001(a)(3) of ERISA). Each of the employee benefit plans identified on Schedule 4.16(a) as a plan qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS and no event has occurred since the date of such letter that will cause such plan to lose its qualified status.

(b) The Company and its Subsidiary have complied with requirements of section 4980B of the Code, except where any such noncompliance would not have a Company Material Adverse Effect.

(c) The consummation of the transactions contemplated by this Agreement will not (i) entitle any Company Employee to severance pay; (ii) accelerate the time of payment or vesting of, or increase the amount of, compensation due to any Company Employee (other than as contemplated by Section 7.12(c) or (d) hereof); or (iii) result in the payment to any Company Employee of an amount that will be an "excess parachute payment" (within the meaning of section 28OG(b)(1) of the Code).

(d) Except with respect to the plans identified on Schedule 4.16(a), neither the Company nor its Subsidiary has any liability with respect to any "welfare plan" (as defined in section 3(l) of ERISA) that provides benefits to retired employees (other than as required by section 601 of ERISA). With respect to any welfare plan identified on Schedule 4.16(a) that provides benefits to retired employees, the Company has reserved the right to amend or terminate such plan.

(e) Neither the Company nor its Subsidiary has either incurred or reasonably expects to incur any material liability under Title IV of ERISA (other than for retirement

benefits and Pension Benefit Guaranty Corporation insurance premiums payable in the ordinary course) or section 412(f) or 412(n) of the Code.

(f) The Company's Subsidiary does not have any separate pension plan.

Section 4.17 Taxes.

(a) As of December 31, 1995, each of the Company and its Subsidiary had paid or caused to be paid all material Taxes owed by it through December 31, 1995 other than Taxes which are the subject of a bona-fide dispute (which are set forth in Schedule 4.17(a)) or for which the Company had adequately reserved against on the December 31, 1995 balance sheet which has been delivered under Section 7.10(b).

(b) Each of the Company and its Subsidiary has, in accordance with Applicable Law, filed all material Tax Returns required to be filed by it through the date hereof, and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. A list of all material Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 1990, is set forth in Schedule 4.17(a) attached hereto, and said Schedule indicates those returns that have been audited or currently are the subject of an audit. For each taxable period of the Company ended on or after December 31, 1990, the Company has delivered to Buyer correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by the Company or its Subsidiary. Schedule 4.17(a) sets forth all material tax elections under the Code that are in effect with respect to the Company or for which an application by the Company is pending.

(c) Except as set forth in Schedule 4.17(a), no Governmental Authority is now asserting or, to the Knowledge of Seller, threatening to assert against the Company or its Subsidiary any deficiency or claim for additional Taxes.

(d) Except as set forth in Schedule 4.17(a) attached hereto, there are no current audits of any tax return filed by the Company or its Subsidiary and neither the Company nor its Subsidiary has been notified by any tax authority that any such audit is contemplated or pending. Except as set forth in Schedule 4.17(a), no extension of time with respect to any date on which a tax return was or is to be filed by the Company or its Subsidiary is in force, and no waiver or agreement by the Company or its Subsidiary is in force for the extension of time for the assessment or payment of any Taxes.

(e) Each of the Company and its Subsidiary has withheld and paid all taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

(f) For purposes of this Agreement, all references to Sections of the Code shall include any predecessor provisions to such Sections and any similar provisions of federal, state, local or foreign law.

(g) Attached hereto as Schedule 4.17(g) is a list of all assets of the Company (including Intellectual Property to the extent it has a tax basis) and including as part of such Schedule, the tax basis of each such asset, in each case, as of the date set forth on such Schedule.

(h) Seller's United States taxpayer identification number is 22-3258266 and the Company is not a "foreign person" within the meaning of Section 1445 of the Code and Treasury Regulations Section 1.1445-2.

(i) The taxable periods of the Company and of its Subsidiary, for Federal, state and foreign tax purposes, end on December 31.

Section 4.18 Contracts. Schedule 4.18 sets forth a complete and accurate list of any Contract to which the Company or its Subsidiary is a party or by which any of their respective assets are bound which: (a) contains obligations of the Company or its Subsidiary in excess of $250,000; (b) involves payments based on profits or revenues of the Company or its Subsidiary; (c) by its terms does not terminate or is not terminable without penalty by the Company or its Subsidiary within six months after the date hereof; (d) involves the sale of its services not made in the ordinary course of business, consistent with past practices; (e) contains covenants limiting the freedom of the Company or its Subsidiary to compete in any line of business or with any person or entity; (f) relates to Indebtedness of the Company or its Subsidiary; (g) is a contract or agreement with Seller, any officer, employee, director of Seller or any of its Affiliates, or with any persons or organizations controlled by or Affiliated with any of them; (h) is a partnership, joint venture or other similar contract, agreement or arrangement; or (i) if not effectively transferred to the Partnership in full force and effect as part of the Asset Transfer or the other transactions contemplated by this Agreement, would have a Company Material Adverse Effect, other than Investment Advisory Agreements listed on Schedule 1.1(c). Assuming due authorization, execution and delivery by all parties thereto other than any Seller Entity, all such contracts are valid, binding and enforceable in accordance with their respective terms, and there is not, under any such contract, an existing material breach or event which, with the giving of notice or the lapse of time or both, would become such a breach. Other than this Agreement and such other agreements and contracts as are contemplated hereby, the Partnership is not a party to any obligations, agreements, commitments, powers of attorney or contracts and there are no other contracts relating to, the transfer of the Shares or the transfer of the assets of the Company or its Subsidiary.

Section 4.19 No Material Adverse Change. Since September 30, 1995, other than as otherwise disclosed on Schedule 4.19 hereto, there has been no change in the financial condition, properties, assets, liabilities, business, operations, results of operations or shareholder's equity of the Company or its Subsidiary which has had or could reasonably be

expected to have a Company Material Adverse Effect, and each of the Company and its Subsidiary has, except as expressly contemplated hereby, conducted its operations in the ordinary course of business consistent in all material respects with past practices. In addition, except as expressly contemplated hereby or disclosed on Schedule 4.19 hereto, since September 30, 1995, there has not been:

(a) any change in accounting methods or practices by any of the Seller Entities;

(b) except as listed on Schedule 4.19, any 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 Shares or, payment by the Company or its Subsidiary to Seller or any of its Affiliates;

(c) except for the increases in salary and bonus compensation set forth on Schedule 4.19, any increase in the salary or other compensation payable or to become payable by any of the Company or its Subsidiary to any officers, directors, consultants or employees of the Company or its Subsidiary or the declaration, payment or commitment or obligation of any kind for the payment by the Company or its Subsidiary of a bonus or other additional salary or compensation to any such persons other than in the ordinary course of business as heretofore conducted, with the prior written consent of Buyer, or as expressly contemplated hereby;

(d) any amendment or termination or, to the Knowledge of Seller, proposed or threatened amendment or termination, whether written or oral, of any agreement listed on Schedule 4.18 or Schedule 1.1(c) to which the Company or its Subsidiary is a party;

(e) Indebtedness incurred by the Company or its Subsidiary;

(f) mortgage, pledge or other encumbrance of any of the assets of the Company or its Subsidiary;

(g) waiver or release of any material right or claim of the Company or its Subsidiary;

(h) any purchase, sale or other disposition of any of the properties or assets of the Company or its Subsidiary other than in the ordinary course of business;

(i) any other material transaction entered into by the Company or its Subsidiary other than in the ordinary course of business consistent with past practices;

(j) any action taken by the Partnership (including, without limitation, any of the foregoing items (a) - (i)); or

(k) any agreement by any of the Company, its Subsidiary or the Partnership to do, or agreement by Seller or any Affiliate of Seller to cause any of them to do, any of the things described in the preceding clauses (a)-(j), except as otherwise specifically contemplated hereby.

Section 4.20 Broker Dealer. Neither the Company nor its Subsidiary is a "broker" or "dealer" within the meaning of the Exchange Act or any state securities laws.

Section 4.21 Insurance Policies. Each of the Company and its Subsidiary has in full force and effect such insurance as is customarily maintained by companies of similar size in the same or a similar business, with respect to each of their businesses, properties and assets, (including, without limitation, errors and omissions liability insurance) as listed on Schedule 4.21 hereto. Neither the Company nor its Subsidiary is in material default under any such policy and Seller and the Managers will use commercially reasonable efforts to continue such policies in full force and effect through the Closing. Buyer understands and agrees that except as otherwise agreed by Buyer and Seller, these insurance policies (other than the policy relating to errors and omissions liability insurance) will terminate as of the Closing.

Section 4.22 Disclosure. There are no facts with respect to the Company, its Subsidiary or the Partnership or their respective businesses or activities of which Seller has Knowledge which could reasonably be expected to have a Company Material Adverse Effect and which are not (a) set forth in this Agreement or the Exhibits or Schedules hereto, or (b) set forth in other materials provided by Seller to AMG or Buyer or their agents in a format from which AMG or Buyer could reasonably be expected to discern both the facts and that such facts together with other facts of which AMG or Buyer has knowledge could reasonably be expected to have a Company Material Adverse Effect.

ARTICLE V - REPRESENTATIONS AND WARRANTEES OF BUYER AND AMG.

Buyer and AMG hereby jointly and severally represent and warrant to Seller, each of the Managers and each of the Management Corporations as follows:

Section 5.1 Organization and Related Matters. Each of AMG and Buyer is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Each Transaction Document to which Buyer or AMG is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly approved by all requisite corporate action on the part of Buyer and AMG, and no other corporate proceedings on the part of Buyer or AMG are necessary to approve the Transaction Documents to which Buyer or AMG is a party or to consummate the transactions contemplated hereby and thereby.

Section 5.2 Authority; No Violation.

(a) Each of Buyer and AMG has full corporate power and authority to execute and deliver this Agreement and each of the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which Buyer or AMG is a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly approved by all requisite corporate action on the part of Buyer and AMG, and no other corporate proceedings on the part of Buyer or AMG are necessary to approve this Agreement or any other Transaction Document to which Buyer or AMG is a party or to consummate the transactions contemplated hereby and thereby. Each Transaction Document to which Buyer or AMG is a party has been (or, to the extent it is not required to be delivered until after the date hereof, will have been as of such date) duly and validly executed and delivered by Buyer and/or AMG, as applicable, and (assuming the due authorization, execution and delivery of this Agreement by each party thereto other than Buyer and AMG) constitutes (or when executed and delivered will constitute) a valid and binding obligation of Buyer and/or AMG, as applicable, enforceable against Buyer and/or AMG, as applicable, in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights and remedies generally.

(b) Neither the execution and delivery of this Agreement and each of the other Transaction Documents to which Buyer is a party by Buyer or AMG, nor the consummation by Buyer of the transactions contemplated hereby and thereby to be performed by either of them, nor compliance by either of them with any of the terms or provisions hereof and thereof, will (i) violate any provision of the Certificate of Incorporation or by-laws of Buyer or AMG, respectively, or (ii) assuming that the consents and approvals referred to in Sections 7.3 and 8.3 and Schedule 4.5(b) hereof are duly obtained, (x) violate in any material respect any Applicable Law with respect to Buyer or AMG, or any of their material properties or assets, or (y) violate, conflict with, result in a breach of any provision of, or constitute a default under any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Buyer or AMG is a party or by which any of their respective properties or assets may be bound or affected, except for such violations, conflicts, breaches or defaults which could not reasonably be expected to call into question the validity or hinder the enforceability or performance by Buyer or AMG of this Agreement or of the other Transaction Documents to which Buyer is a party.

Section 5.3 Consents and Approvals. Except for (w) the applicable filings under the HSR Act, (x) consents, approvals, notices and filings set forth in Sections 7.3 and 8.3 and Schedule 4.5(b) hereto, (y) prior notification to IMRO and IMRO's clearance of their becoming control persons of First Quadrant Limited under applicable provisions of the rules promulgated by IMRO as from time to time in effect, and (z) such other filings, authorizations, consents or approvals the failure to make or obtain which could not reasonably be expected to call into question the validity or hinder the enforceability or performance by Buyer or AMG of

this Agreement or any of the other Transaction Documents to which it is a party, no consents or approvals of or filings or registrations with any Governmental Authority or any third party are necessary in connection with (i) the execution and delivery by Buyer or AMG of this Agreement and (ii) the consummation by Buyer of the transactions contemplated hereby.

Section 5.4 Legal Proceedings. Neither Buyer nor AMG is a party to any, and there are no pending or, to AMG's Knowledge, overtly threatened, legal, administrative, arbitration or other proceedings, claims or governmental or regulatory investigations of any nature against or otherwise affecting, directly or indirectly, Buyer or AMG or their respective properties or assets or challenging the validity or propriety of the transactions contemplated by this Agreement which, if adversely determined, individually or in the aggregate, might call into question the validity or hinder the enforceability or performance by Buyer or AMG of this Agreement or of the other Transaction Documents to which either of them is a party, and there is no injunction, order, judgment, decree, or regulatory restriction imposed upon Buyer or AMG or their respective properties or assets which might call into question the validity or hinder the enforceability or performance by Buyer or AMG of this Agreement or of the other Transaction Documents to which either of them is a party.

Section 5.5 Investment Intent of Buyer. Buyer is acquiring the Shares hereunder for its own account for investment and not with a view to the distribution thereof. Buyer and AMG acknowledge that they have received from Seller, and carefully reviewed, all relevant information regarding the Shares, the Company and its Subsidiary.

Section 5.6 Ineligible Persons. Neither Buyer nor any "associated person" (as defined in the Advisers Act) thereof is subject to any disqualification under the provision of Section 203(e) of the Advisers Act or is otherwise ineligible to serve as an investment adviser or as an associated person to a registered investment adviser.

Section 5.7 No Broker. No broker, finder or similar intermediary has acted for or on behalf of Buyer or any Affiliate of Buyer, or is entitled to any broker's, finder's or similar fee or other commission from Buyer or any Affiliate of Buyer, in connection with this Agreement or the transactions contemplated hereby.

ARTICLE VI - REPRESENTATIONS AND WARRANTIES OF EACH MANAGER AND EACH MANAGEMENT CORPORATION

As a material inducement to Buyer and AMG entering into this Agreement each Manager severally and, if such Manager owns stock in a Management Corporation, jointly but with that Management Corporation only, represents to Buyer with respect to that Manager and, if such Manager owns stock in a Management Corporation, such Management Corporation as follows:

Section 6.1 Individual Power and Authority. Such Manager has full right, power and authority to execute and deliver this Agreement and each other Transaction Document to which he is a party or by which he is bound and to consummate the transactions contemplated hereby and thereby. This Agreement and each of the other Transaction Documents to which such Manager is a party constitutes, or when executed and delivered will constitute, the valid and legally binding obligation of such Manager, enforceable against such Manager in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights and remedies generally.

Section 6.2 Corporate Organization and Authority. Such Management Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation. Such Management Corporation is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character of the assets owned by it makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not have a Material Adverse Effect on it or its business. Such Management Corporation has the corporate power and authority to carry on its business as it is now being conducted and own all its assets and possess all Permits necessary to conduct its business as presently carried on by it and as contemplated to be carried on by it after the Closing hereunder and the closing of the transactions contemplated hereby. Such Management Corporation has full corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which such Management Corporation is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which such Management Corporation is a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly approved by all requisite corporate action of such entity, and (assuming the due execution and delivery by each of the parties thereto other than such Manager and Management Corporation) this Agreement and each of the other Transaction Documents to which such Management Corporation is a party constitutes or, when executed and delivered, will constitute, the valid and legally binding obligation of such Management Corporation, enforceable against such Management Corporation in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights and remedies generally.

Section 6.3 Non-Contravention. Neither the execution and delivery by such Manager and/or Management Corporation of this Agreement or the other Transaction Documents to which either of them is a party, nor the consummation by such Manager and/or Management Corporation of the transactions contemplated hereby and thereby, nor compliance by such Manager and/or such Management Corporation with any of the terms or provisions hereof and thereof, will: (a) violate any provision of the charter or by-laws of such Management Corporation; (b) violate in any material respect any Applicable Law with respect to such Manager or Management Corporation; or (c) violate, conflict with, result in a breach of any provision of, or constitute a default under any note, bond, mortgage, indenture, deed of trust,

license, lease, agreement or other instrument or obligation to which such Manager or Management Corporation is a party or by which any of their respective properties or assets may be bound or affected, except for such violations, conflicts, breaches or defaults which, individually or in the aggregate, would not have and could not reasonably be expected to have a Material Adverse Effect on such Manager or Management Corporation.

Section 6.4 Consents and Approvals. Except for filings, authorizations, consents or approvals the failure to make or obtain which could not reasonably be expected to have a Material Adverse Effect on such Manager or Management Corporation, no consents or approvals of or filings or registrations with any Governmental Authority or any third party are necessary in connection with (i) the execution and delivery by such Manager or Management Corporation of this Agreement and the other Transaction Documents to which either of them is a party and (ii) the consummation by such Manager or Management Corporation of the transactions contemplated hereby and thereby.

Section 6.5 Capitalization. The duly authorized capital stock of such Management Corporation consists of 1,000 shares of Common Stock, $.01 par value per share, of which 100 shares are issued and outstanding and held beneficially and of record by such Manager. All the outstanding shares of capital stock of such Management Corporation have been duly authorized and validly issued and are fully paid and nonassessable. Except as contemplated by this Agreement, there are no existing rights, agreements or commitments obligating or which might obligate such Management Corporation to issue, transfer, sell or redeem any securities or might obligate such Manager to transfer any securities in such Management Corporation.

Section 6.6 Litigation and Compliance with Laws.

(a) Except as set forth on Schedule 6.6 hereto, there is no litigation or governmental or administrative action, suit, proceeding or investigation (including, without limitation, any voluntary or involuntary proceeding under the Bankruptcy Code or any action, suit, proceeding or investigation under any federal or state securities law or regulation) pending or, to the best knowledge of each such Manager and Management Corporation, threatened, before any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, at law or in equity or otherwise, to which such Manager or Management Corporation or any officer, director or stockholder thereof is a party, (i) which is related to the business, affairs, properties or assets of such Management Corporation, the Company, its Subsidiary or the Partnership or (ii) which might call into question the validity or hinder the enforceability or performance of this Agreement or the other Transaction Documents or any of the contracts described on Schedule 4.18 or Schedule 1.1(c) hereto. Each such Manager and Management Corporation is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign, including, without limitation, all federal or state securities laws applicable to the business, affairs, properties or assets of such Management Corporation, the Company, its Subsidiary or the Partnership, except where non-compliance therewith, in any individual instance or any series of related instances, would not have a Material Adverse

Effect as such Manager or Management Corporation or a Company Material Adverse Effect. None of such Managers or Management Corporations (nor any officer, director or stockholder thereof) is in material default with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, relating to any aspect of the business, affairs, properties or assets of any of such Management Corporations, the Company, its Subsidiary or the Partnership. None of such Managers, nor to the best knowledge of such Managers, any other Person, has violated the Company's code of ethics.

(b) To the best of such Manager's Knowledge, except as set forth in Schedule 4.11, neither the Company nor its Subsidiary is a party to any, and there are no pending or overtly threatened, legal, administrative, arbitration or other proceedings, claims, actions or governmental or regulatory investigations of any nature against or otherwise affecting the Company or its Subsidiary or their respective properties or assets or challenging the validity or propriety of the transactions contemplated by this Agreement and the other Transaction Documents, and there is no injunction, order, judgment, decree or regulatory restriction imposed upon the Company or its Subsidiary or any of their respective properties or assets.

(c) To such Manager's Knowledge, except as disclosed in Schedule 4.12(a), each of the Company, its Subsidiary and the Partnership holds all Permits necessary for the lawful ownership and use of its properties and assets and the conduct of its business under and pursuant to Applicable Laws relating to the Company, its Subsidiary and the Partnership, except for Permits the failure to hold which would not have a Company Material Adverse Effect, and, to such Manager's knowledge, there has been no material violation of any of the above nor has, to such Manager's Knowledge, any such entity received notice asserting any such violation. To the Knowledge of such Manager, all such Permits are valid and in good standing and are not subject to any suspension, modification or revocation or proceedings related thereto. To the Manager's Knowledge, after giving effect to the Asset Transfer and the Closing, and after obtaining the consents required by Sections 7.3 and 8.3 and Schedule 4.5(b), the Partnership will have all the Permits necessary to own the property it receives in the Asset Transfer and to conduct the businesses presently conducted by the Company.

(d) To such Manager's Knowledge, each of the Company and its Subsidiary is and at all times has been in compliance with each Applicable Law relating to it or any of its assets, properties or operations, except where noncompliance with any such Applicable Law would not have a Company Material Adverse Effect.

(e) To such Manager's Knowledge, since January 1, 1991, except as disclosed in Schedule 4.12(c), and except for normal examinations conducted by any Governmental Authority in the regular course of business of the Company and its Subsidiary, no Governmental Authority has initiated any proceeding with respect to or investigation into the business or operations of the Company or its Subsidiary and, to such Manager's

Knowledge, no Governmental Authority is now threatening to initiate any proceeding or investigation into the business or operations of the Company or its Subsidiary.

Section 6.7 Brokerage. Neither such Manager nor, to the extent applicable, such Management Corporation has incurred any obligation for a brokerage commission or finders fee in connection with the transactions contemplated hereby.

Section 6.8 Investment Advisory Representation. Except as set forth on Schedule 6.8 hereto, and except for advice given to members of such Manager's immediate family (and with respect to assets that are not material in amount), such Manager does not provide investment advisory or investment management services to any person or entity, other than on behalf of the Company or its Subsidiary pursuant to an investment advisory agreement between the Company or its Subsidiary and a client.

Section 6.9 Good Health. To his Knowledge, such Manager is in good health.

Section 6.10 Assets Under Management. To such Manager's Knowledge, the aggregate assets under management by each of the Company and its Subsidiary as of September 30, 1995, are accurately described on Schedule 4.14 hereto. In addition, to such Manager's Knowledge, set forth on Schedule 4.14 is a list as of September 30, 1995 of all Investment Advisory Agreements, setting forth the name of the client under each such contract, the amount of assets under management with respect to each such contract and any material adjustments in fee rates or structures or other fee adjustments agreed to with such client, or material adjustments in the amount of assets under management (it being understood and agreed that adjustments in assets under management greater than $3,000,000 are material) implemented since September 30, 1995, or presently proposed to be instituted. To such Manager's Knowledge, except as set forth on Schedule 4.14 hereto, no client of the Company or its Subsidiary has informed the Company or its Subsidiary of its intention to terminate or reduce its investment relationship with the Company or its Subsidiary, or to adjust the fee schedule with respect to any contract in any manner.

Section 6.11 Employment Arrangements. Except as set forth on Schedule 4.15 hereto, neither the Company nor its Subsidiary has any obligation to the Manager, contingent or otherwise, under (i) any employment, collective bargaining or other labor agreement, (ii) any written or oral agreement containing severance or termination pay arrangements or any written or oral agreement containing any provision for payment upon or related to a change in control of the Company or its Subsidiary (or anticipated change in control of the Company or its Subsidiary), whether upon a signing of this Agreement, the Closing or otherwise, (iii) any deferred compensation agreement, retainer or consulting arrangements, (iv) any pension or retirement plan, any bonus or profit-sharing plan, any stock option or stock purchase plan, or (v) any Employment Arrangement. To the best of such Manager's knowledge, neither the Company nor its Subsidiary is in default with respect to any material term or condition of any Employment Arrangement to which the Manager is a party or subject, nor, to the best of such Manager's knowledge, except as set forth on Schedule 4.15, after obtaining the consents set

forth in Sections 7.3 and 8.3 and Schedule 4.5(b), will the Closing result in any such default or any acceleration of any obligation under any Employment Arrangement to which the Manager is a party or subject, including, without limitation, after the giving of notice, lapse of time or both, except for such defaults or accelerations which would not have a Company Material Adverse Effect.

Section 6.12 Ordinary Course of Business. Since September 30, 1995, to such Manager's Knowledge, each of the Company and its Subsidiary has, except as expressly contemplated hereby, conducted its operations in the ordinary course of business consistent in all material respects with past practices.

ARTICLE VII - COVENANTS

Section 7.1 Seller Matters.

(a) Prior to the Closing, Seller shall enter into an agreement in form and substance satisfactory to Buyer whereby Seller forgoes any tax payment due from the Company or its Subsidiary pursuant to the terms of the Tax Sharing Agreement with the liabilities of the parties to be determined under this Agreement. In addition, except for the termination of the Tax Sharing Agreement, as contemplated by this Agreement, Seller shall not consent to any amendment of or modification to the Tax Sharing Agreement which could be adverse to the Company, the Partnership, Buyer or AMG, and, except as provided in this Section 7.1(a) and shall comply with it in accordance with its terms.

(b) Effective as of the Closing, the following existing agreements shall be terminated (i) the General Services Agreement between the Company and Seller, (ii) the Information Services Agreement between the Company and Apprise Corp., and (iii) the Confidentiality Agreement to the extent it relates to AMG.

Section 7.2 Conduct of Business Prior to Closing. During the period from the date of this Agreement through the Closing Date, except as contemplated by this Agreement or with the consent of Buyer, or as required by Applicable Law, Seller and the Managers (provided, however, that nothing set forth in this Section 7.2 shall prevent a Manager from terminating his employment with the Company or its Subsidiary prior to the date of the execution of the Interim Partnership Agreement) shall use their respective reasonable best efforts to cause the Company and its Subsidiary to, in all material respects, (a) carry on its business in the ordinary course consistent with past practice and in compliance in all material respects with all Applicable Laws; (b) preserve its present business organization and relationships; (c) keep available the present services of its significant employees; (d) preserve the rights, franchises, goodwill and relations of the Company Clients and others with whom material business relationships exist; and (e) preserve any Permits required in connection with the business of the Company, its Subsidiary or the Partnership (including without limitation all investment adviser and commodity adviser registrations). In addition, none of Seller, the Company, its

Subsidiary, the Managers or the Management Corporations shall take any material action not in the ordinary course of business relating to the Company, its Subsidiary, or the Partnership or which could reasonably have a Material Adverse Effect on the transactions contemplated hereby, without giving Buyer prior written notice thereof. Without limiting the generality of the foregoing, except as contemplated by this Agreement or consented to by Buyer, or as required by Applicable Law (provided, that with respect to those actions which are required by Applicable Law, Buyer shall have been given at least three (3) days prior written notice) between the date of this Agreement and the Closing Date:

(i) none of the Company, its Subsidiary or the Partnership shall, take any action impairing its rights in any material Contract other than in the ordinary course of business;

(ii) none of the Company, its Subsidiary or the Partnership shall make any change in its charter documents, by-laws, or partnership agreement, as applicable;

(iii) except as set forth in Section 2.2(c), none of the Company, its Subsidiary or the Partnership shall make any change in its capitalization;

(iv) none of the Company, its Subsidiary or the Partnership shall (i) create, incur or assume any material Indebtedness, (ii) make any loans, advances or capital contributions to or investments in, any person or entity, or (iii) settle any material litigation;

(v) none of the Company, its Subsidiary or the Partnership shall acquire any assets or make any capital expenditures, or sell, lease or dispose of any assets, in each case, other than in the ordinary course of business;

(vi) none of the Company, its Subsidiary or the Partnership shall mortgage, pledge or subject to any Encumbrance, any properties or assets, nor permit any of the foregoing to exist, except for minor imperfections of title or insignificant liens which do not, in the aggregate, detract from the value of such assets, taken as a whole, or interfere with the present or proposed uses thereof or the business of such entity;

(vii) Seller shall not mortgage, pledge or subject to any Encumbrance, the Shares, nor permit any of the foregoing to exist;

(viii)except as set forth in Section 2.2(c), the Company shall not declare, set aside or pay any dividend or make any other distribution in respect of its capital stock, make any direct or indirect redemption, purchase or other acquisition of its stock, or otherwise make any payments to Seller or its Affiliates;

(ix) in each case, except in the ordinary course of business consistent with past practice, and except as set forth in Schedule 4.15 under existing arrangements, (i)

neither the Company nor its Subsidiary shall materially increase the rate of compensation payable or to become payable to any director, officer, employee or agent, and (ii) none of the Company, its Subsidiary or the Partnership shall hire any directors, officers, employees or agents other than, in the case of the Company and its Subsidiary, to fill vacant positions on terms no less favorable to the Company or its Subsidiary than the terms of the departing director, officer, employee or agent, or enter into any collective bargaining agreement, bonus, equity option, profit sharing, compensation, pension, welfare, retirement or other similar arrangement, or any employment contract;

(x) none of the Company, its Subsidiary or the Partnership shall commit any act which constitutes a material breach or default under any material Contract or material Permit to which it is a party or by which it or any of its properties is bound;

(xi) Seller shall not permit any of the Company, its Subsidiary, the Partnership or the U.K. Partnership to voluntarily incur any material liabilities which are incurred other than in the ordinary course of business, consistent with past practices;

(xii) Without limiting the right or ability of officers of Seller to sit on the Board of Directors of the Company (or any committee thereof) and to fulfill their duties at meetings of the Board of Directors of the Company or of such committees or to take any other action in the ordinary course of business consistent with past practices, Seller shall not exercise any control over the business of the Company or its Subsidiary, except to the extent contemplated by this Agreement, to cause them to comply with the covenants and other provisions set forth herein and in the other Transaction Documents, or as otherwise consented to by Buyer in writing (in respect of the foregoing, Seller shall cause the Company to promptly (but in any event within ten (10) days after the occurrence thereof) provide Buyer with the minutes of each meeting of the Board of Directors of the Company (and any committee thereof) which occurs after the date hereof);

(xiii) Seller shall not permit the Partnership or the U.K. Partnership to engage in any activity other than as contemplated or required hereby or as otherwise consented to by Buyer, in writing; and

(xiv) none of Seller, the Company, its Subsidiary, the Partnership or the U.K. Partnership shall agree (by contract or otherwise) to do any of the foregoing except as permitted above.

Section 7.3 Client Consents. The Company has informed each of the Company Clients in writing of the transactions contemplated by this Agreement by sending each such client a notice in substantially the form of Exhibit 7.3 hereto and has, in compliance with the Advisers Act and all other Applicable Laws, to the extent applicable, requested their consent to the assignment of their Investment Advisory Agreements. Seller, the Company, the

Partnership and each of the Managers (with the reasonable cooperation of Buyer and AMG) shall use all commercially reasonable efforts to obtain such consent. Buyer agrees that the Company may satisfy this obligation, insofar as it relates to any Investment Advisory Agreement by providing each such Company Client with the notice contemplated by the first sentence of this Section 7.3 and obtaining its consent in the form of an actual written consent or in the form of an implied consent and complying with any other requirements of all Applicable Laws, including to the extent applicable, the disclosure requirements of Rule 204-3 of the Advisers Act, and any requirements of the Company's contract with such Company Client. It is understood that such implied consent may be obtained, to the extent permitted by (i) Applicable Laws other than the Advisers Act, and (ii) the applicable contract with such client, by requesting written consent as aforesaid and informing such Company Client of: (x) the Company's intention to assign such Investment Advisory Agreement; (y) Buyer's (or its applicable Subsidiary's or Affiliate's) intention to continue the advisory services, pursuant to the existing Investment Advisory Agreement, with such Company Client after the Closing Date if such Company Client does not terminate such Investment Advisory Agreement prior to the Closing Date; and (z) that the consent of such Company Client will be implied if such Company Client continues to accept such advisory services without termination and a period of forty-five (45) days have elapsed since the date such Company Client received such notice. Each of the parties hereto acknowledges that the form of notice set forth in Exhibit 7.3 satisfies the requirements of each of (x), (y) and (z) above.

Section 7.4 Confidentiality and Announcements.

(a) Without limiting in any way the terms of the Confidentiality Agreement, no party hereto, nor any of their respective Affiliates, shall disclose publicly (i) the fact of execution and delivery hereof other than with the prior written consent of Seller and Buyer or (ii) any of the contents hereof other than as required by law upon prior notice to Seller and Buyer and other than with the prior consent of Seller and Buyer; provided, however, that nothing contained herein shall prohibit any party (or any Affiliate thereof), following notification to Seller and Buyer if practicable, from making any disclosure which its counsel determines to be required by law. Notwithstanding the foregoing or anything else set forth herein to the contrary, the parties hereto acknowledge and agree that (i) all required filings with Governmental Authorities regulating Buyer, Seller, the Company and its Subsidiary (and, following the Asset Transfer, the Partnership and the U.K. Partnership) and their Affiliates or by Applicable Laws in accordance with the operation of the business of the foregoing and any actions they may wish to undertake, (ii) all required filings under the HSR Act and responses to questions with respect thereto, and (iii) disclosures to Buyer's lenders and other financing services are all expressly permitted.

(b) Schedule 1.1(a) sets forth all of the employees and certain former employees of the Company and its Subsidiary as of the date of this Agreement. The Partnership has no employees. Seller covenants and agrees with Buyer, that for a period of two (2) years after the Closing, none of Seller or any of its Affiliates on the date hereof, shall, without the express written consent of Buyer, directly or indirectly, whether as owner,

part-owner, shareholder, partner, or in any other capacity, on behalf of itself or any firm, corporation or other business organization: (i) solicit or induce any individual which, to such party's Knowledge, was an employee or former employee of the Company or its Subsidiary set forth on Schedule 1.1(a) to terminate his or her employment relationship or consulting relationship with the Company, its Subsidiary, the Partnership, the U.K. Partnership or any direct or indirect subsidiary of AMG, or (ii) hire any individual which, to such party's Knowledge, was such a Person.

Section 7.5 Expenses. Regardless of whether any or all of the transactions contemplated by this Agreement are consummated, and except as otherwise expressly provided herein, each of the Parties hereto shall each bear their respective direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby; provided, however, that Buyer shall bear all costs and expenses incurred by Seller and which would not have to be borne but for the use of the Partnership structure, which expenses, to the extent incurred prior to the Closing Date (it being understood and agreed that no costs or expenses shall be reimbursed after the Closing Date if they are incurred without the prior written approval of Buyer or AMG) shall be billed to Buyer prior to or at the Closing, with such specificity as Buyer may reasonably require.

Section 7.6 Covenants with Respect to Agreement. During the period from the date of this Agreement through the Closing Date, except as required by Applicable Law or with the prior written consent of Buyer and Seller: (a) no party to this Agreement shall take any action that would, or could reasonably be expected to: (i) result in any of such party's representations and warranties set forth in this Agreement being or becoming untrue in any material respect; (ii) result in any of the conditions to the Closing set forth in Article VIII not being satisfied; (iii) result in a material violation of any provision of this Agreement; or (iv) adversely affect or materially delay the receipt of any of the requisite regulatory approvals, and (b) each party hereto shall use its respective commercially reasonable efforts to cause to be satisfied all conditions to the Closing set forth in Article VIII which are within the reasonable control of such party. Nothing set forth in this Section 7.6 shall prevent a Manager from terminating his employment with the Company prior to the date of the execution of the Interim Partnership Agreement.

Section 7.7 Access; Certain Communications. Between the date of this Agreement and the Closing Date, subject to Applicable Laws relating to the exchange of information, Seller shall cause the Company and its Subsidiary to afford to Buyer and its authorized agents and representatives access, upon reasonable notice and during normal business hours, to all contracts, documents and information of or relating to the assets, liabilities, business, operations, personnel and other aspects of the business of the Company and its Subsidiary (including any information which Buyer or Goodwin, Procter & Hoar shall request in connection with the legal opinion contemplated by Section 3.2(e) hereof), Seller shall cause the Company and its Subsidiary to cause their respective personnel to provide reasonable assistance to Buyer in Buyer's investigation of matters relating to the transactions contemplated

hereby; provided, however, that Buyer's investigation shall be conducted in a manner which does not unreasonably interfere with the Company's and its Subsidiary's normal operations, customers, and employee relations. Without limiting any of the terms thereof, the terms of the Confidentiality Agreement (except to the extent that they conflict with a provision hereof) shall govern Buyer's and its agents' and representatives' obligations with respect to all confidential information with respect to the Company or any Affiliate thereof provided or made available to them at any time, including the period between the date of this Agreement and the Closing Date.

Section 7.8 Regulatory Matters; Third Party Consents.

(a) Seller, Buyer, AMG, the Company, its Subsidiary, the Partnership, the Managers and the Management Corporations shall cooperate (and Seller shall cause the Company and its Subsidiary to cooperate) with each other and use all reasonable efforts promptly to prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all permits, consents, approvals, waivers and authorizations of all third parties and Governmental Authorities which are necessary or considered advisable by either Seller or Buyer to consummate the transactions contemplated by this Agreement (it being understood that Seller and/or the Company shall be responsible for communications with parties with whom the Company is in contractual privity including all investment advisory clientele). Seller and Buyer will have the right to review in advance, and will consult with the others on, in each case subject to Applicable Laws relating to the exchange of information, all the information relating to Seller, the Company, its Subsidiary, or Buyer, as the case may be, and any of their respective Affiliates which appear in any filing made with, or written materials submitted to, any third party or any Governmental Authority in connection with the transactions contemplated by this Agreement, provided, however, that nothing contained herein shall be deemed to provide any party with a right to review any information provided to any Governmental Authority on a confidential basis in connection the transactions contemplated hereby. The parties hereto agree that they will consult with each other with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and Governmental Authorities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the others apprised of the status of matters relating to completion of the transactions contemplated herein. The party responsible for a filing as set forth above shall promptly deliver to the other parties evidence of the filing of all applications, filings, registrations and notifications relating thereto (except for any confidential portions thereof), and any supplement, amendment or item of additional information in connection therewith (except for any confidential portions thereof). The party responsible for a filing shall also promptly deliver to the other party a copy of each material notice, order, opinion and other item of correspondence received by such filing party from any Governmental Authority in respect of any such application (except for any confidential portions thereof). In exercising the foregoing rights and obligations, Seller and Buyer shall act reasonably and as promptly as practicable.

(b) Seller, Buyer and AMG shall, upon request, furnish each other with all information concerning themselves, their Affiliates, directors, officers and stockholders and such other matters as may be reasonably necessary in connection with any statement, filing, notice or application made by or on behalf of Buyer, the Company or any of their respective Affiliates to any Governmental Authority in connection with the transactions contemplated by this Agreement (except to the extent that such information would be, or relates to information that would be, filed under a claim of confidentiality).

(c) Seller, Buyer and AMG shall (and Seller shall cause the Company to) promptly (but in any event within one (1) business day) provide Seller, Buyer and AMG with copies of any communication from any Governmental Authority whose consent or approval is required for consummation of the transactions contemplated by this Agreement or which regulates a substantial portion of the business of the Company or its Subsidiary.

(d) Seller shall (and shall cause the Company to) provide Buyer with regular written updates as to the progress of any investigations undertaken or underway by any Governmental Authority with respect to the Company or its Subsidiary (including, without limitation, a written description of areas of inquiry and any areas which are indicated as areas of concern) and shall, in the case of any so-called "exit interview" or other meeting regarding any investigation by any Governmental Authority, promptly (but in any event within one (1) business day) provide Buyer with a written description of such meeting which includes a complete description of each matter discussed.

Section 7.9 Releases.

(a) Seller shall use its best efforts to deliver to Buyer general releases signed by Seller and Apprise Corp. as may be requested by Buyer, releasing all claims which any of them have against the Company, its Subsidiary or the Partnership in a form reasonably acceptable to Buyer.

(b) Seller shall use its best efforts to obtain for the Company releases from all the Company's liabilities under that certain Asset Purchase Agreement dated as of August 11, 1995, by and between the Company and American Re Asset Management, Inc., other than pursuant to Section 6.14(a) thereof (relating to certain non-competition Covenants) (in form and substance satisfactory to Buyer) and all the agreements and documents entered into in connection therewith (the "Am Re Documents"), including, without limitation, releases from the provisions of Section 3.3 Purchase Price Adjustment, and Section 8.2 Indemnification by Seller of such Asset Purchase Agreement and releases from the provisions of the Indemnity and Minimum Revenue Agreement (as such term is defined in the Asset Purchase Agreement referred to above).

Section 7.10 Notification of Certain Matters.

(a) Each party shall give prompt notice to the other parties hereto of (i) the occurrence, or failure to occur, of any event or existence of any condition that has caused or could reasonably be expected to cause any of its representations or warranties contained in this Agreement to be untrue or inaccurate in any material respect at any time after the date of this Agreement, up to and including the Closing Date, and (ii) any failure on its part to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

(b) The Company shall, within fifteen (15) days after the end of each month (commencing with the month of January, 1996) (and has, with respect to the month of December, 1995), provide to Buyer interim unaudited balance sheets, statements of income, changes in stockholders' equity and cash flows (the "Interim Financial Statements"). The Interim Financial Statements shall fairly present in all material respects the financial position and results of operations of the Company and its Subsidiary as of the date thereof and for the period covered thereby, and shall be prepared in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) applied in a manner consistent with the audited Company Financial Statements as of and for the period ended December 31, 1994.

Section 7.11 Maintenance of Records. The Company and its Subsidiary will maintain the Records in all material respects in the same manner and with the same care that the Records have been maintained prior to the execution of this Agreement. From and after the Closing Date, the Company and each of the parties hereto shall permit the parties hereto reasonable access to any applicable Records in its possession arising on or before the Closing Date and reasonably necessary in connection with any claim, action, litigation or other proceeding involving the party requesting access to such Records or in connection with any legal obligation owed by such party to any present or former customer of the Company.

Section 7.12 Employees and Employee Plans.

(a) General.

(i) No provision of this Agreement shall be construed to prohibit the Company from having the right to terminate the employment of any individual employed by the Company after the Closing, with or without cause, or to amend or to terminate any employee benefit plan, established, maintained or contributed to by the Company after the Closing.

(ii) Service by the Company Employees with the Company, Seller or any of their Affiliates shall be recognized under each benefit plan or arrangement established, maintained or contributed to by Buyer, the Company or any of their Affiliates after the Closing for the benefit of any Company Employee for purposes of eligibility to participate and vesting, but in no event shall such service be taken into

51
account in determining the accrual of benefits under any such benefit plan or arrangement, including, but not limited to, a defined benefit plan.

(b) Welfare Plans.

(i) The Company Employees shall cease active participation in the employee benefit plans maintained by Seller, the Company or any of their Affiliates applicable to Company Employees prior to the Closing that are "welfare plans" (as defined in Section 3(1) of ERISA) as of the Closing Date ("Seller's Welfare Plans"); provided, however, that at the option of Buyer, Buyer may elect, by written notice to Seller, at least twenty-five (25) days prior to the Closing Date, to continue coverage of the Company Employees under any or all of Seller's Welfare Plans specified in such election for the period commencing on the Closing Date and ending on a date specified by Buyer (not later than the date set forth in clause (ii) below). If Buyer makes such election, Buyer shall reimburse Seller on a monthly basis, within ten (10) Business Days of notification by Seller of the amount of such costs, for the monthly costs incurred in providing such coverage. The costs of coverage shall be determined by Seller in accordance with substantially the same methods and procedures under which such costs of coverage were determined by Seller immediately prior to the Closing Date.

(ii) In no event shall any Company Employee continue to be covered under Seller's Welfare Plans after the 60th day following the Closing Date, except as required by applicable law or otherwise agreed to in writing by the parties or provided in (iii) or (v) below.

(iii) Company Employees who, on the Closing Date, are receiving disability benefits under the Disability Plan shall remain covered under the Disability Plan, subject to the provisions of the Disability Plan, and neither the Company, its Subsidiary, Buyer nor the Partnership shall have any responsibility or liability for the payment of such benefits. Company Employees who have previously satisfied the requirements for retiree medical and/or life insurance coverage provided under Seller's Welfare Plans shall remain eligible for such coverage, subject to the provisions of Seller's Welfare Plans, and neither the Company, its Subsidiary, Buyer nor the Partnership shall have any responsibility or liability for the payment of such benefits.

(iv) Seller's Welfare Plans shall retain the liability for all benefit claims which are incurred by Company Employees and Former Employees under the Seller's Welfare Plans prior to the Closing Date, including all claims incurred before the Closing Date, and neither the Company, its Subsidiary, Buyer nor the Partnership shall have any responsibility or liability for the payment of such benefits; provided, however, that (i) the Company shall, at the Closing, assign to Seller that certain $20,000 deposit held by Apprise Corp., and (ii) the Partnership shall, at the Closing, pay to Seller an amount equal to $667.00 for each day in the period beginning with

52

January 18, 1996, and ending on the earlier to occur of (A) the Closing Date, (b) February 17, 1996 or (C) the date on which the Company puts into place a new welfare plan providing medical coverage to employees of the Company and its Subsidiary which is acceptable to Buyer and Seller and which then replaces the Seller's Welfare Plan which is providing medical coverage to employees of the Company and its Subsidiary.

(v) Seller's Welfare Plans shall retain liability for the continuation of coverage for all Former Employees and beneficiaries of Former Employees or Company Employees who are receiving benefits required to be provided by Part 6 of Subtitle B of Title I of ERISA as of the Closing Date, and neither the Company, its Subsidiary, the Buyer nor the Partnership shall have any responsibility or liability for the payment of such benefits.

(c) Defined Benefit Plans. The Retirement Plan and the SERP cover certain of the Company Employees and the Former Employees. The Retirement Plan shall retain liability for all benefits accrued through the Closing Date with respect to the Company Employees and the Former Employees. Effective as of the Closing Date, Company Employees described in the first paragraph of the definition of Company Employees shall be deemed, for all purposes in applying the Retirement Plan and SERP, to have become 100% vested in their accrued benefits and to have terminated their service on that date.

As of the Closing Date, the Company and its Subsidiary shall cease to be participating employers in the Retirement Plan, and Seller at its expense shall take such steps as may be required to effectuate the cessation of participating employer status by the Company and its Subsidiary.

(d) Defined Contribution Plans. The IRP and the SIRP cover certain of the Company Employees and the Former Employees. Effective as of the Closing, Seller shall cause all accruals of benefits in respect of the Company Employees described in the first paragraph of the definition of Company Employees to cease under the IRP and the SIRP. The IRP shall retain liability for all benefits accrued through the Closing Date with respect to the Company Employees and the Former Employees. Effective as of the Closing Date, all Company Employees described in the first paragraph of the definition of Company Employees shall be deemed, for all purposes in applying the IRP and the SIRP, to have become 100% vested in their accrued benefits and to have terminated their service on that date.

(e) Benefit Plans. Prior to the Closing, Seller shall take all action necessary to assume all liabilities of the Company arising under, in connection with, or relating to, any Benefit Plan that provides nonqualified pension or deferred compensation benefits, including, but not limited to, the SERP and the SIRP, but excluding liabilities under the Company's Incentive Compensation Plan. Effective as of the Closing, the Incentive Compensation Plan shall be amended in accordance with the provisions of Section 8 thereof so that it is in form and substance acceptable to Buyer. Buyer shall cause the Company to provide for payment of

all amounts payable on or after December 31, 1995, under the Company's Incentive Compensation Plan, as amended (the "ICP"). With respect to amounts payable under the ICP, to which employees become vested as of December 31, 1995 and which are payable in 1996, Buyer agrees that (i) it will notify Seller immediately of the payment of such amounts, (ii) it will not take any deduction for federal or state income tax purposes for the payment of such amounts, and, (iii) it will cause such amounts to be received by the employees entitled thereto within 2 and 1/2 months of December 31, 1995 within the meaning of Treasury Regulations section 1.404(b)-1T(A-2)(b)(1). With respect to all other amounts payable under the ICP ("Post-1995 ICP Payments"), neither Buyer, including any of its Affiliates (including the Partnership), nor Seller, including any of its Affiliates, shall treat for any purpose such amounts as additional consideration paid to Seller or as other than compensation paid by Buyer or any of its Affiliates (including the Partnership). Buyer shall also indemnify, on an after-tax basis, Seller and its Affiliates for any Taxes, along with any reasonable accountants and attorneys fees, incurred by Seller and its Affiliates that are attributable to any Post-1995 ICP Payment being treated as additional consideration paid to Seller ("Additional Income") if Seller or another member(s) of the affiliated group of which it is a member is not entitled to receive an offsetting deduction, either in the same taxable year of Seller (or such other member) or a subsequent taxable year ("Offsetting Deduction"). In addition, if a Post-1995 ICP Payment is treated as Additional Income paid to Seller in one taxable year but Seller (or another member or members of its affiliated group) is entitled to receive an Offsetting Deduction in a subsequent taxable year, Buyer shall pay to Seller, the Annual Deferral Amount. For each taxable year, the Annual Deferral Amount shall be calculated as follows: the sum of: (i) the product of (x) the amount by which the cumulative amount of the Additional Income exceeds the cumulative amount of the Offsetting Deduction that has accrued to Seller (or other member(s) of its affiliated group) for federal income tax purposes in such taxable year or in a prior taxable year, (y) the highest marginal rate of taxes payable by a corporation for federal income tax purposes in effect for such taxable year, and (z) the applicable rate of interest (which may be a fluctuating rate) under section 6621(a)(2) of the Code, and (ii) the amount of Taxes that are incurred by Seller as a consequence of receipt of the Annual Deferral Amount. Any indemnity claims hereunder shall be subject to the procedures set forth in Section 9.5 but any dispute regarding the interpretation of the language of this Section 7.12(e) shall be resolved as set forth in Section 11.8.

(f) Further Assurances. Seller and Buyer agree to cooperate to carry out the duties and responsibilities contained in this Section 7.12. In addition, Seller agrees to make available to Buyer such information as Buyer may reasonably request to facilitate the determination of (i) the period of service of any Company Employee and Former Employee with the Company, Seller or any of their Affiliates prior to the Closing Date, (ii) individual service accruals and salary histories of Company Employees and Former Employees, and (iii) such other information as Buyer may reasonably request to carry out the provisions of this Section 7.12.

ARTICLE VIII - CONDITIONS TO CLOSING

Section 8.1 Conditions to Buyer's Obligations. In addition to the conditions set forth in Section 8.3 hereof, the obligations of Buyer to effect the Closing shall be subject to the following conditions, any one or more of which may be waived in writing, in whole or in part, by Buyer:

(a) Representations and Warranties. The representations and warranties of Seller, the Company, its Subsidiary, the Managers and the Management Corporations set forth in this Agreement (and in any Schedule or Exhibit attached hereto) and in each other Transaction Document or otherwise made in writing by any of them (including, without limitation, in the Representation Certificate in the form attached hereto as Exhibit 8.1(j)) or any person on their behalf shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak only as of an earlier date) as of the Closing Date as though made on and as of the Closing Date, except that the representations in Section 4.14 shall also be made with respect to assets under management and advisory contracts as of a date which is not more than ten (10) days prior to Closing.

(b) Covenants. The Seller Entities, the Managers and the Management Corporations shall have performed and complied in all material respects with all agreements, covenants and obligations required by this Agreement and the other Transaction Documents to be performed or complied with by them on or prior to the Closing Date. Each of the Seller Entities, the Managers and the Management Corporations shall have furnished Buyer with a certificate dated as of the Closing Date with respect to each of the matters set forth in Sections 8.1(a) and 8.1(b) with respect to such Person.

(c) Registration.

(i) The Partnership shall be eligible to operate as an investment adviser under the Advisers Act and the rules and regulations promulgated thereunder and shall have become registered and be eligible to operate as a Commodity Trading Advisor under the Commodity Exchange Act and the rules and regulations promulgated thereunder, in each case, upon consummation of the transactions contemplated hereby, and the Partnership, the U.K. Partnership, the Company and its Subsidiary shall have all other material Permits if and to the extent necessary or reasonably deemed necessary to enable the Partnership to conduct the businesses presently being conducted by the Company, and to enable the Company's Subsidiary to continue to conduct the businesses presently being conducted by the Company's Subsidiary in each case, upon consummation of the transactions contemplated hereby.

(ii) Buyer and its direct and indirect equity holders shall have become registered with, or obtained approvals from, any Governmental Authority or industry self-regulatory body (including, without limitation, IMRO) to the extent reasonably necessary in connection with the transactions contemplated hereby.

(iii) Each Seller Entity (and, to the extent applicable, such other of their Affiliates as may be necessary) shall have notified IMRO, and obtained IMRO's clearance, of the changes of control of the Company and its Subsidiary to the extent required by Chapter IV of the IMRO Rules and Part VII of the Investment Services Regulations 1995.

(d) Consents. Except as otherwise specifically contemplated hereby, all actions by or in respect of, or filings with, any Governmental Authority required to permit the consummation of the transactions contemplated hereby so that upon consummation of the transactions contemplated hereby, the Company's Subsidiary shall be able to continue to carry on its business in all material respects in the manner now conducted by it, so that the Partnership shall be able to carry on the businesses presently being conducted by the Company in all material respects in the manner now conducted by the Company and so that the Company shall be able to act as general partner of the Partnership and the U.K. Partnership, shall have been taken, made or obtained, and any and all other material permits, approvals, consents (including, but without limitation, consents required under the contracts listed on Schedule 4.5(b)) or other action commercially necessary to consummate the transactions hereunder shall have been received or taken, and none of such permits, approvals or consents shall contain any provisions which, in the reasonable judgment of Buyer, are unduly burdensome (including any materially greater costs under any contracts) (provided, that a restriction imposed on the Partnership or the Company's Subsidiary shall not be unduly burdensome if it is not materially greater than a restriction currently imposed on the Company or its Subsidiary, respectively, as of the date hereof) (or, with respect to the contracts listed on Schedule 4.5(b), equivalent contracts shall have been entered into by the Partnership on substantially equivalent terms and at costs which are not materially greater).

(e) Asset Transfer. (i) The transactions contemplated by the Asset Transfer Agreement (together with the Schedules and Exhibits contained in such Agreement) shall have occurred and at least one (1) full business day shall have elapsed from the Effective Time, and (ii) such other and additional documents and instruments of transfer as Buyer shall reasonably have requested to effectuate the asset and liability transfers thereunder shall have been executed and delivered.

(f) Non Solicitation/Non Disclosure Agreements. Each Manager and each Management Corporation shall have entered into a Non Solicitation Agreement with the Partnership, the U.K. Partnership, the Company and Buyer in substantially the form attached hereto as Exhibit 8.1(f) with respect to the Managers listed on Schedule 8.1(f)(i) hereto and, with respect to those Managers listed on Schedule 8.1(f)(ii), in form and substance reasonably satisfactory to Buyer and in substance materially consistent with the form attached hereto as Exhibit 8.1(f), and each such Non Solicitation Agreement shall be in full force and effect.

(g) Partnership. Prior to the Asset Transfer, the Company and each of the Managers and Management Corporations shall have entered into the Interim Partnership Agreement. In addition, the Interim Partnership Agreement shall have been amended and

restated into the Restated Partnership Agreement by the Company and each of the Managers and each of the Management Corporations. The Partnership's capitalization, including Partnership Points and options and other rights to purchase Partnership Points, and the Capital Accounts in the Partnership shall be as set forth on Schedule 4.4(b) hereto.

(h) U.K. Partnership. The U.K. Partnership Agreement in form and substance reasonably satisfactory to Buyer and in substance materially consistent with Exhibit 8.1(h)(i) (the "U.K. Partnership Agreement") shall have become effective with each of the Managers and the Management Corporations having entered into such U.K. Partnership Agreement. The transactions contemplated by the Stock Contribution Agreement in a form materially consistent with that attached hereto as Exhibit 8.1(h)(ii) (the "Stock Contribution Agreement") shall have occurred, and such other and additional documents and instruments of transfer as Buyer shall have reasonably requested to effectuate the stock contribution shall have been executed and delivered. The U.K. Partnership's capitalization, including U.K. Partnership Points and options and other rights to purchase U.K. Partnership Points, and U.K. Capital Accounts in the U.K. Partnership shall be as set forth as Schedule 8.1(h) hereto.

(i) Resignations. The Company shall have delivered to Buyer the resignations of such Directors of the Company as may be requested by the Buyer at least three (3) days prior to the Closing, such resignations to be effective at the Closing. The Company's Subsidiary shall have delivered to Buyer the resignations of such Directors of the Company's Subsidiary as may be requested by Buyer at least three (3) days prior to the Closing (provided, however, that the Buyer will not at any time through the Closing Date request the resignation of any of Messrs. Arnott, Goodsall or Brown at any time when such Person is employed by the Company or its Subsidiary), such resignations to be effective at the Closing, with all related necessary filings having been made effective as of such time.

(j) Representation Certificate and Related Matters. Seller shall have delivered to Buyer a representation certificate in the form attached hereto as Exhibit 8.1(j). In addition (i) Buyer shall be reasonably satisfied with the compliance of the Company's disclosure to its clients under Sections 204 and 205 of the Advisers Act; and (ii) the on sight SEC examination of the Company referred to on Schedule 4.12(c) shall have been completed, Seller shall have provided Buyer with a written summary of all material areas of inquiry and concern communicated to the Company or Seller and how any material questions (including, without limitation, any indicated deficiencies or violations or possible violations of Securities Laws) raised during such examination were resolved, and either (A) the Company shall have been informed that no so-called "deficiency letter" will be issued and no adverse action will be taken by the SEC, or (B) Buyer shall have learned either (x) through a written summary of a so-called "exit interview" provided to Buyer by Seller pursuant to Section 7.8(d) hereof, or (y) through other means reasonably acceptable to Buyer, that such SEC examination has concluded with no indication that the examiners have found any violations or possible violations of any Securities Laws or other deficiencies which, or the basis of which, could reasonably be expected to have a Material Adverse Effect on any of AMG, the Company or the Partnership.

(k) Power of Attorney. Seller shall have terminated or caused to be terminated any outstanding powers of attorney with respect to the Company or its Subsidiary.

(l) Insurance Policies. Each of the Partnership and the Company's Subsidiary shall have in place insurance policies (a) which Buyer may reasonably deem necessary (it being agreed that insurance policies which provide equivalent coverage to those listed on Schedule 4.21 hereto shall be satisfactory) and (b) which survive the Closing for such period as Buyer shall reasonably deem necessary.

(m) Releases. The Company shall have obtained the releases contemplated by Section 7.9 hereof.

(n) Xerox Financial Services Indemnification Agreement. Xerox Financial Services shall have entered into an Indemnification Agreement covering Tax and ERISA representations and matters herein) with the Company, the Buyer and AMG (the "XFS Indemnification Agreement"), which agreement shall be in form and substance reasonably satisfactory to Buyer.

(o) Confidentiality Agreement. Seller shall have entered into an agreement respecting confidentiality of information relating to the Company, its Subsidiary, the Partnership, the U.K. Partnership and AMG in form and substance satisfactory to Buyer.

(p) Welfare Plans. The Partnership and the Company's Subsidiary shall have in place such welfare and benefit plans (a) which Buyer may reasonably deem necessary (it being agreed that plans which are in compliance with all Applicable Laws and provide benefits at least equal to those presently received by employees of the Company and its Subsidiary shall be satisfactory), (b) which survive the Closing for a period of at least six months, and (c) which do not cost materially more than $22,500 per month.

(q) Each Seller Entity (and, to the extent applicable, such other of their Affiliates as may be necessary) shall have notified IMRO, and obtained IMRO's clearance, of the changes of control of the Company and its Subsidiary in accordance with Chapter IV of the IMRO Rules and Part VII of the Investment Services Regulations 1995.

(q) Liabilities. None of the Company, its Subsidiary, the Partnership or the U.K. Partnership shall have incurred any liabilities, nor shall any liabilities of any of the foregoing exist, other than (i) liabilities set forth on Schedule 4.8(a) or Schedule 4.8(c) hereto, (ii) liabilities incurred after the date hereof in the ordinary course of business of the Company and its Subsidiary, consistent with past practices, and (iii) liabilities to which Buyer has given its prior written consent.

(r) Code of Ethics. The Partnership shall have adopted a Code of Ethics in form and substance reasonably satisfactory to Buyer.

(s) Legal Opinions. The Buyer and AMG shall have received the legal opinions described in Section 3.2(a)(13) and 3.2(b)(7).

Section 8.2 Conditions to Seller's Obligations. In addition to the conditions set forth in Section 8.3 hereof, the obligations of Seller to effect the Closing shall be subject to the following conditions, any one or more of which may be waived in writing, in whole or in part, by Seller:

(a) Representations and Warranties. The representations and warranties of Buyer and AMG set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak only as of an earlier date) as of the Closing Date as though made on and as of the Closing Date, except where the failure to be so true and correct would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated herein; and

(b) Covenants. Buyer and AMG shall have performed and complied in all material respects with all covenants and obligations required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date. Buyer and AMG shall have furnished Seller with a certificate dated as of the Closing Date with respect to the matters set forth in Sections 8.2(a) and 8.2(b).

(c) Legal Opinion. Seller shall have received the legal opinion described in Section 3.2(c)(6).

Section 8.3 Mutual Conditions. The obligations of each of Seller, Buyer and AMG to effect the Closing shall be subject to the following conditions, any one or more of which may be waived in writing by either of the parties (as to itself):

(a) Advisory Client Consents. The conditions under this Section 8.3(a) shall have been fulfilled when the conditions set forth in both (X) and (Y) below have been satisfied.

(X) Company Clients whose Investment Advisory Agreements provide for the payment (based on the sum of the Fee Arrangement Values of each such Investment Advisory Agreement) of fees constituting at least ninety percent (90%) of the Base Fees shall have given Consent to the transactions contemplated hereby, and Investment Advisory Agreements which (based on their Fee Arrangement Values) represent ninety percent (90%) of the Base Fees shall not have been terminated at or prior to the Closing and shall then be in full force and effect. For purposes of this Section 8.3:

(i) "Base Fees" shall mean $22,222,540.

(ii) "Consent" shall mean (A) with respect to a client whose contract by its terms terminates upon the consummation of the transactions contemplated hereby,

59
that the Partnership shall have entered into a new contract on substantially equivalent terms which contract is effective after giving effect to the Closing, (B) with respect to a client whose contract by its terms requires written consent from a party or parties thereto for its assignment by virtue of the transactions contemplated hereby, that the Company and the Partnership shall have obtained all such written consents as may be required for the consummation of the transactions, and (C) with respect to a client whose contract by its terms does not require written consent from any party thereto for its assignment by virtue of the transactions contemplated hereby, that the Company and the Partnership shall either have obtained written consent from each party thereto or shall have obtained such consents for the assignment of the client's Investment Advisory Contract as may be required under such contract and under Applicable Laws. Notwithstanding the foregoing, any Company Client which has terminated an investment relationship with the Company or its Subsidiary (or, after giving effect to the Closing, the Partnership) or any Company Client which has, in writing (which writing has not been countermanded by a subsequent writing), expressed its intent to terminate an investment relationship with the Company or its Subsidiary within six (6) months of the date of such writing, shall be deemed not to have Consented, and with respect to any Company Client which has withdrawn assets from the Company's management or which has, in writing (which writing has not been countermanded by a subsequent writing), expressed its intent to withdraw assets from the Company's management (or that of its Subsidiary) within six (6) months of the date of such writing, such Company Client shall be deemed to have consented only with respect to that portion of the assets which are not and would not be so withdrawn.

(iii) "Fee Arrangement Value" shall mean, (A) with respect to each fee arrangement under each advisory contract which was in effect on September 30, 1995, the Annualized Advisory Fees payable to the Company based on assets under management under such fee arrangement as set forth in the relevant agreement as of September 30, 1995, and set forth on Schedule 8.3(a) hereto, (B) with respect to each fee arrangement under each advisory contract which was entered into after September 30, 1995, but prior to the date hereof, the Annualized Advisory Fees payable to the Company based on assets under management under such fee arrangement as set forth in the relevant agreement as of the date of such agreement and set forth on Schedule 8.3(a) hereto, and (C) with respect to each fee arrangement under each advisory contract (or each new fee arrangement under an existing contract) which is entered into after the date hereof, the annualized investment advisory fees payable to the Company based on assets under management under that fee arrangement as of the date assets are first managed under that fee arrangement, computed as follows: (I) in the case of an advisory fee arrangement which is based on assets under management, by multiplying the assets under management under that fee arrangement by the relevant annual fee, and (II) in the case of an advisory fee arrangement which is a so-called "incentive" or "performance based" fee arrangement, by the Managers estimating the value of such fee in a manner consistent with the computations leading to the determinations of other

advisory fees as set forth on Schedule 8.3(a), which estimate shall be included as the annualized advisory fee under such fee arrangement upon its acceptance by Buyer.

If any additions or withdrawals are made to the assets under management under a fee arrangement, the Fee Arrangement Value of such fee arrangement shall be the value as determined above with respect to such fee arrangement multiplied by a fraction, the numerator of which is the assets under management under such fee arrangement as set forth on Schedule 8.3(a) or, in the case of Clause (C) above, as of the date funds are first managed under that fee arrangement, together with all additions or withdrawals, and the denominator of which is the assets under management under such fee arrangement as set forth on Schedule 8.3(a) or, in the case of Clause (C) above, as of the date funds are first managed under that fee arrangement;

and (Y) either (i) all Company Clients shall have Consented or responded negatively to the notice described in Section 7.3, or (ii) forty-five (45) days shall have elapsed since the date the notice described in Section 7.3 was sent.

At the Closing, Seller shall deliver a certificate certifying as to the computation under this Section 8.3(a) and compliance with the foregoing.

(b) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement shall be in effect. No proceeding initiated by any Governmental Authority seeking an injunction against the transactions contemplated by this Agreement shall be pending. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits, restricts or makes illegal consummation of the transactions contemplated hereby.

(c) In respect of the notifications of Seller and Buyer pursuant to the HSR Act, the applicable waiting period and any extensions thereof shall have expired or been terminated.

ARTICLE IX - SURVIVAL; INDEMNIFICATION

Section 9.1 Survival.

(a) The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto (including, without limitation, the Representation Certificate in the form attached hereto as Exhibit 8.1(j)) shall only survive the Closing and the consummation of any or all of the transactions contemplated hereby through March 31, 1997 except (i) for any representations and warranties made pursuant to Sections 4.6, 4.16 and 4.17 and, to the extent and only to the extent the matters covered thereby involve ownership of the Shares, Taxes or ERISA matters, Section 4.22, which shall survive until the expiration of the applicable statutes of limitations (if any), and (ii) to the extent any such

representation or warranty was fraudulently made or contained intentional misrepresentations, in which case each such representation and/or warranty shall survive through March 31, 1999. The expiration of any representation or warranty shall not affect any claim made in writing with reasonable specificity prior to the date of such expiration, but after the expiration of a representation or warranty (except to the extent it is extended pursuant to this paragraph (a)), no new claim may be brought alleging a breach of that representation or warranty.

(b) All unwaived covenants herein not fully performed shall survive the Closing Date and continue thereafter until fully performed, but a covenant the non-performance of which has been disclosed to Buyer with reasonable specificity prior to the Closing Date, and which has been waived in a writing making reference to such covenant (including by virtue of the Buyer countersigning a disclosure schedule appended to the certificate provided by Seller pursuant to Section 8.1(b)) shall not survive the Closing. Any investigation, audit or other examination that may have been made or may be made at any time by or on behalf of the party to whom any such representation or warranty is made shall not limit or diminish such representations and warranties, and the parties may rely on the representations and warranties set forth in this Agreement irrespective of any information obtained by them by any investigation, audit or examination or otherwise. Any, fact or occurrence after the date of this Agreement which is disclosed to Buyer with reasonable specificity prior to the Closing Date and accepted by Buyer in a writing making reference to such representation (including by virtue of the Buyer countersigning a disclosure schedule appended to the certificate provided by Seller pursuant to Section 8.1(b)) shall be deemed to be a scheduled disclosure to the representation and shall qualify such representation.

(c) The rights of the parties hereto to recourse on the representations and warranties set forth herein shall not be limited by the fact that a representation or warranty was not breached due to its limitation to occurrences that do not cause a Material Adverse Effect on one or more Persons (except for those representations and warranties which are so modified in Sections 4.1, 4.2, 4.12(b) and 4.19).

Section 9.2 Indemnification by Seller. Subject to the limitations contained in Section 9.1 and Section 9.6, Seller shall indemnify, reimburse, defend and hold harmless Buyer, AMG and their respective directors, officers, employees, Affiliates (including, without limitation, the Company), and their respective successors and assigns (the "Buyer Indemnified Parties") from and against any Loss arising from a claim asserted by an unaffiliated (with the Indemnitee) third party (including, without limitation, any Governmental Authority) against the Indemnitee (a "Third-Party Claim") and incurred by any of them based upon, arising out of or otherwise in respect of (i) any inaccuracy in or any breach of any representation by any Seller Entity contained herein, in the other Pre-Closing Transaction Documents, in any certificate (including, without limitation, the Representation Certificate) or other writing delivered pursuant hereto or thereto (including the Schedules of exceptions to such representations), and (ii) the nonfulfillment on the part of Seller, the Company, its Subsidiary or the Partnership of any unwaived covenant set forth in this Agreement or the other Pre-Closing Transaction Documents which survives the Closing Date.

Section 9.3 Indemnification by Buyer and AMG. Subject to the limitations contained in Section 9.1 and Section 9.6, Buyer and AMG shall indemnify, reimburse, defend and hold harmless Seller and its directors, officers, employees and Affiliates (the "Seller Indemnified Parties"), and their respective successors and assigns from and against any Loss arising from a Third-Party Claim and incurred by any of them based upon, arising out of or otherwise in respect of (i) any inaccuracy in or breach of any representation by Buyer or AMG contained herein, or in any certificate or other writing delivered pursuant hereto (including the Schedules of exceptions to such representations), and (ii) the nonfulfillment on the part of AMG or Buyer of any unwaived covenant set forth in this Agreement which survives the Closing Date in accordance with Section 9.1 hereof.

Section 9.4 Indemnification by Management Corporations. Subject to the limitations contained in Section 9.1 and Section 9.6, each Management Corporation and each Manager shall jointly and severally indemnify, reimburse, defend and hold harmless the Buyer Indemnified Parties from and against any Loss arising from a Third-Party Claim against any such Indemnitee and incurred by any of them based upon, arising out of or otherwise in respect of (i) any inaccuracy in or breach of any representation by such Management Corporation or Manager contained herein, in the other Transaction Documents, or in any certificate or other writing delivered pursuant hereto or thereto (including the Schedules of exceptions to such representations) and (ii) the nonfulfillment on the part of such Manager or Management Corporation of any unwaived covenant or agreement set forth in this Agreement which survives the Closing Date in accordance with Section 9.1 hereof. Notwithstanding anything in this Agreement to the contrary, no Manager or Management Corporation shall have any liability under this Section 9.4(a) with respect to the representations and warranties set forth in Article VI, unless the Indemnitee shall have fully pursued any claims he, she or it may have against the Seller (including under Section 9.2) with respect to any breach of the representations or warranties of Seller which gave rise to the Third-Party Claim and the assets of Seller shall be insufficient to satisfy any such claims, and (b) such recourse is limited to the Manager's or Management Corporation's interest in the Partnership and the U.K. Partnership (and such Manager's interest in a Management Corporation, if any).

Section 9.5 Notice and Opportunity to Defend.

(a) Notice of Asserted Liability. Promptly after receipt by any party entitled to indemnification hereunder (the "Indemnitee") from any third party of notice of any demand, claim or circumstance that, immediately or with the lapse of time, would reasonably be expected to give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in a Loss, the Indemnitee shall give notice thereof (the "Claims Notice") to any other party obligated to provide indemnification pursuant to Section 9.2, 9.3 or 9.4 (an "Indemnifying Party"); provided, however, that a failure to give such notice shall not prejudice the Indemnitee's right to indemnification hereunder except to the extent that the Indemnifying Party is actually prejudiced thereby. The Claims Notice shall describe the Asserted Liability in such reasonable detail as is practicable under the circumstances, and

shall, to the extent practicable under the circumstances, indicate the amount (estimated, if necessary) of the Loss that has been or may be suffered by the Indemnitee.

(b) Opportunity to Defend. The Indemnifying Party may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability; provided, however, that if the named parties to any action or proceeding include (or could reasonably be expected to include) both the Indemnitee and the Indemnifying Party, or more than one Indemnitee, and the Indemnitee is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Indemnitee may engage separate counsel at the expense of the Indemnifying Party. If the Indemnifying Party elects to compromise or defend such Asserted Liability, it shall within 20 Business Days (or sooner, if the nature of the Asserted Liability so requires) notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnitee of its election as herein provided, contests its obligation to provide indemnification under this Agreement, or fails to make or ceases making a good faith and diligent defense, the Indemnitee may pay, compromise or defend such Asserted Liability all at the expense of the Indemnitee. Except as set forth in the preceding sentence, neither the Indemnifying Party nor the Indemnitee may settle or compromise any claim over the objection of the other; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event, the Indemnitee and the Indemnifying Party may participate at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any claim, the Indemnitee shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense, all at the expense of the Indemnifying Party.

Section 9.6 Basket. No Buyer Indemnified Party shall have any right to seek indemnification under Sections 9.2, or 9.4 of this Agreement until Losses of Buyer Indemnified Parties, taken collectively, that would otherwise be indemnifiable under Sections 9.2 or 9.4 hereof (but excluding any losses described in Section 9.8(b) hereof to the extent paid or reimbursed) exceed $1,625,000 (in the aggregate) (the "Buyer Threshold"), at which time, the full amount of such Losses shall be recoverable in accordance with the terms hereof; provided, however, no single Loss shall be included for purposes of determining the Buyer Threshold unless it, together with any related Losses, exceeds $15,000. No Seller Indemnified Party shall have any right to seek indemnification under Section 9.3 of this Agreement until Losses of the Seller Indemnified Parties, taken collectively, that would otherwise be indemnifiable under Section 9.2 hereof exceed $1,625,000 (in the aggregate) (the "Seller Threshold"), at which time, the full amount of such Losses shall be recoverable in accordance with the terms hereof; provided, however, no single Loss shall be included for purposes of determining the Seller Threshold unless it, together with any related Losses, exceeds $15,000.

Section 9.7 Limitation on Liability of Managers and Management Corporations. Notwithstanding anything in this Agreement to the contrary, no Manager or Management

Corporation shall have any liability to any of the Buyer Indemnified Parties for a breach of a representation or warranty in Article VI unless the party seeking to assert such liability shall have first fully pursued any claims he, she or it may have against Seller with respect to any breach of a similar representation or warranty by Seller. In addition, any recourse by any of the Buyer Indemnified Parties against any Manager or Management Corporation for a breach of a representation or warranty in Article VI shall be limited to such Manager's or Management Corporation's interest in the Partnership and the U.K. Partnership (and such Manager's interest in a Management Corporation, if any).

Section 9.8 Exceptions.

(a) Notwithstanding anything herein to the contrary, the Buyer Indemnified Parties shall not be subject to any limitation pursuant to Section 9.6 hereof in seeking indemnification with respect to losses arising from a breach by the Seller of any of the representations and warranties contained in Sections 4.6, 4.16, 4.17 and, to the extent and only to the extent the matters covered thereby involve ownership of the Shares, Taxes or ERISA matters, Section 4.22;

(b) Notwithstanding anything herein to the contrary, the Buyer Indemnified Parties shall not be subject to any limitation pursuant to Sections 9.1(a) or 9.6 hereof in seeking indemnification with respect to losses arising out of or resulting from the Am Re Documents or the transactions contemplated thereby.

ARTICLE X - TERMINATION

Section 10.1 Termination.

(a) This Agreement may be terminated on or prior to the Closing Date only as follows:

(i) by written consent of both Seller and Buyer;

(ii) at the election of either Buyer or Seller, if the Closing Date shall not have occurred on or before seventy-five (75) days following the notice in Section 7.3, provided that neither party shall be entitled to terminate this Agreement pursuant to this clause (ii) if such party's failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date,

(iii) by either Buyer or Seller if a court of competent jurisdiction shall have issued an order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable; or

(iv) by either Buyer or Seller if a condition to its obligation to perform becomes incapable of fulfillment or if it has become reasonably and objectively certain that any of such conditions will not be fulfilled prior to the date set forth in Section 10.1(a)(ii). Notwithstanding the foregoing, the right to terminate this Agreement under this Section 10.1(a)(iv) shall not be available to any party if its condition to perform became incapable of fulfillment or if it has become reasonably and objectively certain that any of such conditions will not be fulfilled prior to the date set forth in Section 10.1(a)(ii) due to its failure to fulfill any obligation under this Agreement.

Section 10.2 Obligations Upon Termination.

(a) In the event that this Agreement shall be terminated pursuant to Section 10.1 hereof, all obligations of the parties hereto under this Agreement shall terminate and there shall be no liability of any party hereto to any other party except (i) as set forth in Article IX and this Article X hereof, and (ii) that nothing herein will relieve any party from liability for any breach of this Agreement.

(b) The termination of this Agreement shall be effectuated by the delivery by the party terminating this Agreement to each other party of a written notice of such termination.

ARTICLE XI - TAX COOPERATION AND INDEMNIFICATION

Section 11.1 Tax Cooperation.

(a) Seller and Buyer shall each, and Buyer shall cause the Company to: (i) cooperate in the preparation of any Tax Returns which any other party is responsible for preparing and filing; (ii) cooperate fully in preparing for any audits of, or disputes with taxing authorities; (iii) make available to the other parties and to any taxing authority, as reasonably requested on a timely basis, all information, records, and documents relating to Taxes; and (iv) furnish within ten (10) days the other parties with copies of all correspondence or notice of assessments received from any taxing authority in connection with any audit or information request with respect to Taxes for which any other party may be liable. Seller shall have the sole right to represent the interests of the Company in any tax audit or administrative or court proceeding to the extent relating to Tax Returns filed by Seller or filed by Buyer to the extent it relates solely to a matter for which Seller has agreed to indemnify Buyer, and employ counsel of its choice at its expense, provided that Seller shall keep Buyer reasonably informed on an ongoing basis. Buyer shall cooperate, and shall cause the Company to cooperate, with Seller, with respect to any Tax audit or administrative or court proceeding referred to in this paragraph. Such cooperation shall include providing prompt notice of any Tax deficiency, assessment or audit relating to the Company or relating to any event for which another party to this Agreement may be liable and all relevant information that is available to Buyer or the

Company, as the case may be, with respect to any such audit or proceeding, making personnel available at reasonable times and, including, without limitation, preparation of responses to requests for information on a timely basis, provided that the foregoing shall be done in a manner so as not to interfere unreasonably with the conduct of the business of Buyer and the Company.

(b) The parties agree that any Tax Sharing Agreements will be terminated as to the Company as of the Closing Date and will be of no further force and effect after the Closing Date, and that following the Closing Date the provisions of this Agreement shall apply in lieu thereof.

(c) Any refunds or credits of Taxes of the Company plus interest paid thereon with respect to taxable periods or portions thereof ending on or before the Closing Date shall be for the account of Seller.

Section 11.2 Tax Records. No party shall dispose of or destroy any business records or files relating to Taxes or Tax Returns pertaining to the Company until the expiration (with valid extensions) of the applicable statute of limitations, and shall not dispose of or destroy such records without first offering to turn over possession thereof to the other party (at such party's expense) by written notice to such other party at least thirty (30) days prior to the proposed date of such disposition or destruction.

Section 11.3 Liability of Seller. Except as otherwise provided in this Agreement, Seller shall be liable for and pay all Taxes payable with respect to the assets and operations of the Company for all periods ending on or before December 31, 1995 (and shall, to the extent such Taxes are not satisfied on or before the Closing Date, remain liable therefor), and Buyer shall cause the Company to provide Seller with appropriate information to prepare and file the Tax Returns of the Company for all periods ending on or prior to the Closing Date, and Seller shall be responsible for filing the appropriate Tax Returns with respect to the operations of the Company for all periods ending on or before the Closing Date. Seller shall file on behalf of the Company state Tax Returns for the period ended on the Closing Date for each state for which such a return is permitted to be filed. To the extent that Seller's liability for Taxes, as determined under this Section 11.3 exceeds the tax payments made with respect thereto for periods ending on or before December 31, 1995, such excess shall be paid by Seller to Company. To the extent that the tax payments made with respect to the periods ending on or before December 31, 1995 exceed Seller's liability for Taxes, as determined under this Section 11.3, and the Company receives or has the right to receive a refund of such excess, such excess (i.e., the amount of the refund or credit) shall be paid by the Company, Buyer, the Partnership or AMG to Seller. Seller shall remit payment of any liability under this Section to Buyer within 15 days of notice and demand for payment. In addition, Seller shall indemnify Buyer and its Affiliates and hold them harmless from and against all liability for Taxes and expenses including reasonable accountants' and attorneys' fees arising from its membership in an "affiliated group" (as defined in Section 1504(a) of the Code) prior to the Closing Date

under Treasury Regulation Section 1.1502-6 (or similar provisions of state, local, or foreign law) as a transferee or successor, by contract or law.

Section 11.4 Liability of Buyer and Others. Buyer, AMG, the Company and the Partnership shall be liable for, and shall indemnify Seller and its Affiliates and hold them harmless from and against, all liability for Taxes payable with respect to the assets or operations of the Company (including, without limitation, all income attributable to such assets) for any taxable period ending after December 31, 1995. Seller shall determine the Federal Tax liability for the Company for the period beginning on January 1, 1996 and ending on the Closing Date calculated using the highest marginal corporate tax rate in effect for such period multiplied by the Federal taxable income of the Company for such period. Except as otherwise provided in this Agreement, such taxable income shall exclude taxable income attributable to the Election as defined in Section 11.7(a) of this Agreement. Buyer, AMG, the Company or the Partnership shall remit payment of any liability under this Section to Seller within 15 days of notice and demand for payment. Buyer and AMG shall also be liable for, and shall indemnify Seller and its Affiliates and hold them harmless on an after-tax basis from and against, all Taxes arising from or attributable to (i) the formation or the operation of the Partnership or the U.K. Partnership, or (ii) the transactions contemplated by the Asset Transfer Agreement or the contribution by the Company of all of the capital stock of its Subsidiary to the U.K. Partnership. Seller will pay any Taxes attributable to the making of the Election (as defined below) and will indemnify AMG, Buyer, the Company, its Subsidiary, the Partnership and the U.K. Partnership against any Loss arising out of any failure to pay such taxes. Notwithstanding the foregoing sentence, Buyer and AMG shall indemnify Seller and its Affiliates, on an after-tax basis, for any Taxes and expenses, including reasonable accountants' and attorneys' fees, arising from or attributable to (i) the formation or the operation of the Partnership or the U.K. Partnership, (ii) the transactions contemplated by the Asset Transfer Agreement or the contribution by the Company of all of the capital stock of its Subsidiary to the U.K. Partnership or (iii) any increase in Taxes payable by Seller and its Affiliates in connection with the deemed sale of assets pursuant to the Election as compared to the Taxes that would have been payable by Seller and its Affiliates if the Election had not been made, except to the extent that such increase is attributable to (a) Seller's tax basis in the stock of the Company being greater than or less than the aggregate tax basis of the assets of the Company immediately prior to the formation of the Partnership or the formation of the U.K. Partnership, (b) the Company having a Section 481 adjustment, (c) Seller or its Affiliates having net operating or capital losses available to offset the gain from the sale of the stock of the Company that would be recognized by Seller if the Election were not made, and (d) any part of the gain recognized by the Company as a result of the Election being treated as ordinary income rather than capital gain.

Section 11.5 Apportionment of Taxes; Transfer Taxes.

(a) Notwithstanding the provisions of Section 11.3 hereof, all real, personal and intangible property Taxes, or any other similar Tax liability that relates to any period commencing before and ending after the Closing Date, of the Company shall be apportioned

between Buyer, the Company and the Partnership (on the one hand) and Seller (on the other hand) in accordance with the principles under Section 164(d) of the Code.

(b) Buyer, the Company and the Partnership shall pay all sales, use, transfer, filing, conveyance, recording, and other similar Taxes and fees, including without limitation all applicable real estate transfer Taxes and recording fees (collectively, "Transfer Taxes"), arising out of or in connection with the transactions effected pursuant to the Asset Transfer Agreement. The party which has primary responsibility under applicable law for the payment of any particular Transfer Tax shall prepare and file the relevant Tax Return, and notify the other party in writing of the Transfer Taxes shown on such Tax Return and how such Transfer Taxes were calculated, and, if the other party is Buyer, the Company or the Partnership, such party shall reimburse Seller for the amount of such Transfer Taxes in immediately available funds within ten days of receipt of such notice.

Section 11.6 Payment and Survival of Tax Claims. Any claim for payment of a Tax liability for which a Person is liable under this Article XI shall be paid within thirty (30) days following the receipt of notice of such claim by the party obligated to make such payment. Any claim for indemnification hereunder must be paid within thirty (30) days following the receipt of notice of such claim by the party obligated to indemnify. The representations and provisions of Article IV, Section 4.17, relating to Taxes and Tax Returns, Section 7.12(e) and this Article XI shall survive the Closing and shall not expire until the expiration (with valid extensions) of the applicable statute of limitations.

Section 11.7 Election under Sections 338(g) and 338(h)(10) of the Code.

(a) (a) If Buyer requests, Seller agrees to join with Buyer in making elections under Sections 338(g) and 338(h)(10) of the Code (collectively, the "Election") for federal income tax purposes, but not for state income tax purposes, with respect to the Company.

(b) Seller and Buyer agree to cooperate fully with respect to the making of the Election. Such cooperation shall include, without limitation, the calculation of Adjusted Grossed-Up Basis, within the meaning of Treas. Reg. Section 1.338(b)-1, and the allocation of the Purchase Price with respect to the transactions contemplated under this Agreement in accordance with Section 11.7(f) hereof, and the preparation and delivery of any other related documentation required by the applicable taxing authorities.

(c) Subject to the provisions of Section 11.7(c) hereof, Buyer shall deliver to Seller as soon as practicable after the Closing, a fully-completed and executed IRS Form 8023-A, including all additional data and materials required to be attached to such Form 8023-A pursuant to the Treasury Regulations under Section 338 of the Code. Seller agrees to attach a copy of such Form 8023-A to the consolidated federal income Tax Return in which Seller joins for the taxable period which includes the Closing Date.

(d) Seller and Buyer agree to jointly file Form 8023-A with the IRS in accordance with Section 338 of the Code and the regulations thereunder no later than the 15th day of the ninth month beginning after the month that includes the Closing Date.

(e) Buyer shall determine with the consent of Seller, (which consent will not be unreasonably withheld) the appropriate allocation of the Purchase Price to the assets conveyed pursuant to this Agreement using a reasonable asset valuation which will be supplied to Seller by Buyer no later than ninety (90) days after the Closing Date. In all events, however, Seller and Buyer agree to consistently report such allocations of the Purchase Price determined by Buyer.

Section 11.8 Tax Dispute Resolution Mechanism. Any dispute with respect to Sections 11.3, 11.4, 11.5 or 11.7 of this Agreement shall be resolved in accordance with this Section 11.8. The parties will in good faith attempt to negotiate a settlement of the dispute. If the parties are unable to negotiate a resolution of the dispute within thirty (30) days after notice of such dispute is given, in accordance with Section 12.5 hereof, by either party to the other party, the dispute will be submitted to (i) an Independent Accounting Firm mutually agreed-upon by Seller and Buyer, or (ii) if the parties are unable to so agree, an Independent Accounting Firm as selected by lot by a representative of KPMG Peat Marwick LLP in the presence of the parties (the "Tax Dispute Accountants"). The parties will present their arguments to the Tax Dispute Accountants upon submission of the dispute to the Tax Dispute Accountants. The Tax Dispute Accountants will resolve the dispute, in a fair and equitable manner and in accordance with the applicable Tax law, within thirty (30) days after the parties have presented their arguments to the Tax Dispute Accountants, whose decision shall be final, conclusive and binding on the parties. The fees and expenses of the Tax Dispute Accountants will become equally by Seller and Buyer.

ARTICLE XII - MISCELLANEOUS

Section 12.1 Amendment. Except as otherwise expressly provided herein, subject to compliance with applicable law, this Agreement may not be amended, altered or modified except by written instrument executed by the parties hereto affected by any such amendment, alteration or modification; provided, however, that any modification to Section 9.4 shall require the consent of all the parties hereto.

Section 12.2 Entire Agreement. This Agreement (including Schedules, Exhibits, certificates and lists referred to herein, and any documents executed by the parties simultaneously herewith or pursuant thereto (including, without limitation, the Representation Certificate when executed and delivered) constitutes the entire understanding of the parties hereto with respect to the transactions contemplated hereby, and supersede all prior agreements and understandings, written and oral, among the parties with respect to the subject matter hereof (other than the Confidentiality Agreement to the extent it does not conflict with the provisions of this Agreement).

Section 12.3 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitations. The phrases "the date of this Agreement," "the date hereof' and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the first paragraph of this Agreement.

Section 12.4 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 12.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if (a) delivered in person, (b) transmitted by telecopy (with confirmation), (c) two (2) business days following the date on which it is mailed by certified or registered mail (return receipt requested) or (d) one (1) business day following the date on which it is delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

To Seller:

Talegen Holdings, Inc.
1011 Western Avenue
Suite 1000
Seattle, Washington 98104
Telecopy: (206) 654-2601
Attention: Richard N. Frasch, Esq.
General Counsel

With a copy to:

Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
Telecopy: (212) 735-2000
Attention: Peter Allan Atkins, Esq.

To Buyer or AMG:

First Quadrant Holdings, Inc.
c/o Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, Massachusetts 02110
Telecopy: (617) 346-7115
Attention: William J. Nutt, President and Chief Executive Officer

With a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109
Telecopy: (617) 523-1231
Attention: Richard E. Floor, P.C.

If to a Manager or Management Corporation:

To the Manager at the address set forth on such Manager's signature page hereto.

With a copy to:

Munger, Tolles & Olson
355 South Grand Avenue
Los Angeles, CA 90071
Telecopy: (213) 687-3702
Attention: R. Gregory Morgan, Esq.

Section 12.6 Binding Effect; Persons Benefiting; No Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and the respective successors and assigns of the parties and such persons. Nothing in this Agreement is intended or shall be construed to confer upon any entity or person other than the parties hereto and their respective successors and permitted assigns any right, remedy or claim under or by reason of their Agreement or any part hereof. Except as otherwise provided herein, without the prior written consent of the parties hereto, this Agreement may not be assigned by either of the parties hereto, nor may either of the parties hereto delegate any of their obligations hereunder (except, in either case, that Buyer may assign any of its rights or duties hereunder to AMG).

Section 12.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement, it being understood that all of the parties need not sign the same counterpart.

Section 12.8 No Prejudice. This Agreement has been jointly prepared by the parties hereto and the terms hereof shall not be construed in favor of or against any party on account of its participation in such preparation.

Section 12.9 Governing Law. This Agreement, the legal relation between the parties, and the adjudication and the enforcement thereof, shall be governed by and interpreted and construed in accordance with the substantive laws of the State of New York, without regard to the choice of law principals thereof.

Section 12.10 Specific Performance. Each of the parties hereto acknowledges and agrees that the other party hereto would be irreparably damaged in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties hereto agrees that they each shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, in addition to any other remedy to which either of the parties may be entitled, at law or in equity.

Section 12.11 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first set forth above.

SELLER: TALEGEN HOLDINGS, INC., a Delaware corporation

By:/s/ Richard N. Frasch

Name: Richard N. Frasch
Title: Secretary

BUYER: FIRST QUADRANT HOLDINGS, INC., a Delaware corporation

By:/s/ William J. Nutt

Name: William J. Nutt
Title:

AMG: AFFILIATED MANAGERS GROUP, INC., a Delaware corporation

By:/s/ William J. Nutt

Name: William J. Nutt
Title: President and Chief Executive Officer

MANAGERS:

/s/ Robert D. Arnott

Name: Robert D. Arnott

/s/ Robert Brown

Name: Robert Brown

/s/ William A.R. Goodsall

Name: William A. R. Goodsall

/s/ R. Max Darnell

Name: R. Max Darnell

/s/ Curt J. Ketterer

Name: Curt J. Ketterer

/s/ David J. Leinweber

Name: David J. Leinweber

/s/ Robert M. Lovell, Jr.

Name: Robert M. Lovell, Jr.

/s/ Christopher G. Luck

Name: Christopher G. Luck

/s/ Timothy S. Meckel

Name: Timothy S. Meckel

MANAGEMENT CORPORATIONS:

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/ Max Darnell

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

EXHIBIT 2.5

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE COMMISSION. ASTERISKS (*) IDENTIFY WHERE SUCH CONFIDENTIAL INFORMATION HAS BEEN OMITTED. THE OMITTED PORTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

PARTNERSHIP INTEREST PURCHASE AGREEMENT

BY AND AMONG

AFFILIATED MANAGERS GROUP, INC.,

MESIROW ASSET MANAGEMENT, INC.,

MESIROW FINANCIAL HOLDINGS, INC.,

SKYLINE ASSET MANAGEMENT, L.P.,

CERTAIN MANAGERS OF
MESIROW ASSET MANAGEMENT, INC.

AND

THE MANAGEMENT CORPORATIONS NAMED HEREIN

DATED AS OF JUNE 6, 1995

TABLE OF CONTENTS

Exhibits

Schedules

PARTNERSHIP INTEREST PURCHASE AGREEMENT

PARTNERSHIP INTEREST PURCHASE AGREEMENT dated as of June 6, 1995, by and among Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), Mesirow Asset Management, Inc., an Illinois corporation ("Mesirow Asset Management"), Mesirow Financial Holdings, Inc., a Delaware corporation ("Mesirow Holdings"), Skyline Asset Management, L.P., a Delaware limited partnership (the "Partnership"), WMD Corp., an Illinois corporation ("Duttoncorp"), KSK Corp., an Illinois corporation ("Kailincorp"), GXL Corp. an Illinois corporation ("Lutzcorp"), MXM Corp., an Illinois corporation ("Maloneycorp" and, together with Duttoncorp, Kailincorp and Lutzcorp, the "Management Corporations"), Mr. William M. Dutton of Hinsdale, Illinois ("Dutton"), Mr. Kenneth S. Kailin of Evanston, Illinois ("Kailin"), Mr. Geoffrey Lutz of Glenview, Illinois ("Lutz") and Mr. Michael Maloney of Chicago, Illinois ("Maloney"). Dutton, Kailin, Lutz and Maloney are each referred to herein individually as a "Manager" and collectively as the "Managers."

W I T N E S S E T H:

WHEREAS, Mesirow Asset Management is engaged in the business of providing investment management and advisory services to private accounts of certain institutional and individual investors and private investment partnerships, as well as to portfolio series of certain mutual funds which are registered investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"); and

WHEREAS, on the date hereof, Mesirow Holdings owns all of the outstanding capital stock of Mesirow Financial Services, Inc., an Illinois corporation ("Mesirow Financial"), which in turn owns all of the outstanding capital stock of Mesirow Asset Management; and

WHEREAS, the parties hereto desire to enter into this agreement providing for the purchase by AMG of all of Mesirow Asset Management's interest in the Partnership and that, in connection therewith, that the Partnership's Partnership Agreement be amended and restated in the form attached hereto as Exhibit 1.4(a) (the "Restated Partnership Agreement"); and

WHEREAS, Mesirow Asset Management, Mesirow Holdings and the other parties hereto desire and intend, and it is a condition precedent to the obligations of AMG hereunder, that, one full business day prior to the closing of the transactions contemplated hereby, Mesirow Holdings will cause Mesirow Asset Management to, and Mesirow Asset Management will, contribute assets involved in the institutional division of its investment management business and working capital to the Partnership, as more fully described below, in exchange for Partnership Points and a Capital Account therein pursuant to the Asset Transfer Agreement in the form attached hereto as Exhibit 6.6 (the "Asset Transfer Agreement"); and

WHEREAS, in order to induce the other parties hereto to enter into this Agreement, and in order to receive the benefits that will accrue to them if AMG purchases Mesirow Asset

Management's interest in the Partnership and the other benefits they will derive from the transactions contemplated hereby, Mesirow Holdings, Mesirow Asset Management, the Management Corporations and the Managers have agreed to make certain representations, warranties and covenants as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other valuable consideration, the receipt and adequacy whereof are hereby acknowledged, the parties hereto do hereby severally covenant and agree as follows:

SECTION 1. PURCHASE AND SALE OF PARTNERSHIP INTERESTS AND RESTATEMENT OF PARTNERSHIP AGREEMENT.

1.1 Sale and Purchase. Subject to the terms, provisions and conditions contained in this Agreement, and on the basis of the representations, warranties and covenants herein set forth:

(a) Mesirow Asset Management hereby agrees, and Mesirow Holdings hereby agrees to cause Mesirow Asset Management, to sell and deliver to AMG, free and clear of any restrictions, liens, claims, charges, pledges or encumbrances of any kind or nature whatsoever (collectively, "Claims"), all of Mesirow Asset Management's interest in the Partnership, which shall include (i) a Capital Account equal to **confidential treatment requested** Dollars ($**confidential treatment requested**) which is one hundred percent (100%) of the Mesirow Capital Account (as such term is defined in the Restated Partnership Agreement), and (ii) Partnership Points held by Mesirow Asset Management on the date of this Agreement as reflected on Schedule 2.4(a) (the "Purchased Partnership Interest"), and AMG hereby agrees to purchase the Purchased Interest from Mesirow Asset Management for the Partnership Interest Purchase Price (as such term is defined in Section 1.2 below).

(b) Mesirow Holdings hereby agrees to assign, sell and transfer all right, title and interest in and to the Marks (as such term is defined in the Trademark, Tradename and Service Mark Assignment in the form of Exhibit 6.9(m) hereto), together with (i) the registration of the Marks, (ii) the goodwill of the business symbolized by and associated with the Marks and the registration thereof, and (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Marks or the registration thereof or such associated goodwill (the "Purchased Intellectual Property Interest"), and AMG hereby agrees to purchase the Purchased Intellectual Property Interest from Mesirow Asset Management for the Intellectual Property Interest Purchase Price (as such term is defined in Section 1.2 below).

1.2 Purchase Price.

(a) The aggregate purchase price for the Purchased Partnership Interest shall be **confidential treatment requested** Dollars ($**confidential treatment requested**), subject to adjustment as provided in Section 1.2(b) (as so adjusted, the "Partnership Interest Purchase Price"), payable at the Closing by wire transfer to an account

specified by Mesirow Asset Management to AMG in writing at least two business days prior to the Closing.

(b) In the event that at or prior to the Closing clients of the Institutional Business of Mesirow Asset Management (including the Skyline Funds) shall have either (i) terminated advisory agreements (or given notice of their intention to do so) following December 31, 1994 or (ii) failed to consent to the transactions contemplated hereby or, in the case of registered investment companies, failing to enter into Comparable Contracts (collectively, "Non-Consenting Clients"), such that the Aggregate Contract Payments provided for in the advisory contracts between Mesirow Asset Management and all such Non-Consenting Clients exceeds ten percent (10%) of Base Fees, then the unadjusted purchase price for the Purchased Partnership Interest of **confidential treatment requested** Dollars ($**confidential treatment requested**) shall be reduced in an amount equal to Seventy-Five Thousand Dollars ($75,000) for each one percent (1%) of Aggregate Contract Payments provided for in the advisory contracts between Mesirow Asset Management and such Non-Consenting Clients, as a percentage of Base Fees (rounded to the nearest whole percent), that is in excess of ten percent (10%) of Base Fees, subject in any event to Section 6.3(c) and Section 7.4 hereof.

(c) The aggregate purchase price for the Purchased Intellectual Property Interest shall be Twenty Thousand Dollars ($20,000) (the "Intellectual Property Purchase Price" and, together with the Partnership Interest Purchase Price, the "Purchase Price"), payable at the Closing by wire transfer to an account specified by Mesirow Holdings AMG in writing at least two business days prior to the Closing.

1.3 Closing. The closing of the purchase, sale and acceptance of the Purchased Interest and the payment therefor (the "Closing") shall take place at the offices of the Partnership in Chicago, Illinois, at 10:00 a.m., local time, on the closing date, which shall be the last business day of the calendar month in which the last of the conditions set forth in Sections 6 and 7 hereof is fulfilled or waived, or such other date (or at such other place) as shall be mutually agreed upon by Mesirow Holdings and AMG, and shall be one full business day after the Asset Transfers, such date being herein called the "Closing Date."

1.4 Restatement of Partnership Agreement. Simultaneously with and at the Closing, the Partnership Agreement of the Partnership shall be amended and restated in the form attached hereto as Exhibit 1.4(a), and the Certificate of Limited Partnership of the Partnership shall be amended and restated in the form attached hereto as Exhibit 1.4(b) (the "Restated Certificate"), which Restated Certificate shall have become effective simultaneously with the Closing.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF MESIROW ASSET MANAGEMENT AND MESIROW HOLDINGS.

As a material inducement to AMG to enter into this Agreement, Mesirow Asset Management and Mesirow Holdings, jointly and severally, make each of the representations, warranties and agreements contained in this Section 2 to AMG.

2.1 Organization. Each of Mesirow Asset Management and Mesirow Financial is a corporation duly organized, legally existing and in good standing under the laws of the State of Illinois, and Mesirow Holdings is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware (Mesirow Asset Management, Mesirow Financial and Mesirow Holdings, together with the Partnership to the extent and during the time that Mesirow Asset Management is the general partner thereof, hereinafter being referred to separately as a "Mesirow Entity" and collectively as the "Mesirow Entities"). The Partnership is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware; and a copy of the Partnership's Limited Partnership Agreement (the "Partnership Agreement") is attached hereto as Exhibit 2.1. Each of the Mesirow Entities is duly authorized to conduct its business and is in good standing under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties requires such qualification, except where the failure to be so licensed or qualified does not have a Material Adverse Effect on the entity failing to be so licensed or qualified.

2.2 Authority. (a) Mesirow Asset Management has all requisite corporate power and authority to own its assets and conduct its business and possesses all material licenses, franchises, registrations, permits, approvals and other rights (collectively, "Licenses") necessary to conduct its business as presently carried on by it. Each of the Mesirow Entities has all requisite corporate power and authority to execute, deliver and perform this Agreement, the other Transaction Documents to which it is a party and to carry out the transactions contemplated herein and therein. This Agreement and each other Transaction Document to which any Mesirow Entity is a party has been duly and validly approved by all necessary action of such entity, and this Agreement and each other such Transaction Document represents or, when executed and delivered, will represent, the valid and legally binding obligation of such Mesirow Entity, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

(b) The Partnership has all requisite partnership power and authority under the Partnership Agreement (and, after giving effect to the Closing and the execution, delivery and effectiveness of the Restated Partnership Agreement, under the Restated Partnership Agreement) and under the Delaware Act, to own its assets and conduct its business (and, after giving effect to the Asset Transfers, to conduct the Institutional Business), and possesses all Licenses necessary to conduct its business (and, after giving effect to the Asset Transfers, to conduct the Institutional Business). The Partnership has all requisite partnership power and authority under the Partnership Agreement (and, after giving effect to the Closing and the execution, delivery and effectiveness

of the Restated Partnership Agreement, under the Restated Partnership Agreement) and under the Delaware Act, to execute, deliver and perform this Agreement, and the other Transaction Documents to which it is a party and to carry out the transactions contemplated herein and therein. This Agreement and each other Transaction Document to which the Partnership is a party has been duly and validly approved by all necessary action of the Partnership (including all necessary action of the General Partner) and this Agreement and each other such Transaction Document represents or, when executed and delivered, will represent the valid and legally binding obligation of the Partnership, enforceable against the Partnership in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

2.3 Non-Contravention. The execution, delivery and performance of this Agreement, each other Transaction Document and each other agreement, document and instrument to be executed, delivered and performed by each of the Mesirow Entities in connection with the transactions contemplated hereby and thereby does not and will not: (a) violate any provision of the charter or by-laws, or partnership agreement, respectively, of such Mesirow Entity; (b) violate, conflict with, result in a default under, accelerate any obligation under or give rise to a right of termination of any indenture or loan or credit agreement or any other contract, agreement, instrument, mortgage, lien, lease, permit, writ, order, judgment, authorization, injunction, decree, determination, arbitration award or other obligation to which any Mesirow Entity is a party or by which it or its assets are bound (except that in order to consummate the transactions contemplated by this Agreement Mesirow Holdings is required to obtain consent under each of the loan or credit agreements listed on Schedule 2.3, which consents will have been received prior to the Closing or at any earlier time required under such agreements); (c) violate or result in a violation of, or constitute a default under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or other governmental agency, authority or entity; (d) require any Mesirow Entity to obtain any approval, consent or waiver of, or make any filing with, any person or entity that has not been obtained or made (except as contemplated by Sections 6.3 and 6.4, which approvals, consents, waivers or filings, as applicable, will have been received prior to the Closing or, at any earlier time required hereunder or under applicable laws, rules and regulations); or (e) except as provided by this Agreement, result in the creation or imposition of any Claim on any of the assets of any Mesirow Entity or any of the interests of Mesirow Asset Management in the Partnership.

2.4 Capitalization.

(a) Mesirow Asset Management is the sole general partner of the Partnership, and the capitalization of the Partnership is as set forth on Schedule 2.4(a), with all such interests owned beneficially and of record by the persons and in the amounts indicated on Schedule 2.4(a), in each case free and clear of any Claims other than restrictions imposed pursuant to the Partnership Agreement. All outstanding Partnership Interests have been duly authorized and validly issued. After giving effect to the Closing, AMG will be the sole general partner of the Partnership, and will have good title to the Partnership Interests purchased hereby, free and clear of any Claims other than restrictions either imposed pursuant to the Partnership Agreement or

created by, or with the written consent of, AMG. Except as set forth in this Agreement, there are no existing rights, agreements or commitments obligating or which might obligate the Partnership or any of its Partners to issue, transfer, sell or redeem any securities.

(b) The duly authorized capital stock of Mesirow Asset Management consists of ten thousand (10,000) shares of Common Stock, one dollar ($1.00) par value per share, one thousand (1,000) of which shares are issued and outstanding and held by Mesirow Financial, and the duly authorized capital stock of Mesirow Financial consists of five thousand (5,000) shares of Common Stock, ten dollars ($10.00) par value per share, four hundred (400) of which are issued and outstanding and held by Mesirow Holdings. All the outstanding shares of capital stock of Mesirow Asset Management and Mesirow Financial have been duly authorized and validly issued and are fully paid and nonassessable.

2.5 Indebtedness and Subsidiaries. Neither Mesirow Asset Management nor the Partnership has any Indebtedness, nor is either of them a party to any agreement providing for the borrowing or lending of money. After giving effect to the Asset Transfers and immediately after the Closing, the Partnership will not have any Indebtedness, nor will it be a party to any agreement providing for the borrowing or lending of money, except to the extent that AMG as general partner of the Partnership takes action to cause the Partnership to incur indebtedness at or after the Closing. The Institutional Business has been conducted by Mesirow Asset Management directly and not through any subsidiary, joint venture, partnership or other entity.

2.6 Business. Mesirow Asset Management is engaged solely in the business of providing investment management and investment advisory services. Mesirow Asset Management is duly registered as an investment adviser under the Advisers Act, is duly registered, licensed and qualified as an investment adviser in each of the jurisdictions set forth on Schedule 2.6(a), which are all jurisdictions (a) where such registration, licensing or qualification is required in order to conduct its business or (b) where the failure to be so registered, licensed or qualified would have a Material Adverse Effect on the Institutional Business. Mesirow Asset Management has delivered to AMG or its representatives, true and complete copies of its Form ADV, as amended to date, and has made available copies of all state registration forms, likewise as amended to date. The information contained in such forms was true and complete at the time of filing in all material respects and is true and complete as of the date hereof. Each Mesirow Entity has filed all material registration forms and holds all other Licenses required under applicable federal and state laws in connection with the Institutional Business (as defined below). After giving effect to the Asset Transfers and the Closing, and after obtaining the consents required by Sections 6.3, 6.4 and 6.5, the Partnership will have all the Licenses necessary to own the property it receives in the Asset Transfers and to conduct the businesses presently conducted by Mesirow Asset Management with respect to all clients of the institutional division of Mesirow Asset Management listed on Schedule 2.6(b) hereto (the "Institutional Business"), but expressly excluding the investment advisory and business conducted by Mesirow Asset Management with respect to clients of its portfolio division listed on Schedule 2.6(c) hereto (the "Portfolio Business"). The Partnership has conducted no business, owned no assets and incurred no liabilities except (x) pursuant to the Asset Transfers,

(y) with the written consent of AMG or (z) as otherwise necessary to facilitate the transactions contemplated hereby.

2.7 Assets.

(a) The Partnership does not own any real property. The Partnership does not and will not own any leasehold or other interest in any real property.

(b) Mesirow Asset Management owns all of the assets listed on Schedule 1(a) of the Asset Transfer Agreement included in Exhibit 6.6 hereto free and clear of any Claims except for (i) the Claims of the Partnership and AMG and (ii) minor imperfections of title or insignificant liens which do not, in the aggregate, detract from the value of such assets, taken as a whole, or interfere with the present or proposed uses thereof or the Institutional Business or, following the Asset Transfers, the Partnership. All the assets listed on Schedule 1(a) of the Asset Transfer Agreement included in Exhibit 6.6 hereto are being transferred to the Partnership as part of the Asset Transfers and, after giving effect to the Asset Transfers and the Closing, the Partnership will own all such assets free and clear of any Claims except those set forth in clause (ii) above.

(c) To the best knowledge of the Mesirow Entities, none of the Mesirow Entities nor Skyline Trust has infringed or violated, in any way, any trademark, trade name, patent, copyright, trade secret or other intellectual property right or contractual relation of another person. None of the Mesirow Entities nor the Skyline Trust has received any notice, claim or protest respecting any such infringement or violation. Set forth on Schedule 2.7(c)(i) is a list of each other Person known to the Mesirow Entities to claim rights to any trademark, trade name or service mark involving the name "Skyline" for use in the banking or financial services industry, together with a brief description of such claim; and as to each such Person and claim or otherwise, to the best knowledge of the Mesirow Entities, there has not been any incident of confusion with the Institutional Business. Except for (i) the trademarks, trade names and service marks described on Schedule 2.7(c)(ii), all of which are being transferred to AMG pursuant to the Assignment of Trademarks and (ii) computer software that is commercially available in the retail marketplace, Mesirow Asset Management neither owns nor uses any material franchises, permits, licenses, trademarks, trade names, patents, patent applications, copyrights, trade secrets, computer software, formulas, designs, inventions (together, "Intellectual Property") or ideas, in the conduct of the Institutional Business as presently conducted, and no such Intellectual Property is necessary for the conduct of the Institutional Business as proposed to be conducted by the Partnership after the Closing.

All of the registrations and applications listed on Schedule 2.7(c)(ii) have been duly registered in, filed in or issued by the United States Patent and Trademark Office or the corresponding office of other jurisdictions as identified on said Schedule, and have been properly maintained and renewed in accordance with all applicable provisions of law and administrative regulations of the United States and each such jurisdiction. Each Mesirow Entity has taken all

steps required in accordance with sound business practice to establish and preserve its ownership of all Intellectual Property rights listed on Schedule 2.7(c)(ii).

2.8 Assets Under Management. The aggregate assets under management in the Institutional Business as of December 31, 1994 and March 31, 1995, are accurately described on Schedule 2.8 hereto. In addition, set forth on Schedule 2.8 is a list as of March 31, 1995, of all investment management, advisory or sub-advisory contracts constituting the Institutional Business, setting forth the name of the client under each such contract, the amount of assets under management with respect to each such contract, the fee schedule in effect with respect to each such contract as of each such date (the "Fee Schedule") and each guideline, exhibit, schedule or letter agreement in connection therewith. Since December 31, 1994, no client of the Institutional Business has given any indication of its intent to terminate or reduce its investment relationship with Mesirow Asset Management or, after the Asset Transfers and the Closing, the Partnership, or adjust the Fee Schedule with respect to any contract in a manner which would reduce the fee to Mesirow Asset Management or the Partnership, as applicable.

2.9 Contracts. Each of the material contracts, agreements and obligations used in, constituting or relevant to the Institutional Business, including each of the investment advisory contracts that constitutes part of the Institutional Business, is described on Schedule 2.8 hereof. All such contracts are valid and effective in accordance with their respective terms, and there is not, under any such contract, an existing material breach or event which, with the giving of notice or the lapse of time or both, would become such a breach. All of the rights and obligations of Mesirow Asset Management under each such contract are being transferred to the Partnership as part of the Asset Transfers and, after obtaining the consents set forth in Sections 6.3 and 6.4, and giving effect to the Asset Transfers and the Closing, (a) each such contract will, immediately after the Closing, remain valid and effective in accordance with its respective terms, and the Partnership will be entitled to all rights and remedies thereunder to which Mesirow Asset Management is now entitled, or (b) to the extent that applicable law or the terms of such contract provide for an automatic termination thereof upon an assignment thereof, such contract will have been replaced by a Comparable Contract. Other than this Agreement and such other agreements and contracts as are contemplated hereby, the Partnership is not a party to any obligations, agreements, commitments, powers of attorney or contracts and there are no other contracts relating to the Institutional Business.

2.10 Employment Arrangements. Attached hereto as Schedule 2.10(a) is a list of all employees of the Institutional Business. Except as set forth in Schedule 2.10(b), no Mesirow Entity has any obligation, contingent or otherwise, in connection with the Institutional Business of Mesirow Asset Management or with any of the Persons on such Schedule under (a) any employment, collective bargaining or other labor agreement, (b) any written or oral agreement containing severance or termination pay arrangements, (c) any deferred compensation agreement, retainer or consulting arrangements, (d) any pension or retirement plan, any bonus or profit-sharing plan, any stock option or stock purchase plan, or (f) any other employee contract or non-terminable (whether with or without penalty) employment arrangement (each an

"Employment Arrangement"). Except as set forth on Schedule 2.10(c), none of the Persons on Schedule 2.10(a) has any obligation, contingent or otherwise under any confidentiality, non disclosure, non solicitation or non competition agreement (the "Employee Contracts"). No Mesirow Entity is in default with respect to any material term or condition of any of the foregoing, nor, after obtaining the consents set forth in Section 6.3, will the Asset Transfers or the Closing result in default, including, without limitation, after the giving of notice, lapse of time or both. The Partnership has no obligations, contingent or otherwise, under any Employment Arrangement, and each Employment Arrangement under which any Mesirow Entity has any obligation on the date of this Agreement and each Employee Contract under which any of the Persons on Schedule 2.10(a) has any obligation will, prior to the Closing, have terminated on terms acceptable to AMG.

2.11 Financial Statements.

(a) Attached hereto as Schedule 2.11 are (i) audited balance sheets at March 31, 1994 and March 31, 1993, together with unaudited statements of income for each of the two years in the period ended March 31, 1994, for Mesirow Asset Management, (ii) unaudited balance sheets at March 31, 1995, together with the unaudited statements of income for the year ended March 31, 1995, for Mesirow Asset Management, (iii) unaudited statements of income for the Institutional Business for each of the three years ended March 31, 1995, and (iv) audited balance sheets of Mesirow Holdings at March 31, 1994 and March 31, 1993, all of which financial statements, together with the notes thereto (together with the audited balance sheets at March 31, 1995, together with the statements of income and cash flows for the year ended March 31, 1995, for Mesirow Asset Management and Mesirow Holdings, which shall be delivered to AMG as soon as practicable and in any event prior to the Closing) and together with the Interim Financial Statements, are collectively referred to as the "Company Financial Statements."

(b) The Company Financial Statements have been prepared in accordance with generally accepted accounting principles, methods and practices consistently applied using the accrual method of accounting and fairly present in all material respects the financial position of Mesirow Asset Management or Mesirow Holdings, as applicable, as of the respective dates thereof, and the results of their respective operations for the respective periods covered thereby. The audited financial statements have been certified by Mesirow Holdings's accountants, an independent accounting firm.

(c) Except as and to the extent reflected or reserved therefor in the balance sheet of Mesirow Asset Management at March 31, 1995 contained in Schedule 2.11, including the footnotes and schedules thereto (the "Base Balance Sheet"), or as otherwise set forth as part of Schedule 2.11, Mesirow Asset Management has no material liability or liabilities arising other than in the ordinary course of business.

(d) All of the accounts receivable of the Institutional Business, shown or reflected on the Base Balance Sheet or the Interim Financial Statements, were valid and

enforceable claims, and all of the outstanding accounts receivable of the Institutional Business of Mesirow Asset Management are valid and enforceable claims, in each case, subject to no known set-offs or counterclaims. All of the accounts receivable of the Institutional Business of Mesirow Asset Management are, to the knowledge of each Mesirow Entity, fully collectible in the ordinary course of business.

2.12 Ordinary Course of Business. Except as specifically contemplated by this Agreement, since March 31, 1995, Mesirow Asset Management has operated its business in the normal, usual and customary manner in the ordinary and regular course of business, consistent in all material respects with prior practice.

2.13 Litigation and Compliance with Laws. There is no litigation or governmental or other administrative action, suit, proceeding or investigation (including, without limitation, any voluntary or involuntary proceeding under the Bankruptcy Code or any action, suit, proceeding or investigation under any federal or state securities law or regulation) pending or, to the best knowledge of the Mesirow Entities, threatened, to which any Mesirow Entity or any officer, director, stockholder or partner thereof is a party before any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, at law or in equity or otherwise, (i) which is related to the business, affairs, properties or assets of Mesirow Asset Management or the Partnership or (ii) which might call into question the validity or hinder the enforceability or performance of this Agreement or the other Transaction Documents or any of the transactions contemplated hereby and thereby or any of the contracts described on Schedule 2.8 hereof. There are no proceedings pending, or to the best knowledge of the Mesirow Entities and the Partnership, threatened, relating to the termination of, or limitation of, any License held by Mesirow Asset Management or the Partnership, including, without limitation, the registrations as investment advisers of Mesirow Asset Management and the Partnership under the Advisers Act, or any similar statute or regulation of any other jurisdiction. Each Mesirow Entity is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign, including, without limitation, all federal or state securities laws applicable to the business or affairs or properties or assets of Mesirow Asset Management with respect to the Institutional Business or of the Partnership. None of the Mesirow Entities nor any officer, director, stockholder or partner thereof is in material default with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, relating to any aspect of the business or affairs or properties or assets of Mesirow Asset Management with respect to the Institutional Business or of the Partnership.

2.14 Broker Dealer. None of Mesirow Asset Management, Mesirow Holdings or the Partnership is a "broker" or "dealer" within the meaning of the Exchange Act or any state securities laws.

2.15 Code of Ethics. The Skyline Trust, Mesirow Asset Management and Mesirow Financial have each adopted a Code of Ethics which complies with all applicable provisions of Rule 17j-1 promulgated under the Investment Company Act, a copy of which has been delivered to AMG. There has been no material violation or allegation of a material violation of such Code of Ethics.

2.16 Insurance Policies. Upon the effectiveness of the Asset Transfers, the Partnership has in full force and effect such insurance as is customarily maintained by companies of a size similar to the Institutional Business in the same or a similar business, with respect to its business, properties and assets (including, without limitation, errors and omissions liability insurance). The Partnership is not in material default under any such policy and each of the Partnership and Mesirow Asset Management will use all commercially reasonable efforts to continue such policies in full force and effect through the Closing. After giving effect to the Asset Transfers, each such insurance policy or equivalent policies will be in full force and effect through the Closing with the Partnership as the sole owner and beneficiary of each such policy.

2.17 Absence of Certain Changes. Since December 31, 1994, except as expressly provided for in this Agreement (or with the prior written consent of AMG), none of the Mesirow Entities has suffered any change which, individually or in connection with any other changes, has had or could be expected to have a Material Adverse Effect on the Institutional Business. In addition, except as expressly contemplated hereby (or with the prior written consent of AMG), since December 31, 1994, there has not been:

(a) any adverse change in the financial condition, properties, assets, liabilities, business or operations of the Institutional Business or the Partnership;

(b) any change in accounting methods or practices by Mesirow Asset Management or the Partnership;

(c) any 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 partnership interests of the Partnership;

(d) except for the increases in salary and bonus compensation set forth on Schedule 2.17(d), any increase in the salary or other compensation payable or to become payable by any Mesirow Entity to any officers, directors, consultants or employees of the Institutional Business or of the Partnership, or the declaration, payment or commitment or obligation of any kind for the payment by any Mesirow Entity of a bonus or other additional salary or compensation to any such persons other than in the ordinary course of business as heretofore conducted, with the prior written consent of AMG, or as expressly contemplated hereby;

(e) any amendment or termination or, to the best knowledge of each Mesirow Entity, proposed or threatened amendment or termination, whether written or oral, of any

agreement listed on Schedule 2.8, or License to which Mesirow Asset Management or the Partnership is a party;

(f) loan or contingent liability incurred by Mesirow Asset Management or the Partnership to any person or entity, or guaranty by Mesirow Asset Management or the Partnership of any loan or other obligation;

(g) mortgage, pledge or other encumbrance of any of the assets of the Partnership;

(h) waiver or release of any material right or claim of Mesirow Asset Management with respect to the Institutional Business or of the Partnership;

(i) any purchase, sale or other disposition of any of the properties or assets of the Institutional Business or the Partnership other than in the ordinary course of business;

(j) any other transaction entered into by Mesirow Asset Management or the Partnership other than in the ordinary course of business; or

(k) agreement by any of the Mesirow Entities to do, or agreement to cause the Partnership to do, any of the things described in the preceding clauses (a)-(j), except as otherwise specifically contemplated hereby.

2.18 Tax Matters. Mesirow Asset Management has (a) paid, or caused to be paid, all material federal, state, county, local, foreign, and other taxes, and all deficiencies, or other additions to tax, interest, fines and penalties (collectively, "Taxes") owed and required to be paid by it (other than current taxes the liability for which is adequately provided in the Company Financial Statements), and (b) in accordance with applicable law, filed all federal, state, county, local and foreign tax returns which are required to be filed by it, and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. No taxing authority is now asserting or, to the best knowledge of the Mesirow Entities, threatening to assert against Mesirow Asset Management or the Partnership, any deficiency or claim for additional Taxes.

2.19 Certain Transactions. Other than as contemplated by this Agreement (or any Schedule or Exhibit hereto), none of the officers, directors, stockholders, partners or employees of any Mesirow Entity is presently a party to any material transaction with respect to the Institutional Business or the clients of the Institutional Business listed on Schedule 2.6(b), including, without limitation, any material contract, agreement or other material arrangement providing for the furnishing of services to or by or otherwise requiring payments to or from, any such officer, director, stockholder, partner or employee, any member of a family of any such officer, director or stockholder, or any corporation, partnership, trust or other entity in which any such officer, director, stockholder, partner or employee has an interest or is an officer, director, stockholder, trustee or partner.

2.20 Employee Benefit Plans.

(a) The Partnership has never maintained any Employee Plan (as defined in paragraph (d) below). Each Employee Plan which Mesirow Asset Management maintains (or has maintained) or which is or was maintained by any other member of the Controlled Group (as defined in paragraph (d) below) (the "Plans") which is (or was) intended to be qualified under Section 401(a) of the Code, has in fact been so qualified from its effective date through and including the Closing Date (or such Plan's termination date, if earlier). No event or omission has occurred which would cause any such Plan to lose its qualification under Section 401(a) of the Code or its related trust to lose its exemption under Section 501(a) of the Code.

(b) Neither Mesirow Asset Management nor any other member of the Controlled Group has ever maintained, or had an obligation to contribute to, a Multiemployer Plan (as defined in Section 4001(a)(13) of ERISA) or a plan subject to Title IV of ERISA. None of the Plans has ever promised or provided health care or other non-pension benefits to former employees (other than benefits required to be provided by Part 6 of Subtitle B of Title I of ERISA).

(c) With respect to each Plan, there has been no "prohibited transaction", as such term is defined in Section 406 of ERISA and Section 4975 of the Code, which could result in any material tax, penalty or liability of Mesirow Asset Management. All of the Plans have complied in all material respects with the requirements prescribed by any and all applicable statutes, orders or governmental rules or regulations in effect with respect thereto. Each member of the Controlled Group has performed all material obligations required to be performed by it under, and is not in any material respect in default under or in violation of, and none of the Mesirow Entities has any knowledge of any material default or violation by any other party with respect to, any such Plan. There are no material actions, suits or claims pending (other than routine claims for benefits) or, to the best knowledge of each Mesirow Entity threatened, with respect to any of the Plans. Each member of the Controlled Group has made all payments due from it to date under or with respect to each Plan, and all amounts properly accrued to date as liabilities of Mesirow Asset Management under or with respect to each Plan for the current plan years have been recorded on the books of Mesirow Asset Management.

(d) For the purposes of this Section, (i) the term "Employee Plan" or "Plan" includes any employee benefit plan as defined in Section 3(3) of ERISA, and any bonus, stock option, or other benefit plan or arrangement, whether or not subject to ERISA, but shall not include any such plan or arrangement which is, or is similar to, a payroll practice as defined in 29 CFR Section 2510.3-1(b), and (ii) "Controlled Group" means each Mesirow Entity, and all the entities within the same "controlled group" as Mesirow Asset Management within the meaning of Section 302(d)(8)(C) of ERISA.

(e) To the best knowledge of each Mesirow Entity, there is no matter pending (other than routine qualification determination filings) with respect to any of the Plans before the IRS, the PBGC or the Department of Labor.

(f) With respect to any employee benefit plan within the meaning of Section 3(3) of ERISA which is sponsored, maintained or contributed to, or has been sponsored, maintained or contributed to by any member of the Controlled Group, (i) no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred, and (ii) all contributions (including installments) to such plan required by Section 302 of ERISA and Section 412 of the Code have been timely made.

2.21 Managers' Health. To the knowledge of the Mesirow Entities (based solely on each such person's actual knowledge, excluding knowledge obtained from health or insurance records of any Mesirow Entity with respect to any Manager to the extent that such records are subject to legal protection or privilege for the benefit of any Manager), each Manager is in good health.

2.22 Brokerage. None of the Mesirow Entities has incurred any obligation for a brokerage commission or finders fee in connection with the transaction contemplated hereby.

2.23 Mesirow Growth Fund.

(a) Compliance with Laws; Legal Proceedings. Mesirow Growth Fund is in compliance in all material respects with (i) all applicable laws, rules and regulations, including, without limitation, the Investment Company Act, the Advisers Act, the Securities Act, the Exchange Act and all applicable state securities laws and (ii) the investment policies and restrictions set forth in all offering materials used in connection with the offer or sale of its Units or interests and with its Agreement of Limited Partnership. There are no legal or governmental actions, investigations, inquiries or proceedings before any court, arbitrator or federal, state, local or foreign governmental or regulatory agency or authority or self-regulatory authority, pending or threatened against Mesirow Growth Fund or affecting its properties or assets.

(b) Termination. The termination and liquidation of Mesirow Growth Fund, as described in Section 6.13, and the execution of the transactions contemplated in connection with such termination and liquidation, does not and will not: (a) violate any provision of the partnership agreement of Mesirow Growth Fund, (b) violate or result in a violation of, or constitute a default under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or other governmental agency, authority or entity (including without limitation Section 17 of the Investment Company Act and the rules promulgated thereunder); and (c) require Mesirow Growth Fund to obtain any approval, consent of waiver of, or make any filing with, any person or entity that has not been obtained or made.

2.24 The Skyline Funds.

(a) Registration and Regulation of the Trust. The Skyline Trust is duly registered with the SEC as an investment company under the Investment Company Act and all shares of each Skyline Fund which have been or are being offered for sale have been duly registered under the Securities Act and have been duly registered, qualified or are exempt from registration or qualification under the securities laws of each state or other jurisdiction in which such shares have been or are being offered for sale; and no action has been taken by the Skyline Trust to revoke or rescind any such registration or qualification. The Skyline Trust and each of the Skyline Funds are in compliance in all material respects with all applicable laws, rules and regulations, including, without limitation, the Investment Company Act, the Advisers Act, the Securities Act, the Exchange Act, the Commodity Exchange Act, the Code and all applicable state securities laws. The Skyline Trust and each of the Skyline Funds are in compliance in all material respects with the investment policies and restrictions set forth in the Skyline Trust's registration statement currently in effect and the value of each Skyline Fund's net assets is determined using portfolio valuation methods that comply in all material respects with the requirements of the Investment Company Act and the terms of the Skyline Trust's registration statement. There are no legal or governmental actions, investigations, inquiries or proceedings pending or threatened against the Skyline Trust or any of the Skyline Funds which would question the right, power or capacity of Mesirow Asset Management or the Partnership to act as manager or investment adviser to the Skyline Trust or any of the Skyline Funds contemplated hereby.

(b) Organization and Standing. The Skyline Trust is a Massachusetts business trust duly formed, validly existing and in good standing under the laws of the Commonwealth of Massachusetts. The Skyline Trust has the requisite power and authority to own all of its properties and asset and to issue its shares of beneficial interest.

(c) Financial Statements. The books of account and related records of the Skyline Trust fairly reflect in reasonable detail its assets, liabilities and transactions in accordance with generally accepted accounting principles applied on a consistent basis. The audited financial statements of each Skyline Fund for fiscal years ended December 31, 1994, 1993 and 1992 and the unaudited financial statements of each Skyline Fund for the quarter ended March 31, 1995 previously delivered to the AMG (the "Skyline Trust's Financial Statements") present fairly in all material respects the financial position of each Skyline Fund in accordance with generally accepted accounting principles applied on a consistent basis as at the dates indicated and the results of operations and cash flows for the periods then ended (subject, in the case of unaudited financial statements, to the inclusion of notes and to customary year-end adjustments which are not expected to be material). The audited financial statements have been certified by the Skyline Trust's accountants, an independent accounting firm.

(d) No Material Adverse Changes. Since December 31, 1994, no material adverse change has occurred in the financial condition, results of operations, business, assets or liabilities of the Skyline Trust or the status of any Skyline Fund as a regulated investment company under the Code, other than changes resulting from any change in general conditions in the

financial or securities markets or the performance of any investments made by a Skyline Fund and other than changes occurring in the ordinary course of business of each Skyline Fund.

(e) Contracts. Except for contracts and agreements set forth on Schedule 2.24(e), full and complete copies of which have been provided to AMG, the Skyline Trust (including each Skyline Fund) is not a party to or subject to any contract with any of the Mesirow Entities or any of their respective Affiliates or any material contract, debt instrument, plan, lease, franchise, license or permit (other than permits issued under any state securities law) of any kind or nature whatsoever. No material default exists under any of the contracts and agreements listed on Schedule 2.24(e).

(f) Taxes. All Tax returns required to be filed by the Skyline Trust or the Skyline Funds on or prior to the Closing Date have been or will be timely filed and such returns are correct in all material respects, and all Taxes shown as payable on such returns have been or will be timely paid. For any period for which Federal Tax returns of the Skyline Trust or the Skyline Funds are not required to have been filed in accordance with the previous sentence by the Closing Date, the Skyline Trust or the appropriate Skyline Fund has made, or will make by the Closing Date, an adequate accrual on its books of any Federal Taxes due or to become due, if any, as a result of actions occurring on or before the Closing Date. Except as described on Schedule 2.24(f), (i) each Skyline Fund has qualified as a regulated investment company under the Code in respect of each taxable year of such Skyline Fund since commencement of its operations, (ii) as of March 31, 1995, each Skyline Fund was in compliance with the applicable requirements for qualification as a regulated investment company under Section 851 of Sub-chapter M of the Code and (iii) each Skyline Fund has paid any Taxes, including without limitation any excise taxes, it was required to pay.

(g) Books. The books and records of the Skyline Trust reflecting, among other things, the purchase and sale of shares of the Skyline Trust by shareholders of the Skyline Trust, the number of issued and outstanding shares owned by each shareholder and the state or other jurisdiction in which such shares were offered and sold, are complete and accurate in all material respects.

(h) Registration Statement. The registration statement of the Skyline Trust, a copy of which has been previously furnished to AMG, did not contain as of the date of filing and of each amendment thereto any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made and the current prospectus and statement of additional information for the Skyline Funds, copies of which have been previously furnished to AMG, as supplemented by any supplement thereto dated on or prior to the Closing Date, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein not misleading.

(i) Ability to Conduct the Business. The Skyline Trust is not subject to, or bound by, any judgment, order, writ, injunction or decree of any court, or of any governmental body, including the SEC, or of any arbitrator, that, after the Closing Date, would prevent the conduct of business material to the Skyline Trust in accordance with current practice or have a Material Adverse Effect on any Skyline Fund.

(j) Litigation or Proceeding. No litigation, investigation, inquiry or governmental proceeding is pending or, to the best knowledge of the Mesirow Entities, threatened against or affecting the Skyline Trust or the properties, assets or business of the Skyline Trust before any court, arbitrator or federal, state, local or foreign governmental or regulatory agency or authority or self-regulatory authority (including, but not limited to, the SEC, the Commodities Futures Trading Commission, the National Association of Securities Dealers and the Internal Revenue Service) that would be reasonably likely to have a Material Adverse Effect on any Skyline Fund or delay, hinder or prohibit the solicitation of proxies from shareholders of the Skyline Trust in the manner contemplated hereby, or the execution or delivery of the New Fund Contracts by the Skyline Trust.

(k) Absence of Undisclosed Liabilities. As of the date of this Agreement, the Skyline Trust has no material debts, obligations or liabilities, whether due or to become due, absolute, contingent or otherwise, that are required to be reflected in the Skyline Trust's Financial Statements in accordance with generally accepted accounting principles, that are not so reflected, except for debts, obligations or liabilities incurred in the ordinary course of business since December 31, 1994 or that would not be material.

(l) No Pending Transaction. The Skyline Trust is not a party to or bound by any agreement, undertaking or commitment (i) to merge or consolidate with, or acquire all or substantially all of the property and assets of, any other corporation, trust or person, or (ii) to sell, lease or exchange all or substantially all of its property and assets to any other corporation, trust or Person.

(m) Insurance. Attached hereto as Schedule 2.24(m) is a complete and correct list of all policies of insurance of which the Skyline Trust is the owner, insured or beneficiary, or covering any of its property, indicating for each policy the carrier, risks insured, the amounts of coverage, deductible, premium rate, expiration date and any pending claims thereunder, as of the date of this Agreement. All such policies are outstanding and in full force and effect, to the time of Closing, and may either terminate or continue thereafter, as the case may be. (Mesirow Asset Management shall notify AMG no less than forty-five (45) days prior to Closing of any intended termination to occur at the time of Closing.) There is no default with respect to any provision contained in any such policy, nor has there been any failure to give any notice or present any claim under such policy in a timely fashion or in the manner or detail required by the policy, which default or failure, individually or in the aggregate, could reasonably be expected to affect adversely to a material extent the ability of the Partnership or the Skyline Trust to recover on a claim under any such policy. No notice of cancellation or non-renewal with respect to, or

disallowance of any claim by or on behalf of the Skyline Trust under, any such policy has been received by any Mesirow Entity, the Skyline Trust or any Skyline Fund, within the five years preceding the date of this Agreement.

2.25 Material Information. None of the written information or documentation furnished by any Mesirow Entity to AMG or any of its representatives contained or contains any untrue statement of a material fact, nor does it omit to state a material fact necessary to make the statements or facts contained herein or therein, taken as a whole, not misleading in light of the circumstances in which they were made. There have been no events or transactions or information (other than changes in general economic and market conditions) which has come to the attention of any Mesirow Entity which could reasonably be expected to materially and adversely affect the business, prospects, operations, affairs, conditions or assets of the Partnership or of Mesirow Asset Management with respect to the Institutional Business, which has not been set forth in this Agreement or in an Exhibit or Schedule hereto.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF AMG

AMG represents and warrants to each of Mesirow Asset Management, Mesirow Holdings, each Manager and each Management Corporation that:

3.1 Organization. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

3.2 Authority. AMG has all requisite corporate power and authority to (a) own its assets and to conduct its business, and possess all Licenses necessary to conduct its business as presently carried on, and (b) execute, deliver and perform this Agreement, the other Transaction Documents and each of the other agreements, documents and instruments to be executed, delivered and performed by it in connection with this Agreement and the transactions contemplated herein and therein. This Agreement, each other Transaction Document, and each other agreement, document and instrument to be executed, delivered and performed by AMG in connection with the transactions contemplated herein and therein have been duly and validly approved by all necessary action of AMG, and this Agreement, each of the other Transaction Documents and each of such other agreements, documents and instruments to which it is a party represents, or when executed will represent, the valid and legally binding obligation of AMG, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

3.3 Non-Contravention. The execution, delivery and performance of this Agreement, each other Transaction Document and each other agreement, document and instrument to be executed, delivered and performed by AMG in connection with the transactions contemplated hereby and thereby does not and will not: (a) violate any provision of the charter or by-laws of AMG; (b) violate, conflict with, result in a default under, accelerate any obligation under or give

rise to a right of termination of any indenture or loan or credit agreement or any other contract, agreement, instrument, mortgage, lien, lease, permit, writ, order, judgment, authorization, injunction, decree, determination, arbitration award or other obligation to which AMG is a party or by which it or its assets are bound; (c) violate or result in a violation of, or constitute a default under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or other governmental agency; (d) require AMG to obtain any approval, consent or waiver of, or make any filing with, any person or entity that has not been obtained or made except for approvals, consents, waivers or filings, as applicable, which will have been received prior to the Closing or at any earlier time required hereunder or under applicable laws, rules and regulations.

3.4 Investment Representation.

(a) The Purchased Interest AMG acquires hereunder will be acquired by it for its own account for investment and not with a view to or for sale in connection with any distribution thereof or with any present intention of selling or distributing all or any part thereof. AMG acknowledges that none of the Purchased Interest has been registered under the Securities Act, or the securities laws of any state or other jurisdiction, and cannot be disposed of unless such Purchase Interest is registered under the Securities Act, and any applicable state laws, or an exemption from such registration is available.

(b) AMG is sufficiently knowledgeable and experienced in the making of investments of this type so as to be able to evaluate the risks and merits of its investment and is able to bear the economic risk of its investment in the Partnership. AMG acknowledges that interests in the Partnership are illiquid, that no market for interests in the Partnership exists, and that none is contemplated to be created.

3.5 Business. AMG is and has, since its inception, been engaged solely in the business of investing in firms which provide investment management and investment advisory services and activities reasonably related thereto.

3.6 Litigation and Compliance with Laws. There is no litigation or legal or other action, suit, proceeding or, to AMG's best knowledge, investigation, at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, in which AMG or any officer or director thereof is engaged, or, to the best knowledge of AMG, with which any of them is threatened, in connection with the business, affairs, properties or assets of AMG or which might call into question the validity or hinder the enforceability or performance of this Agreement, or of the other Transaction Documents or any of the other agreements and transactions contemplated hereby and thereby. None of AMG nor any of its officers or directors is engaged in any litigation or legal or other actions, suits, proceedings or, to AMG's best knowledge, investigations, at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign (including, without limitation, any voluntary or involuntary

proceedings under the Bankruptcy Code), in each case in connection with the business, affairs, properties or assets of AMG. AMG is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign, including, without limitation, all federal or state securities laws applicable to the business, affairs, properties or assets of AMG, except where non-compliance therewith, in any individual instance or any series of related instances, would not have a Material Adverse Effect on AMG. None of AMG nor any officer or director thereof, is in material default with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, relating to any aspect of the business, affairs, properties or assets of AMG. None of AMG nor any officer or director thereof, is charged or, to the best knowledge of AMG, threatened with, or under investigation with respect to, any material violation of any provision of federal, state, municipal or other law or any administrative rule or regulation, domestic or foreign, affecting AMG or the transactions contemplated hereby.

3.7 Broker Dealer. AMG is not a "broker" or "dealer" within the meaning of the Exchange Act or any state securities laws.

3.8 Brokerage. AMG has not incurred any obligation for a brokerage commission or finders fee in connection with the transactions contemplated hereby.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF EACH MANAGER AND EACH MANAGEMENT CORPORATION.

As a material inducement to AMG entering into this Agreement, Duttoncorp and Dutton jointly and severally make the following representations with respect to Duttoncorp and Dutton, Kailincorp and Kailin jointly and severally make the following representations with respect to Kailincorp and Kailin, Lutzcorp and Lutz jointly and severally make the following representations with respect to Lutzcorp and Lutz and Maloneycorp and Maloney jointly and severally make the following representations with respect to Maloneycorp and Maloney.

4.1 Individual Power and Authority. Such Manager has full right, power and authority to execute, deliver and perform this Agreement, the other Transaction Documents and each of the other agreements, documents and instruments to be executed, delivered and performed by him in connection with this Agreement and the transactions contemplated herein and therein. This Agreement, each of the other Transaction Documents, and each other agreement, document and instrument to be executed, delivered and performed by such Manager in connection with the transactions contemplated herein and therein represents, or when executed will represent, the valid and legally binding obligation of such Manager, enforceable in accordance with its terms, subject to applicable, bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

4.2 Corporate Organization and Authority. Each Management Corporation is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware. Each Management Corporation is duly authorized to conduct its business and is in good standing under the laws of each jurisdiction in which the nature of its business or the ownership or leasing of its properties requires such qualification, except for failures to be so authorized or be in good standing that would not in the aggregate have a Material Adverse Effect on its business or the ownership or leasing of its properties. Each Management Corporation has all requisite corporate power and authority to (a) own its assets and conduct its business and possess all Licenses necessary to conduct its business as presently carried on by it and as contemplated to be carried on by it after the Closing hereunder and the closing of the transactions contemplated hereby, and (b) execute, deliver and perform this Agreement, the other Transaction Documents to which such Management Corporation is a party and the transactions contemplated herein and therein. This Agreement, each other Transaction Document to which such Management Corporation is a party and each other agreement, document and instrument to be executed, delivered and performed by such Management Corporation have been duly and validly approved by all necessary action of such entity, and this Agreement and each of the other Transaction Documents to which such Management Corporation is a party represents or, when executed, will represent, the valid and legally binding obligation of each Management Corporation, as applicable, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

4.3 Non-Contravention. The execution, delivery and performance of this Agreement by such Manager and such Management Corporation, each other Transaction Document and each other agreement, document and instrument to be executed, delivered and performed by such Manager or such Management Corporation in connection with the transactions contemplated hereby and thereby does not and will not: (a) violate any provision of the charter or by-laws of each Management Corporation, as applicable; (b) violate, conflict with, result in a default under, accelerate any obligation under or give rise to a right of termination of any indenture or loan or credit agreement or any other contract, agreement, instrument, mortgage, lien, lease, permit, writ, order, judgment, authorization, injunction, decree, determination, arbitration award or other obligation to which such Manager or Management Corporation is a party or by which he or it is bound, or cause the creation of any encumbrance on his or its assets; (c) violate or result in a violation of, or constitute a default under, any provision of any law, regulation or rule, or any order of, or any restriction imposed by, any court or other governmental agency; (d) require such Manager or Management Corporation to obtain any approval, consent or waiver of, or make any filing with, any person or entity that has not been obtained or made, which approvals, consents, waivers or filings, as applicable, will have been received prior to the Closing, or at any earlier time required hereunder or under applicable laws, rules and regulations; or (e) except as provided by this Agreement, result in the creation or imposition of any Claim on any of the assets of the Partnership or any of the interests of the Manager (directly or indirectly through any other Person), the Management Corporation or Mesirow Asset Management in the Partnership.

4.4 Capitalization.

(a) The duly authorized capital stock of Duttoncorp consists of 1,000 shares of Common Stock, $.01 par value per share, of which 100 shares are issued and outstanding and held beneficially and of record by Dutton. All the outstanding shares of capital stock of Duttoncorp have been duly authorized and validly issued and are fully paid and nonassessable. Except as contemplated by this Agreement, there are no existing rights, agreements or commitments obligating or which might obligate Duttoncorp to issue, transfer, sell or redeem any securities.

(b) The duly authorized capital stock of Kailincorp consists of 1,000 shares of Common Stock, $.01 par value per share, of which 100 shares are issued and outstanding and held beneficially and of record by Kailin. All the outstanding shares of capital stock of Kailincorp have been duly authorized and validly issued and are fully paid and nonassessable. Except as contemplated by this Agreement, there are no existing rights, agreements or commitments obligating or which might obligate Kailincorp to issue, transfer, sell or redeem any securities.

(c) The duly authorized capital stock of Lutzcorp consists of 1,000 shares of Common Stock, $.01 par value per share, of which 100 shares are issued and outstanding and held beneficially and of record by Lutz. All the outstanding shares of capital stock of Lutzcorp have been duly authorized and validly issued and are fully paid and nonassessable. Except as contemplated by this Agreement, there are no existing rights, agreements or commitments obligating or which might obligate Lutzcorp to issue, transfer, sell or redeem any securities.

(d) The duly authorized capital stock of Maloneycorp consists of 1,000 shares of Common Stock, $.01 par value per share, of which 100 shares are issued and outstanding and held beneficially and of record by Maloney. All the outstanding shares of capital stock of Maloneycorp have been duly authorized and validly issued and are fully paid and nonassessable. Except as contemplated by this Agreement, there are no existing rights, agreements or commitments obligating or which might obligate Maloneycorp to issue, transfer, sell or redeem any securities.

4.5 Litigation and Compliance with Laws. There is no litigation or governmental or administrative action, suit, proceeding or investigation (including, without limitation, any voluntary or involuntary proceeding under the Bankruptcy Code or any action, suit, proceeding or investigation under any federal or state securities law or regulation) pending or, to the best knowledge of each Manager and each Management Corporation, threatened, before any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, at law or in equity or otherwise, to which any Manager or any Management Corporation or any officer, director or stockholder thereof is a party, (i) which is related to the business, affairs, properties or assets of any Management Corporation, Mesirow Asset Management or the Partnership or (ii) which might call into question the validity or hinder the enforceability or performance of this Agreement or the other Transaction Documents or any of the contracts described on Schedule 2.8 hereto. Each of the Managers and Management Corporations

is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign, including, without limitation, all federal or state securities laws applicable to the business, affairs, properties or assets of each Management Corporation, Mesirow Asset Management or the Partnership, except where non-compliance therewith, in any individual instance or any series of related instances, would not have a Material Adverse Effect on the Institutional Business, Mesirow Asset Management or the Partnership. None of the Managers or Management Corporations (nor any officer, director or stockholder thereof), is in material default with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, relating to any aspect of the business, affairs, properties or assets of any of the Management Corporations, the Institutional Business, Mesirow Asset Management or the Partnership. None of the Managers, nor to the best knowledge of the Managers, any other Person, has violated the Code of Ethics of the Skyline Trust, Mesirow Asset Management or Mesirow Financial described in Section 2.15 hereof.

4.6 Brokerage. None of the Management Corporations or Managers has incurred any obligation for a brokerage commission or finders fee in connection with the transactions contemplated hereby.

4.7 Investment Advisory Representation. Except for advice given to members of such Manager's immediate family, such Manager does not provide investment advisory or investment management services to any person or entity, other than on behalf of Mesirow Asset Management, pursuant to an investment advisory agreement between Mesirow Asset Management and a client (including for these purposes a client that is a registered or private investment company).

4.8 Good Health. To his knowledge, such Manager is in good health.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE MANAGEMENT CORPORATIONS.

As a material inducement to AMG entering into this Agreement, the Management Corporations, jointly and severally, make the following representations to AMG.

5.1 Assets Under Management. The aggregate assets under management in the Institutional Business as of December 31, 1994 and March 31, 1995, are accurately described on Schedule 2.8 hereto. In addition, set forth on Schedule 2.8 is a list as of March 31, 1995, of all investment management, advisory or sub-advisory contracts constituting the Institutional Business, setting forth the name of the client under each such contract, the amount of assets under management with respect to each such contract, the Fee Schedule and each guideline, exhibit, schedule or letter agreement in connection therewith. Since December 31, 1994, except as is set forth on Schedule 2.8 hereto, no client of the Institutional Business has given any indication of its intent to terminate or reduce its investment relationship with Mesirow Asset Management or, after the Asset Transfers and the Closing, the Partnership, or adjust the Fee Schedule with respect to

any contract in a manner which would reduce the fee to Mesirow Asset Management or the Partnership, as applicable.

5.2 Ordinary Course of Business. Since March 31, 1995, the Institutional Business has been operated in the normal, usual and customary manner in the ordinary and regular course of business, consistent in all material respects with prior practice.

5.3 Litigation and Compliance with Laws. To the best knowledge of the Management Corporations and the Managers, there is no litigation or governmental or other administrative action, suit, proceeding or investigation (including, without limitation, any voluntary or involuntary proceeding under the Bankruptcy Code or any action, suit, proceeding or investigation under any federal or state securities law or regulation) pending or threatened, to which Mesirow Asset Management or the Partnership or any officer, director, stockholder or partner thereof is a party before any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, at law or in equity or otherwise, (i) which is related to the business, affairs, properties or assets of the Institutional Business or the Partnership or (ii) which might call into question the validity or hinder the enforceability or performance of this Agreement or the other Transaction Documents or any of the transactions contemplated hereby and thereby. To the best knowledge of the Management Corporations and the Managers, there are no proceedings pending or threatened, relating to the termination of, or limitation of, any License held by Mesirow Asset Management or the Partnership, including, without limitation, the registrations as investment advisers of Mesirow Asset Management and the Partnership under the Advisers Act, or any similar statute or regulation of any other jurisdiction. To the best knowledge of the Management Corporations and the Managers, Mesirow Asset Management is, and at all times has been, in material compliance with all laws and governmental rules and regulations, domestic or foreign, including, without limitation, all federal or state securities laws applicable to the Institutional Business or the Partnership.

SECTION 6. CONDITIONS PRECEDENT TO AMG'S OBLIGATION.

The obligation of AMG to purchase and accept transfer and delivery of the Purchased Interest is subject to the satisfaction on or, where appropriate, prior to the Closing Date, of the following conditions, except to the extent that any such condition may have been waived in writing by AMG on or prior to the Closing Date:

6.1 Litigation; No Opposition. No judgment, injunction, order or decree enjoining or prohibiting any of AMG, Mesirow Asset Management, Mesirow Holdings, the Partnership, any of the Management Corporations or any of the Managers or other parties to any of the Transaction Documents, from consummating the transactions contemplated hereby or thereby shall have been entered and no suit, action or proceeding shall be pending or threatened at any time prior to or on the Closing Date before or by any court or governmental body seeking to restrain or prohibit, or seeking damages or other relief in connection with, the execution and delivery of this Agreement

or any of the Transaction Documents, or the consummation of the transactions contemplated hereby or thereby or which could be expected to have a Material Adverse Effect on AMG, Mesirow Asset Management or the Partnership.

6.2 Representations, Warranties and Covenants. Each of the representations and warranties of Mesirow Asset Management, Mesirow Holdings, the Partnership, each of the Management Corporations, and each of the Managers contained in this Agreement and in any schedule or exhibit attached hereto (including any supplement to any such schedule or exhibit) and in each other Transaction Document and each other agreement, document and instrument to be executed, delivered and performed by AMG in connection with the transactions contemplated herein and therein or otherwise made in writing by any of them or on their behalf shall be true and correct (a) at and as of the date of this Agreement, (b) at and as of the Asset Transfers as though newly made at such time, and (c) at and as of the Closing as though newly made at such time, except that the Company Financial Statements must continue to be true only as of the respective dates covered thereby. Each and all of the agreements and conditions to be performed or satisfied by Mesirow Asset Management, Mesirow Holdings, the Partnership, each of the Management Corporations and each of the Managers hereunder and under the other Transaction Documents and each other agreement, document and instrument to be executed, delivered and performed by AMG in connection with the transactions contemplated herein and therein at or prior to the Closing shall have been duly performed or satisfied; and Mesirow Asset Management, Mesirow Holdings, the Partnership, each of the Management Corporations and each of the Managers shall have furnished AMG with a certificate or certificates dated as of the Closing Date with respect to each of the foregoing.

6.3 Advisory Contract Consents.

(a) Mesirow Asset Management and the Partnership (i) shall have, at least sixty (60) days in advance of the Closing Date, requested the consent from the clients of the Institutional Business to the transactions contemplated hereby in the manner set forth in Section 8.2, and, (ii) except as otherwise agreed in writing by AMG, shall have obtained from each registered investment company for which Mesirow Asset Management serves as a subadviser (with the approval by the trustees (including a majority of the independent trustees) and the shareholders of each such company) new investment advisory contracts effective as of the Closing that are Comparable Contracts;

(b) the Partnership shall have obtained from each Skyline Fund (with the approval by the trustees (including a majority of the independent trustees) and the shareholders of each Skyline Fund) new investment advisory contracts effective as of the Closing that are Comparable Contracts;

(c) clients of Mesirow Asset Management (including the Skyline Funds) which are party to advisory agreements that provide for Aggregate Contract Payments constituting at least seventy-five percent (75%) of the Base Fees shall have affirmatively consented in writing to

the transactions contemplated hereby (by countersigning a notice substantially in the form of Exhibit 8.1(a) or Exhibit 8.1(b) such that the advisory contracts (or Comparable Contracts as provided above with respect to registered investment companies) in effect as of the date of this Agreement survive the transactions contemplated hereby without impermissible assignment; and

(d) at the Closing, Mesirow Asset Management, Mesirow Holdings, each Management Corporation and each Manager shall deliver a certificate certifying as to compliance with the foregoing.

6.4 Registration as an Investment Adviser. Mesirow Asset Management and the Managers shall have caused the Partnership to become registered as an investment adviser under the Advisers Act and the rules and regulations promulgated thereunder in all jurisdictions in which Mesirow Asset Management is registered in connection with the Institutional Business on the date of this Agreement and in each other jurisdiction where it is desirable for the Partnership to be registered as an investment adviser in order to conduct after the Asset Transfers and Closing the Institutional Business presently conducted by Mesirow Asset Management.

6.5 Other Approvals. Except as otherwise specifically contemplated hereby, all actions by or in respect of, or filings with, any governmental body, agency, or official or authority required to permit the consummation of the transactions contemplated hereby so that the Partnership shall be able to carry on the Institutional Business after the Closing Date substantially in the manner now conducted by Mesirow Asset Management, shall have been taken, made or obtained, and any and all other material permits, approvals, consents or other action necessary to consummate the transactions hereunder shall have been received or taken, and none of such permits, approvals or consents shall contain any provisions which, in the reasonable judgment of AMG, are unduly burdensome.

6.6 Asset Transfer. (a) The transactions contemplated by the Asset Transfer Agreement in the form attached hereto as Exhibit 6.6 shall have occurred and at least one (1) full business day shall have elapsed from such occurrence, (b) such other documents and instruments of transfer as AMG shall reasonably deem necessary shall have been executed and delivered, and (c) the Partnership's capitalization, including Partnership Points and options and other rights to purchase Partnership Points, and the Capital Accounts in the Partnership shall be as set forth on Schedule 6.6 hereto.

6.7 Non Solicitation/Non Disclosure Agreements. Each Manager and each Management Corporation shall have entered into a Non Solicitation/Non Disclosure Agreement with the Partnership (each a "Non Solicitation Agreement") in the form attached hereto as Exhibit 6.7, and each such Non Solicitation Agreement shall be in full force and effect.

6.8 Working Capital and Tangible Net Worth of the Partnership. After the Asset Transfers, and at the Closing, and after taking into account all transaction costs which are assumed or to be assumed by the Partnership, the Partnership shall have a tangible net worth (determined

in accordance with generally accepted accounting principles using the accrual based method of accounting, consistently applied) of at least $600,000 and at least $200,000 of working capital (defined as current assets less current liabilities). The Partnership shall also have all of the assets and cash necessary for the operation of the Institutional Business consistent with past practices. After the Asset Transfers and immediately prior to the Closing, the adjusted tax basis of the assets of the Partnership consisting of office furniture and computer equipment and other equipment as agreed to by AMG shall be at least $400,000.

6.9 Delivery. Each Mesirow Entity, the Partnership, each Management Corporation and each Manager shall have executed (where applicable) and delivered to AMG (or shall have caused to be executed and delivered to AMG by the appropriate person) the following:

(a) the Asset Transfer Agreement and all such other documents of transfer and assignment as AMG may reasonably require;

(b) certified copies of resolutions of the board of directors or trustees (and, if necessary, the shareholders or partners) of the Mesirow Entities, each Management Corporation and the Skyline Funds, authorizing the execution and delivery of each of the Transaction Documents to which such Person is a party and approving all other actions required to be taken or approved in connection with this Agreement and the other Transaction Documents and the transactions contemplated herein and therein;

(c) a copy of the charter and by-laws of Mesirow Asset Management and each of the Management Corporations which, in the case of the charter, is certified as of a recent date by the Secretary of State of the relevant state of incorporation;

(d) a copy of the Agreement and Declaration of Trust and by-laws of the Skyline Trust which, in the case of the Agreement and Declaration of Trust, is certified as of a recent date by the Secretary of State of the Commonwealth of Massachusetts;

(e) a certificate issued by the appropriate Secretary of State certifying that Mesirow Asset Management, Mesirow Financial, Mesirow Holdings, the Partnership, each Management Corporation and the Skyline Trust is validly existing and in good standing in such state as of the most recent practicable date;

(f) a certificate issued by the appropriate Secretary of State of each state in which each of Mesirow Asset Management and, after giving effect to the Asset Transfers, the Partnership does business certifying that Mesirow Asset Management and the Partnership, as applicable, are in good standing in such state as of the most recent practicable date;

(g) true and correct copies of each of the Transaction Documents, and all agreements, documents, instruments and certificates delivered or to be delivered in connection therewith;

(h) for each of the Managers evidence that such Person has had a physical examination within ninety (90) days prior to the Closing, including a letter from a licensed physician familiar with such Person's health indicating that such Person is in good health at such date;

(i) a certificate of the Secretary of Mesirow Asset Management, Mesirow Financial, Mesirow Holdings, and each of the Management Corporations and the Skyline Trust, certifying that its respective resolutions, charter and by-laws described in paragraphs (b) and (c) above are in full force and effect and have not been amended or modified, and that the officers of such corporation are those persons named in the certificate;

(j) an opinion from Mayer, Brown & Platt, counsel to Mesirow Asset Management, Mesirow Holdings and the Partnership, in form and substance materially consistent with Exhibit 6.9(k);

(k) an opinion from Bell, Boyd & Lloyd, counsel to the Skyline Trust, in form and substance materially consistent with Exhibit 6.9(l);

(l) a Trademark, Tradename and Service Mark Assignment, in form and substance materially consistent with Exhibit 6.9(m);

(m) all records of the Skyline Trust that are customarily maintained by the Skyline Trust's investment adviser or are required to be maintained by the adviser under Section 31 of the Investment Company Act and regulations promulgated thereunder, together with all records customarily maintained on behalf of the Skyline Trust by its distributor;

(n) complete copies, and access upon the request of the Partnership to the originals, of all records of the Institutional Business that are customarily maintained by Mesirow Asset Management or are required to be maintained under the Advisers Act and regulations promulgated thereunder; and

(o) such other certificates and other documents as Goodwin, Procter & Hoar as counsel to AMG may reasonably request in connection with the transactions contemplated herein and in the other Transaction Documents.

6.10 Code of Ethics, etc. The Partnership shall have adopted such Code of Ethics, Insider Trading Policies, Trade Allocation Policies and Supervisory Procedures Manuals as are acceptable to AMG.

6.11 Resignations. Mesirow Asset Management shall have delivered or caused to be delivered to AMG the resignations, to be effective upon the Closing, of all officers of the Skyline Trust who are not the Managers and of all trustees of the Skyline Trust except Dutton.

6.12 Elections. Persons acceptable to AMG and the Managers shall have been duly elected as trustees of the Skyline Trust.

6.13 Termination of Mesirow Growth Fund. At or prior to the Closing, Mesirow Growth Fund shall have been terminated and all liquidating payments or similar distributions shall have been made to the limited partners therein, all in accordance with the terms and provisions of the Mesirow Growth Fund Amended and Restated Agreement of Limited Partnership dated as of May 5, 1992 and in accordance with applicable law.

6.14 New Fund Contracts. The Skyline Trust shall have entered into arrangements satisfactory to AMG with (a) one or more money market mutual fund(s) to and from which shares of the Skyline Trust may be exchanged and, (b) if so requested by AMG, a third party distributor, and in connection therewith the Skyline Trust and the Mesirow Entities shall have given all notices to shareholders of the Skyline Trust as may be required by applicable law or regulation and within any required time periods. The agreements described in the foregoing sentence, together with the advisory agreements described in Section 6.3(b) and any administrative or similar contracts and any plans in connection therewith that may be determined by AMG to be necessary or appropriate for the Skyline Trust, shall all have received any approvals of shareholders, trustees and independent trustees of the Skyline Trust or the Skyline Funds as may be necessary or appropriate and shall be referred to herein as the "New Fund Contracts."

6.15 Termination of Existing Advisory and Distribution Arrangements. Except as contemplated in Section 8.13, all advisory agreements and distribution arrangements between the Skyline Funds and Mesirow Holdings, Mesirow Asset Management and any of their Affiliates, shall have been terminated effective as of the Closing, or in the case of the investment advisory agreement between Mesirow Asset Management and each of the Skyline Funds, upon effectiveness of the corresponding agreement with the Partnership as contemplated by Section 6.3(b).

6.16 Termination of Covenant Concerning Confidential Information. At or prior to the Closing, Mesirow Asset Management shall have delivered to AMG evidence that (i) each of the agreements listed on Schedule 2.10(c) hereto has terminated on terms acceptable to AMG and its counsel, and (ii) except as otherwise consented to by AMG (which consent shall not be unreasonably withheld), each of such employees from and after the termination of such agreement shall have no liability or obligation whatsoever under such agreement to Mesirow Financial or any of its Affiliates.

SECTION 7. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF MESIROW ASSET MANAGEMENT AND MESIROW HOLDINGS

The obligations of Mesirow Asset Management to sell and deliver the Purchased Interest, and of Mesirow Holdings to cause such sale and delivery, to AMG are subject to the satisfaction at or prior to the Closing Date of the following conditions, except to the extent that any such

condition may have been waived in writing by Mesirow Asset Management prior to the Closing Date.

7.1 No Litigation; No Opposition. No judgment, injunction, order or decree enjoining or prohibiting any of AMG, any Mesirow Entity, any Management Corporation or any Manager or other parties to any of the Transaction Documents, from consummating the transactions contemplated hereby or thereby shall have been entered and no suit, action or proceeding shall be pending or threatened prior to or on the Closing Date before or by any court or governmental body seeking to restrain or prohibit the execution and delivery of this Agreement or any of the Transaction Documents or the consummation of the transactions contemplated hereby or thereby.

7.2 Representations, Warranties and Covenants. Each of the representations and warranties of AMG contained in this Agreement and in any schedule or exhibit attached hereto (including any supplement to any such schedule or exhibit) and in each other Transaction Document or otherwise made in writing by AMG or on its behalf shall be true and correct at and as of the Closing as though newly made at such time. Each and all the agreements and conditions to be performed or satisfied by AMG hereunder and under the other Transaction Documents at or prior to the Closing Date shall have been duly performed or satisfied in all material respects; and AMG shall have furnished Mesirow Asset Management and Mesirow Holdings with a certificate dated as of the Closing Date to the foregoing effect.

7.3 Delivery. AMG shall have executed and delivered to Mesirow Asset Management and Mesirow Holdings, the following:

(a) certified copies of resolutions of the board of directors (and, if necessary, the shareholders) of AMG authorizing the execution of this Agreement and each of the other Transaction Documents to which AMG is a party;

(b) a copy of the charter and by-laws of AMG which, in the case of the charter, is certified as of a recent date by the Secretary of State of the State of Delaware;

(c) a certificate issued by the Secretary of State of the State of Delaware certifying that AMG is validly existing in Delaware as of the most recent practicable date;

(d) true and correct copies of each of the Transaction Documents, and all agreements, documents, instruments and certificates delivered or to be delivered in connection therewith to which AMG is a party;

(e) a certificate of the Secretary of AMG certifying that the resolutions, charter and by-laws in paragraphs (a) and (b) above are in full force and effect and have not been amended or modified, and that the officers of AMG are those persons named in the certificate; and

(f) an opinion from Goodwin, Procter & Hoar in form and substance materially consistent with Exhibit 7.3(f).

7.4 Advisory Contract Consents. At the Closing, clients of Mesirow Asset Management (including the Skyline Funds) which are party to advisory agreements that provide for Aggregate Contract Payments constituting at least seventy-five percent (75%) of the Base Fees shall have affirmatively consented in writing to the transactions contemplated hereby (by countersigning a notice substantially in the form of Exhibit 8.1(a) or Exhibit 8.1(b) such that the advisory contracts (or Comparable Contracts as provided in Sections 6.3(a) and (b) hereof with respect to registered investment companies) in effect as of the date of this Agreement survive the transactions contemplated hereby without impermissible assignment.

7.5 New Fund Distribution Arrangements. The Skyline Trust shall have entered into arrangements satisfactory to the independent trustees of the Skyline Trust with respect to the distribution of shares of the Skyline Trust.

SECTION 8. COVENANTS OF THE PARTIES.

From and after the date hereof (subject to Section 11.2 hereof), each of the Partnership, Mesirow Asset Management and Mesirow Holdings, jointly and severally, and each Management Corporation and each of the Managers, severally but not jointly, agrees with AMG that it (or he) will perform the actions contemplated to be performed by it (or him) under this Section 8, and AMG agrees with each of the Partnership, Mesirow Asset Management, Mesirow Holdings, each Management Corporation and each Manager that it will perform the actions contemplated to be performed by it under this Section 8:

8.1 Client Consents.

(a) As soon as practicable after the date hereof, Mesirow Asset Management shall notify all its clients (other than the Skyline Funds) of the transactions contemplated hereby and by the other Transaction Documents. Such notice shall be substantially in the form of Exhibit 8.1(a) hereto unless otherwise agreed by Mesirow Asset Management and AMG with respect to a particular client or group of clients.

(b) On or prior to June 30, 1995, Mesirow Asset Management shall send to each client who received a notice in substantially the form of Exhibit 8.1(a) hereto, and who has not returned such notice, a notice in substantially the form of Exhibit 8.1(b) hereto; unless otherwise agreed by Mesirow Asset Management and AMG with respect to a particular client or group of clients.

(c) The parties hereto will cooperate and use all commercially reasonable efforts to obtain, as soon as practicable, the written consent of each client of Mesirow Asset Management (other than the Skyline Funds) to the assignment of such client's investment advisory contract,

where such client's investment advisory contract requires such written consent for the transactions contemplated hereby.

(d) With respect to the Skyline Funds, subject in all cases to the fiduciary duties to which it may be subject, Mesirow Holdings and Mesirow Asset Management shall use all commercially reasonable efforts (including, without limitation, the payment of reasonable printing, soliciting and similar expenses) to cause each of the Skyline Funds to call a meeting of its shareholders to consider, and to solicit its shareholders with regard to, the transactions contemplated hereby, including the investment advisory agreement with the Partnership contemplated under Section 6.3(b), the subsequent change in control of the Partnership to occur at the Closing, the investment advisory agreement contemplated to be in effect at and after the Closing and the election of trustees as contemplated in Section 6.12, consistent with all of the requirements of federal securities laws applicable to such solicitation.

8.2 Conduct of Business. Until the Closing, except as specifically contemplated by this Agreement (or except with the prior written consent of AMG):

(a) the business of each of Mesirow Asset Management and the Partnership shall be conducted only in the ordinary course and in a manner consistent in all material respects with past practices, and in compliance in all material respects with all applicable laws, rules and regulations;

(b) the Mesirow Entities, the Management Corporations and the Managers shall not make or assist in making any change in the charter documents or by-laws of Mesirow Asset Management or in the Partnership Agreement of the Partnership;

(c) the Partnership shall not (i) declare, set aside, make or pay any distribution or dividend in respect of its equity interests, or direct or indirect issuance, redemption, purchase or other acquisition of its own capital stock or other equity interests, or (ii) make any change in its capitalization, and none of the Mesirow Entities shall cause or permit any such event;

(d) neither Mesirow Asset Management nor the Partnership shall (i) create, incur or assume any Indebtedness, (ii) make any loans, advances or capital contributions to or investments in, any person or entity, (iii) make any capital expenditure, or (iv) settle any litigation;

(e) neither Mesirow Asset Management nor the Partnership shall acquire, sell, lease or dispose of any assets other than in the ordinary course of business;

(f) neither Mesirow Asset Management nor the Partnership shall mortgage, pledge or subject to any lien, lease, security interest or other Claim, any properties or assets; and

(g) in each case, except in the ordinary course of business consistent with past practices, (i) none of the Mesirow Entities or the Partnership shall increase the rate of

compensation payable or to become payable to any director, officer, employee or agent currently employed by Mesirow Asset Management or the Partnership, and (ii) neither Mesirow Asset Management nor the Partnership (nor Mesirow Holdings to the extent it may affect Mesirow Asset Management or the Partnership) without the prior written consent of AMG shall hire any directors, officers, employees or agents, or enter into any collective bargaining agreement, bonus, stock option, profit sharing, compensation, pension, welfare, retirement or other similar arrangement, or any employment contract.

8.3 Preservation of Business and Assets. Until the Closing, each of Mesirow Asset Management, Mesirow Holdings, the Partnership and each Manager shall use all commercially reasonable efforts, consistent with past practices, to: (a) preserve the current Institutional Business, (b) maintain the present clients of the Institutional Business until the Asset Transfers, and thereafter to maintain such clients as clients of the Partnership, in each case, on terms that are at least as favorable as the terms of the agreements between Mesirow Asset Management and the relevant client as in effect on the date hereof, (c) preserve the goodwill of Mesirow Asset Management until the Asset Transfers, and thereafter to preserve such goodwill as goodwill of the Partnership, and (d) preserve any Licenses required in connection with the business of Mesirow Asset Management (including without limitation all investment adviser registrations). In addition, none of Mesirow Asset Management, Mesirow Holdings (to the extent it may affect Mesirow Asset Management or the Partnership), the Partnership, any of Management Corporations or any of the Managers shall take any material action not in the ordinary course of business without giving AMG prior written notice thereof.

8.4 Observer Rights and Access. Until the Closing, Mesirow Asset Management shall use all commercially reasonable efforts to cause the board of trustees of the Skyline Trust to permit a representative of AMG to attend and observe all meetings of the board of trustees of the Skyline Trust in a non-voting observer capacity. Mesirow Asset Management and Mesirow Holdings shall afford to AMG and its representatives free access to the properties and records of Mesirow Asset Management and Mesirow Holdings (to the extent it may affect Mesirow Asset Management and the Partnership), the Skyline Funds and the Partnership in order that AMG may have full opportunity to make such investigation as it shall desire for purposes consistent with this Agreement.

8.5 Termination of Reserve Fund Arrangements. Mesirow Holdings and Mesirow Asset Management will cooperate with AMG and the Skyline Funds and will use all commercially reasonable efforts to terminate, and to cause the Skyline Funds to terminate, all existing agreements in connection with the Reserve Fund and each series thereof as such agreements apply to the Skyline Funds.

8.6 Use of Skyline Name. The Mesirow Entities will use all commercially reasonable efforts to cease all use, and to cause their Affiliates and the Reserve Fund to cease all use, on and after the Closing Date of the word "Skyline," and the logo used by the Skyline Trust and all other trademarks, trade names or service marks related thereto.

8.7 SEC Filings.

(a) The parties hereto will cooperate to file, as soon as practicable following the execution of this Agreement and on behalf of the Partnership, with the SEC a Uniform Application for Investment Adviser Registration on Form ADV to register the Partnership as an investment adviser under the Advisers Act, and will cooperate to file the appropriate application for investment adviser registration as soon as practicable following the execution of this Agreement on behalf of the Partnership, with all other jurisdictions in which Mesirow Asset Management is registered as an investment adviser and in each other jurisdiction where it is desirable for the Partnership to be registered as an investment adviser in order to conduct after the Asset Transfers and the Closing the Institutional Business presently conducted by Mesirow Asset Management (together with the application on Form ADV, the "Applications").

(b) The parties hereto will cooperate with each other and will each use all commercially reasonable efforts to cause the Skyline Funds to file a post-effective amendment to the Skyline Funds' registration statement on Form N-1A at least sixty (60) days prior to the Closing, which amendment shall reflect all changes in the Skyline Funds' affairs as a consequence of the transactions contemplated hereby, and shall cooperate with one another in causing the Skyline Funds to make any other filing necessary to satisfy disclosure requirements to enable the public distribution of the shares of beneficial interest of the Skyline Funds to continue unabated after the Closing. Each party covenants that any information describing such party or its Affiliates or provided by such party or its Affiliates or their respective operations or plans that is contained in any such post-effective amendment will not contain, at the time any such amendment becomes effective, any untrue statement of material fact or omit to state any material fact required to be stated therein, where necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(c) The parties hereto will cooperate with each other and will each use all commercially reasonable efforts to cause the Skyline Funds, with the assistance of counsel to AMG, to prepare and file a proxy statement and related materials, as contemplated by Section 8.1(d) as soon as practical following the execution of this Agreement. Each party covenants that any information describing such party or its Affiliates or provided by such party or its Affiliates or their respective operations or plans that is contained in any solicitation materials will not contain, at the time such materials are furnished or at the time of the shareholder meeting contemplated thereby, any untrue statement of material fact or omit to state any material fact required to be stated therein, where necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

8.8 Interim Financial Statements. Until the Closing, on or prior to the penultimate business day of each calendar month, Mesirow Asset Management shall furnish to AMG unaudited balance sheets of Mesirow Asset Management as the end of the preceding month, together with the related unaudited statements of income and cash flows of the Institutional Business for the period from March 31, 1995 through such month end, which financial statements shall have been

prepared in accordance with generally accepted accounting principles, methods and practices using the accrual method of accounting consistently applied (except that they do not include footnotes) and fairly present in all material respects the financial position and the results of operations of Mesirow Asset Management for the period covered thereby and then ended, subject to year-end audit adjustments which individually, or in the aggregate, are not material (together, such financial statements are referred to as the "Interim Financial Statements"). At the time the Interim Financial Statements are given to AMG, they shall be accompanied by a certificate of Mesirow Asset Management to the foregoing effect.

8.9 Confidentiality. Each of the parties hereto agrees, on behalf of itself and its representatives and agents, to keep confidential any and all information and data of a proprietary or confidential nature with respect to another party in its possession or which it has received as a result of any investigation made in connection with this Agreement; provided, however, that notwithstanding the foregoing, each of the parties hereto shall be free to disclose any such information or data (a) to the extent required by applicable law, order, rule or regulation (including without limitation applicable federal and state securities laws) and (b) during the course of or in connection with any litigation, arbitration or other proceeding based upon or in connection with the subject matter of this Agreement; provided, however, that prior to disclosing any such information in connection with any such litigation, arbitration or proceeding, the applicable party shall give prior notice to the other interested parties and shall use reasonable efforts to obtain confidential treatment therefor. In addition, the timing and content of any news or other media release regarding the transactions contemplated hereby shall be mutually agreed to in advance by AMG and Mesirow Holdings.

8.10 Expenses. Except as otherwise expressly provided herein, each of the parties hereto shall pay its own expenses incident to the negotiation and consummation of the transactions contemplated by this Agreement and the Transaction Documents and the preparation and carrying out of this Agreement and the transactions contemplated hereby or thereby; provided, however, that AMG shall pay the fees and disbursements of Goodwin, Procter & Hoar in connection with the preparation and filing of the proxy statement described in Section 8.8(c) and all filing and registration fees incurred by the Partnership in connection with the transactions contemplated hereby or pursuant to its obligations hereunder.

8.11 Covenants With Respect to Section 15(f) of the Investment Company Act.

(a) In accordance with Section 15(f) of the Investment Company Act (i) for a period of three (3) years after the effectiveness of the Asset Transfers, AMG shall not cause, and shall use all commercially reasonable efforts not to permit, any "interested person" of Mesirow Asset Management or the Partnership, as such term is defined in the Investment Company Act, to become or to continue as a member of the Board of Trustees of the Skyline Trust unless, taking into account such interested person, at least seventy-five percent (75%) of the members of such Board of Trustees are not interested persons of Mesirow Asset Management or the Partnership, and (ii) for a period of two (2) years following the Closing Date, AMG will not engage in or

cause, and will use all commercially reasonable efforts to prevent any Affiliate of the Partnership from engaging in or causing, any act, practice or arrangement that imposes an unfair burden on the Skyline Trust within the meaning of Section 15(f), or if the Partnership or any of its Affiliates shall have obtained an order from the SEC exempting it from the provisions of Section 15(f) or an opinion of counsel based on judicial precedents under applicable federal law with respect to the meaning of Section 15(f), which opinion is reasonably satisfactory in form and substance to the Board of Trustees of the Skyline Trust, then this representation shall be deemed to be modified to the extent necessary to permit the Partnership and its Affiliates to act in a manner consistent with such exemptive order or legal opinion.

(b) In accordance with Section 15(f) of the Investment Company Act (i) for a period of three years after the effectiveness of the Asset Transfers, neither Mesirow Asset Management nor Mesirow Holdings shall knowingly cause, and shall use all commercially reasonable efforts to cooperate with reasonable requests made by AMG so as not to permit any "interested person" of Mesirow Asset Management, as such term is defined in the Investment Company Act, to become or to continue as a member of the Board of Trustees of the Skyline Trust unless, taking into account such interested person, at least seventy-five percent (75%) of the members of such Board of Trustees are not interested persons of Mesirow Asset Management or the Partnership, and (ii) for a period of two (2) years following the Closing Date, neither Mesirow Asset Management nor Mesirow Holdings will engage in or cause, and each will use all commercially reasonable efforts to prevent any Affiliate of each of them from engaging in or causing, and act, practice or arrangement that imposes an unfair burden on the Skyline Trust within the meaning of Section 15(f); provided, however, that if Mesirow Asset Management or any of its Affiliates shall have obtained an order from the SEC exempting it from the provisions of Section 15(f) or an opinion of counsel based on judicial precedents under applicable federal law with respect to the meaning of Section 15(f), which opinion is reasonably satisfactory in form and substance to the Board of Trustees of the Skyline Trust, then this representation shall be deemed to be modified to the extent necessary to permit Mesirow Asset Management and its Affiliates to act in a manner consistent with such exemptive order or legal opinion.

8.12 Retirement Plans. As of the effectiveness of the Closing, the Partnership shall execute and deliver an employee retirement plan satisfactory to the Managers and AMG, which provides for employee contributions toward retirement and permits, among other things, the investment of contributions in the Skyline Funds.

8.13 Agreement with Mesirow Financial. During the period from the Closing Date through the second anniversary of the Closing Date, Mesirow Holdings shall take any and all action necessary to cause Mesirow Financial to pay all compensation or fees received by it pursuant to any selling group, selected dealer, distribution, service or similar agreement with respect to shares of any of the Skyline Funds ("Fees") to the registered representative(s) or similar customer service provider(s) responsible for the customers who hold the shares of the Skyline Funds with respect to which such fees are being received.

8.14 Mesirow Growth Fund. The Mesirow Entities shall use all commercially reasonable efforts to cause the trustees of the Skyline Trust to permit limited partners in the Mesirow Growth Fund to purchase shares of Skyline Special Equities Portfolio with a net asset value equal to the fair market value of the distributions that such limited partners are entitled to receive upon liquidation of Mesirow Growth Fund. The Mesirow Entities shall cause to be sent to the limited partners of Mesirow Growth Fund, together with any notice, report, consent or similar document that sets forth the intention of any of the Mesirow Entities to take action that will cause Mesirow Growth Fund to terminate, a notice indicating that such limited partners may make investments in the Skyline Special Equities Portfolio, together with a prospectus, application and such other information with respect to the Skyline Special Equities Portfolio as AMG, the Managers and the Mesirow Entities may reasonably agree to be appropriate or necessary.

8.15 Tax Compliance. Mesirow Asset Management shall recommend that, and after such course of action has been approved by the board of trustees of Skyline Trust shall take all actions necessary to cause, Skyline Special Equities II, within thirty (30) days after the execution of this Agreement, to prepare and file an amended federal income tax return for the 1993 tax year (and any other documentation required by the IRS in connection therewith) and pay any deficiency related to such tax year and other additions to tax, interest, fines and penalties relating thereto.

SECTION 9. INDEMNIFICATION.

9.1 Indemnification by Mesirow Asset Management and Mesirow Holdings. From and after the Closing Date, Mesirow Asset Management and Mesirow Holdings shall jointly and severally defend, indemnify, save and hold harmless AMG, AMG's Affiliates and subsidiaries and their respective employees, representatives, officers, directors, partners and agents, from and against any and all actions, suits, claims, proceedings, demands, assessments and judgments, costs, Taxes, losses (including, without limitation, diminution in value), liabilities, damages, deficiencies and expenses, including without limitation, interest, penalties, reasonable attorneys' and accountants' fees and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, incurred in connection with, arising out of, resulting from or incident to (a) any misrepresentation, breach of any warranty, covenant or agreement, the inaccuracy of any representation, or the default or nonfulfillment of any agreement on the part of Mesirow Asset Management or Mesirow Holdings and, prior to the Closing, the Partnership, under this Agreement or any of the Transaction Documents or any of the documents, instruments or certificates contemplated hereby or thereby or in any schedule, exhibit, certificate or financial statement delivered hereunder, or any claim, action or proceeding asserted or instituted or growing out of any matter or thing covered by such representations, warranties, covenants or agreements, (b) the operation of Mesirow Asset Management including, without limitation the operation of the Partnership prior to the Closing, (c) the administration or management of the Skyline Funds including, without limitation, the administration or management of the Skyline Funds prior to the Closing, and the Tax matters described on Schedule 2.24(f) or (d) any contracts, leases or agreements not assumed by the Partnership; provided, however, that the indemnification obligations of the Mesirow Entities hereunder (other than obligations with respect to

indemnification for Taxes or based upon or related to a breach of any representation or warranty or covenant with respect to Taxes, Employee Plans or environmental laws or based upon or related to the Tax matters described on Schedule 2.24(f)) shall be limited in the aggregate to an amount equal to the Purchase Price.

9.2 Indemnification by Management Corporations. From and after the Closing Date, each of the Management Corporations, shall severally defend, indemnify, save and hold harmless AMG, AMG's Affiliates and subsidiaries, the Managers (other than any Manager holding stock in such Management Corporation), the other Management Corporations, and their respective employees, representatives, officers, directors, partners and agents from and against any and all actions, suits, claims, proceedings, demands, assessments and judgments, costs, losses (including, without limitation, diminution in value), liabilities, damages, deficiencies and expenses, including, without limitation, interest, penalties, reasonable attorneys' and accountants' fees and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, incurred in connection with, arising out of, resulting from or incident to any misrepresentation, breach of warranty, covenant or agreement, the inaccuracy of any representation, or the default or nonfulfillment of any agreement, in each case on the part of such party or their respective stockholders, under this Agreement or any of the Transaction Documents or any of the documents, instruments or certificates contemplated hereby or thereby, or any schedule, exhibit, or certificate delivered hereunder or thereunder, or any claim, action, or proceeding asserted or instituted or growing out of any matter or thing covered by such representations, warranties, covenants or agreements.

9.3 Indemnification by AMG.

(a) From and after the Closing Date, AMG shall defend, indemnify, save and hold harmless Mesirow Asset Management, Mesirow Holdings, the Managers and the Management Corporations and their respective officers and directors from and against any and all actions, suits, claims, proceedings, demands, assessments and judgments, costs, Taxes, losses, liabilities, damages, deficiencies and expenses, including without limitation, interest, penalties, reasonable attorneys' and accountants' fees and all reasonable amounts paid in investigation, defense or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from or incident to any misrepresentation, breach of any warranty, covenant or agreement, the inaccuracy of any representation, or the default or nonfulfillment of any agreement on the part of AMG under this Agreement or any of the Transaction Documents or any of the documents, instruments, or certificates contemplated hereby or thereby, or any schedule, exhibit, or certificate delivered hereunder or thereunder, or any claim, action or proceeding asserted or instituted or growing out of any matter or thing covered by such representations, warranties, covenants or agreements.

(b) From and after the Closing Date, AMG shall defend, indemnify, save and hold harmless Mesirow Asset Management, Mesirow Holdings and their respective officers and directors from and against any and all costs, expenses and attorneys' fees and disbursements

incurred in connection with or arising out of or resulting from or incident to any suit, claim, or proceedings to which any of the foregoing indemnified parties is made party; provided that such suit, claim or proceeding results from the operation of the Partnership after the Closing Date, and; provided further that none of the foregoing indemnified parties is found in such proceeding or otherwise by a court or tribunal of competent jurisdiction to have acted with, or failed to act as a result of, willful misconduct, recklessness or gross negligence.

9.4 Survival of Indemnification Obligations. The indemnification obligations of Mesirow Asset Management, Mesirow Holdings, the Partnership, each Management Corporation, and AMG contained in this Section 9 shall terminate three (3) years after the Closing Date except that with respect to the representations and warranties contained in Sections 2.18, 2.20, and 2.24(f) and, to the extent it relates to such Sections, Section 2.25, such indemnification obligations shall survive until the expiration of the applicable statutes of limitations, including extensions thereof. Notwithstanding the foregoing, if prior to such expiration date a specific state of facts shall have become known which may constitute or give rise to any loss as to which such indemnity may be payable and an indemnified party shall have given notice of such facts to the indemnifying party specifying and describing the basis of the relevant indemnity claim, then the right to indemnification with respect thereto shall remain in effect without regard to when such matter shall have been finally determined and disposed of according to the date on which notice of the applicable claim is given.

9.5 Defense of Claims. If any action, suit, claim, Tax audit, proceeding, demand, assessment or enforcement action is filed or initiated against any party entitled to the benefit of indemnity hereunder, the indemnified party shall give written notice thereof to the indemnifying party or parties as promptly as practicable (and in any event within thirty (30) days after the service of the citation or summons); provided, however, that the failure of any indemnified party to give timely notice shall not affect the rights of such party to indemnification hereunder except to the extent that the indemnifying party demonstrates actual damage caused by such failure. After such notice and a reasonable period of time to allow for analysis of the relevant claim, if the indemnifying party shall acknowledge in writing to such indemnified party that such indemnifying party shall be obligated under the terms of its indemnity hereunder for all liabilities of the indemnified party in connection with such action, suit, claim, tax audit, proceeding, demand, assessment or enforcement action (subject to the following sentence), then the indemnifying party shall be entitled, if it so elects and with counsel reasonably satisfactory to the indemnified party, to take control of the defense and investigation of such action, suit, claim, tax audit, proceeding, demand, assessment or enforcement action, and to employ and engage attorneys to handle and defend the same, at the indemnifying party's cost, risk and expense; and the indemnified party shall cooperate in all reasonable respects, at the indemnifying party's request and cost, risk and expense, with the indemnifying party and its attorneys in the investigation, trial and defense of such action, suit, claim, tax audit, proceeding, demand, assessment or enforcement action, and any appeal arising therefrom; provided, however, that the indemnified party may, at its own cost, participate in such investigation, trial and defense of such action, suit, claim, tax audit, proceeding, demand, assessment or enforcement action, and any appeal arising therefrom; and

provided further, that the indemnifying party shall have an obligation to keep the indemnified party apprised of the status of the action, suit, claim, tax audit, proceeding, demand, assessment or enforcement action, to furnish the indemnified party with all documents and information that the indemnified party shall reasonably request in connection therewith, and to consult with the indemnified party prior to acting on major matters involved in such action, suit, claim, tax audit, proceeding, demand, assessment or enforcement action, including settlement discussions, it being understood that no settlement of any action for which indemnification may be payable hereunder shall be made without the prior written consent of the indemnified party. Notwithstanding any other provision of this Section 9.5, if an indemnified party withholds its consent to a settlement or elects to defend any claim, where but for such action the indemnifying party could have settled such claim, the indemnifying party shall be required to indemnify the indemnified party only up to a maximum of the bona fide settlement offer for which the indemnifying party could have settled such claim. The indemnified party shall be entitled to defend, settle or proceed in such other manner as it deems fit, in its sole discretion, in connection with any action, suit, claim, proceeding, demand, assessment or enforcement action as to which the indemnifying party has not acknowledged its obligations in writing in accordance with the foregoing sentence; and no actions taken by the indemnified party in connection therewith shall affect or limit the obligations of the indemnifying party pursuant to this Section 9.5.

9.6 Prompt Payment. Any indemnity payable pursuant to this Section 9 shall be paid within the later of ten (10) days of the indemnified party's request therefor or ten (10) days prior to the date on which the liability upon which the indemnity is based is required to be satisfied by the indemnified party.

SECTION 10. DEFINITIONS.

10.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth below.

"Advisers Act" means the Investment Advisers Act of 1940, as the same may be amended from time to time, and any successor to such act.

"Affiliate" of a Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first Person. As used in this definition, the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to (a) vote twenty-five percent (25%) or more of the outstanding voting securities of such Person, or (b) otherwise direct the management policies of such Person by contract or otherwise.

"Aggregate Contract Payments" means the aggregate amount of all investment advisory, management, administration or similar fees provided for in investment advisory contracts between Mesirow Asset Management and its clients, determined on an annualized basis

and based upon (a) assets under management as of December 31, 1994 or any subsequent account inception date and (b) the contractual rate of such fees provided for in the relevant agreement(s).

"Applications" has the meaning set forth in Section 8.8 hereof.

"Asset Transfers" means the consummation of the transactions to be effected pursuant to the Asset Transfer Agreement, as more fully described in Section 6.6.

"Asset Transfer Agreement" means that certain Asset Transfer Agreement, a form of which is attached hereto as Exhibit 6.6.

"Base Fees" means all Aggregate Contract Payments under all investment advisory contracts constituting the Institutional Business as of December 31, 1994.

"Capital Account" has the meaning ascribed thereto in the Partnership Agreement and the Restated Partnership Agreement.

"Claims" has the meaning set forth in Section 1.1(a) hereof.

"Closing" has the meaning ascribed thereto in Section 1.3 hereof.

"Closing Date" has the meaning ascribed thereto in Section 1.3 hereof.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, and any successor to such code.

"Company Financial Statements" has the meaning set forth in Section 2.11(a) hereof.

"Comparable Contract" means a new contract between the Partnership and the party or parties to a prior contract with Mesirow Asset Management which new contract is substantially the same as such prior contract with Mesirow Asset Management and is at least as favorable in all respects (including without limitation with respect to advisory fees) to the Partnership as such prior contract (as in effect on March 31, 1995) was to Mesirow Asset Management.

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 7-101, et. seq.), as it may be amended from time to time, and any successor to such act.

"Employee Contract" has the meaning set forth in Section 2.10 hereof.

"Employee Stockholder" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Employment Arrangement" has the meaning set forth in Section 2.10 hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" means the Securities Exchange Act of 1934, as the same may be amended from time to time, and any successor to such act.

"Fee Schedule" has the meaning set forth in Section 2.8 hereof.

"Indebtedness" means all obligations (i) for borrowed money, (ii) evidenced by bonds, debentures, notes or similar instruments, (iii) to pay the deferred purchase price of property or services (other than accrued expenses arising in the ordinary course of business), (iv) under leases that would, in accordance with generally accepted accounting principles, appears on the balance sheet of the lessee as liabilities, (v) secured by a lien, (vi) in respect of letters of credit, or bankers acceptances, contingent or otherwise, or (vii) in respect of any guaranty or endorsement or other obligations to be liable for the debts of another Person.

"Interim Financial Statements" has the meaning set forth in Section 8.8 hereof.

"Institutional Business" has the meaning set forth in Section 2.6 hereof.

"Investment Company Act" means the Investment Company Act of 1940, as the same may be amended from time to time, and any successor to such act.

"License" has the meaning set forth in Section 2.2 hereof.

"Limited Partner" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Management Corporation" has the meaning set forth in the preamble hereof.

"Manager" has the meaning set forth in the preamble hereof.

"Material Adverse Effect" means a material adverse effect on the business, assets, condition (financial or otherwise) or prospects of such Person or Persons, as the case may be.

"Mesirow Asset Management Financial Statements" has the meaning set forth in Section 2.11(a) hereof.

"Mesirow Entity"has the meaning set forth in Section 2.1 hereof.

"New Fund Contracts" has the meaning set forth in Section 6.14 hereof.

"Non Solicitation Agreement" means one of the Non Solicitation/Non Disclosure Agreements by and among the Partnership, each Employee Stockholder, and the Limited Partner through which such Employee Stockholder holds his or her Partnership Interests, in the form attached hereto as Exhibit 6.7.

"Partnership" means Skyline Asset Management, L.P., a Delaware Limited Partnership.

"Partnership Agreement" means the Partnership's Limited Partnership Agreement in the form attached hereto as Exhibit 2.1, which Partnership Agreement shall be amended and restated simultaneously with the Closing.

"Partnership Interests" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Partnership Points" has the meaning ascribed thereto in the Restated Partnership Agreement.

"Person" means any individual, partnership (general or limited), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

"Portfolio Business" has the meaning set forth in Section 2.6 hereof.

"Purchased Interest" has the meaning set forth in Section 1.1 hereof.

"Restated Partnership Agreement" means the Partnership's Amended and Restated Limited Partnership Agreement in the form attached hereto as Exhibit 1.4(a).

"SEC" has the meaning set forth in Section 2.23 hereto.

"Securities Act" means the Securities Act of 1933, as the same may be amended from time to time, and any successor to such act.

"Skyline Funds" means Skyline Special Equities Portfolio and Skyline Special Equities II (including their respective predecessors), each a separate portfolio series of the Skyline Trust.

"Skyline Trust" means Skyline Fund, a Massachusetts business trust established pursuant to an Agreement and Declaration of Trust dated February 4, 1987, of which each of the Skyline Funds is a separate series.

"Subsidiary" means any entity more than fifty percent (50%) of whose outstanding voting securities, or any partnership, joint venture or other entity more than fifty percent (50%) of whose total equity interest, are directly or indirectly owned by such person.

"Taxes" has the meaning set forth in Section 2.18 hereof.

"Transaction Documents" means this Agreement, the Asset Transfer Agreements (and all the agreements, documents and certificates which are exhibits thereto), the Non Solicitation Agreements, the Restated Partnership Agreement, the New Fund Contracts and all the agreements, documents, instruments and certificates entered into in connection herewith or therewith.

10.2 Survival of Representations, Warranties and Covenants. 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 for a period of three (3) years after the Closing Date except for any representations and warranties made pursuant to Sections 2.18, 2.20 and 2.24(f) and, to the extent it relates to such Sections, Section 2.25, which shall survive until the expiration of the applicable statutes of limitations (if any), including extensions thereof; provided, however, that if any party has disclosed in the certificates delivered at the Closing as contemplated by Section 6.2 or Section 7.2 hereof, an exception to the accuracy of a representation or warranty made herein by such party, and the party or parties to which such certificate was delivered nevertheless shall have consented to consummate the transactions contemplated hereby, then such consenting party or parties shall be deemed to have waived all rights to indemnification under Section 9 hereof (for themselves, their Affiliates, the Managers, the Management Corporations and all their respective employees, representatives, officers, directors, partners and agents) to the extent of such exception. The expiration of any representation or warranty shall not affect any claim made prior to the date of such expiration. All covenants herein not fully performed shall survive the Closing Date and continue thereafter until fully performed. Any investigation, audit or other examination that may have been made or may be made at any time by or on behalf of the party to whom any such representation or warranty is made shall not limit or diminish such representations and warranties, and the parties may rely on the representations and warranties set forth in this Agreement irrespective of any information obtained by them by any investigation, audit or examination or otherwise.

10.3 Certain Activities. AMG and certain of its Affiliates possess and intend to possess interests in other business ventures which are competitive with the Partnership and/or the Mesirow Entities and none of the Partnership, any of the Mesirow Entities, any of the Management Corporations or any of the Managers shall have any rights to the ideas, concepts and ventures which AMG may undertake or suggest to any such entities.

10.4 Termination of Agreement.

(a) Notwithstanding any other provision herein to the contrary, this Agreement may be terminated (i) at the election of AMG upon written notice to Mesirow Holdings and the Managers, if it has become reasonably, objectively certain that any condition required to be satisfied under Section 6 hereof, other than a condition that is reasonably within AMG's control, will not be satisfied on or prior to December 31, 1995 (the "Termination Date") and (ii) at the election of Mesirow Holdings upon written notice to AMG and the Managers, if it has become reasonably, objectively certain that any condition required to be satisfied under Section 7 hereof, other than a condition that is reasonably within the control of the Mesirow Entities, will not be satisfied on or prior to the Termination Date.

(b) In the event that this Agreement is terminated at the election of either AMG or Mesirow Holdings pursuant to Section 10.4(a), except as provided in Section 10.4(c), the parties hereto shall each bear their own expenses incident to the negotiation of this Agreement and the Transaction Documents provided that no party shall be relieved from any liabilities or damages arising out of its breach of any provision of this Agreement.

(c) The parties hereto have agreed, as a condition of Mesirow Asset Management's and Mesirow Holding's willingness, and in order to induce Mesirow Asset Management and Mesirow Holdings, to enter into this Agreement and to reimburse Mesirow Asset Management and Mesirow Holdings for incurring the costs and expenses related to entering into this Agreement and the transactions contemplated hereby, that in the event that this Agreement is terminated at any time after (x) the Trustees (including a majority of the independent Trustees) of each Skyline Fund have approved the new advisory contracts contemplated by Section 6.3(b) and (y) clients of Mesirow Asset Management (excluding the Skyline Funds) which are party to advisory agreements that provide for Aggregate Contract Payments constituting at least seventy-five percent (75%) of the Base Fees (other than Base Fees with respect to the Skyline Funds) shall have affirmatively consented in writing to the transactions contemplated hereby (by countersigning a notice substantially in the form of Exhibit 8.1(a) or Exhibit 8.1(b) hereto) such that the advisory contracts in effect on the date of this Agreement survive the transactions contemplated hereby without impermissible assignment, by Mesirow Holdings pursuant to Section 10.4(a)(ii) and because of a failure of the conditions under Section 7 to be satisfied, which failure is caused by acts or omissions of AMG which acts and omissions are in breach of this Agreement, then AMG shall make a cash payment to Mesirow Holdings of Five Hundred Thousand Dollars ($500,000) within a reasonable time (not to exceed thirty (30) days) after the effectiveness of such termination.

10.5 Waivers. Any waiver of any terms or conditions or of the breach of any covenant, representation or warranty of this Agreement in any one instance, shall not operate as or be deemed to be or construed as a further or continuing waiver of any other breach of such term, condition, covenant, representation or warranty or any other term, condition, covenant, representation or warranty, nor shall any failure or delay at any time or times to enforce or require performance of any provision hereof operate as a waiver of or affect in any manner such party's right at a later time to enforce or require performance of such provision or of any other provision hereof; provided, however, that no such waiver, unless it, by its own terms, explicitly provides

to the contrary, shall be construed to effect a continuing waiver of the provision being waived and no such waiver in any instance shall constitute a waiver in any other instance or for any other purpose or impair the right of the party against whom such waiver is claimed in all other instances or for all other purposes to require full compliance.

10.6 Modifications. Except as otherwise expressly provided in this Agreement, neither this Agreement (including any exhibits or schedules hereto) nor any term hereof (or thereof) may be changed, amended, modified, waived, discharged or terminated except to the extent that the same is effected and evidenced by the written consent of Mesirow Holdings and AMG.

10.7 Further Assurances. Each of the parties hereto agrees to execute all such further instruments and documents and to take all such further action as any other party may reasonably require in order to effectuate the terms and purposes of this Agreement.

10.8 Law Governing. This Agreement shall be construed under and governed by the internal laws of the State of Delaware, without giving effect to the choice or conflicts of law provisions thereof.

10.9 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered as follows:

If to AMG, to:

Affiliated Managers Group, Inc.
One International Place
Boston, Massachusetts 02110
Fax: 617-346-7115
Attn: William J. Nutt, President
and Chief Executive Officer

With a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109
Fax: 617-523-1231
Attn: Richard E. Floor, P.C.

If to Mesirow Asset Management or Mesirow Holdings, to:

Mesirow Financial
350 North Clark Street
Chicago, Illinois 60610
Fax: 312-595-7208
Attn: James C. Tyree,
Chairman, Chief Executive Officer and President

With a copy to:

Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
Fax: 312-701-7711
Attn: David B. Weinberg, Esq.

If to the Partnership to:

Skyline Asset Management, L.P.
c/o Mesirow Asset Management, Inc.
350 North Clark Street
Chicago, Illinois 60610
Fax: 312-595-7203
Attn:

With a copy to:

Affiliated Managers Group, Inc.
One International Place
Boston, Massachusetts 02110
Fax: 617-346-7115
Attn: William J. Nutt, President
and Chief Executive Officer

And a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109
Fax: 617-523-1231
Attn: Richard E. Floor, P.C.

And a copy to:

Sonnenschein Nath & Rosenthal
8000 Sears Tower
233 South Wacker
Chicago, Illinois 60606-6404
Fax: 312-876-7334
Attn: Paul J. Miller, Esq.

If to any of the Management Corporations or any of the Managers:

[Name of applicable Management Corporation
or Manager]
c/o Mesirow Asset Management, Inc.
350 North Clark Street
Chicago, Illinois 60610
Fax: 312-595-7203
Attn: [Name of applicable Manager]

With a copy to:

Sonnenschein Nath & Rosenthal
8000 Sears Tower
233 South Wacker
Chicago, Illinois 60606-6404
Fax: 312-876-7334
Attn: Paul J. Miller, Esq.

or such other address or facsimile, telex or telecopy number as such party may hereafter specify for the purpose by notice to the other parties hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile, telex or telecopy, when such facsimile, telex or telecopy is transmitted to the facsimile, telex or telecopy number specified in this Section 10.9 and the appropriate answer back is received or (ii) if given by any other means, when actually delivered at the address specified in this Section 10.9.

10.10 Prior Agreements Superseded. This Agreement together with the Schedules and Exhibits hereto supersedes all prior understandings and agreements among the parties relating to the subject matter hereof.

10.11 Assignability. Except as otherwise specifically provided for herein, neither this Agreement nor any rights or obligations hereunder shall be assignable by any party to any other person without the written consent of the other parties. This Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective successors, heirs, executors, administrators and permitted assigns and transferees, and no others.

10.12 Captions. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof.

10.13 Gender and Number. Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

10.14 Severability. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, invalid, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases, because of the conflict of any provision with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question, invalid, inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or 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 Agreement shall be reformed and construed in any such jurisdiction or case as if such invalid, inoperative or unenforceable provision had been modified or deleted in such a manner so as to make this Agreement, as so modified, legal and enforceable to the maximum extent permitted in such jurisdiction or in such case.

10.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as a sealed instrument as of the date set forth above by such parties or their duly authorized representatives.

AFFILIATED MANAGERS GROUP, INC.,
a Delaware corporation

By: /s/ William J. Nutt

Name: William J. Nutt
Title: President and Chief Executive Officer

MESIROW FINANCIAL HOLDINGS,
INC., a Delaware corporation

By: /s/ James C. Tyree

Name: James C. Tyree
Title: Chairman and Chief Executive Officer

MESIROW ASSET MANAGEMENT, INC.,
an Illinois corporation

By: /s/ James C. Tyree

Name: James C. Tyree
Title: Chairman and Chief Executive Officer

SKYLINE ASSET MANAGEMENT,
L.P., a Delaware limited partnership

By: Mesirow Asset Management,
Inc., its general partner

By: /s/ James C. Tyree

Name: James C. Tyree
Title: Chairman and Chief Executive Officer

WMD CORP., an Illinois corporation

By: /s/ William M. Dutton

Name: William M. Dutton
Title: President

KSK CORP.,
an Illinois corporation

By: /s/ Kenneth S. Kailin

Name: Kenneth S. Kailin
Title: President

GXL CORP.,
an Illinois corporation

By: /s/ Geoffrey P. Lutz

Name: Geoffrey P. Lutz
Title: President

MXM CORP.,
an Illinois corporation

By: /s/ Michael Maloney

Name: Michael Maloney
Title: President

/s/ William M. Dutton

William M. Dutton

/s/ Kenneth S. Kailin

Kenneth S. Kailin

/s/ Geoffrey P. Lutz

Geoffrey P. Lutz

/s/ Michael Maloney

Michael Maloney

[GOODWIN, PROCTER AND HOAR LLP LETTERHEAD]

EXHIBIT 5.1
LEGALITY OPINION

November 19, 1997

Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, Massachusetts 02110

Ladies and Gentlemen:

This opinion is furnished in connection with the filing by Affiliated Managers Group, Inc., a Delaware corporation (the "Company"), with the Securities and Exchange Commission under the Securities Act of 1933, as amended, of a Registration Statement on Form S-1 (the "Registration Statement") relating to 8,050,000 shares of common stock, par value $.01 per share (the "Common Stock"), of the Company (the "Registered Shares"), including 1,050,000 shares which the Underwriters (as defined below) have options to purchase solely for the purpose of covering over-allotments. All of the Registered Shares are to be sold by the Company to the several underwriters (the "Underwriters") for whom Goldman, Sachs & Co., BT Alex. Brown Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Schroder & Co. Inc. are acting as U.S. representatives and Goldman Sachs International, BT Alex. Brown International (a division of Bankers Trust International PLC), Merrill Lynch International and J. Henry Schroder & Co. Limited are acting as international representatives pursuant to underwriting agreements to be entered into between the Company and the Underwriters (the "Underwriting Agreements").

In connection with rendering this opinion, we have examined the forms of the proposed Underwriting Agreements; the Certificate of Incorporation and By-laws of the Company, each as amended to date; such records of the corporate proceedings of the Company as we deemed material; and such other certificates, receipts, records and documents as we considered necessary for the purposes of this opinion. In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as certified, photostatic or facsimile copies, the authenticity of the originals of such copies and the authenticity of telephonic confirmations of public officials and others. As to facts material to our opinion, we have relied upon certificates or telephonic confirmations of public officials and certificates, documents, statements and other information of the Company or representatives or officers thereof.

We are attorneys admitted to practice in The Commonwealth of Massachusetts. We express no opinion concerning the laws of any jurisdictions other than the laws of the United

States of America and The Commonwealth of Massachusetts and the Delaware General Corporation Law.

Based upon the foregoing, we are of the opinion that when the Underwriting Agreements are completed (including the insertion therein of pricing terms) and executed by the Company and the Underwriters, and the Registered Shares are sold to the Underwriters and paid for pursuant to the terms of the Underwriting Agreements, the Registered Shares will be duly authorized, validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us with respect to this opinion under the heading "Validity of Securities" in the Prospectus which is a part of such Registration Statement.

Very truly yours,

/s/ Goodwin, Procter & Hoar LLP

Goodwin, Procter & Hoar LLP

EXHIBIT 10.2

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE COMMISSION. ASTERISKS (*) IDENTIFY WHERE SUCH CONFIDENTIAL TREATMENT HAS BEEN OMITTED. THE OMITTED PORTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

TWEEDY, BROWNE COMPANY LLC

LIMITED LIABILITY COMPANY AGREEMENT

October 9, 1997

TWEEDY, BROWNE COMPANY LLC
LIMITED LIABILITY COMPANY AGREEMENT

TABLE OF CONTENTS

Page

Page

TWEEDY, BROWNE COMPANY LLC

LIMITED LIABILITY COMPANY AGREEMENT

This Limited Liability Company Agreement of Tweedy, Browne Company LLC (the "LLC") is made and entered into as of October 9, 1997 (the "Effective Date"), by and among the Persons identified as the Manager Member and the Non-Manager Members on Schedule A attached hereto as Members of the LLC, and the Persons who become Members of the LLC in accordance with the provisions hereof.

WHEREAS, the Original Principals and Clark were the sole partners of Tweedy, Browne Company L.P., a Delaware limited partnership (the "Predecessor"), immediately prior to the Effective Date;

WHEREAS, the Original Principals and Clark have converted the Predecessor into a Delaware limited liability company pursuant to Section 18-214 of the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101, et seq. (as it may be amended from time to time and any successor to such act, the "Act") and, in connection therewith, filed a Certificate of Conversion and a Certificate of Formation of the LLC with the Office of the Secretary of State of the State of Delaware as of the Effective Date;

WHEREAS, the Original Principals and Clark desire to sell a majority of their interests in the LLC to AMG/TBC Holdings, Inc., a Delaware corporation ("Holdings"), and wholly-owned subsidiary of Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), and the Original Principals desire to sell a portion of their remaining interests to Shrager and Wyckoff; and

WHEREAS, the Original Principals, Clark, Shrager, Wyckoff and Holdings desire to continue the business of the Predecessor as a limited liability company under the Act from and after the Effective Date, with Holdings designated as the Manager Member and, in connection therewith, to enter into this Agreement, which has heretofore been approved by the Predecessor, to set forth their relative rights and obligations.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS.

SECTION 1.1 DEFINITIONS. Unless the context otherwise requires, the terms defined in this Article I shall, for the purposes of this Agreement, have the meanings herein specified.

"1940 Act" shall mean the Investment Company Act of 1940, as it may be amended from time to time, and any successor to such act.

"Act" shall have the meaning set forth in the preamble of this Agreement.

"Additional Non-Manager Members" shall have the meaning specified in Section 5.5 hereof.

"Advisers Act" shall mean the Investment Advisers Act of 1940, as it may be amended from time to time, and any successor to such act.

"Affiliate" shall mean, with respect to any Person (herein the "first party"), any other Person 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 or indirectly, of the power (a) to vote or dispose of, or direct the voting or disposition of, fifty percent (50%) or more of the outstanding voting securities of such Person or (b) otherwise to direct the management or policies of such Person by contract or otherwise.

"Agreement" shall mean this Limited Liability Company Agreement, as it may be amended, supplemented or restated from time to time.

"AMG" shall have the meaning set forth in the preamble of this Agreement.

"AMG Stock" shall have the meaning specified in Section 7.4(a) hereof.

"AMG's Average Stock Price" shall have the meaning specified in Section 7.4(c)(i) hereof.

"Asserted Liability" shall have the meaning specified in Section 10.5(a) hereof.

"Board Vote" shall have the meaning specified in Section 3.2(c) hereof.

"Brokerage Services" shall mean any services that either involve the negotiation of contracts for, and the execution of, the purchase and sale of securities or otherwise relate to the securities brokerage business.

"Call" shall have the meaning specified in Section 7.2(a) hereof.

"Capital Account" shall mean the capital account maintained by the LLC for each Member in accordance with the capital accounting rules described in Section 4.2 hereof.

"Capital Contribution" shall mean, as to each Member, the aggregate amount of cash and the Fair Market Value of any property contributed to the capital of the LLC by such Member (or any prior holders of the Capital Account of such Member) pursuant to Section 2.1(c) or Section 4.3 hereof or in connection with the issuance of additional LLC Interests or otherwise.

"Carry" shall mean, with respect to Manager Shares issued by an Offshore Fund to an Offshore Related Partnership at any time, the rate applicable to the Performance Increment under the organizational documents of such Offshore Fund.

"Certificate" shall mean the Certificate of Formation of the LLC required under the Act, as such Certificate may be amended and/or restated from time to time.

"Claims Notice" shall have the meaning specified in Section 10.5(a) hereof.

"Clark" shall mean James M. Clark, Jr.

"Class B Interest" shall mean, as of a measurement date, (i) an amount equal to **(confidential treatment requested)** of the Class B Profit of the LLC in the fiscal year ended on, or most recently prior to, the measurement date, if, in each of the two (2) fiscal years of the LLC ended on, or most recently prior to the measurement date, the LLC had Class B Profit, or (ii) zero (0) as of that measurement date, if, in either of such two fiscal years, the LLC did not have Class B Profit.

"Class B Notice" shall have the meaning specified in Section 7.5(c) hereof.

"Class B Notice Deadline" shall have the meaning specified in Section 7.5(c) hereof.

"Class B Payment" shall have the meaning specified in Section 7.5(d) hereof.

"Class B Points" shall mean the Class B Points (or fraction thereof) authorized by the LLC pursuant hereto, entitling the holders thereof to the relative rights, title and interests in the LLC at any particular time as are set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as provided in this Agreement. The Class B Points do not entitle the holders thereof to any right to vote on any matter concerning the LLC whatsoever. With respect to a Member as of any date, "Class B Points" shall mean the number of Class B Points held by such Member as of such date as set forth on Schedule A hereto, as amended from time to time in accordance with the terms hereof, and as in effect on such date.

"Class B Profit" shall mean, for any period, the amount, if any, by which Revenues From Operations for such period exceed the sum of (a) the Free Cash Flow for such period, (b) operating expenses of the LLC incurred during or relating to such period consistent with the then past practices of the LLC, not including salaries, bonuses or other compensation paid or payable other than out of Free Cash Flow to the Non-Manager Members in respect of such period or other distributions made or makeable to the Non-Manager Members other than out of Free Cash Flow in respect of such period and (c) **(confidential treatment requested)** dollars ($**(confidential treatment requested)**).

"Class B Put" shall have the meaning specified in Section 7.5(a) hereof.

"Class B Put Date" shall have the meaning specified in Section 7.5(a) hereof.

"Class B Value" shall have the meaning specified in Section 7.5(b) hereof.

"Client" shall mean all Past Clients, Present Clients and Potential Clients, subject to the following general rule that with respect to each Client, the term shall also include (i) any Persons

which are known to a Non-Manager Member to be Affiliates of such Client, (ii) Persons who are members of the Immediate Family of such Client or any of its Affiliates or (iii) with respect to the LLC, investors in each of the Private Funds and the Offshore Funds (sponsored or marketed by the LLC, by any Controlled Affiliate of the LLC or (directly or indirectly) by any Non-Manager Member).

"Code" or "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as from time to time amended, and any successor code thereto. A reference to a specific section of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the Effective Date, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Agreement containing such reference.

"Controlled Affiliate" shall mean, with respect to a Person, any Affiliate of such Person under its "control," as the term "control" is defined in the definition of Affiliate, but shall include, with respect to the LLC, any of the Mutual Funds, the Offshore Funds and the Private Funds that are managed or advised by the LLC as of the date of such determination.

"Covered Person" shall mean a Member, any Affiliate of a Member, any officer, director, shareholder, partner, employee or member of a Member or any of its Affiliates, or any Officer.

"Date of Default" shall have the meaning specified in Section 4.3(c) hereof.

"Defaulting Member" shall have the meaning specified in Section 4.3(c) hereof.

"Due Date" shall have the meaning specified in Section 4.3(a) hereof.

"Effective Date" shall have the meaning specified in the preamble of this Agreement.

"Employment Agreement" shall have the meaning ascribed thereto in the Purchase Agreement.

"Encumbrances" shall mean any restrictions, liens, claims, charges, pledges or encumbrances of any kind or nature whatsoever.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Fair Market Value" shall mean the fair market value as agreed upon by the Manager Member (or, for purposes of Section 4.5 hereof, if there shall be no Manager Member, the Liquidating Trustee) and the Management Board or, in the absence of such agreement, as determined by an appraiser selected by the Manager Member (or, for purposes of Section 4.5 hereof, if there shall be no Manager Member, the Liquidating Trustee) with the prior consent of the Management Board, which consent will not be unreasonably withheld.

"For Cause" shall mean, with respect to the termination of a Non-Manager Member's employment with the LLC, any of the following:

(a) The Non-Manager Member has engaged in any criminal act which is or involves a violation of federal or state securities laws or regulations (or equivalent laws or regulations of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, theft or any other crime involving dishonesty or other serious felony offense and has been convicted (whether or not subject to appeal) or pled nolo contendere (or any similar plea) to any criminal offense in connection with or relating to such act;

(b) The Management Board and the Manager Member, acting in good faith and in consultation with each other, have determined that the Non-Manager Member has persistently and willfully neglected his duties and such neglect has continued for a period of not less than thirty (30) days following written notice from the Manager Member or the Management Board specifying the nature of the Non-Manager Member's neglect; or

(c) The Non-Manager Member has (i) violated or breached any material provision of his Employment Agreement or Non-Solicitation Agreement or (ii) engaged in any of the activities prohibited by Section 3.8 hereof and, in each case, the Management Board or the Manager Member has determined that harm that is not immaterial or insignificant has or is likely to occur to the LLC, the Manager Member or AMG as a result of such violation, breach or activity.

"Free Cash Flow" shall mean, for any period (a) the Free Cash Flow Percentage multiplied by Revenues From Operations of the LLC for such period, minus (b) the Free Cash Flow Expenditures for such period.

"Free Cash Flow Expenditure" shall have the meaning specified in Section 3.5(a) hereof.

"Free Cash Flow Percentage" shall initially mean the percentage determined pursuant to Section 1.2(a) of the Purchase Agreement, as adjusted, if applicable, pursuant to Sections 1.2(b) through 1.2(g) of the Purchase Agreement, subject to increase as set forth in Section 7.5 hereof.

"GCT" shall have the meaning specified in Section 4.6(g) hereof.

"Global Intrinsic Value Fund" shall mean Global Intrinsic Value Fund Limited, an open-end investment company incorporated in Bermuda as a mutual fund with limited liability, and any successor entities thereto.

"Governmental Authority" shall mean any foreign, federal, state or local court, governmental authority or regulatory body.

"Holdings" shall have the meaning set forth in the preamble of this Agreement.

"Immediate Family" shall mean, with respect to any individual, such individual's spouse, former spouse, parents, grandparents, children, grandchildren, siblings (and estates, trusts, partnerships and other entities and legal relationships of which a substantial majority in interest of the beneficiaries, owners, investors, members or participants at all times in question are, directly or indirectly, one or more of the Persons described above and/or such individual).

"Incentive Program" shall mean the Tweedy, Browne Company LLC Incentive Program in the form attached hereto as Exhibit A.

"Income Tax Regulations" shall mean the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Indebtedness" shall mean, with respect to a Person, (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 any 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 generally accepted accounting principles, (f) all liabilities secured by any Lien on any property owned by such Persons 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.

"Independent Public Accountants" shall mean any independent certified public accountant satisfactory to the Manager Member and retained by the LLC.

"Ineligible Manager" shall have the meaning specified in Section 6.2(b) hereof.

"Intellectual Property" shall have the meaning specified in Section 3.8(d) hereof.

"Investment Management Services" shall mean any services that involve (a) the management of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds), in each case, for compensation other than out-of-pocket expenses and good faith director's or trustee's fees.

"IRS" shall mean the Internal Revenue Service of the United States Department of the Treasury.

"Lien" shall mean 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).

"Liquidating Trustee" shall have the meaning specified in Section 8.4 hereof.

"LLC" shall have the meaning set forth in the preamble of this Agreement.

"LLC Interests" shall mean the units representing the outstanding limited liability company interests (as defined in the Act) of the Members in the LLC, including, without limitation, such Member's LLC Points, Reserved Points, Class B Points, Capital Account, voting rights and any other rights, benefits and obligations of such Member under this Agreement and the Act.

"LLC Points" shall mean the LLC Points authorized by the LLC pursuant hereto, entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of the LLC at any particular time as are set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as provided in this Agreement (including, without limitation, certain limited voting rights as set forth herein), but specifically excluding the Class B Points and (for all purposes other than the definition of Reserved Points) Reserved Points authorized hereunder. With respect to a Member as of any date "LLC Points" shall mean the aggregate number of LLC Points belonging to such Member as set forth on Schedule A hereto under the column headed "LLC Points," as amended from time to time in accordance with the terms hereof, and as in effect on such date.

"LLC Repurchase" shall have the meaning specified in Section 7.3(a) hereof.

"Management Board" shall have the meaning specified in Section 3.2(a).

"Manager Member" shall mean Holdings, and any Person who becomes a successor Manager Member as provided herein.

"Manager Member Excess Loss Allocations" shall mean, as of any measurement date (including, without limitation, a Put/Call Measurement Date or a termination of employment), any amount by which the cumulative amount of items of LLC loss and deduction allocated to the Manager Member pursuant to Sections 4.2(b)(ii), 4.2(b)(iii) and 4.2(d), hereof exceed the cumulative amount of items of LLC income and gain allocated to the Manager Member pursuant to Sections 4.2(a)(ii) and 4.2(c)(i) hereof, in each case, calculated through the date that is one (1) year prior to the last day of the calendar quarter in which the measurement date occurs.

"Manager Shares" shall mean the Manager's Shares (as defined in the respective organizational documents) of each of the Offshore Funds held, as of the date of this Agreement, by the Offshore Related Partnerships.

"Member" shall mean any Person admitted to the LLC as a "member" within the meaning of the Act, which includes the Manager Member and the Non-Manager Members (excluding, for this purpose, Transferees until admitted as Members pursuant to the provisions hereof), unless otherwise indicated, and includes any Person admitted as an Additional Non-Manager Member or

a substitute Non-Manager Member pursuant to the provisions of this Agreement, in such Person's capacity as a Member of the LLC, unless otherwise indicated. For purposes of the Act, the Members shall constitute one (1) class or group of members.

"Mutual Funds" shall mean Tweedy, Browne Global Value Fund and the Tweedy, Browne American Value Fund, each a series of TBF, and any additional series of TBF or any other investment company registered with the SEC as such established after the Effective Date and any successor entities thereto.

"Non-Manager Member" shall mean any Person who is or becomes a Non-Manager Member pursuant to the terms hereof (and, other than for purposes of Article III hereof and any other provision hereof permitting or requiring any action, consent or approval by a Non-Manager Member, it being understood that the rights under such provisions shall always be exercised solely by such Non-Manager Member and not by any Transferee), their respective Transferees, if any, under Section 5.1(b) or Section 5.1(c) or, to the extent set forth in any consent of the Manager Member pursuant to Section 5.1(a), their respective Transferees under Section 5.1(a), unless otherwise indicated.

"Non-Solicitation Agreement" shall have the meaning set forth in Section 3.8 hereof.

"Notice Deadline" shall have the meaning specified in Section 7.1(d) hereof.

"Notices" shall have the meaning specified in Section 11.1 hereof.

"Officers" shall have the meaning specified in Section 3.3 hereof.

"Offshore Adjustment" shall mean, with respect to each Offshore Fund and for any period not greater than one fiscal year of such Offshore Fund, (a) the sum of (i) the net assets in such Offshore Fund on each date as of which the net assets are determined multiplied by (ii) the Offshore Fund Fee Rate in effect for such Offshore Fund as of each such date during such period as of which the net assets are determined, divided by (b) the number of times during such period the net assets of such fund are determined, multiplied by (c) a fraction, the numerator of which is the number of days in such period and the denominator of which is 365 or 366, as the case may be.

"Offshore Deemed Revenues" shall mean for each Offshore Fund with respect to each applicable period, the amount of any Performance Increment for such period.

"Offshore Fund Fee Rate" shall initially mean, for each Offshore Fund (including, without limitation, the Global Intrinsic Value Fund), one and one-half percent (1.5%), in each case, subject to adjustment as follows:

(a) On each date on which the Relevant Percentage for such Offshore Fund increases, the Offshore Fund Fee Rate for that Offshore Fund shall be decreased by an amount equal to the product of (i) the original Offshore Fund Fee Rate (as adjusted pursuant to clause (b)

below) and (ii) the difference between the Relevant Percentage in effect immediately after such increase and the Relevant Percentage in effect immediately before such increase.

(b) On each date on which the Carry for such Offshore Fund increases or decreases, in each case, pursuant to the organizational documents of such Offshore Fund, (i) the Offshore Fund Fee Rate then in effect shall be proportionately adjusted and (ii) the original Offshore Fund Fee Rate for that Offshore Fund shall be proportionately adjusted, including for purposes of any subsequent calculations required by paragraph (a) above.

(c) The Management Board may give the LLC and the Manager Member an irrevocable written notice that the Non-Manager Members who are partners in the Offshore Related Partnerships wish to terminate the Offshore Adjustment and related calculations. Effective for all periods after the first calendar quarter end that is at least twenty-four (24) months after the date of such notice (or on such earlier or later date as is agreed to by the Management Board and the Manager Member), and conditioned upon the Relevant Percentage being one hundred percent (100%) on and after such effective date and upon the corresponding increase in the Performance Fee to the LLC under the provisions of the applicable related Offshore Management Agreement, the Offshore Fund Fee Rate for each of the Offshore Funds shall be reduced to zero (0) (i.e. the LLC shall receive the amount of the actual Performance Increment in lieu of the Offshore Fund Fee Rate).

"Offshore Funds" shall mean (a) each Value Sub-Fund, (b) the Global Intrinsic Value Fund and (c) any other investment fund organized outside the U.S. which the Manager Member and the Management Board agree to treat as an Offshore Fund, and any successor entities thereto, in each case so long as the LLC or any Controlled Affiliate thereof is providing Investment Management Services to such investment fund. Whenever a provision of this Agreement refers to assets in an Offshore Fund, that reference shall not be deemed to include assets in an Offshore Fund which are managed without any compensation therefor.

"Offshore Management Agreement" shall mean , with respect to the Value Sub-Funds, the Investment Management Agreement, dated as of October 31, 1996, between Tweedy, Browne Value Funds and the Predecessor, as amended and restated (as contemplated by Section 5.7 hereof) by the Amended and Restated Investment Management Agreement, dated as of October __, 1997, between Tweedy, Browne Value Funds and the LLC, and with respect to the Global Intrinsic Value Fund, the Amended and Restated Investment Management Agreement, dated as of April 1, 1994, between Global Intrinsic Value Fund and the Predecessor, to be, as amended as contemplated by Section 5.7 hereof, and in each case, any successor agreements thereto.

"Offshore Related Partnerships" shall mean Alpine Partners, L.P., Belgravia Partners, L.P., Genpar Partners II, L.P., Tweeco Partners, L.P. and 52 Associates, L.P., each a Delaware limited partnership, and any successors thereto or other entities which are entitled to receive Performance Increments with respect to their Manger Shares in one or more Offshore Funds and in which one or more of the Non-Manager Members or the Immediate Family of any of them have an interest.

"Offshore Shortfall" shall mean the amount, if any, by which (a) the sum of the items of LLC loss and deduction for such quarter to be allocated under Section 4.2(b) exceeds (b) the sum of the items of LLC income and gain for such quarter to be allocated under Section 4.2(a)(v), together with items of LLC income earned and collected in prior quarters that was reserved for use in paying operating expenses of the LLC, and was so used in such quarter, up to an aggregate maximum amount for any quarter of the sum of (x) the amount of LLC income and gain allocated to the Manager Member under clause (B) of Section 4.2(a)(i) for such quarter and (y) the amount of LLC income and gain allocated to the Non-Manager Members under clause (B) of Section 4.2(a)(iii) for such quarter.

"Operating Cash Flow" shall mean, for any period, an amount equal to (a) Revenues From Operations of the LLC for such period, minus (b) Free Cash Flow for such period.

"Operating Shortfall" shall mean, as of any measurement date (including, without limitation, a Put/Call Measurement Date or a termination of employment), the amount, if any, by which the actual operating expenses of the LLC exceeded the Operating Cash Flow of the LLC (including previously reserved Operating Cash Flow) during the twelve (12) months ending on the last day of the calendar quarter in which the measurement date occurs.

"Original Principals" shall mean each of Messrs. Christopher H. Browne, William H. Browne and John D. Spears (and, other than for purposes of Article III hereof and any other provision hereof permitting or requiring any action, consent or approval by a Non-Manager Member, it being understood that the rights under such provisions shall always be exercised solely by such Non-Manager Member and not by any Transferee), their respective Transferees, if any, under Section 5.1(b) or Section 5.1(c) or, to the extent set forth in any consent of the Manager Member pursuant to Section 5.1(a), their respective Transferees under Section 5.1(a)).

"Past Client" shall mean at any particular time, any Person who at any point prior to such time had been an investment advisory client of, or recipient of Investment Management Services or Brokerage Services from, the LLC (including, without limitation, the Predecessor) or any of its Controlled Affiliates but at such time is not an advisee or investment advisory client of, or recipient of Investment Management Services or Brokerage Services from, the LLC or any of its Controlled Affiliates.

"Performance Fee" shall mean, for each Offshore Fund with respect to each applicable period, the "Performance Fee" as defined in, and payable to the LLC as Investment Manager pursuant to, the respective Offshore Management Agreement.

"Performance Increment" shall mean, with respect to Manager Shares issued by an Offshore Fund to an Offshore Related Partnership with respect to each applicable period, the Performance Increment or similar performance fee or profit allocation (as defined in the organizational documents of such Offshore Fund) that has been definitively calculated and booked by such Offshore Fund during such period (after giving effect to the reduction for the Selling Commission (as defined in the organizational documents of such Offshore Fund) or similar solicitation or brokerage fees and after giving effect to any reduction for any Performance Fee).

"Permanent Incapacity" shall mean, with respect to a Non-Manager Member, that such Non-Manager Member has been permanently and totally unable, by reason of injury, illness or other similar cause (determined pursuant to the process set forth in the following sentence) to have performed his substantial and material duties and responsibilities for a period of three hundred sixty-five (365) consecutive days, which injury, illness or similar cause (as determined pursuant to such process) would render such Non-Manager Member incapable of operating in a similar capacity in the future. The foregoing determination shall be made by a licensed physician selected by the Manager Member; provided, however, that if the Manager Member or the LLC has purchased lump-sum key-man disability insurance with respect to such Non-Manager Member, which policy is then in effect, then such determination shall be made either (i) by an agreement between such physician and a physician selected by the insurance company with which the Manager Member, AMG or the LLC has entered into a lump-sum key-man disability policy with respect to such Non-Manager Member, or, if the two physicians cannot arrive at an agreement, a third physician will be chosen by the first two physicians, and the majority decision of the three physicians will then be binding), or (ii) if the Manager Member, AMG or the LLC has entered into a lump-sum key-man disability policy with respect to such Non-Manager Member, and a different procedure is then required under such policy, then by using such other procedure as may then be required by such insurance policy.

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

"Potential Client" shall mean, at any particular time, any Person to whom the LLC (including, without limitation, the Predecessor) or any of its Controlled Affiliates, through any of their officers, employees, agents or consultants (or persons acting in any similar capacity), has, within two years prior to such time, offered (by means of a personal meeting, telephone call, or a letter or a written proposal specifically directed to the particular Person) to provide Investment Management Services or Brokerage Services, but who is not at such time an investment advisory client of, or recipient of Investment Management Services or Brokerage Services from, the LLC or any of its Controlled Affiliates. The preceding sentence is meant to exclude form letters, blanket mailings, cold calls and initial marketing efforts that do not result in a request by the recipient for further information or a presentation.

"Predecessor" shall have the meaning set forth in the preamble of this Agreement.

"Present Client" shall mean, at any particular time, any Person who is at such time an investment advisory client of, or recipient of Investment Management Services or Brokerage Services from, the LLC or any of its Controlled Affiliates.

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by Chase Manhattan Bank (or any successor thereto) as its prime rate as in effect at its principal office.

"Private Funds" shall mean TBK Partners and Vanderbilt Partners, and any other investment funds organized within or without the United States after the Effective Date that the

Manager Member and the Management Board agree to treat as a Private Fund, and any successor entities thereto, in each case so long as the LLC or any Controlled Affiliate thereof is providing Investment Management Services to such investment fund. Whenever a provision of this Agreement refers to assets in a Private Fund, that reference shall not be deemed to include assets in a Private Fund which are managed without any compensation therefor.

"Public Offering" shall have the meaning specified in Section 7.4(a) hereof.

"Purchase Agreement" shall mean that certain Purchase Agreement dated as of August 15, 1997, by and among AMG, Tweedy, Browne Company L.P. and all the partners of Tweedy, Browne Company L.P., as amended by that certain Amendment, Waiver and Assignment Agreement dated as of the Effective Date by and among AMG, Holdings, Tweedy, Browne Company L.P. and the partners of Tweedy, Browne Company L.P., as the same has been and is hereafter further amended from time to time.

"Purchase Date" shall have the meaning specified in Section 7.1(b) hereof.

"Put" shall have the meaning specified in Section 7.1(a) hereof.

"Put LLC Points" shall have the meaning specified in Section 7.1(d) hereof.

"Put/Call Measurement Date" shall have the meaning specified in Section 7.1(e) hereof.

"Put Notice" shall have the meaning specified in Section 7.1(d) hereof.

"Put Price" shall have the meaning specified in Section 7.1(e) hereof.

"Receipts Account" shall have the meaning specified in Section 4.4(d) hereof.

"Relevant Percentage" shall mean, with respect to each Offshore Fund at any time, the Relevant Percentage as defined in the respective Offshore Management Agreement (i.e., the rate applicable to the Performance Fee payable to the LLC under such Offshore Management Agreement).

"Repurchase" shall have the meaning specified in Section 7.3(a)(ii) hereof.

"Repurchase Closing Date" shall have the meaning specified in Section 7.3(b) hereof.

"Repurchased Member" shall have the meaning specified in Section 7.3(a) hereof.

"Repurchase Price" shall have the meaning specified in Section 7.3(c) hereof.

"Required Capital Contributions" shall have the meaning specified in Section 4.3(a) hereof.

"Reserved Points" shall mean the LLC Points (initially 8) reserved for sale by the Original Principals and for transfer by Clark pursuant to the terms of the Incentive Program. For all

purposes of this Agreement (including without limitation for purposes of allocations and distributions hereunder) unless otherwise specifically indicated, Reserved Points shall not be treated as "LLC Points" until such time as they are held by a Non-Manager Member other than an Original Principal or Clark.

"Retirement" shall mean, with respect to a Non-Manager Member, the termination by such Non-Manager Member of such Non-Manager Member's employment with the LLC and its Affiliates: (a) after the date such Non-Manager Member shall have been continuously employed by the LLC for a period of fifteen (15) years commencing with the later of the Effective Date or the date such Non-Manager Member becomes a Non-Manager Member of the LLC, as applicable, or such other period as the Management Board and the Manager Member may determine in a writing referring to a specific Non-Manager Member and (b) pursuant to a written notice given to the LLC not less than one (1) year prior to the date of such termination. Notwithstanding the foregoing, with respect to each of Messrs. Christopher H. Browne, William H. Browne and John D. Spears, the term "Retirement" shall mean the termination by him of his employment with the LLC after the tenth (10th) anniversary of the Effective Date and pursuant to a written notice given to the LLC not less than one (1) year prior to the date of such termination.

"Revenues From Operations" shall mean, for any period, the gross revenues of the LLC (except as set forth herein and except as otherwise agreed by the Manager Member and the Management Board in a writing making reference to this definition), determined on an accrual basis in accordance with generally accepted accounting principles consistently applied; provided, however, that Revenues From Operations shall not include (i) proceeds during such period from the sale, exchange or other disposition of all, or a substantial portion of, the assets of the LLC, (ii) revenues from the issuance by the LLC of additional LLC Interests or (iii) payments received pursuant to any insurance policies other than with respect to business interruption insurance; and, provided further, that Revenues From Operations shall be determined net of any positive difference between revenues from the provision of Brokerage Services and commission expenses and clearing charges paid by the LLC during the relevant period ending as of the end of the calendar quarter ending on or immediately prior to the measurement date in connection with the provision of such Brokerage Services (assuming for this purpose that the LLC continues to follow past practices with respect to such revenues and charges).

"Run-Rate Free Cash Flow" shall mean, as of any measurement date, an amount equal to the product of (i) the Run-Rate Revenues of the LLC as of such date and (ii) the Free Cash Flow Percentage as of such date (without giving effect to any transactions on such date).

"Run-Rate Revenues" shall mean, as of any measurement date, the sum of

(a) the aggregate revenues from all investment accounts (excluding the Offshore Funds and other accounts all or a portion of the advisory fees for which are based on performance) to which the LLC provides Investment Management Services (and excluding for these purposes accounts of any Present Client of the LLC who has not yet fully invested (except for cash balances in accordance with customary practices of the LLC) the assets managed by the LLC as set forth in such Client's contract with the LLC), determined by multiplying the net assets of each such account under management by the LLC as of such date by the applicable annualized asset-based

advisory services fee rate in effect as of such date with respect to such Client account (net of any fee reimbursements or waivers);

(b) with respect to each investment account to which the LLC provides Investment Management Services (and excluding for these purposes accounts of any Present Client of the LLC who has not yet fully invested (except for cash balances in accordance with customary practices of the LLC) the assets managed by the LLC as set forth in such Client's contract with the LLC), and which has a performance fee component, either (i) the assets managed by the LLC as set forth in such Client's contract with the LLC as of such date, multiplied by the prevailing advisory fee rate in effect as of such date with respect to separate account clients of the LLC, or (ii) if over the twenty-four (24) months ending as of the end of the calendar quarter immediately prior to the measurement date no performance fees have been earned by the LLC with respect to such investment account, then the assets managed by the LLC as set forth in such Client's contract with the LLC as of such date, multiplied by the advisory fee rate applicable to the fixed fee component of such account, if any, net of any expense offsets;

(c) the lesser of (i) the sum for all of the Offshore Funds, of the product of (x) the net assets under management in each Offshore Fund as of such date and (y) the Offshore Fund Fee Rate then in effect for each such Offshore Fund or (ii) the sum for all of the Offshore Funds, of (A) fifty percent (50%) of the base investment advisory fees received by the LLC from the Offshore Funds for the twenty-four (24) months ending as of the end of the calendar quarter immediately prior to the measurement date (in excess of any offset or netting for expenses under each Offshore Management Agreement) and (B) fifty percent (50%) of the Offshore Deemed Revenues for each Offshore Fund in each of the last two (2) fiscal years immediately prior to the measurement date;

(d) with respect to each Present Client of the LLC whose commitment for assets to be managed by the LLC as set forth in such Client's contract with the LLC has not been fully invested (except for cash balances in accordance with customary practices of the LLC), the aggregate revenues from all such accounts, determined to be an amount that is the greater of (i) the product of fifty percent (50%) of the net assets of such accounts committed to be managed by the LLC as set forth in such Client's contract with the LLC and the applicable advisory services fee rate in effect as of such date with respect to such account and (ii) the product of the non-cash net assets and the applicable advisory services fee rate in effect as of such date with respect to such account (in each case, net of any fee reimbursements or waivers); and

(e) any positive difference between revenues from the provision of Brokerage Services during the twelve (12) month period ending as of the end of the calendar quarter ending immediately prior to the measurement date and commission expenses and clearing charges paid by the LLC in connection with the provision of such Brokerage Services.

"SEC" shall mean the Securities and Exchange Commission, and any successor Governmental Authority thereto.

"Securities Act" shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor thereto.

"Shrager" means Thomas Shrager.

"Stock Price" shall have the meaning specified in Section 7.4(c)(ii) hereof.

"TBF" shall mean Tweedy, Browne Fund Inc., an open-end management investment company registered under the 1940 Act.

"TBK Partners" shall mean TBK Partners, L.P., a Delaware limited partnership, and any successor entity thereto.

"Transfer" shall mean any sale, assignment, transfer, exchange, charge, pledge, gift, hypothecation, conveyance or encumbrance (such meaning to be equally applicable to verb and noun forms of such term), or any offer to do any of the foregoing.

"Tweedy, Browne Value Funds" shall mean the Tweedy, Browne Value Funds, an investment company organized under the laws of the Grand Duchy of Luxemburg as a Societe d'Investissement a Capital Variable (including the Value Sub-Funds), and including any successor entities thereto.

"UBT" shall have the meaning specified in Section 4.6(g) hereof.

"Unsatisfactory Performance" shall mean a written determination by the Management Board with the written consent of the Manager Member, that a Non-Manager Member has failed to meet minimum requirements of satisfactory performance of his job, after such Non-Manager Member has received written notice that the Management Board was considering such a determination and the Non-Manager Member has had a reasonable opportunity to respond in writing or in person (at such Non-Manager Member's request) after his receipt of such notice.

"Value Sub-Funds" shall mean each sub-fund of the Tweedy, Browne Value Funds, including Tweedy, Browne USA Value Fund, Tweedy, Browne International Value Fund and Tweedy, Browne International Swiss Franc Value Fund and any additional sub-funds thereof established after the Effective Date and any successor entities thereto.

"Vanderbilt Partners" shall mean Vanderbilt Partners, L.P., a Delaware limited partnership, and any successor entity thereto.

"Wyckoff" means Robert Q. Wyckoff, Jr.

In addition to the foregoing, other capitalized terms used in this Agreement shall have the meaning ascribed thereto in the text of this Agreement.

ARTICLE II - ORGANIZATION AND GENERAL PROVISIONS.

SECTION 2.1 CONVERSION; CONTINUATION.

(a) The Original Principals and Clark have agreed to continue the business of the Predecessor as a limited liability company under and pursuant to the provisions of the Act. The Members acknowledge that immediately prior to the execution of this Agreement, Shrager and Wyckoff acquired certain interests from the Original Principals and Clark and were admitted as Members of the LLC. The Members hereby agree to further continue the business as a limited liability company under and pursuant to the provisions of the Act, and agree that the rights, duties and liabilities of the Members shall be as provided in the Act, except as otherwise provided herein.

(b) Upon the execution of this Agreement or a counterpart of this Agreement, the Non-Manager Members as of the Effective Date shall continue as members of the LLC.

(c) The name, LLC Interests and Capital Contributions of each Member (including the Fair Market Value of such Capital Contributions) shall be listed on Schedule A attached hereto. The Manager Member shall update Schedule A from time to time as it deems necessary to reflect accurately the information to be contained therein. Any amendment or revision to Schedule A shall not be deemed an amendment to this Agreement. Any reference in this Agreement to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time and maintained with the records of the LLC.

(d) The Manager Member, as an authorized person within the meaning of the Act, shall execute, deliver and file any certificates required or permitted by the Act to be filed in the office of the Secretary of State of the State of Delaware.

SECTION 2.2 NAME. Pursuant to the conversion of the Predecessor into the LLC, the name of the Predecessor has been changed to Tweedy, Browne Company LLC. At any time, the Management Board, with the written consent of the Manager Member, may change the name of the LLC. The business of the LLC may be conducted, upon compliance with all applicable laws, under any other name designated by the Management Board with the written consent of the Manager Member.

SECTION 2.3 TERM. As a result of the conversion of the Predecessor into the LLC pursuant to Section 18-214 of the Act, the existence of the LLC is deemed to have commenced as of December 24, 1986, the date the Predecessor commenced its existence. The term of the LLC shall continue in perpetuity, until the LLC is dissolved in accordance with the provisions of this Agreement.

SECTION 2.4 REGISTERED AGENT AND REGISTERED OFFICE. The LLC's registered agent and registered office in Delaware shall be as set forth in the Certificate. At any time, the Manager Member may designate another registered agent and/or registered office.

SECTION 2.5 PRINCIPAL PLACE OF BUSINESS. The principal place of business of the LLC shall be at 52 Vanderbilt Avenue, New York, New York. At any time, the Management Board

may change the location of the LLC's principal place of business; provided, however, that if the principal place of business is to be located outside of New York, New York, such action must be approved by the Manager Member.

SECTION 2.6 QUALIFICATION IN OTHER JURISDICTIONS. The Management Board shall cause the LLC to be qualified or registered (under assumed or fictitious name if necessary) in any jurisdiction in which such qualification, formation or registration is required.

SECTION 2.7 PURPOSES AND POWERS. The principal business activity and purposes of the LLC shall initially be to provide Investment Management Services and Brokerage Services, and any businesses related thereto or useful in connection therewith. In addition, the LLC shall have the authority to engage in any other lawful business, purpose or activity permitted by the Act which is agreed upon in writing by the Manager Member and the Management Board, and it shall possess and may exercise all of the powers and privileges granted by the Act or which may be exercised by any Person, together with any powers incidental thereto, so far as such powers or privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the LLC, including without limitation the following powers:

(a) to conduct its business and operations and to have and exercise the powers granted to a limited liability company by the Act in any state, territory or possession of the United States or in any foreign country or jurisdiction;

(b) to purchase, receive, take, lease or otherwise acquire, own, hold, improve, maintain, use or otherwise deal in and with, sell, convey, lease, exchange, transfer or otherwise dispose of, mortgage, pledge, encumber or create a security interest in all or any of its real or personal property, or any interest therein, wherever situated;

(c) to borrow or lend money or obtain or extend credit and other financial accommodations, to invest and reinvest its funds in any type of security or obligation of or interest in any public, private or governmental entity, and to give and receive interests in real and personal property as security for the payment of funds so borrowed, loaned or invested;

(d) to make contracts, including contracts of insurance, incur liabilities and give guaranties, including without limitation, guaranties of obligations of other Persons who are interested in the LLC or in whom the LLC has an interest;

(e) to guarantee the signatures of customers or others whenever such guarantees are convenient in the conduct of the LLC's business;

(f) to employ and terminate Officers, employees, agents and other Persons, to organize committees and boards of the LLC, to delegate to such Persons, committees and boards any or, except as otherwise specifically set forth in this Agreement or provided in the Act, all its power and authority, to fix the compensation and define the duties and obligations of such personnel, to establish and carry out retirement, incentive and benefit plans for such personnel, and to indemnify such personnel to the extent permitted by this Agreement and the Act;

(g) to make donations irrespective of benefit to the LLC for the public welfare or for community, charitable, religious, educational, scientific, civic or similar purposes;

(h) to institute, prosecute, and defend any legal action or arbitration proceeding involving the LLC, and to pay, adjust, compromise, settle, or refer to arbitration any claim by or against the LLC or any of its assets;

(i) to indemnify any Person to the fullest extent permitted by law and to obtain any and all types of insurance;

(j) to negotiate, enter into, renegotiate, extend, renew, terminate, modify, amend, waive, execute, acknowledge or take any other action with respect to any lease, contract or security agreement in respect of any assets of the LLC;

(k) to form, sponsor, organize or enter into joint ventures, general or limited partnerships, limited liability companies, trusts and any other combinations or associations formed for investment purposes;

(l) to make, execute, acknowledge and file any and all documents or instruments necessary, convenient or incidental to the accomplishment of the purposes of the LLC; and

(m) to cease its activities and cancel its Certificate.

SECTION 2.8 TITLE TO PROPERTY. All property owned by the LLC, real or personal, tangible or intangible, shall be deemed to be owned by the LLC as an entity, and no Member, individually, shall have any ownership of such property.

ARTICLE III - MANAGEMENT OF THE LLC.

SECTION 3.1 MANAGER MEMBER.

(a) Subject to the other terms and conditions of this Agreement, including the delegations of power and authority set forth herein, the management and control of the business of the LLC shall be vested exclusively in the Manager Member, and the Manager Member shall have exclusive power and authority, in the name of and on behalf of the LLC, to perform all acts and do all things which, in its sole discretion, it deems necessary or desirable to conduct the business of the LLC, without the vote or consent of the Members in their capacity as such. No Member other than the Manager Member shall have the power to sign for or bind the LLC to any agreement or document in its capacity as Member, but the Manager Member may delegate the power to sign for or bind the LLC to one or more members of the Management Board or Officers of the LLC.

(b) The Manager Member shall, subject to all applicable provisions of this Agreement, be authorized in the name of and on behalf of the LLC: (i) to enter into, execute,

amend, supplement, acknowledge and deliver any and all contracts, agreements, leases or other instruments for the operation of the LLC's business; and (ii) in general to do all things and execute all documents necessary or appropriate to conduct the business of the LLC as set forth in Section 2.7 hereof, or to protect and preserve the LLC's assets. The Manager Member may delegate any or all of the foregoing powers.

(c) The Manager Member is required to be a Member, and shall hold office until its resignation or removal in accordance with the provisions hereof. The Manager Member is a "manager" (within the meaning of the Act) of the LLC. The Manager Member shall devote such time to the business and affairs of the LLC as it deems necessary, in its sole discretion, for the performance of its duties, but in any event, shall not be required to devote full time to the performance of such duties and may delegate its duties and responsibilities as provided in this Agreement.

(d) Any action taken by the Manager Member, and the signature of the Manager Member (or an authorized representative thereof) on any agreement, contract, instrument or other document on behalf of the LLC, shall be sufficient to bind the LLC and shall conclusively evidence the authority of the LLC with respect thereto.

(e) Any Person dealing with the LLC, the Manager Member or any Member may rely upon a certificate signed by the Manager Member as to (i) the identity of the Manager Member or any Member; (ii) any factual matters relevant to the affairs of the LLC; (iii) the Persons who are authorized to execute and deliver any document on behalf of the LLC; or (iv) any action taken or omitted by the LLC or the Manager Member.

(f) Notwithstanding the foregoing, the Manager Member shall have no power or authority whatsoever to make recommendations with respect to or to determine which transactions the LLC shall cause or recommend any client to enter into, or the time at which, the party with which or the terms on which any such transaction shall be entered into, or to exercise any right, power or privilege with respect to the account of any Client or any of the securities or other instruments in accounts of Clients.

(g) The LLC shall not do, and the Non-Manager Members (including with respect to those Non-Manager Members who are members of the Management Board or Officers, in their capacities as such) shall use all commercially reasonable efforts to prevent the LLC from doing, any of the following without the prior written consent of the Manager Member (which written consent makes specific reference to this Section 3.1(g)):

(i) enter into, amend, modify or terminate any contract, agreement or understanding (written or oral) if such action or the resulting contract, agreement or understanding could reasonably be expected to conflict with the provisions of this Agreement;

(ii) take any action or series of related actions or enter into, amend, modify or terminate any contract, agreement or understanding (written or oral) or series of related contracts, agreements or understandings if such action or the

resulting contract, agreement or understanding or series thereof could reasonably be expected to: (A) reduce the percentage of Operating Cash Flow available in the current or future periods for non-fixed amount bonus and incentive payment to less than one-quarter (1/4) of Operating Cash Flow reasonably anticipated for the relevant period or periods or (B) effect a material reduction in the availability of Free Cash Flow for distribution by the LLC in the then current or future periods, or (C) have a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects of the LLC; provided, however, that no consent of the Manager Member shall be required for decisions by the Management Board in the exercise of its reasonable good faith judgment relating to the commencement, termination or modification of any agreement for the provision by the LLC or any of its Controlled Affiliates of Investment Management Services or Brokerage Services, including rates and other terms and conditions with respect to Investment Management Services and Brokerage Services, unless such decision directly or indirectly benefits a Non-Manager Member or a member of the Immediate Family of a Non-Manager Member to the detriment of the LLC or the Manager Member;

(iii) create, incur, assume, or suffer to exist any Indebtedness of the LLC (or its Controlled Affiliates, to the extent such Indebtedness would be required to be included in the consolidated balance sheet of the LLC in accordance with GAAP), except Indebtedness of the LLC 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 amount outstanding at any time not to exceed one hundred fifty thousand dollars ($150,000) (which shall be an obligation to be repaid solely out of Operating Cash Flow);

(iv) take any action, enter into, amend, modify or terminate any contract, agreement or understanding (written or oral) if such action or the resulting contract, agreement or understanding (A) has the effect of creating a Lien upon any of the assets of the LLC, other than Liens securing permitted Indebtedness of the LLC incurred to finance the acquisition of fixed or capital assets (whether pursuant to a deferred purchase agreement with a vendor, a loan, a financing lease or otherwise), provided that (1) such Liens shall be created simultaneously with the acquisition of such fixed or capital assets, (2) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (3) the amount of Indebtedness secured thereby is not increased, and (4) the principal amount of Indebtedness secured by such Lien shall at no time exceed the purchase price of such property; or (B) has the effect of creating a Lien upon any of that portion of the revenues of the LLC which is included in Free Cash Flow;

(v) either (A) take any action (or omit to take any action) if such action (or omission) could reasonably be expected to result in the termination of the employment (including, without limitation, a so-called constructive termination under applicable law) either by the LLC of any Non-Manager Member or by Shrager or Wyckoff as a result of a material reduction in his compensation or

responsibilities other than For Cause or Unsatisfactory Performance or the performance of the business, or (B) enter into, amend, modify or terminate any Employment Agreement or other employment commitment or binding understanding with respect to employment matters with any Non-Manager Member or member of the Immediate Family of a Non-Manager Member or waive any rights of the LLC thereunder;

(vi) establish or modify any significant compensation arrangement (other than salary and cash bonuses in the ordinary course) or program (whether cash or non-cash benefits) applicable to any employee, which (A) requires the Manager Member or any of its Affiliates (other than the LLC) to take any action which the Manager Member views as being contrary to the interest of the Manager Member or the interest of any of its Affiliates and which it would not take but for the action contemplated by the LLC or the Non-Manager Members or Officers or (B) prevents the Manager Member or any of its Affiliates (other than the LLC) from taking any action which the Manager Member views as being in the interest of the Manager Member or the interest of any of its Affiliates and which it would otherwise have been able to take but for the action contemplated by the LLC or the Non-Manager Members or Officers (and in addition, each Non-Manger Member will use his commercially reasonable efforts to cause the LLC to give the Manager Member not less than thirty (30) days prior written notice before the LLC establishes, terminates or modifies any significant compensation arrangement (other than salary and cash bonuses in the ordinary course) or program);

(vii) establish or modify any plan subject to ERISA;

(viii)enter into any line of business other than the provision of Investment Management Services or Brokerage Services and businesses related thereto or useful in connection therewith;

(ix) take any action, enter into, amend, modify or terminate any contract or agreement with any of the Offshore Funds or the Offshore Related Partnerships (including, without limitation, the relevant Offshore Management Agreement and the organizational documents of such Offshore Fund) either (A) that would have the effect of benefitting one or more of the Non-Manager Members or members of their Immediate Family to the detriment of the LLC, the Manager Member or AMG, or (B) that would alter the arrangements described in Section 5.7(a); or

(x) take any action which (A) may be taken only by the Manager Member with or without the consent of the Non-Manager Members pursuant to any provision of this Agreement, or (B) requires the approval or consent of the Manager Member pursuant to any provision of this Agreement.

Whenever in this Agreement an action or determination requires the consent of the Manager Member, such consent shall only be effective if it is given in a writing which reasonably describes, or responds affirmatively to a written request which reasonably describes, both the

action which is proposed to be taken and the consent which is being requested or given, and, unless otherwise specified in this Agreement, such consent of the Manager Member may be given or withheld by the Manager Member acting in its reasonable discretion.

(h) In addition to, and not in limitation of, the Manager Member's powers and authority under this Agreement, the Manager Member shall also have the power, in its reasonable discretion, after consultation with one or more members of the Management Board (to the extent any prior consultation is feasible), to take any or all of the following actions:

(i) such actions as it deems necessary or appropriate to cause the LLC or, insofar as it is within the authority of the LLC, any Controlled Affiliate of the LLC, or any officer, employee, member, manager, partner, or agent thereof, to comply with laws, rules or regulations applicable to the LLC or such Controlled Affiliate or such Person in relation to the LLC or such Controlled Affiliate, or any actions required by the Manager Member in accordance with its duties hereunder;

(ii) any other action that the Manager Member is authorized to take pursuant to the terms of this Agreement (subject to having obtained any required Management Board approval) and any other action necessary or appropriate to prevent actions that require the Manager Member's consent pursuant to the terms of this Agreement if such consent has not then been given;

(iii) establish and mandate that the LLC participate in employee benefit plans which are subject to ERISA or require qualification under Section 401 of the Internal Revenue Code in order to make the expenses of such plans deductible and establish or modify the terms of any such plan and take such actions as may be necessary or desirable in connection therewith but only to the extent that the Manager Member reasonably believes that such participation is required by law and to the further extent the Manager Member reasonably believes necessary to make the expense by the LLC under such plans deductible or to comply with ERISA, as the case may be;

(iv) such actions as it deems necessary or appropriate to coordinate any initiative which involves the LLC (or a Controlled Affiliate of the LLC) and the Manager Member and/or one or more of its Affiliates, but only on such terms and conditions as the participation of the LLC in such initiative has been approved by the Management Board; and

(v) such actions as it deems necessary or appropriate to cause the LLC to fulfill its obligations and exercise its rights under the Purchase Agreement.

(i) The Manager Member and its Affiliates (including, without limitation, AMG) may engage, independently or with others, in other business ventures of every nature and description, including the acquisition, creation, financing, trading in, and operation and disposition of interests in, investment managers and brokers and other businesses that may be competitive with the LLC's businesses. Neither the LLC nor any of the Non-Manager Members shall have any

right in or to any other such ventures by virtue of this Agreement or the limited liability company created or continued hereby, nor shall any such activity by the Manager Member or such Affiliates be deemed wrongful or improper or result in any liability to the Manager Member or such Affiliates. The Manager Member shall not be obligated to present any opportunity to the LLC even if such opportunity is of such a character which, if presented to the LLC, would be suitable for the LLC.

SECTION 3.2 MANAGEMENT BOARD; NON-MANAGER MEMBERS.

(a) The LLC shall have a Management Board of the LLC (the "Management Board"). Subject to the specific rights and powers expressly reserved to the Manager Member in this Agreement (including, without limitation, in Sections 3.1(g) and 3.1(h) hereof), to the agreement, consent or determination of the Manager Member in those circumstances where such agreement, consent or determination is expressly provided for in this Agreement and to the provisions of Section 3.1 to the extent necessary or appropriate to effectuate the foregoing, the Manager Member hereby irrevocably delegates, to the greatest extent permitted by applicable law, to the Management Board all of its power and authority, in the name of and on behalf of the LLC, to perform all acts and do all things which the Management Board, in the reasonable exercise of its good faith judgment, deems necessary or desirable to conduct the business of the LLC, without the vote or consent of any Member in its capacity as such. In order to effectuate the foregoing, the Management Board shall have the rights and powers of the Manager Member set forth in Section 3.1(b) (subject to Sections 3.1(g) and (h)), Section 3.1(d) and Section 3.1(e) hereof. Without in any way limiting the scope of the foregoing delegation, the Management Board shall have the sole and exclusive power and authority to make recommendations with respect to and to determine which transactions then Present Clients of the LLC shall enter into, and the time at which, the parties with which and the terms on which all such transactions shall be entered into and to exercise any rights, powers and privileges of the LLC with respect to the accounts of Clients or any of the securities or other instrument in accounts of Clients and shall have the power and authority to delegate any of the powers and authorities delegated to it to Officers and employees of the LLC.

(b) The Management Board shall consist of Non-Manager Members determined as follows:

(i) The Management Board shall initially have three (3) members appointed by the Manager Member. The Manager Member hereby appoints as the initial three (3) members of the Management Board those Non-Manager Members listed on Schedule B hereto. The number of members of the Management Board may be increased by the Management Board. No Person who is not a Non-Manager Member may be, become or remain a member of the Management Board.

(ii) Any vacancy in the Management Board however occurring (including a vacancy resulting from the increase in size of the Management Board) may be filled by any other Non-Manager Member elected by the Management Board; provided, however, that if more than one Non-Manager Member is

available to fill such vacancy, the Manager Member shall have the right to consent as to which Non-Manager Member shall fill such vacancy. In lieu of filling any such vacancy, the Management Board may determine to reduce the number of members of the Management Board, but not, without the prior written consent of the Manager Member, to a number less than three (3). If any vacancy on the Management Board is not filled in accordance with the first sentence of this clause (ii) and such failure to act results in the number of members of the Management Board being less than three (3) members for sixty (60) or more days after the date on which the Manager Member gives the Management Board notice of its intent to fill any such vacancy and one (1) or more Non-Manager Members are available to fill such vacancy, then the Manager Member may appoint one or more Non-Manager Members to the Management Board, until the number of members of the Management Board equals three (3), which Person or Persons shall immediately resign if subsequent thereto the remaining member or members of the Management Board fill such vacancy or vacancies in the manner contemplated by the first sentence of this clause (ii).

(iii) Non-Manager Members who are members of the Management Board shall remain members of the Management Board until their resignation, removal or death. Any member of the Management Board may resign by delivering his written resignation to any member of the Management Board and the Manager Member. Any member of the Management Board may be removed from such position with or without cause by the Management Board acting by a Board Vote, with the prior written consent of the Manager Member. Any Non-Manager Member shall be deemed to have resigned from the Management Board and shall no longer be a member of the Management Board immediately upon such Non-Manager Member ceasing to be an employee of the LLC or otherwise ceasing to be a Non-Manager Member, in each case, for whatever reason. Any Non-Manager Member shall be deemed to have resigned from the Management Board and shall no longer be a member of the Management Board immediately upon such Non-Manager Member reaching the age of seventy (70), unless the Management Board with the prior written consent of the Manager Member waives or modifies the requirements of this sentence with respect to a particular Non-Manager Member.

(iv) Notwithstanding any other provision hereof to the contrary, the Manager Member shall have full power and authority at any time in its sole discretion (and without the consent or approval of the Management Board or the Non-Manager Members) to remove, with or without cause, one or more members of the Management Board or to increase the number of members of the Management Board and to fill the vacancies created by any such removal or increase with one or more other Non-Manager Members, provided that such removal or increase may only be effected by written notice from the Manager to the LLC, which written notice must expressly reference this Section of this Agreement.

(c) At any meeting of the Management Board, presence in person or by telephone (or other electronic means) of fifty percent (50%) or more of the members of the Management Board shall constitute a quorum. At any meeting of the Management Board at which a quorum is present, a majority of the members of the Management Board present, which majority shall include at least fifty percent (50%) of the Original Principals who are members of the Management Board for so long as at least two (2) of the Original Principals are members of the Management Board, may take any action on behalf of the Management Board (any such action taken by such members of the Management Board is sometimes referred to herein as a "Board Vote"). Any action required to be taken at any meeting of the Management Board may be taken by the Management Board without a meeting of the Management Board, if (i) a written consent thereto is signed by all the members of the Management Board and (ii) the Manager Member has been given a copy of such written consent not less than forty-eight (48) hours prior to such action. Notice of the time, date and place of all meetings of the Management Board shall be given to all members of the Management Board and, upon request, to the Manager Member at least forty-eight (48) hours in advance of the meeting. A representative of the Manager Member shall be entitled to attend each meeting of the Management Board. Notice need not be given to any member of the Management Board or the Manager Member if a waiver of notice is given (orally or in writing) by such member of the Management Board or the Manager Member (as applicable), before, at or after the meeting. Members of the Management Board are not "managers" (within the meaning of the Act) of the LLC.

SECTION 3.3 OFFICERS. The Management Board may designate employees of the LLC as officers of the LLC (the "Officers") as it deems necessary or desirable to carry on the business of the LLC. Any two or more offices may be held by the same Person. As of the Effective Date, the Management Board has designated the Officers set forth as such in the Certificate, which shall be amended promptly upon any change thereto. New offices may be created and filled by the Management Board (and such offices shall be effective without any amendment to the Certificate). Each Officer shall hold office until his successor is designated by the Management Board or until his earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the LLC and the Manager Member. Any Officer designated by the Management Board may be removed by the Management Board (excluding the Person being considered) For Cause or not For Cause at any time, subject to the terms of such Officer's Employment Agreement with the LLC, if any. A vacancy in any office occurring because of death, resignation, removal or otherwise may be filled by the Management Board. Any designation of Officers, a description of any duties delegated to such Officers, and any removal of such Officers shall be approved by the Management Board in writing, which shall be delivered to the Manager Member. The Officers are not "managers" (within the meaning of the Act) of the LLC. The Management Board may delegate any or all of the power and authority delegated to it to one or more of such Officers subject to the right of the Management Board to modify or withdraw any or all of any such delegation and, unless otherwise set forth in a written delegation of power and authority by the Management Board, to the right of any member of the Management Board to withdraw any or all of any such delegation by written notice to the Officer or Officers in question, which notice shall, upon receipt, have the same effect as a Board Vote.

SECTION 3.4 EMPLOYEES OF THE LLC.

(a) The terms of employment of any employee of the LLC who is not a Non-Manager Member (including, without limitation, with respect to the hiring, promoting, demoting and terminating of such employees), shall be determined by the Management Board or such Person or Persons to whom the Management Board may delegate such power and authority, subject, in all cases, to compliance with all applicable laws, rules and regulations and, in the case of compensation, to the provisions of 3.5 hereof. Notwithstanding the foregoing, the Manager Member may terminate the employment by the LLC of any employee who has engaged in any activity included in the definition of "For Cause;" (subject, in the case of clause (b) of the definition of For Cause to the joint determination of the Management Board and the Manager Member as set forth therein) provided, however, that the Manager Member may not so terminate the employment of any such employee without having first consulted with the Management Board and given written notice to the Management Board specifying the reasons for such decision.

(b) The granting or Transferring of LLC Interests in connection with any hiring or promotion of an employee shall be subject to the terms and conditions set forth in Articles V and VI hereof.

(c) Any Person who is a Non-Manager Member may have his employment with the LLC terminated by the LLC only: (i) in the case of a termination For Cause, by either the Manager Member or the Management Board acting with the prior written consent of the Manager Member, or (ii) in the case of any other termination by the LLC, by the Management Board with the prior written consent of the Manager Member.

(d) Subject to the other provisions of this Agreement (including, without limitation, Section 3.5), the compensation and other terms of employment of an employee who is a Non-Manager Member shall be set by the Management Board.

SECTION 3.5 OPERATION OF THE BUSINESS OF THE LLC.

(a) The Operating Cash Flow of the LLC for any period (reduced by any portion thereof attributable to performance fees accrued in such period but not paid in such period and increased by the portion of any performance fees paid in such period that were accrued in a previous quarter) shall be used by the LLC to provide for and pay its business expenses and expenditures as determined by the Management Board; including, without limitation, compensation and benefits to its employees, including the Officers. Without the prior written consent of the Manager Member (which written consent makes specific reference to this Section 3.5(a)), the LLC shall not incur (and the Non-Manager Members shall use all commercially reasonable efforts to prevent the LLC from incurring) any expenses or obligations that exceed its ability to pay or provide for them out of its Operating Cash Flow (as adjusted in accordance with the parenthetical set forth in the first sentence of this Section 3.5(a)) on a current or previously reserved basis. Except to the extent otherwise required by applicable law, the LLC shall only make payments of compensation to the Non-Manager Members who are employees of the LLC out of the balance of its Operating Cash Flow (as adjusted in accordance with the parenthetical set forth in the first sentence of this Section 3.5(a)) remaining after the payment (or reservation for payment) of all the

other business expenses and expenditures for the applicable period. Any excess Operating Cash Flow (as adjusted in accordance with the parenthetical set forth in the first sentence of this Section 3.5(a)) remaining for any fiscal year following the payment (or reservation for payment) of all business expenses and expenditures may be used by the LLC in such fiscal year or any or all of such excess Operating Cash Flow may be reserved for use in future fiscal years for any permissible purpose. Revenues From Operations other than the portion which constitutes Operating Cash Flow may be used to provide for and pay the business expenses of the LLC only to the extent agreed to in writing by the Manager Member and the Management Board (any such use being referred to herein as a "Free Cash Flow Expenditure") and as provided in Section 9.5 with respect to the payment of UBT.

(b) The LLC will maintain (and the Non-Manager Members shall use all commercially reasonable efforts to cause the LLC to maintain), in full force and effect, such insurance as is customarily maintained by companies of similar size in the same or similar businesses (including, without limitation, errors and omissions liability insurance but excluding key-man life insurance), the premiums on which will be paid out of Operating Cash Flow. The LLC, the Manager Member or AMG may maintain key-man life insurance and disability insurance policies on each Non-Manager Member, from time to time, and the Non-Manager Members will use all commercially reasonable efforts to cooperate with the Manager Member, AMG and the LLC to effectuate the foregoing; provided, however, that the LLC shall not maintain such insurance unless the Management Board and the Manager Member so agree, in which case, they may also agree to treat the premiums thereon as a Free Cash Flow Expenditure.

(c) Notwithstanding any of the provisions of this Agreement to the contrary, all accounting, financial reporting and bookkeeping procedures of the LLC shall be established in conjunction with policies and procedures determined under the supervision of the Manager Member and AMG in connection with similar matters for other Affiliates of the Manager Member and AMG. The LLC shall have a continuing obligation to keep AMG's chief financial officer informed of material financial developments with respect to the LLC. Notwithstanding any of the provisions of this Agreement to the contrary, all legal, compliance and regulatory matters of the LLC shall be coordinated with the Manager Member and AMG, and the LLC shall have an ongoing obligation to keep the Manager Member and AMG informed of all legal, compliance and related activities, in accordance with procedures to be established by the Manager Member and the Management Board.

(d) Notwithstanding any of the provisions of this Agreement to the contrary, the Non-Manager Members will cooperate with the Manager Member and AMG and their Affiliates in implementing any initiative which involves the LLC (or a Controlled Affiliate of the LLC) and the Manager Member, AMG and/or one or more of their other Affiliates, but only on such terms and conditions as the participation of the LLC in such initiative has been approved by the Management Board.

SECTION 3.6 COMPENSATION AND EXPENSES OF THE MEMBERS. The Manager Member may receive compensation for services provided to the LLC only to the extent approved by the Management Board. The LLC shall, however, pay and/or reimburse the Manager Member for all reasonable travel expenses incurred by the Manager Member in accordance with Section 9.4

as well as (i) any expenses incurred by the Manager Member in connection with the operation of the LLC as approved or directed by the Management Board or any duly authorized Officer, (ii) the applicable portion of any expenses incurred by the Manager Member in connection with any initiative which involves the LLC and/or one or more of the other Affiliates of the Manager Member or AMG, but only on such terms and conditions as the participation of the LLC in such initiative has been approved by the Management Board, and (iii) any expenses incurred by the Manager Member in connection with its exercise of its powers under Section 3.1(h)(i) of this Agreement. Without limiting the generality of the foregoing, the Manager Member's general overhead items (including, without limitation, salaries and rent) shall not be reimbursed by the LLC. Stockholders, officers, directors, managers, members and agents of Members may serve as employees of the LLC and be compensated therefor out of Operating Cash Flow as determined by the Management Board.

SECTION 3.7 NON-MANAGER MEMBERS AND NON-SOLICITATION AGREEMENTS. Each of the Original Principals has entered into an Employment Agreement with the LLC as of the Effective Date in the form attached to the Purchase Agreement as Exhibit 8.9 thereto. Each of the Members hereby consents to each such Employment Agreement. Each Non-Manager Member, other than such Original Principals and Clark, has provided the LLC with a Non-Solicitation/Non-Disclosure Agreement in form and substance substantially similar to Exhibit B hereto (the "Non-Solicitation Agreement") (and, in the case of any substitute Non-Manager Member (pursuant to Section 5.2 hereof) or Additional Non-Manager Member who is not already bound by a Non-Solicitation Agreement, he shall, prior to and as a condition precedent to becoming a Non-Manager Member, provide the LLC with such an agreement (together with any changes or modifications thereto as the Manager Member with the consent of the Management Board may deem necessary or desirable) and such agreements shall, at all times, provide that each of the LLC, the Manager Member and AMG shall be entitled to enforce the provisions of such agreements on its own behalf and that the Manager Member and AMG shall be entitled to enforce the provisions of such agreements on behalf of the LLC.

SECTION 3.8 NON-SOLICITATION AND NON-DISCLOSURE BY NON-MANAGER MEMBERS.

(a) Each Non-Manager Member (other than Clark) agrees, for the benefit of the LLC and the other Members, that such Non-Manager Member shall not, while employed by the LLC or any of its Affiliates, 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, manager, 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 LLC and its Controlled Affiliates, engage in any activity described in Section 3.8(b), including, with respect to Section 3.8(b)(i), without regard to whether any such Person is a Client.

(b) In addition to, and not in limitation of, the provisions of Section 3.8(a) hereto, each Non-Manager Member (other than Clark) agrees, for the benefit of the LLC and the other Members, that such Non-Manager Member shall not, during the period beginning on the date such Non-Manager Member becomes a Non-Manager Member, and continuing until the date which is two (2) years after the termination of such Non-Manager Member's employment with the LLC and its Controlled Affiliates (unless a different period is agreed to by the Manager Member

and the Management Board in a writing making specific reference to this Section 3.8(b) and naming the Manager Member to whom such different period is to apply), 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, manager, 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 LLC and its Controlled Affiliates:

(i) provide Investment Management Services or Brokerage Services to any Person that is a Client of the LLC 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 LLC provides Investment Management Services or Brokerage Services to be withdrawn from such management, or (B) causing any Client of the LLC (including any Potential Clients) not to engage the LLC 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 LLC; 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 such Non-Manager Member's employment (excluding for all purposes of this sentence, secretaries and individuals holding other similar positions).

(c) For purposes of Sections 3.8(a) and 3.8(b), in determining who is included in the definition of "Client" of the LLC, (x) the term "Past Client" shall be limited to those Past Clients who were advisees or investment advisory clients of, or recipients of Investment Management Services or Brokerage Services from, the LLC and its Controlled Affiliates (including the Predecessor) at the date of termination of such Non-Manager Member'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 within two (2) years prior to the date of termination of such Non-Manager Member'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 such Non-Manager Member.

Notwithstanding the provisions of Sections 3.8(a) and 3.8(b) hereof, any Non-Manager Member 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, are less than 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 at any time exceed such percentage, and such enterprise, either by itself or together with its Affiliates does not derive more than 20% of its gross revenues from competitive activities.

(d) Each Non-Manager Member agrees that any and all presently existing investment advisory businesses of the LLC and its Controlled Affiliates (including the Predecessor), and all businesses developed by the LLC and its Controlled Affiliates, including by such Non-Manager Member or any other employee of the LLC (including the Predecessor), 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 LLC (or the Predecessor) or its Controlled Affiliates or earned or carried on by the Non-Manager Member for the LLC or the Predecessor or their respective 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 3.8), and all trade names, service marks and logos under which the LLC or its Affiliates do business, and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the LLC or such Controlled Affiliate, as applicable, for its or their sole use, and (where applicable) shall be payable directly to the LLC or such Controlled Affiliate. In addition, each Non-Manager Member acknowledges and agrees that the investment performance of the accounts managed by the LLC (and the Predecessor) was attributable to the efforts of the team of professionals of the LLC (or the Predecessor, as applicable) and not to the efforts of any single individual, and that therefore, the performance records of the accounts managed by the LLC (and the Predecessor) are and shall be the exclusive property of the LLC. Each Non-Manager Member acknowledges that, in the course of performing services hereunder and otherwise (including, without limitation, for the Predecessor), the Non-Manager Member 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 LLC or its Controlled Affiliates. Each Non-Manager Member agrees always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (other than for the benefit of the LLC and its Controlled Affiliates) any Intellectual Property of the LLC or any Controlled Affiliate thereof that is not otherwise publicly available (other than Intellectual Property that is publicly available by virtue of a breach of the provisions of this Section 3.8). At the termination of the Non-Manager Member's services to the LLC, all data, memoranda, client lists, notes, programs and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Non-Manager Member's possession or control, shall be returned to the LLC and remain in the LLC's possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

(e) Each Non-Manager Member acknowledges that, in the course of entering into this Agreement, the Non-Manager Member has had and, in the course of the operation of the LLC, the Non-Manager Member will from time to time have, access to Intellectual Property owned by or used in the course of business by the Manager Member or AMG. Each

Non-Manager Member agrees, for the benefit of the LLC and its Members, and for the benefit of the Manager Member and AMG, always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (other than for the benefit of the LLC and its Controlled Affiliates) with the Manager Member's consent) any knowledge or information regarding Intellectual Property of the Manager Member or of AMG that is not otherwise publicly available (other than Intellectual Property that is publicly available by virtue of a breach of the provisions of this Section 3.8). At the termination of the Non-Manager Member's service to the LLC, all data, memoranda, documents, notes and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Non-Manager Member's possession or control shall be returned to AMG and remain in its possession.

(f) The provisions of this Section 3.8 shall not be deemed to limit any of the rights of the LLC, the Manager Member or AMG under any of the Employment Agreements, Non-Solicitation Agreements or under applicable law, but shall be in addition to the rights set forth in each of the Employment Agreements and Non-Solicitation Agreements, and those which arise under applicable law.

SECTION 3.9 REMEDIES UPON BREACH.

(a) In the event that, following the termination of his employment with the LLC, a Non-Manager Member (i) breaches any of the provisions of Section 3.8 hereof, or (ii) breaches any of the provisions of the Employment Agreement or Non-Solicitation Agreement to which he is a party (in each case, in a manner that causes or could reasonably be expected to cause harm that is not immaterial or insignificant to the LLC, the Manager Member or AMG), then (A) such Non-Manager Member shall forfeit its right to receive any distributions under Section 4.4 hereof not yet received, (B) such Non-Manager Member shall forfeit its right to receive any payment for its LLC Interests under Sections 7.1, 7.2, 7.3 or 7.4 hereof if such payment has not yet been received, and (C) AMG (or its assignees) shall have no further obligations under any promissory note theretofore issued to such Non-Manager Member pursuant to Section 7.3(e) hereof, and such promissory note shall be deemed to be canceled as of such breach.

(b) Each Non-Manager Member agrees that any breach of the provisions of Section 3.8 of this Agreement or of the provisions of the Employment Agreement or Non-Solicitation Agreement by such Non-Manager Member could cause irreparable damage to the LLC, the other Non-Manager Members, the Manager Member and AMG. The LLC, the Manager Member and AMG, shall have the right to an injunction or other equitable relief (in addition to other legal remedies) to prevent any violation of a Non-Manager Member's obligations hereunder or thereunder.

SECTION 3.10 NO EMPLOYMENT OBLIGATION. Each Non-Manager Member acknowledges that neither this Agreement nor the provisions of the Non-Solicitation Agreement create an obligation on the part of the LLC to continue the employment of such Non-Manager Member with the LLC, and that such Non-Manager Member, unless he is a party to an Employment Agreement, is an employee at will of the LLC.

SECTION 3.11 FUNDING OBLIGATION. Each of the Original Principals covenants and agrees to place under investment management of the LLC either directly or in one or more of the Mutual Funds, Private Funds or Offshore Funds, as such Original Principal may select, an additional (i.e., in addition to those amounts which such Original Principals currently have, directly or indirectly, under investment management of the LLC at the Effective Date) aggregate amount equal to 37.037% of that portion of the LLC Interest Purchase Price (as defined in the Purchase Agreement) paid by AMG to that Original Principal, and to maintain such additional invested amount for a period of time not shorter than that period commencing on the date such additional funds are placed under investment management of the LLC and ending on the later of (i) the tenth (10th) anniversary of the Effective Date or (ii) the termination of employment of such Original Principal with the LLC for any reason or, if earlier, the date on which (A) there shall have occurred a change in control of AMG as a result of an unaffiliated third party acquiring in excess of forty percent (40%) of the outstanding capital stock of AMG other than in the context of an acquisition by AMG, (B) all of the Original Principals shall have ceased to be Members other than as a result of their resignation or termination For Cause prior to the stated terms of the Employment Agreements, or (C) such Original Principal shall have died or become Permanently Incapacitated. The Original Principals, the LLC and the other Members of the LLC hereby acknowledge and agree that none of the Original Principals may withdraw any such additional invested amount until expiration of the applicable period set forth in the preceding sentence, unless such amount is simultaneously placed under management of the LLC by such Original Principal either directly or in one or more of the Mutual Funds, Private Funds or Offshore Funds as such Original Principal may select; provided, however, that an Original Principal is permitted to withdraw from the management of the LLC any amounts representing amounts which such Original Principal has, directly or indirectly, under management of the LLC at the Effective Date, any appreciation thereon, any appreciation over such Original Principal's additional invested amount and any amounts necessary to pay taxes on any gains realized with respect to investments made with such additional amount, provided, further, however, that (i) such amounts shall not be withdrawn from the escrow established pursuant to Section 8.15 of the Purchase Agreement except as set forth in the Escrow Agreement (as defined in the Purchase Agreement) and (ii) with respect to such amounts as may be withdrawn for purposes of paying taxes, such amounts shall not be withdrawn except to the extent the realized appreciation on the additional invested amount available for distribution is insufficient to pay such taxes. Each Original Principal shall place the required amount of funds under management of the LLC during the first twelve (12) months after the Effective Date at a rate not less than twenty-five percent (25%) of such amount per three-month period. All funds of Clark, each of the Original Principals and each Person treated as a member of the Immediate Family of any of the foregoing placed under direct or indirect management of the LLC may, in the sole discretion of the Management Board, be managed by the LLC and its Controlled Affiliates without the imposition of any investment advisory fees or profit allocations or similar costs by the LLC with respect to any account of any such Person or with respect to the interest of any such Person in any Private Fund, Offshore Fund or, to the extent not inconsistent with the tax status thereof and subject to the consent of the Manager Member (which consent shall not be unreasonably withheld), Mutual Fund to which the LLC provides Investment Management Services.

SECTION 3.12 MISCELLANEOUS. Each Non-Manager Member agrees that the enforcement of the provisions of Sections 3.8 and 3.9 hereof, and the enforcement of the provisions of the

Employment Agreements and Non-Solicitation Agreements are necessary to ensure the protection and continuity of the business, goodwill and confidential business information of the LLC for the benefit of each of the Members. Each Non-Manager Member agrees that, due to the proprietary nature of the LLC's business, the restrictions set forth in Section 3.8 hereof and in the Employee Agreements and Non-Solicitation Agreements are reasonable as to duration and scope. If any provision contained in this Article III shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Article III. It is the intention of the parties hereto that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time that is not permitted by applicable law, or is any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would then be valid or enforceable under applicable law, such provision shall be construed and interpreted or reformed to provide for a restriction or covenant having the maximum enforceable geographic area, time period and other provisions as shall be valid and enforceable under applicable law.

Each Non-Manager Member acknowledges that the obligations and rights under Sections 3.8, 3.9 and 3.11 hereof and this Section 3.12 shall survive the termination of the employment of such Non-Manager Member with the LLC and/or the withdrawal or removal of such Non-Manager Member from the LLC, regardless of the manner of such termination, withdrawal or removal in accordance with the provisions hereof and of the relevant Employment Agreement or Non-Solicitation Agreement. Except as agreed to by the Manager Member, in advance, in a writing making specific reference to this Article III, no Non-Manager Member shall enter into any agreement or arrangement which is inconsistent with the terms and provisions of this Agreement.

SECTION 3.13 MEMBERS. Members, in their capacity as such, shall have no right to amend or terminate this Agreement or to appoint, select, vote for or remove the Manager Member, the Officers or their agents or to exercise voting rights or call a meeting of the Members, except as specifically provided in this Agreement.

ARTICLE IV - CAPITAL ACCOUNTS; ALLOCATIONS; DISTRIBUTIONS.

SECTION 4.1 CAPITAL ACCOUNTS.

(a) There shall be established for each Member a Capital Account which shall initially be equal to the Capital Account of such Member as set forth on Schedule A hereto. No Member shall have the right to withdraw any part of his (including his predecessors in interest) Capital Account (including, without limitation, such Member's Capital Contributions) until the dissolution and winding up of the LLC, except as distributions pursuant to this Article IV may represent returns of capital, in whole or in part. No Member shall be entitled to receive any interest on any Capital Account balance (including, without limitation, such Member's Capital Contributions). No Member shall have any personal liability for the repayment of any Capital Contribution of any other Member. Except as may be agreed to in connection with the issuance of additional LLC Interests, as specifically set forth herein (including, without limitation in Section 4.3 hereof), or as may be required under applicable law, the Members shall not be required to

make any further contributions to the LLC. No Member shall make any contribution to the LLC without the prior consent of the Manager Member, except Required Capital Contributions pursuant to Section 4.3 hereof, reservations of Operating Cash Flow not utilized in a particular fiscal year or, at the option of any Non-Manager Member, to fund any portion of any amounts by which regular operating expenses exceed Operating Cash Flow.

(b) The Capital Account of each Member shall be adjusted in the following manner. Each Capital Account shall be increased by such Member's allocable share of income and gain, if any, of the LLC (as well as the Capital Contributions made by a Member after the Effective Date) and shall be decreased by such Member's allocable share of deductions and losses, if any, of the LLC, and by the amount of all distributions made to such Member. The amount of any distribution of assets other than cash shall be deemed to be the Fair Market Value of such assets (net of any liabilities encumbering such property that the distributee Member is considered to assume or take subject to). Capital Accounts shall also be adjusted upon the issuance of additional LLC Interests as set forth in Section 5.5(c) hereof. Capital Accounts may also be adjusted upon the Transfer of LLC Interests as set forth in Section 5.2(b).

SECTION 4.2 ALLOCATIONS.

(a) Subject to Sections 4.2(c), 4.2(e) and 4.6 hereof, all items of LLC income and gain shall be allocated among the Members' Capital Accounts at the end of every quarter as follows:

(i) first, items of income and gain shall be allocated to the Manager Member in an amount equal to (A) Free Cash Flow for such quarter, multiplied by a fraction, the numerator of which is the number of LLC Points held by the Manager Member on the first day of such quarter, and the denominator of which is the sum of the number of LLC Points outstanding and the number of Reserved Points on the first day of such quarter plus (B) the product of (1) the aggregate of any Offshore Adjustment for all Offshore Funds for such quarter, (2) the Free Cash Flow Percentage, and (3) a fraction, the numerator of which is the number of LLC Points held by the Manager Member on the first day of such quarter, and the denominator of which is the sum of the number of LLC Points outstanding and the number of Reserved Points on the first day of such quarter;

(ii) second, items of income and gain, if any, shall be allocated to the Manager Member until the Manager Member has been allocated cumulative income and gain under Section 4.2(c)(i) and this Section 4.2(a)(ii) equal to the cumulative amount of losses and deductions allocated to the Manager Member under Sections 4.2(b)(ii), 4.2(b)(iii) and 4.2(d);

(iii) third, items of income and gain, if any, shall be allocated among all Non-Manager Members who are not Original Principals and not Clark in accordance with (and in proportion to) each such Non-Manager Member's respective number of LLC Points on the first day of such quarter, until the aggregate amount of such items allocated to Non-Manager Members who are not

Original Principals and not Clark equals (A) Free Cash Flow for such quarter, multiplied by a fraction, the numerator of which is the number of LLC Points held by all such Non-Manager Members who were Members of the LLC on the first day of such quarter, and the denominator of which is the sum of the number of LLC Points outstanding and the number of Reserved Points on the first day of such quarter plus (B) the product of (1) the aggregate of any Offshore Deemed Revenues for such quarter in all Offshore Funds the fiscal year of which ends during such quarter, (2) the Free Cash Flow Percentage, and (3) a fraction, the numerator of which is the time-weighted average number of LLC Points held by the Non-Manager Members who are not Original Principals and not Clark on the first day of such quarter (after giving effect, for the purposes of time-weighting, to the balance of such quarter), and the denominator of which is the sum of the number of LLC Points outstanding and the number of Reserved Points on the first day of such quarter;

(iv) fourth, if and to the extent that any Original Principals and Clark are Members of the LLC, items of income and gain, if any, shall be allocated among all Original Principals and Clark in accordance with (and in proportion to) each Original Principal's respective number of LLC Points on the first day of such quarter, until the aggregate amount of such items allocated to the Original Principals equals the amount, if any, by which (A) Free Cash Flow of the LLC for such quarter exceeds (B) the sum of the cumulative items of income and gain allocated to the Manager Member and the Non-Manager Members who are not Original Principals and not Clark pursuant to the preceding paragraphs of this Section 4.2(a); provided, however, that for purposes of this Section 4.2(a)(iv), each Original Principal and Clark will be treated as if he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the first day of such quarter; and

(v) finally, all remaining items of LLC income and gain, if any, shall be allocated among the Non-Manager Members in accordance with (and in proportion to) each Non-Manager Member's respective number of LLC Points on the first day of such quarter; provided, however, that for purposes of this Section 4.2(a)(v), each Original Principal and Clark will be treated as if he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the first day of such quarter.

(b) Subject to Sections 4.2(d), 4.2(e) and 4.6 hereof, all items of LLC loss and deduction shall be allocated among the Members' Capital Accounts at the end of every quarter as follows:

(i) first, all items of LLC loss and deduction for such quarter shall be allocated among the Non-Manager Members in accordance with (and in proportion to) each such Non-Manager Member's respective number of LLC Points on the first day of such quarter until, after giving effect to the allocation of the items of

income and gain for such quarter under Section 4.2(a) as well as all Required Capital Contributions for such quarter, all Capital Accounts of Non-Manager Members have been reduced to zero (0), provided that no additional losses shall be allocated to a Member once its Capital Account has been reduced to zero (0) but thereafter all items of LLC loss and deduction for such quarter shall be allocated among the other Non-Manager Members which have positive balances in their capital accounts pro-rata on the basis set forth in this paragraph (i); provided, however, that for purposes of this Section 4.2(b)(i), each Original Principal and Clark will be treated as if he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the first day of such quarter;

(ii) second, all items of LLC loss and deduction for such quarter not allocated to the Non-Manager Members under Section 4.2(b)(i) hereof shall be allocated to the Manager Member until its Capital Account shall have been reduced to zero (0); and

(iii) finally, all items of LLC loss and deduction for such quarter not allocated to the Members pursuant to the preceding paragraphs of this Section 4.2 shall be allocated among all Members in accordance with (and in proportion to) each Member's respective number of LLC Points on the first day of such quarter; provided, however, that for purposes of this Section 4.2(b)(iii), each Original Principal and Clark will be treated as if he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the first day of such quarter.

(c) If the LLC has a net gain from any sale, exchange or disposition of all, or substantially all, of the assets of the LLC, then that net gain shall be allocated among the Members as follows:

(i) first, items of gain, if any, shall be allocated to the Manager Member until the Manager Member has been allocated cumulative gain which, together with income and gain previously allocated to the Manager Member under Section 4.2(a)(ii) hereof, equals the cumulative amount of losses and deductions allocated to the Manager Member under Sections 4.2(b)(ii), 4.2(b)(iii) and 4.2(d) hereof;

(ii) thereafter, items of gain, if any, shall be allocated among the Members in accordance with (and in proportion to) their respective number of LLC Points as of the effective date of the transaction; provided, however, that for purposes of this Section 4.2(c)(ii), each Original Principal and Clark will be treated as of he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the effective date of the transaction.

(d) If the LLC has a net loss from any sale, exchange or other disposition of all, or substantially all, of the assets of the LLC, then that net loss shall be allocated among the Members in accordance with (and in proportion to) their respective number of LLC Points as of the effective date of the transaction, provided that no additional losses shall be allocated to a Member once its Capital Account has been reduced to zero (0), unless all Members' Capital Accounts have then been reduced to zero (0) and, provided further, that for purposes of this Section 4.2(d), each Original Principal and Clark will be treated as if he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the effective date of the transaction.

(e) In the event that during any calendar quarter (or any fiscal year) there is any change of Members or LLC Points (whether as a result of the admission of an Additional Non-Manager Member, the redemption by the LLC of all (or any portion of) any Non-Manager Member's LLC Points, a Transfer of any LLC Points, Reserved Points or otherwise), the following shall apply: (i) such change shall be deemed to have occurred as of the end of the last day of the quarter in which such change actually occurred, (ii) the books of account of the LLC shall be closed effective as of the close of business on the effective date of any such change as set forth in clause (i) and such fiscal year shall thereupon be divided into two or more portions, (iii) each item of income, gain, loss and deduction shall be determined (on the closing of the books basis) for the portion of such fiscal year ending with the date on which the books of account of the LLC are so closed, and (iv) each such item for such portion of such fiscal year shall be allocated (pursuant to the provisions of this Section 4.2) to those persons who were Members during such portion of such fiscal year in accordance with their respective LLC Points during such period. For purposes of this Agreement, unless it is the last day of a quarter, the Effective Date shall be deemed to be the first day of a quarter; provided, however, that only items of income, gain, loss or deduction accrued after the actual Effective Date shall be treated as items of income, gain, loss or deduction of the LLC.

SECTION 4.3 CAPITAL CONTRIBUTION FOR OFFSHORE SHORTFALLS.

(a) By no later than the thirtieth (30th) day (the "Due Date") following the end of each fiscal quarter of the LLC, each Original Principal and Clark shall be required to make a Capital Contribution to the LLC in an amount equal to his Offshore Shortfall for that quarter (the "Required Capital Contributions"). Unless otherwise determined by a writing signed by each of the Original Principals and Clark who is then a Member (and delivered to the LLC and the Manager Member), the Offshore Shortfall for each Original Principal or Clark shall equal the product of the aggregate Offshore Shortfall and a fraction the numerator of which is the number of LLC Points held by such Original Principal or Clark on the first day of such quarter and the denominator of which is the number of LLC Points held by all Original Principals or Clark on the first day of such quarter. For purposes hereof, each Original Principal and Clark will be treated as if he holds, in addition to his LLC Points, that number of LLC Points equal to the number of Reserved Points set forth opposite his name on Schedule A hereto as of the effective date of the transaction.

(b) All Required Capital Contributions shall be paid to the LLC by transfer (by wire or otherwise) of immediately available funds (or by such other means as an Original Principal

or Clark and the Manager Member may agree) on or before the Due Date for that Required Capital Contribution.

(c) If an Original Principal or Clark fails to pay his Required Capital Contribution under this Section 4.3 on the Due Date therefor, then the LLC or the Manager Member shall notify such Original Principal or Clark of such failure within two (2) days after such payment is due (which notice may be by telephone followed by confirmation by telecopy (receipt confirmed), overnight carrier or registered or certified mail), provided that the failure to give such notice shall not affect the liability of such Original Principal or Clark to make such Required Capital Contribution or subject the LLC or any Member (including, without limitation, the Manager Member, but excluding such Original Principal or Clark) to any liability hereunder or otherwise. An Original Principal or Clark who fails to make Required Capital Contribution prior to the expiration of seven (7) days after such notice (the "Date of Default") shall be a "Defaulting Member." The obligation of a Defaulting Member to make a Required Capital Contribution shall bear interest from and after the Date of Default at a rate equal to the Prime Rate plus five percent (5%) per annum, which interest shall compound quarterly. Any distributions or other payments by the LLC or the Manager Member to which the Defaulting Member would otherwise be entitled pursuant to this Agreement (including, without limitation, pursuant to Sections 4.4, 4.5 and 4.6 hereof) shall be applied by the LLC or the Manager Member to the debt of the Defaulting Member hereunder until such debt shall be repaid and any such distribution or other payment shall be deemed to have been distributed or paid to the Defaulting Member. In addition, any discretionary bonus or other discretionary payment (as opposed to regular salary) to which the Defaulting Member would otherwise be entitled pursuant to the provisions of Section 3.5 or otherwise, shall be applied by the LLC to the debt of the Defaulting Member hereunder until such debt shall be repaid.

Any Defaulting Member shall also pay, on demand, all costs, including court costs and reasonable attorneys' fees, paid or incurred by the LLC or the Manager Member in collecting a Required Capital Contribution from a Defaulting Member. If the Defaulting Member fails to make such payments immediately after the demand for payment thereof, then provisions of the foregoing paragraph shall apply to such amounts as if the demand were a notice of default (and the date thereof were the Date of Default), with the seventh day preceding such notice being the Due Date.

The provisions of this Section 4.3(c) are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the LLC exceed the maximum amount of interest permitted by law, and in the event any interest hereunder were to exceed the maximum amount of interest permitted by law, such excess interest shall be deemed to be a mistake and shall either be reduced immediately and automatically to the maximum amount permitted by law or, if required to comply with applicable law, be canceled automatically and, if theretofore paid, be credited on the principal amount of the obligation of the Defaulting Member for his share of a Offshore Shortfall outstanding and, to the extent such a credit is insufficient, be refunded.

43

SECTION 4.4 DISTRIBUTIONS.

(a) Subject to Section 4.5 hereof, from and after the date hereof, within thirty (30) days after the end of each calendar quarter, in each case if and to the extent cash is available therefor (taking into account the use or reservation of Operating Cash Flow (as adjusted in accordance with the parenthetical set forth in the first sentence of Section 3.5(a)) from such quarter), the Manager Member shall, based on the unaudited financial statements for such calendar quarter prepared in accordance with Section 9.3 hereof (after approval thereof by the Manager Member), cause the LLC to:

(i) First, distribute to the Manager Member, cash in the amount of the sum of (A) the Free Cash Flow allocated to the Manager Member pursuant to Section 4.2(a)(i)(A) for such quarter (and for any previous quarter to the extent not previously distributed), reduced by the Manager Member's pro-rata share of any reservations from Free Cash Flow pursuant to Section 4.4(c), by the portion of UBT allocated to the Manager Member pursuant to Section 4.6(g) for such quarter and being paid from Free Cash Flow pursuant to Section 9.5 and by the portion of any accrued performance fees that were allocated to the Manager Member in such quarter but not paid in such quarter, and increased by the aggregate amount of any performance fees paid in such quarter that were allocated to the Manager Member in a previous quarter, plus (B) if such quarter end is the first quarter end following the fiscal year end of any Offshore Fund(s), the sum of any allocations to the Manager Member pursuant to Section 4.2(a)(i)(B) with respect to such Offshore Fund(s) for such quarter (and for any previous quarter to the extent not previously distributed); provided, that if cash is available to be distributed to the Manager Member pursuant to this Section 4.1(a)(i) and the LLC does not distribute such available amount to the Manager Member (other than through the fault of the Manager Member) or to the extent cash is not available because Operating Cash Flow and amounts previously reserved from Operating Cash Flow were not sufficient to meet actual expenses of the LLC, then the obligation of the LLC to make such a distribution (or such portion) shall bear interest from and after the thirtieth (30th) day after such quarter end at the Prime Rate plus five percent (5%) per annum, compounded quarterly. Such interest shall be an expense paid from Operating Cash Flow and shall not constitute a distribution under this Section 4.4(a).

(ii) Second, if such quarter end is the first quarter end following the fiscal year end of any Offshore Fund(s), distribute to each Non-Manager Member who is not an Original Principal or Clark, cash in the amount of the sum of any allocations to such Non-Manager Member pursuant to Section 4.2(a)(iii)(B) with respect to such Offshore Fund(s) for such fiscal year (and for any previous such fiscal year to the extent not previously distributed).

(iii) Third, distribute to each Non-Manager Member cash in an amount equal to the allocations to such Non-Manager Member under Section 4.2(a)(iii)(A) and Section 4.2(a)(iv) for such quarter (and for any previous quarter to the extent

not then distributed), reduced by (A) such Non-Manager Member's pro-rata portion (as among all Members) of any reservations from Free Cash Flow pursuant to Section 4.4(c) and by the portion of UBT allocated to such Non-Manager Member pursuant to Section 4.6(g) for such quarter and being paid from Free Cash Flow pursuant to Section 9.5, (B) the portion of any accrued performance fees that were allocated to such Non-Manager Member in such quarter but not paid in such quarter and (C) such Non-Manager Member's pro-rata portion (as among all Non- Manager Members) of any amount by which cumulative amounts of deduction and loss allocated to all Members under Section 4.2(b) exceed the cumulative amount of income and gain allocated to all Non-Manager Members under Section 4.2(a)(v), and increased by (D) if such quarter end is the first quarter end following the fiscal year end of any Offshore Fund(s), the sum of any allocations to such Non-Manager Member pursuant to Section 4.2(a)(iii)(B) with respect to such Offshore Fund(s) for such quarter (and for any previous quarter to the extent not previously distributed) and (E) the aggregate amount of any performance fees paid in such quarter that were allocated to such Non-Manager Member in a previous quarter.

In addition, the Management Board may, in its sole discretion, use any available cash of the LLC to make any or all of the foregoing distributions. Notwithstanding anything else set forth herein to the contrary, no distribution shall be made to a Member if and to the extent that after giving effect to such distribution such Member would have a negative Capital Account after giving effect to the allocations of income, gain, deduction and loss for the quarter ended prior to the date of such distribution.

(b) Subject to reservations pursuant to Section 4.4(c) and UBT being paid from Free Cash Flow pursuant to Section 9.5 and subject to any timing differences in Section 4.4(a)(i)(A) and (B) and Section 4.4(a)(iii) relating to performance fees and the Offshore Funds, after the end of each fiscal year of the LLC, the Manager Member shall, based on the audited financial statements prepared in accordance with Section 9.3 hereof, cause the LLC to make a special distribution of any and all Free Cash Flow for the preceding fiscal year that was allocated but not previously distributed, at such time and to the extent cash is available therefor.

(c) The Manager Member may, from time to time, with the consent of the Management Board, reserve and not distribute portions of Free Cash Flow for any purpose that is in the interest of the LLC, including, without limitation, to increase the net worth of the LLC, and to make capital expenditures. Any such reservation would be made from all Members pro-rata in accordance with LLC Points (treating each Non-Manager Member as if he held the number of Reserved Points set forth opposite his name on Schedule A) as of the first day of the quarter in which such reservation is made. Such funds shall be maintained in the Receipts Account (as defined below) pending the expenditure thereof.

(d) To give effect to the foregoing, the LLC shall have two (2) bank accounts. The first account (the "Receipts Account") shall have as its authorized signatories such representatives of the Manager Member as the Manager Member shall deem appropriate or desirable. All the LLC's receipts shall be paid into the Receipts Account; provided, however, that the Manager Member shall forward no less often than once per week the revenues of the LLC with

respect to the accruals for a given month from the Receipts Account to the second account (described below) until the revenues so forwarded equal the Operating Cash Flow of the LLC for such month (and previous months to the extent not so forwarded or used to pay expenses of the LLC other than Free Cash Flow Expenditures) and, thereafter, revenues with respect to that month shall be retained in the Receipts Account pending distribution or such other use thereof as may be permitted under this Agreement. The Manager Member shall use the Receipts Account to make all distributions of Free Cash Flow pursuant to this Section 4.4 and to fund all Free Cash Flow Expenditures. The Manager Member shall retain in the Receipts Account the amount which gives rise to the right to make distributions pursuant to Section 4.4(e) hereof (including, without limitation, the proceeds of sales of assets, insurance proceeds and the proceeds of issuance of additional LLC Interests). The second account shall have as its authorized signatories such Officers as may be designated by the Management Board and one (1) designee of the Manager Member. This second account shall be used by the Officers and Management Board to make all operating expense payments (including payments of salaries and bonuses) out of Operating Cash Flow. All funds of the LLC in any account subject to control of the Manager Member or the Management Board shall be invested solely in the interests of the LLC in income generating accounts or assets to the maximum extent practicable in light of the cash needs of the LLC as determined in the good faith discretion of the Manager Member or the Management Board, as applicable.

Within thirty (30) days after the end of each calendar quarter, based on the unaudited financial statements for such calendar quarter prepared in accordance with Section 9.3 hereof, and within ninety-five (95) days after the end of each fiscal year of the LLC, based on the audited financial statements prepared in accordance with Section 9.3 hereof, the Manager Member shall cause such transfers between the accounts to be made as may be necessary to reconcile the accounts with the amounts of revenue designated as Operating Cash Flow and Free Cash Flow.

(e) Except as otherwise set forth herein, all other amounts or proceeds available for distribution, if any, shall be distributed to the Members at such time as may be determined by the Manager Member; provided that any such distribution shall be made among the Members (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 (0), and (ii) thereafter, among all Members in accordance with their respective numbers of LLC Points at the time of such distribution (provided, however, that if a Member makes a Capital Contribution after the Effective Date, the Manager Member may cause the LLC to make a priority return of such Capital Contribution).

(f) Notwithstanding any other provision of this Agreement, neither the LLC, nor the Manager Member on behalf of the LLC, shall make a distribution to any Member on account of its LLC Interests if such distribution would violate the Act or other applicable law.

SECTION 4.5 DISTRIBUTIONS UPON DISSOLUTION; ESTABLISHMENT OF A RESERVE UPON DISSOLUTION. Upon the dissolution of the LLC, after payment (or the making of reasonable provision for the payment) of all liabilities of the LLC owing to creditors, the Manager Member, or if there is none, the Liquidating Trustee appointed as set forth in Section 8.4 hereof, shall set up such reserves as it deems reasonably necessary for any contingent, conditional or unmatured

liabilities or other obligations of the LLC. Such reserves may be paid over by the Manager Member or Liquidating Trustee to a bank (or other third party), to be held in escrow for the purpose of paying any such contingent, conditional or unmatured liabilities or other obligations. At the expiration of such period(s) as the Manager Member or Liquidating Trustee may deem advisable, such reserves, if any (and any other assets available for distribution), or a portion thereof, shall be distributed to the Members (i) in accordance with the positive balance (if any) in their respective Capital Accounts (as determined immediately prior to each such distribution) until all such positive Capital Account balances have been reduced to zero (0), and (ii) thereafter, among the Members as of the date of dissolution in accordance with their respective numbers of LLC Points (including Reserved Points) as of the date of dissolution. Solely for purposes of the foregoing sentence, Clark shall, for as long as he is a Member, be deemed to have a Capital Account equal to the sum of the Capital Accounts of the Original Principals multiplied by a fraction, the numerator of which is the number of LLC Points held by him at the time of such transaction or transactions and the denominator of which is the total number of LLC Points then held by Original Principals and each other Original Principal shall be deemed to have a Capital Account equal to his Capital Account multiplied by a fraction which is one (1) minus the fraction determined above with respect to Clark. If any assets of the LLC are to be distributed in kind in connection with such liquidation, such assets shall be distributed on the basis of their Fair Market Value net of any liabilities encumbering such assets and, to the greatest extent possible, shall be distributed pro-rata in accordance with the total amounts to be distributed to each Member. Immediately prior to the effectiveness of any such distribution-in-kind, each item of gain and loss that would have been recognized by the LLC had the property being distributed been sold at Fair Market Value shall be determined and allocated to those persons who were Members immediately prior to the effectiveness of such distribution in accordance with Sections 4.3(c) and 4.3(d) hereof.

SECTION 4.6 PROCEEDS FROM CAPITAL CONTRIBUTIONS AND THE SALE OF SECURITIES; INSURANCE PROCEEDS; CERTAIN SPECIAL ALLOCATIONS AND DISTRIBUTIONS.

(a) Capital Contributions made by any Member after the Effective Date other than Required Capital Contributions from Original Principals, and other proceeds from the issuance of securities by the LLC may, in the sole discretion of the Manager Member, be used for the benefit of the LLC (including, without limitation, the repurchase or redemption of LLC Interests), or, may be distributed by the LLC, in which case, any such proceeds shall be allocated and distributed among the Members in accordance with their respective LLC Points immediately prior to the date of such contribution or issuance of securities; it being understood that in the case the proceeds are a note receivable, any such distribution shall only occur, if at all, upon receipt by the LLC of any cash in respect thereof.

(b) In the event of the death or Permanent Incapacity of a Non-Manager Member covered by key-man life or disability insurance, as applicable, the premiums on which have been paid by the LLC, the proceeds of any such policy shall first be used by the LLC to fund (to the extent thereof) the Repurchase of LLC Interests from the Non-Manager Member in accordance with Section 7.3 hereof and, if the proceeds exceed the amounts so required to effect such Repurchase, then the amount of such excess proceeds may, in the sole discretion of the Manager Member, be used for the benefit of the LLC, or, may be distributed by the LLC, in which case, any such proceeds shall be allocated and distributed among the Members in

accordance with their respective LLC Points immediately following the Repurchase of the LLC Interests from such Non-Manager Member.

(c) Items of depreciation or amortization (as calculated for book purposes in accordance with generally accepted accounting principles, consistently applied, except that the gross book value of the property of the LLC on the Effective Date shall be marked to the fair market value of such property based upon the purchase price paid by the Manager Member for its LLC Interest as reflected on Schedule A) on account of the property of the LLC on the Effective Date, shall be specially allocated among the Members in accordance with Capital Accounts on the Effective Date. All items of depreciation or amortization (as calculated for book purposes in accordance with generally accepted accounting principles, consistently applied) on account of property purchased out of Operating Cash Flow (other than Free Cash Flow Expenditures) shall be allocated as set forth in Section 4.2(b) hereof, and all items of depreciation or amortization (as calculated for book purposes in accordance with generally accepted accounting principles, consistently applied) on account of property purchased out of Free Cash Flow Expenditures shall be allocated among the Members other than Clark in the same proportion as such Members' allocated portions of Free Cash Flow were reduced in order to reserve funds for the purchase of such property.

(d) All items of LLC loss and deduction on account of Free Cash Flow Expenditures (other than those covered by Section 4.6(c)) shall be allocated among the Members in amounts equal to the amounts that Free Cash Flow to be distributed under Section 4.4(c) was reduced for the purpose of making such Free Cash Flow Expenditure.

(e) All items of LLC deduction arising in connection with any Offshore Shortfall shall be specially allocated in their entirety solely to the Original Principals and Clark who are then Members of the LLC in proportion to their respective contributions making up such Offshore Shortfall.

(f) The amount, if any, of income and gain allocated to the LLC on account of the performance of Investment Management Services by the LLC on behalf of the Offshore Funds (other than any such income or gain equal to the amounts actually accrued and payable under the terms of the Offshore Management Agreements), shall be (i) allocated to the Original Principals and Clark in proportion to their LLC Points and Reserved Points and (ii) shall be deemed to have been distributed to such Original Principals and Clark, reducing the Capital Accounts of such Original Principals and Clark in accordance with Section 4.1(b) hereof.

(g) All items of LLC loss and deduction on account of New York City unincorporated business tax payable by the LLC on account of operations after the Effective Date ("UBT") shall be specially allocated on a quarterly basis to each Member in an amount equal to the amount of such UBT multiplied by a fraction the numerator of which is total net income of the LLC allocated (after taking into account any losses, deductions or expenses allocated under Article IV), and guaranteed payments and bonus payments made by the LLC, to such Member, and the denominator of which is total net income of the LLC allocated (after taking into account any losses, deductions or expenses allocated under Article IV), and guaranteed payments and bonus payments made by the LLC, to all Members for such period; provided, however, that if the

provisions of New York City Administrative Code Section 11-604(18) or any successor or analog provision thereof providing for the right of corporate partners (or corporate members of limited liability companies) to claim their allocable portion of such UBT as a credit for purposes of New York City general corporation tax ("GCT") are changed so as to reduce or eliminate the right of corporations organized in the state in which the Manager Member is organized and doing business in the states in which the Manager Member does business and that have sufficient GCT liability against which to apply such credit for purposes of the GCT, then the portion of such UBT no longer so claimable as a credit because of such change in law shall be allocated pursuant to Section 4.2(b) rather than pursuant to this Section 4.6(g). In the event that the UBT otherwise payable by the LLC is reduced by reason of the step-up in the tax basis of the property of the LLC that is triggered under Section 754 of the Code upon the purchase by the Manager Member of its LLC Interest, the Manager Member's share of the UBT of the LLC otherwise determined under this Section 4.6(g) shall be reduced by the same amount.

SECTION 4.7 FEDERAL TAX ALLOCATIONS. The Manager Member shall, in its reasonable discretion, allocate the ordinary income and losses and capital gains and losses of the LLC as determined for U.S. Federal income tax purposes (and each item of income, gain, loss, deduction or credit entering into the computation thereof), as the case may be, among the Members for tax purposes in a manner that, to the greatest extent possible: (a) reflects the economic arrangement of the Members under this Agreement (determined after taking into account the allocation provisions of Sections 4.2, 4.5 and 4.6 hereof, and the distribution provisions of Sections 4.4, 4.5 and 4.6 hereof) and (b) is consistent with the principles of Sections 704(b) and 704(c) of the Code. The Members understand and agree that, with respect to any item of property (other than cash) contributed (or deemed to be contributed for U.S. federal income tax purposes) by a Member to the capital of the LLC, the initial tax basis of such property in the hands of the LLC will be the same as the tax basis of such property in the hands of such Member at the time so contributed. The Members further understand and agree that the taxable income and taxable loss of the LLC is to be computed for Federal income tax purposes by reference to the initial tax basis to the LLC of any assets and properties contributed by the Members (and not by reference to the Fair Market Value of such assets and properties at the time contributed). The Members also understand that, pursuant to Section 704(c) of the Code, all taxable items of income, gain, loss and deduction with respect to such assets and properties shall be allocated among the Members for Federal income tax purposes so as to take account of any difference between the initial tax basis of such assets and properties to the LLC and their Fair Market Values at the time contributed, using any method authorized by the Income Tax Regulations under Section 704(c) and selected by the Manager Member, in its reasonable discretion. For purposes of maintaining the Capital Accounts of the Members, items of income, gain, loss and deduction relating to any asset or property contributed to the LLC that are required to be allocated for tax purposes pursuant to Section 704(c) of the Code shall not be reflected in the Capital Accounts of the Members.

ARTICLE V - TRANSFER OF LLC INTERESTS BY NON-MANAGER MEMBERS; RESIGNATION, REDEMPTION AND WITHDRAWAL BY NON-MANAGER MEMBERS; ADMISSION OF ADDITIONAL NON-MANAGER MEMBERS.

SECTION 5.1 ASSIGNABILITY OF LLC INTERESTS. No LLC Interests held by any Non-Manager Member may be Transferred and no Transfer by a Non-Manager Member shall be binding upon the LLC or any Member, unless, in each case, it is expressly permitted by this Article V and the Manager Member receives an executed copy of the documents effecting such Transfer, which shall be in form and substance reasonably satisfactory to the Manager Member. A Transferee of LLC Interests may become a substitute Non-Manager Member only upon the terms and conditions set forth in Section 5.2 hereof. If a Transferee of LLC Interests of a Non-Manager Member in the LLC does not become (and until any such Transferee becomes) a substitute Non-Manager Member in accordance with the provisions of Section 5.2 hereof, such Person shall not be entitled to exercise or receive any of the rights, powers or benefits of a Non-Manager Member other than the right, if any, to receive allocations of profits and losses and distributions which have been Transferred to such Person. No Non-Manager Member's LLC Interests may be Transferred except:

(a) with the prior written consent of the Manager Member, which consent may be granted or withheld by the Manager Member in its reasonable discretion (provided, that the Manager Member may not withhold its consent in the case of a proposed Transfer to a bona-fide charitable organization in an amount that will be required to be Put on account of a Put Notice, for such twelve-month period previously given by the Transferring Non-Manager Member);

(b) upon the death of such Non-Manager Member, his LLC Interests may be Transferred by will or the laws of descent and distribution without the consent of the Manager Member, but subject to the provisions of Section 7.3 hereof; and

(c) a Non-Manager Member may Transfer LLC Interests to members of his Immediate Family (excluding for this purpose former spouses) without the consent of the Manager Member;

provided, that in each case, (i) the Transferee enters into an agreement with the LLC agreeing to be bound by the provisions hereof (and if such Transferee is, or in connection with such Transfer is becoming, an employee of the LLC and is not already a party to a Non-Solicitation Agreement, the Transferee enters into a Non-Solicitation Agreement) and (ii) whether or not the Transferee enters into such an agreement, the Transferred LLC Interests shall thereafter remain subject to this Agreement (and, if applicable, the relevant Non-Solicitation Agreement) to the same extent they would be if held by such Non-Manager Member; provided, however, that the provisions of Sections 3.7, 3.8 and 3.9 will not, solely by virtue of such Transfer, apply to any Transferee unless such Transferee is an employee of the LLC (or any of its Controlled Affiliates) or such Transferee is a Controlled Affiliate of such an employee or the LLC (although if such provisions were otherwise applicable to such Transferee, they will continue to apply to such Person).

For all purposes of this LLC Agreement, any Transfers of LLC Interests shall be deemed to occur as of the end of the last day of the calendar quarter in which any such Transfer would otherwise have occurred. Upon any Transfer of LLC Interests, the Manager Member shall make the appropriate revisions to Schedule A hereto.

No LLC Interests of a Non-Manager Member in the LLC may be pledged, hypothecated, optioned or encumbered, nor may any offer to do any of the foregoing be made without the prior consent of the Management Board and the Manager Member; provided that the consent of the Manager Member will not be unreasonably withheld if the purpose of any such pledge or encumbrance is to secure financing to enable the Transferee to purchase LLC Interests.

SECTION 5.2 SUBSTITUTE NON-MANAGER MEMBERS.

(a) No Transferee of LLC Interests of a Non-Manager Member shall become a Member except in accordance with this Section 5.2. The Manager Member may admit, in its sole discretion as a substitute Non-Manager Member (with respect to all or a portion of the LLC Interests held by a Person), any Person that acquires LLC Interests by Transfer from another Non-Manager Member pursuant to Section 5.1 hereof, or that acquires LLC Interests from the Manager Member pursuant to Section 6.1 hereof. The admission of a Transferee as a substitute Non-Manager Member shall, in all events, be conditioned upon the execution of an instrument satisfactory to the Manager Member whereby such Transferee becomes a party to this Agreement as a Non-Manager Member as well as compliance by such Transferee with the provisions of Section 3.7 hereof. Upon the admission of a Transferee as a substitute Non-Manager Member, the Manager Member shall make the appropriate revisions to Schedule A hereto, and such Person shall cease to be a "Transferee" for purposes of this Agreement.

(b) Immediately prior to the effectiveness of (x) the admission of a Transferee of LLC Interests of a Non-Manager Member as a substitute Non-Manager Member with respect to such LLC Interests pursuant to the provisions of this Section 5.2, or (y) the admission of a Transferee of LLC Interests from the Manager Member as an additional Non-Manager Member with respect to such LLC Interests, the Manager Member may, in its sole discretion, elect to revalue the Capital Accounts of all the Members effective immediately prior to such admission. If the Manager Member elects, in its sole discretion, to revalue the Capital Accounts of all the Members, then the Capital Accounts of all the Members shall be adjusted as follows:

(i) the Manager Member shall determine the proceeds which would be realized if the LLC sold all its assets immediately prior to the effectiveness of such admission, for a price equal to the Fair Market Value of such assets determined as provided for herein, and

(ii) The Manager Member shall allocate amounts equal to the net gain or net loss which would have been realized upon such a sale to the Capital Accounts of all the Members immediately prior to the effectiveness of such admission, in accordance with the provisions of Section 4.2(c) or Section 4.2(d) hereof, as applicable.

SECTION 5.3 ALLOCATION OF DISTRIBUTIONS BETWEEN TRANSFEROR AND TRANSFEREE; SUCCESSOR TO CAPITAL ACCOUNTS.

(a) Upon the Transfer of LLC Interests pursuant to this Article V, distributions pursuant to Article IV after the date of such Transfer shall be made to the Transferee at the date of distribution, unless the Transferor and Transferee otherwise agree and so direct the LLC and the Manager Member in a written statement signed by both the Transferor and Transferee. In connection with a Transfer by a Member of LLC Points or Reserved Points, the Transferee shall succeed to a pro-rata (based on the percentage of such Member's LLC Points or Reserved Points Transferred) portion of the Transferor's Capital Account, unless the Transferor and Transferee otherwise agree and so direct the LLC and the Manager Member in a written statement signed by both the Transferor and Transferee and, unless such agreement makes no change other than to reserve to the Transferor all or a portion of distributions pursuant to Article IV or sales price pursuant to Article VII, consented to by the Manager Member.

(b) Upon a Transfer of LLC Interests but prior to the Transferee being admitted as a substitute Member with respect to such LLC Interests, the Transferee shall receive allocations and distributions pursuant to the provisions of Sections 4.2, 4.4, 4.5, 4.6 and 4.7 hereof as if such Transferee were a Manager Member, Non-Manager Member who is an Original Principal or Clark or Non-Manager Member who is not an Original Principal or Clark to the same extent and proportionately with the Transferor of such LLC Interests. For all other purposes of this Agreement (including, without limitation, the provisions of Section 4.3, Article VII (except to the extent the LLC and the Manager Member or AMG have been directed in writing to make payments of the proceeds of a Put, a Call or a Repurchase to the Transferee of such LLC Interests)), upon a Transfer of LLC Interests but prior to the Transferee being admitted as a substitute Member with respect to such LLC Interests, the Transferor shall be treated as holding the LLC Interests so Transferred.

SECTION 5.4 RESIGNATION, REDEMPTIONS AND WITHDRAWALS. No Non-Manager Member shall have the right to resign, to cause the redemption of its LLC Interests, in whole or in part, or to withdraw from the LLC, except (a) with the consent of the Manager Member, or (b) as is expressly provided for in Article VII hereof. Upon any resignation, redemption or withdrawal, the Non-Manager Member shall only be entitled to the consideration, if any, provided for by Article VII hereof. Upon the resignation, redemption or withdrawal, in whole or in part, by a Non-Manager Member, the Manager Member shall make the appropriate revisions to Schedule A hereto. Notwithstanding the foregoing, without any action on his part or on the part of the LLC, the Management Board or any Member, effective March 31, 1999, Clark shall automatically cease to be a Member of the LLC and his interest in the LLC shall be reallocated among the Original Principals who are Members at such time, in proportion to their respective LLC Points and Reserved Points, and the Manager Member shall make appropriate revisions to Schedule A hereto.

SECTION 5.5 ISSUANCE OF ADDITIONAL LLC INTERESTS.

(a) Additional Non-Manager Members (the "Additional Non-Manager Members" and each an "Additional Non-Manager Member") may be admitted to the LLC and

such Additional Non-Manager Members may be issued LLC Interests, only upon approval of the Management Board and the consent of the Manager Member and upon such terms and conditions as may be established by the Manager Member with the consent of the Management Board (including, without limitation, upon such Additional Non-Manager Member's execution of an instrument satisfactory to the Manager Member whereby such Person becomes a party to this Agreement as a Non-Manager Member as well as, in the case of employees of the LLC (or its Controlled Affiliates) or any Controlled Affiliate of any such employee, such Person's compliance with the provisions of Section 3.7 hereof); provided, that, the Management Board and the Manager Member shall take all commercially reasonable steps to ensure that there are at least three (3) Non- Manager Members at all times.

(b) Except as provided by Section 5.4, existing Non-Manager Members may be issued additional LLC Interests by the LLC only with the consent of, and upon such terms and conditions as may be established by the Management Board with the consent of the Manager Member. The Manager Member may only be issued additional LLC Interests by the LLC upon approval by the Management Board.

(c) Each time other than as provided by Section 5.4 additional LLC Interests are issued, the Capital Accounts of all the Members (other than Clark) shall be adjusted as follows: (i) the Manager Member shall determine the proceeds which would be realized if the LLC sold all its assets at such time for a price equal to the Fair Market Value of such assets determined as provided herein, and (ii) the Manager Member shall allocate amounts equal to the net gain or net loss which would have been realized upon such a sale to the Capital Accounts of all the Members immediately prior to the effectiveness of such issuance in accordance with the provisions of Section 4.2(c) or Section 4.2(d) hereof, as applicable (provided, that LLC Points and Reserved Points of Clark shall be deemed to have been allocated in accordance with the last sentence of Section 5.4 at the time provided therein).

(d) Upon the issuance of additional LLC Interests, the Manager Member shall make the appropriate revisions to Schedule A hereto.

SECTION 5.6 ADDITIONAL REQUIREMENTS. As additional conditions to the validity of (x) any Transfer of a Non-Manager Member's LLC Interests (pursuant to Section 5.1 above), or (y) the issuance of additional LLC Interests (pursuant to Section 5.5 above), such Transfer or issuance shall not: (i) violate the registration provisions of the Securities Act or the securities laws of any applicable jurisdiction, (ii) cause the LLC or any class of its securities to become subject to registration under the Exchange Act, (iii) cause the LLC to become subject to regulation as an "investment company" under the 1940 Act and the rules and regulations of the SEC thereunder, (iv) result in the termination of any contract to which the LLC is a party and which individually or in the aggregate are material (it being understood and agreed that any contract pursuant to which the LLC provides Investment Management Services or Brokerage Services is material), (v) result in the treatment of the LLC as an association taxable as a corporation or as a "publicly traded partnership" for Federal or state income tax purposes or (vi) violate any laws of any jurisdiction of organization of any Offshore Fund.

The Manager Member may require reasonable evidence as to the foregoing, including, without limitation, a favorable opinion of counsel, which expense shall be borne by the parties to such transaction (and to the extent the LLC is such a party, shall be paid from Operating Cash Flow).

To the fullest extent permitted by law, any Transfer that violates the conditions of this Section 5.6 shall be null and void.

SECTION 5.7 TRANSITION PLANNING WITH RESPECT TO CERTAIN CLIENTS.

(a) It shall be a condition precedent to the exercise by any Original Principal of a Put of any of his or its LLC Interests or a Repurchase upon termination of employment from an Original Principal, that each Offshore Management Agreement shall provide that, effective upon completion of a sale of LLC Points by such Original Principal or Transferee thereof pursuant to Article VII, the formulas for determination of the Performance Fee payable to the LLC pursuant to such agreements shall be increased by an amount correlative to the proportion of the amount allocable to Manager Shares or other profit allocation or performance fee structure represented by a fraction, the numerator of which is the number of LLC Points being sold at that time by such Original Principal or Transferee, and the denominator of which is the number of LLC Points of the Original Principals and their Transferees at the time of the first such sale by any of the Original Principals or their Transferees. The LLC and each of the Non-Manager Members shall use all commercially reasonable efforts to cause the LLC and each of the Offshore Funds to comply with this Section 5.7. Notwithstanding any other provision of this Agreement to the contrary, this covenant shall survive the withdrawal or removal of a Non-Manager Member from the LLC. No Non-Manager Member shall enter into any agreement or arrangement or take any action which is inconsistent with the terms of this Section 5.7, and the Non-Manager Members shall use all commercially reasonable efforts to prevent the LLC or any of the Offshore Funds from entering into any agreement or arrangement or taking any action which is inconsistent with the terms of this Section 5.7.

(b) Each of the Original Principals hereby covenants and agrees that, without the prior written consent of the Manager Member, such Original Principal shall not permit any Offshore Related Partnership to cause or otherwise permit the Offshore Fund in which any such Offshore Related Partnership holds interests to (A) terminate the LLC as Investment Advisor to such Offshore Fund (B) or otherwise modify the LLC's relationship with such Offshore Fund (including, without limitation, any amendment to the relevant Offshore Management Agreement or organizational documents of such Offshore Fund) either (I) in a manner that would have the effect of benefitting one or more of the Original Principals, Non-Manager Members or members of their Immediate Family to the detriment of the LLC or the Manager Member or AMG or (II) under any circumstances, to effect any change in the arrangements described in Section 5.7(a).

SECTION 5.8 REPRESENTATION OF MEMBERS. The Manager Member and each Non-Manager Member (including each Additional Non-Manager Member) hereby represents and warrants to the LLC and each other Member, and acknowledges, that (a) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the LLC and making an informed investment decision with respect thereto, (b) it is

able to bear the economic and financial risk of an investment in the LLC for an indefinite period of time, (c) it is acquiring an interest in the LLC for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, (d) the LLC Interests have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with, and (e) the execution, delivery and performance of this Agreement by such Member do not require it to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any existing law or regulation applicable to it, or any agreement or instrument to which it is a party or by which it is bound.

ARTICLE VI - TRANSFER OF LLC INTERESTS BY THE MANAGER MEMBER; REDEMPTION, REMOVAL AND WITHDRAWAL

SECTION 6.1 ASSIGNABILITY OF INTEREST.

(a) Except as set forth in this Section 6.1, without the approval of the Management Board, none of the LLC Interests of AMG or its Affiliates may be Transferred; provided, however, (i) it is understood and agreed that, in connection with the operation of the businesses of AMG and the Manager Member (including, without limitation, the financing of its LLC Interests and direct or indirect interests in additional investment management companies), the LLC Interests of AMG and its Affiliates will be pledged and encumbered, and holders of liens on such LLC Interests shall have, and be able to exercise, the rights of secured creditors with respect to such LLC Interests, (ii) AMG and its Affiliates may sell some (but not a majority) of their LLC Interests to a Person who is not a Member but who is an Officer or employee of the LLC or who becomes an Officer or employee of the LLC in connection with such issuance, or a Person wholly owned by any such Person, (iii) AMG and its Affiliates may sell some (but not a majority) of their LLC Interests to existing Non-Manager Members, and (iv) AMG and its Affiliates may sell all or any portion of their LLC Interests to AMG or any Controlled Affiliate of AMG, which shall thereafter be subject to the provisions contained herein with respect to the Manager Member or AMG; provided, however, that without the approval of the Management Board there shall be only one Manager Member. Notwithstanding anything else set forth herein, the Manager Member may, with the approval of the Management Board, sell all its LLC Interests in a single transaction or a series of related transactions, and, in any such case, each of the Non-Manager Members shall be required to sell, in the same transaction or transactions, all their LLC Interests; provided, that the price to be received by all the Members shall be allocated among the Members as follows: (a) an amount equal to the sum of the positive balances, if any, of the Capital Accounts shall be allocated among the Members having such Capital Accounts in proportion to such positive balances, and (b) the excess, if any, shall be allocated among all Members in accordance with their respective number of LLC Points at the time of such sale. Upon any of the foregoing transactions, the Manager Member shall make the appropriate revisions to Schedule A hereto. Solely for purposes of the foregoing sentence, Clark shall, for as long as he is a Member, be deemed to have a Capital Account equal to the sum of the Capital Accounts of the Original Principals multiplied by a fraction, the numerator of which is the number of LLC

Points held by him at the time of such transaction or transactions and the denominator of which is the total number of LLC Points then held by Original Principals and each other Original Principal shall be deemed to have a Capital Account, equal to his Capital Account multiplied by a fraction which is one (1) minus the fraction determined above with respect to Clark.

(b) In the case of any Transfer upon foreclosure pursuant to Section 6.1(a)(i) above, each Transferee shall sign a counterpart signature page to this Agreement agreeing thereby to become either a Non-Manager Member or a Manager Member (provided, however, that once one such other Transferee elects to become a Manager Member, no Transferee (other than a subsequent Transferee of such new Manager Member) may elect to be a Manager Member hereunder). If the Transferees pursuant to Section 6.1(a)(i) above receive all the Manager Member's LLC Interests, and none of such Transferees elects to become a Manager Member, then that shall be deemed to be an event of withdrawal by the Manager Member. If, however, one of the Transferees elects to become a Manager Member, and executes a counterpart signature page to this Agreement agreeing thereby to become a Manager Member, then notwithstanding any other provision hereof to the contrary, the old Manager Member shall thereupon be permitted to withdraw from the LLC as Manager Member.

(c) In the case of a Transfer pursuant to the penultimate sentence of Section 6.1(a) above, the Manager Member shall be deemed to have withdrawn, and its Transferee shall be deemed to have become the Manager Member.

SECTION 6.2 RESIGNATION, REDEMPTION, AND WITHDRAWAL.

(a) To the fullest extent permitted by law, except as set forth in Section 6.1 hereof, without approval by the Management Board, the Manager Member shall not have the right to resign or withdraw from the LLC as Manager Member. With approval by the Management Board, the Manager Member may resign or withdraw as Manager Member upon prior written notice to the LLC. Without approval by the Management Board, the Manager Member shall have no right to have all or any portion of its LLC Interests redeemed. Any resigned or withdrawn Manager Member shall retain its interest in the capital of the LLC and its other economic rights under this Agreement as a Non-Manager Member having the number of LLC Points held by the Manager Member prior to its resignation or withdrawal. If a Manager Member who has resigned or withdrawn no longer has any economic interest in the LLC, then upon such resignation or withdrawal, such Person shall cease to be a Member of the LLC. The Manager Member may not be removed by the Members of the LLC for any reason.

(b) If the Manager Member is subject to the prohibitions set forth in Section 9(a) of the 1940 Act (an "Ineligible Manager") and none of the Mutual Funds, the LLC or the Manager Member has been able either to obtain an order from the SEC permitting the LLC to continue acting as investment adviser to the Mutual Funds, or otherwise to obtain appropriate comfort as set forth in a written opinion of counsel reasonably acceptable to the Management Board that the LLC may continue acting as investment adviser to the Mutual Funds, then the Ineligible Manager shall withdraw as Manager Member, notwithstanding any other provision of this Agreement to the contrary. Immediately prior to any such withdrawal, the Ineligible Manager shall designate another Person, in its reasonable discretion, who is not subject to the prohibitions set forth in

Section 9(a) of the 1940 Act to be Manager Member and, notwithstanding any other provision of this Agreement to the contrary, the Ineligible Manager may Transfer all or any portion of its LLC Interests to such Person and upon such terms and conditions as may be set by the Ineligible Manager in its sole discretion (including, without limitation, the condition that such Person return to the Ineligible Manager all or any portion of its LLC Interests at such time or times as may be set by the Ineligible Manager in its sole discretion and to the terms and conditions required by Section 5.6). In addition, notwithstanding anything else set forth herein to the contrary, the Person so designated to become the Manager Member may be required to withdraw as Manager Member whereupon the Ineligible Manager shall again become the Manager Member conditioned upon either (i) the Ineligible Manager no longer being subject to the prohibitions set forth in Section 9(a) of the 1940 Act, (ii) the Mutual Funds, the LLC or the Ineligible Manager obtaining an order from the SEC permitting the LLC to act as investment adviser to the Mutual Fund with the Ineligible Manager as Manager Member, or (iii) the Mutual Funds, the LLC or the Ineligible Manager otherwise obtaining an opinion of counsel reasonably satisfactory to the Management Board that the LLC may act as investment adviser to the Mutual Funds with the Ineligible Manager as Manager Member.

ARTICLE VII - PUTS AND CALLS OF LLC INTERESTS

SECTION 7.1 PUTS.

(a) Each Non-Manager Member may, subject to the terms and conditions set forth in this Section 7.1, cause AMG to purchase portions of the LLC Interests held by such Non-Manager Member in the LLC (each a "Put").

(b) Each Original Principal may, subject to the terms and conditions set forth in this Agreement, cause AMG to purchase from such Original Principal on the last business day in February (or, if later in any year starting in the year 2003, the month end after which the Manager Member has had the information necessary to determine the Put Price for a period of not less than fifteen (15) days) starting with such date in the year 2003 (each a "Purchase Date"), all or a portion of the LLC Interests held by such Original Principal as of the Effective Date. It is a condition precedent to the exercise by any Original Principal of a Put that such Original Principal, the LLC, the Offshore Related Partnerships and the Offshore Funds shall have complied with the provisions of Section 5.7 hereof.

(c) Each Non-Manager Member who is not entitled to any rights under Section 7.1(b) may, subject to the terms and conditions set forth in this Agreement, cause AMG to purchase from such Non-Manager Member any number of LLC Points that is less than or equal to ten percent (10%) of the LLC Points issued or Transferred to such Non-Manager Member at any time (including, without limitation, pursuant to the Incentive Program or upon the exercise of any options granted under the Incentive Program) as of any five (5) separate Purchase Dates (but only up to an aggregate of a number of LLC Points as is equal to fifty percent (50%) of the LLC Points issued or Transferred to such Non-Manager Member), starting on the first Purchase Date which is at least five (5) years following the date of a particular issuance or Transfer (with LLC Interests acquired upon exercise of an option being deemed to have been acquired on the date

of grant of such option and with Clark's interests that are reallocated to the Original Principals being deemed to have been acquired by them on the Effective Date).

(d) If a Non-Manager Member desires to exercise his rights under Section 7.1(b) or 7.1(c) above, he shall give AMG, each other Non-Manager Member and the LLC irrevocable written notice (a "Put Notice") on or prior to the preceding December 31 (the "Notice Deadline"), stating that he is electing to exercise such rights and the number of LLC Points (the "Put LLC Points") to be sold in the Put. Puts in any given calendar year for which Put Notices are received before the Notice Deadline for that calendar year shall be completed as follows: AMG shall purchase from each Non-Manager Member that number of Put LLC Points designated in the Put Notice; provided, however, that, prior to the tenth (10th) anniversary of the Effective Date, in no event shall the aggregate number of LLC Points AMG is required to purchase on any Purchase Date under Section 7.1(b) and Section 7.1(c), together with all LLC Points purchased by the Manager Member pursuant to Puts under Section 7.1(b) and Section 7.1(c) within twelve (12) months prior to such Purchase Date, exceed two and one-half (2.5) LLC Points; and, provided further, that in the case of a Put under Section 7.1(c) above, in no event shall AMG be required to purchase LLC Points in excess of either (A) the maximum number permitted by Section 7.1(c) above with respect to that Non-Manager Member, that portion of his LLC Points and that year, or (B) the aggregate number of LLC Points that may be Put by that Non-Manager Member with respect to that portion of the LLC Points issued or transferred to him. If the number of LLC Points for which Put Notices are received under Section 7.1(b) and Section 7.1(c) before the Notice Deadline for any such twelve (12) month period prior to the tenth (10th) anniversary of the Effective Date exceeds two and one-half (2.5) LLC Points, then AMG shall purchase an aggregate of two and one-half (2.5) LLC Points from among all Non-Manager Members who have provided timely Put Notices in such proportion as shall result in each such Non-Manager Member (together with his Transferees) having sold under Section 7.1(b) and Section 7.1(c) an aggregate percentage of the highest number of LLC Points held by such Member and his Transferees at any time after the Effective Date that is as nearly the same as practicable.

(e) The purchase price for a Put (the "Put Price") shall be an amount (which is intended to be a proxy for fair market value) equal to (A) eight and one-half (8.5) multiplied by the amount, if any, equal to (i) the Run-Rate Free Cash Flow of the LLC as of the end of the calendar quarter ending prior to the applicable Purchase Date (i.e., the calendar quarter ending on December 31) (the "Put/Call Measurement Date"), minus (ii) the Operating Shortfall as of such Put/Call Measurement Date, minus (iii) the excess, if any, of the Manager Member Excess Loss Allocations as of such Put/Call Measurement Date over the allocations under Section 4.2(b)(ii) to the Manager Member that were made during the twelve (12) months ending on the last day of the calendar quarter in which such Put/Call Measurement Date occurs, multiplied by (B) a fraction, the numerator of which is the number of outstanding LLC Points to be purchased from such Non-Manager Member on the Purchase Date and the denominator of which is the total number of LLC Points outstanding on the Purchase Date before giving effect to any Puts or Calls or any issuances or redemptions of LLC Points on such Purchase Date, but including as outstanding LLC Points all Reserved Points.

(f) In the case of any Put pursuant to the provisions of Section 7.1(b) or Section 7.1(c) hereof, the Put Price shall be paid by AMG (or, if AMG shall have assigned its obligation

pursuant to paragraph (g) below, the assignee(s) thereof) on the relevant Purchase Date by wire transfer or certified check issued to such Non-Manager Member or Transferee, in each case, against delivery of such documents or instruments of Transfer as may reasonably be requested by AMG or the assignee or assignees thereof, as applicable, and in each case including representations that at the effective time of such transaction the Non-Manager Member or Transferee thereof making such Transfer is the record and beneficial owner of the LLC Interests being Put, free and clear of any Encumbrances other than those imposed by this Agreement.

(g) AMG may, with consent of the Management Board, assign any or all of its rights and obligations to purchase LLC Interests under this Section 7.1, in one or more instances, to the LLC or, if AMG shall have made a pro-rata offer to the Non-Manager Members, to such Non-Manager Members as accept such offer. In addition, AMG may, without the consent of the Management Board assign any or all of its rights and obligations to purchase LLC Interests under this Section 7.1, in one or more instances, to the Manager Member or any other wholly-owned direct or indirect subsidiary of AMG provided that AMG is not released from its obligations under this Section 7.1 and remains liable therefor, provided further that in the event such assignee is a wholly-owned direct or indirect subsidiary of AMG and thereafter ceases to be so owned (for any reason other than after foreclosure on a pledge of securities), such assignee shall reassign to AMG or the Manager Member all LLC Interests so acquired.

(h) As of any Purchase Date, the Non-Manager Member or Transferee thereof making such Transfer shall cease to hold the LLC Interests purchased on the Purchase Date, and shall cease to hold a pro-rata portion of such Non-Manager Member's Capital Account and shall no longer have any rights with respect to such portion of his LLC Interests. Each Transferee of a Non-Manager Member shall be required to Put such number of LLC Points at such times as may be directed by the Transferor Non-Manager Member (subject to the restrictions set forth in Sections 7.1(b), 7.1(c) and 7.1(d) which shall continue to apply as if the LLC Points were held by the Transferor Non-Manager Member.

SECTION 7.2 CALLS.

(a) The Manager Member may, subject to the terms and conditions set forth in this Section 7.2, cause each Non-Manager Member to sell portions of the LLC Interests held by each such Non-Manager Member in the LLC (each a "Call").

(b) The Manager Member may cause each Non-Manager Member (and any Transferee thereof) to sell up to twenty percent (20%) of the highest total number of LLC Points (excluding any Reserved Points) held by such Non-Manager Member at any time, to the Manager Member on any Purchase Date starting with the first Purchase Date which is after the 65th birthday of such Non-Manager Member.

(c) If the Manager Member desires to exercise its rights under Section 7.2(b), it shall give each Non-Manager Member and the LLC irrevocable written notice (a "Call Notice") on or prior to the immediately preceding Notice Deadline, stating that it is electing to exercise such rights, the Non-Manager Member with respect to whom the Call is being exercised and the number of LLC Points to be purchased in the Call.

(d) The purchase price for a Call (the "Call Price") shall be an amount (which is intended to be a proxy for fair market value) equal to (A) eight and one-half (8.5) multiplied by the amount, if any, equal to (i) the Run-Rate Free Cash Flow of the LLC as of the applicable Put/Call Measurement Date, minus (ii) the Operating Shortfall as of such Put/Call Measurement Date, minus (iii) the excess, if any, of the Manager Member Excess Loss Allocations as of such Put/Call Measurement Date over the allocations under Section 4.2(b)(ii) to the Manager Member that were made during the twelve (12) months ending on the last day of the calendar quarter in which such Put/Call Measurement Date occurs, multiplied by (B) a fraction, the numerator of which is the number of outstanding LLC Points to be purchased from such Non-Manager Member on the Purchase Date and the denominator of which is the total number of Reserved Points and LLC Points outstanding on the Purchase Date before giving effect to any Puts or Calls or any issuances or redemptions of LLC Interests on such Purchase Date.

(e) As of any Purchase Date, the Non-Manager Member (and its Transferees to the extent applicable) selling LLC Points under this Section 7.2 shall cease to hold the LLC Interests purchased on the Purchase Date, and shall cease to hold a pro-rata portion of such Non-Manager Member's Capital Account and shall no longer have any rights with respect to such portion of its LLC Interests.

SECTION 7.3 REPURCHASE UPON TERMINATION OF EMPLOYMENT OR TRANSFER BY OPERATION OF LAW.

(a) In the event that the employment by the LLC of any Non-Manager Member other than Clark terminates for any reason, then:

(i) if the termination of the Non-Manager Member occurred because of the death or Permanent Incapacity of such Non-Manager Member and the LLC has purchased key-man life or lump-sum disability insurance on such Non-Manager Member, the LLC shall purchase and the Non-Manager Member (and any Transferees thereof who have not been admitted as Non-Manager Members) (together a "Repurchased Member") shall sell to the LLC for cash, that number of LLC Points then held by such Repurchased Member (before taking into account any Repurchase hereunder) the Repurchase Price of which is equal to the cash proceeds of any key-man life insurance policies or lump-sum disability insurance policies, as applicable, maintained by the LLC on the life or health of such Non-Manager Member (an "LLC Repurchase"), and

(ii) in each other such case (and, in the case of the death or Permanent Incapacity of a Non-Manager Member, to the extent the Repurchase Price exceeds the proceeds described in clause (i) of this Section 7.3(a) (determined after all such proceeds have been collected)), AMG shall purchase and the Repurchased Member shall sell (each a "Manager Member Repurchase") all (or, in the case of the death or Permanent Incapacity of a Non-Manager Member, such remaining portion as is not required to be purchased by the LLC under clause (i) of this Section 7.3(a)) of the LLC Points held by the Repurchased Member, in each case, pursuant to the terms of this Section 7.3. For purposes hereof, each LLC Repurchase and each

Manager Member Repurchase together with the related LLC Repurchase, if any, is referred to as a "Repurchase."

(b) The closing of the Repurchase will take place on a date set by AMG (the "Repurchase Closing Date"), which shall be within sixty (60) days after the last day of the calendar quarter in which the Non-Manager Member's employment with the LLC is terminated or, if longer, fifteen (15) days after AMG receives the information necessary to calculate the Repurchase Price; provided, however, that if the employment by the LLC of such Non-Manager Member is terminated because of the death or Permanent Incapacity of such Non-Manager Member and the LLC or AMG has purchased key-man life or lump-sum disability insurance on such Non-Manager Member, then the Repurchase Closing Date shall be a date set by AMG which is as soon as reasonably practicable after the LLC or AMG has received all proceeds of all key-man life insurance policies or disability insurance policies, as applicable, maintained by the LLC on the life or health of such Non-Manager Member; and, provided, further, that it shall be a condition precedent to any Repurchase of LLC Interests from an Original Principal that such Non-Manager Member (or his heirs and assigns), the LLC and the Offshore Funds shall have complied with the provisions of Section 5.7 hereof.

(c) The purchase price for the Repurchase (the "Repurchase Price") shall be determined as follows: the Repurchase Price shall be calculated as of the last day of the calendar quarter in which the termination of such Non-Manager Member's employment occurs and shall equal (which is intended to be a proxy for fair market value) (A) eight and one-half (8.5) multiplied by the amount, if any, equal to (x) the Run Rate Free Cash Flow as of such date, minus (y) the Operating Shortfall as of such date, minus (z) the excess, if any, of the Manager Member Excess Loss Allocations as of such date over the allocations under Section 4.2(b)(ii) to the Manager Member that were made during the twelve (12) months ending on the last day of the calendar quarter in which such date occurs, multiplied by (B) a fraction, the numerator of which is the number of LLC Points being purchased from such Non-Manager Member in the Repurchase, and the denominator of which is the sum of the Reserved Points and the number of LLC Points outstanding on the Repurchase Closing Date (before giving effect to any issuances or redemptions of LLC Interests on such date); provided, however, that if the termination or cessation giving rise to such Repurchase is other than death or Permanent Incapacity (or, in the case of Shrager or Wyckoff, in the event of a unilateral termination of employment by the LLC other than For Cause or Unsatisfactory Performance) and occurs prior to the earliest date on which such Person could have commenced Retirement, then the multiple set forth in clause (A) above shall be three (3) rather than eight and one-half (8.5); and provided further, that if a Repurchase described in the immediately preceding proviso occurs prior to the fifth (5th) anniversary of the Effective Date, the Repurchase Price determined therefor shall be reduced by an amount equal to the product of (x) the excess of the Capital Account of the Manager Member immediately after the Effective Date over reductions therein due to amortization of the purchase price of the LLC Interests acquired by the Manager Member on the Effective Date multiplied by (y) a fraction the numerator of which is the number of LLC Points subject to this adjustment and the denominator of which is 100; and provided, further, however, that the Repurchase Price with respect to Shrager or Wyckoff shall in no event be less than the lesser of (i) the amount originally paid by such Non-Manager Member for his LLC Interest and (ii) three and three quarters (3.75) multiplied by the Run Rate Free Cash Flow as of the Repurchase Closing

Date multiplied by a fraction, the numerator of which is the number of LLC Points being purchased from such Non-Manager Member in the Repurchase, and the denominator of which is the sum of the Reserved Points and the number of LLC Points outstanding on the Repurchase Closing Date (before giving effect to any issuances or redemptions of LLC Interests on such date).

(d) The rights of AMG, the LLC and their assignees hereunder are in addition to and shall not affect any other rights which the Manager Member, the LLC or their assigns may otherwise have to repurchase LLC Interests (including, without limitation, pursuant to any agreement entered into by an Additional Non-Manager Member which provides for the vesting of LLC Points).

(e) On the Repurchase Closing Date, AMG and/or the LLC (as applicable) shall pay to the Repurchased Member the Repurchase Price for the LLC Interests repurchased in the manner set forth in this Section 7.3, and upon such payment the Repurchased Member shall cease to hold any LLC Interests, and such Repurchased Member shall be deemed to have withdrawn from the LLC and shall cease to be a Member of the LLC and shall no longer have any rights hereunder; provided, however, that the provisions of Article III and Sections 10.4, 10.5 and 10.6 shall continue as set forth therein. On the Repurchase Closing Date, the Repurchased Member and the LLC (and if AMG is purchasing LLC Interests from the Repurchased Member, AMG) (or their assignees) shall execute an agreement reasonably acceptable to AMG in which the Repurchased Member represents and warrants to AMG and/or the LLC, as applicable (or their assignees), that it has sole record and beneficial title to the Repurchased Interest, free and clear of any Encumbrances at the date of the transaction other than those imposed by this Agreement. Payment of the Repurchase Price shall be made on the Repurchase Closing Date as follows: (i) in the case of termination of employment of an Original Principal or, in the case of any other Non-Manager Member, because of death or Permanent Incapacity of such Non-Manager Member (to the extent of the collected proceeds of any insurance policies under which the LLC or the Manager Member is the beneficiary upon the death or Permanent Incapacity of such Non-Manager Member), by wire transfer of immediately available funds to an account designated by the Repurchased Member in writing at least three (3) business days prior to the Repurchase Closing Date, and (ii) in the case of any other termination of employment of a Non-Manager Member who is not an Original Principal other than a Retirement (but including a termination of employment because of Permanent Incapacity to the extent the obligation exceeds the proceeds of any key-man disability insurance policies described above), with a promissory note in the form attached hereto as Exhibit C, the principal of which promissory note would be paid in four (4) equal installments, the first installment would be paid on the Repurchase Date, and the second, third and fourth installments would be paid fourteen (14) months, twenty-six (26) months and thirty-eight (38) months, respectively, after the first installment.

(f) AMG may, with the consent of the Management Board, assign any or all of its rights and obligations under this Section 7.3, in one or more instances, to the LLC; provided, that the foregoing shall have no effect on the LLC's obligation set forth in Section 7.3(a)(i) regarding the use of the proceeds of a key-man life or disability insurance policy. In addition, AMG may, without the consent of the Management Board assign any or all of its rights and obligations to purchase LLC Interests under this Section 7.3, in one or more instances, to the Manager Member or any other wholly-owned subsidiary of AMG provided that AMG is not

released from its obligations under this Section 7.3 and remains liable therefor, and provided further that in the event such assignee is a wholly-owned direct or indirect subsidiary of AMG and thereafter ceases to be so owned (for any reason other than after foreclosure on a pledge of securities), such assignee shall reassign to AMG or the Manager Member all LLC Interests so acquired.

(g) In the event that a Non-Manager Member or a Transferee thereof is required to sell its LLC Interests pursuant to the provisions of this Section 7.3, and in the further event that such Non-Manager Member or any Transferee thereof refuses to, is unable to, or for any reason fails to, execute and deliver the documents required by this Section 7.3, the LLC or AMG, as applicable (or their respective assign(s)) may deposit the purchase price, if any, therefor (including cash and/or promissory notes) with any bank doing business within fifty (50) miles of the LLC's principal place of business, or with the LLC's accounting firm, as agent or trustee, or in escrow, for such Non-Manager Member or Transferee, to be held by such bank or accounting firm for the benefit of and for delivery to such Non-Manager Member or Transferee. Upon such deposit by the LLC or AMG (or their respective assign(s)) and upon notice thereof given to such Non-Manager Member or Transferee, such Non-Manager Member's LLC Interests shall be deemed to have been Transferred to the LLC or AMG (or their assign(s)), as applicable, the Non-Manager Member and/or any such Transferee shall have no further rights with respect thereto (other than the right to withdraw any payment therefor held in escrow), and AMG shall record such Transfer or repurchase on Schedule A hereto.

SECTION 7.4 ELECTION RIGHTS OF MANAGER MEMBER TO PAY IN SHARES OF AMG STOCK.

(a) If AMG has, at the time of a Put or a Repurchase completed a registration of shares of its common stock for sale under the Securities Act (other than a registration on Form S-8 or its then equivalent form) or a registration effected solely to implement an employee benefit plan, a transaction under Rule 145 or to which any other similar rule of the SEC under the Securities Act is applicable or registration on a form not available for registering securities for sale to the public (a "Public Offering"), then AMG may elect to pay all or a portion of the Put Price for the relevant Put, or Repurchase Price for the Repurchase in shares of AMG's Common Stock (the "AMG Stock") in accordance with the provisions of this Section 7.4. If AMG elects to pay a portion of the Put Price or Repurchase Price in shares of AMG Stock in accordance with the provisions of this Section 7.4, the portion of the consideration which is paid in AMG Stock shall reduce the cash portion of the Put Price or Repurchase Price.

(b) An election under this Section 7.4 must be made by AMG at least sixty (60) days prior to the relevant Purchase Date, by giving written notice to the LLC and the Non-Manager Member who has exercised a Put or Repurchased Member, as applicable, of such election, which election, once made, shall only be revocable within thirty (30) days after being made.

(c) The number of shares of AMG Stock to be issued upon exercise of the Put, or upon the Repurchase shall equal the quotient obtained by dividing the portion of the Put Price or Repurchase Price (as applicable) payable in AMG Stock by AMG's Average Stock Price, where:

63

(i) "AMG's Average Stock Price" is defined to mean the average (arithmetic mean) Stock Price of AMG Stock during the forty (40) trading days prior to the date of the closing of the Put or Call or Repurchase; and

(ii) "Stock Price" is defined to mean, for any day, the closing price 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 or other market 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; provided, however, that if at the time AMG makes such election, the product of AMG's Average Stock Price multiplied by the number of shares of AMG Stock owned beneficially by persons who are not executive officers or directors of AMG or entities which are currently beneficial owners of more than ten percent (10%) of AMG Stock within the meaning of Rule 16a-1 of the Exchange Act does not exceed five hundred million dollars ($500,000,000), then the Stock Price shall be reduced by an illiquidity factor, if any, determined by an investment banking firm reasonably acceptable to the Manager Member and the Management Board.

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.

(d) The maximum portion of the Put Price or Repurchase Price payable in AMG Stock without the consent of the Non-Manager Member (or his estate or representative) shall be 100% minus the maximum combined federal, state and local marginal tax rate applicable to sales of capital assets held by such Non-Manager Member for the period he held such interests; provided, however, that such portion shall be 0% if a stockholder of the Manager Member on the Effective Date beneficially has purchased more than 40% of the outstanding AMG Stock other than in connection with an investment (by merger or otherwise) by AMG or if the Non-Manager Member has died and the AMG Stock to be received by his estate, heirs, beneficiaries or Transferees is not immediately salable without registration or any other restriction.

SECTION 7.5 CLASS B PUTS; INCREASE IN FREE CASH FLOW PERCENTAGE.

(a) Each Non-Manager Member holding Class B Points may cause AMG to purchase all (and not less than all) of such Class B Points for the Class B Payment on any one Purchase Date on or after the tenth (10th) anniversary of the Effective Date (a "Class B Put

Date"), subject to and in accordance with the terms and conditions set forth in this Section 7.5 (each, a "Class B Put"). Upon the closing of any such Class B Put as of the Class B Put Date, the Class B Points purchased by AMG shall be automatically converted into that number of new LLC Points as is specified below, and the Free Cash Flow Percentage shall thereafter be increased as provided herein.

(b) Each Non-Manager Member who has been issued Class B Points pursuant to this Agreement, as set forth on Schedule A hereto (and as amended from time to time), is entitled, upon exercise of the Class B Put, to the corresponding Class B Value. For purposes of this Section 7.5, the "Class B Value" shall mean, as of any Class B Put Date, (i) the Class B Interest as of the end of the fiscal year ending on or most recently prior to the applicable Class B Put Date, if any, multiplied by (ii) a fraction, the numerator of which is the total number of Class B Points held by such Non-Manager Member, and the denominator of which is the aggregate number of Class B Points outstanding as of such Class B Put Date immediately prior to exercise of such Class B Put.

(c) If a Non-Manager Member desires to exercise its Class B Put, it shall give AMG each other Non-Manager Member and the LLC irrevocable written notice (a "Class B Notice") (together, in the case of an Original Principal, with his notice of Retirement) on or prior to the preceding December 31 (the "Class B Notice Deadline") stating that he is electing to exercise such Class B Put.

(d) Upon the first Class B Put Date immediately following delivery of a Class B Notice, AMG shall pay the Non-Manager Member exercising his Class B Put an amount (the "Class B Payment") equal to such Non-Manager Member's Class B Value as of such Class B Put Date multiplied by eight and one-half (8.5). Upon payment of the Class B Payment as of such Class B Put Date, the Non-Manager Member who has exercised his Class B Put shall cease to hold any Class B Points and shall no longer have any rights hereunder with respect to such Class B Points.

(e) Immediately upon payment of the Class B Put Payment to the Non-Manager Member exercising his Class B Put,

(i) the Class B Points purchased by AMG shall automatically convert into that number of new LLC Points equal to the product of (x) the aggregate number of LLC Points (excluding Reserved Points, if any) outstanding immediately prior to the applicable Class B Put Date and (y) a fraction, the numerator of which is such Non-Manager Member's Class B Value as of such Class B Put Date, and the denominator of which is the Free Cash Flow for the preceding fiscal year; and

(ii) the Free Cash Flow Percentage shall be increased to an amount equal to the sum of (x) the Free Cash Flow Percentage immediately prior to the applicable Class B Put Date and (y) a fraction, the numerator of which is such Non-Manager Member's Class B Value as of such Class B Put Date, and the denominator of which is the Revenues From Operations for the preceding fiscal year.

(f) The Class B Payment shall be paid by AMG (or its assigns) on the relevant Class B Put Date either (i) by wire transfer or certified check issued to such Non-Manager Member, or (ii) subject to the limitations set forth in Section 7.4 with respect to Puts, at the election of AMG if AMG has, at that time, completed a Public Offering, by the delivery to such Non-Manager Member of that number of shares of AMG Stock as it would be required to deliver under Section 7.4(c) if the Class B Payment were the Put Price and the Class B Put Date were the Purchase Date, in each case, immediately following AMG's receipt of any documentation it may deem necessary to evidence the conversion of the Class B Point into additional LLC Points and the increase in the Free Cash Flow Percentage, including, without limitation, an acknowledgment of the foregoing executed by each of the Members of the LLC.

(g) In the event that the employment by the LLC of any Non-Manager Member terminates for any reason at any time on or after the tenth (10th) anniversary of the Effective Date, then such Non-Manager Member (or his or her estate, heirs or legal representatives, as the case may be) may cause AMG to purchase all (and not less than all) of the Class B Points held by such Non-Manager Member as of the date of such termination (with respect to which no Class B Notice had previously been given to AMG) for the Class B Payment on the Class B Put Date immediately following the date of such termination, subject to and in accordance with the terms and conditions set forth herein. For purposes of applying this clause (g) only, each reference to "Non-Manager Member" in the other clauses of this Section 7.5 (other than clause (h) of this Section 7.5) shall be deemed to include the estate, heirs and legal representatives of any such Non-Manager Member, and, except for purposes of Section 7.5(h) hereof, any purchase of Class B Points pursuant to this clause (g) shall be included within the definition of "Class B Put." In the event that the employment by the LLC of any Non-Manager Member terminates for any reason at any time prior to the tenth (10th) anniversary of the Effective Date, then any Class B Points held by such Non-Manager Member as of the date of such termination shall be automatically canceled and shall be null and void, and such Non-Manager Member (and his or her estate, heirs or legal representatives, as applicable) shall no longer have any rights hereunder with respect to such Class B Points.

(h) If a Non-Manager Member who has previously exercised his Class B Put thereafter (i) exercises a Put under Section 7.1 hereof, (ii) is subject to a Call under Section 7.2 hereof, or (iii) is subject to a Repurchase under Section 7.3 hereof, then, the following shall occur:

(i) AMG shall determine whether, as of the effective date of such Put, Call or Repurchase after giving pro-forma effect to such Put, Call or Repurchase, the Class B Interest in the aggregate (the "Pro-Forma Class B Interest") is greater than zero (0);

(ii) If the Pro-Forma Class B Interest is greater than zero (0), then on the first Class B Put Date following the closing of such Put, Call or Repurchase, AMG shall pay to such Non-Manager Member an amount equal to (x) eight and one-half (8.5), multiplied by (y) such Pro-Forma Class B Interest minus the actual Class B Interest as of the effective date of such Put, Call or Repurchase, multiplied by (z) a fraction, the numerator of which is the number of Class B Points held by such Non-Manager Member immediately prior to his

Class B Put, and the denominator of which is the sum of the number of Class B Points outstanding as of the effective date of such Put, Call or Repurchase together with the number of Class B Points held by such Non-Manager Member immediately prior to his Class B Put;

(iii) Upon such payment, a number of new LLC Points shall be issued to AMG as is equal to (x) the product of the aggregate number of LLC Points (and Reserved Points, if any) outstanding and (y) a fraction, the numerator of which is the product of subclauses (y) and (z) under clause (ii) above, and the denominator of which is such product, plus the Free Cash Flow for the fiscal year preceding the date of the payment under clause (ii) above;

(iv) The Free Cash Flow Percentage shall then also be increased to an amount equal to the sum of (x) the Free Cash Flow Percentage immediately prior to the payment under clause (ii) above and (y) a fraction (expressed as a percentage), the numerator of which is the product of subclauses (y) and (z) under clause (ii) above, and the denominator of which is Revenues From Operations for the preceding fiscal year; and

(v) AMG may, without the consent of the Management Board or any Member, assign any or all of its rights and obligations under this Section 7.5, in one or more instances, to the Manager Member or any other wholly-owned subsidiary of AMG, provided that AMG is not released from its obligations under this Section 7.5 and remains liable therefor.

ARTICLE VIII - DISSOLUTION AND TERMINATION.

SECTION 8.1 NO DISSOLUTION. The LLC shall not be dissolved by the admission of Additional Non-Manager Members, substitute Non-Manager Members or substitute Manager Members or by the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member of the LLC.

SECTION 8.2 EVENTS OF DISSOLUTION. The LLC shall be dissolved and its affairs wound up upon the occurrence of any of the following events:

(a) a date designated in writing by the Manager Member with the consent of the Management Board; or

(b) upon the entry of a decree of judicial dissolution under Section 18-802 of the Act.

SECTION 8.3 NOTICE OF DISSOLUTION. The Manager Member shall promptly notify the Members of any dissolution of the LLC pursuant to Section 8.2 hereof or otherwise pursuant to the Act.

SECTION 8.4 LIQUIDATION. Upon the dissolution of the LLC, the Manager Member, or if there is none, the Person or Persons approved by the holders of more than fifty percent (50%)

of the LLC Points then outstanding (including the Person that was the Manager Member) shall carry out the winding up of the LLC (in such capacity, the "Liquidating Trustee") and shall immediately commence to wind up the LLC's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the LLC and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share in allocations and distributions during liquidation in the same proportions, as specified in Article IV hereof, as before liquidation. The proceeds of liquidation shall be distributed as set forth in Section 4.5 hereof.

SECTION 8.5 TERMINATION. The LLC shall terminate when all of the assets of the LLC, after payment of or due provision for all debts, liabilities and obligations of the LLC, shall have been distributed to the Members in the manner provided for in Section 4.5 hereof and the Certificate shall have been canceled in the manner required by the Act.

SECTION 8.6 CLAIMS OF THE MEMBERS. All Members and former Members shall look solely to the LLC's assets for any return of their Capital Contributions and if the assets of the LLC remaining after payment of or due provision for all debts, liabilities and obligations of the LLC are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the LLC or any other Member.

ARTICLE IX - RECORDS AND REPORTS.

SECTION 9.1 BOOKS AND RECORDS. The LLC shall, and the Non-Manager Members who are members of the Management Board shall use all commercially reasonable efforts to cause the LLC to, keep complete and accurate books of account with respect to the operations of the LLC, prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied. Such books shall reflect that the LLC Interests have not been registered under the Securities Act, and that the LLC Interests may not be Transferred without registration under the Securities Act or exemption therefrom and without compliance with Article V or Article VI of this Agreement, as applicable. Such books shall be maintained at the principal office of the LLC in New York, New York or at such other principal place of business as determined pursuant to Section 2.5 hereof.

SECTION 9.2 ACCOUNTING. The LLC's books of account shall be kept on the accrual method of accounting, or on such other method of accounting as the Manager Member may from time to time determine, with the advice of the Independent Public Accountants, and shall be closed and balanced at the end of each LLC fiscal year. The taxable year of the LLC shall be the twelve (12) months ended December 31 or such other taxable year as the Manager Member may designate, with the written advice of the Independent Public Accountants.

SECTION 9.3 FINANCIAL AND COMPLIANCE REPORTS. The LLC shall, and each Non-Manager Member who is a member of the Management Board shall use all commercially reasonable efforts to cause the LLC to, furnish to the Manager Member each of the following:

(a) within ten (10) days after the end of each month and each fiscal quarter, an unaudited financial report of the Revenues From Operations of the LLC and the net assets of each Offshore Fund on each date as of which the net assets thereof were determined during such period, which report shall be prepared in accordance with generally accepted accounting principles using the accrual method of accounting, consistently applied (except that the financial report may (i) be based on estimates to the extent actual data is not available and be subject to adjustments of such estimates within seventeen (17) days after the end of each month and each fiscal quarter, (ii) be subject to normal year-end audit adjustments which are neither individually nor in the aggregate material and (iii) not contain all notes thereto which may be required in accordance with generally accepted accounting principles) and shall be certified by the most senior financial Officer of the LLC to have been so prepared;

(b) as soon as practicable and in any event within seventeen (17) days after the end of each month and each fiscal quarter, a report prepared in a similar manner and certified by the most senior financial Officer of the LLC to have been so prepared, which shall include:

(i) statements of operations, changes in Members' Capital Accounts and cash flows for such month or quarter, together with a cumulative income statement from the first day of the then-current fiscal year to the last day of such month or quarter;

(ii) a balance sheet as of the last day of such month or quarter; and

(iii) with respect to the quarterly financial report, a detailed computation of Free Cash Flow for such quarter;

(c) within fifteen (15) days after the end of each fiscal year of the LLC, a financial report of Revenues From Operations of the LLC for such year and the net assets of each Offshore Fund on each date as of which the net assets thereof were determined during such year, in each case, as to which the audit procedures applicable to such item shall have been performed by Independent Public Accountants satisfactory to the Manager Member;

(d) within seventeen (17) days after the end of each fiscal year of the LLC or within such other time as the Manager Member and the Management Board agree, audited financial statements of the LLC, which shall include statements of operations, changes in Members' Capital Accounts and cash flows for such year and a balance sheet as of the last day thereof, each prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied, certified by Independent Public Accountants satisfactory to the Manager Member;

(e) if requested by the Manager Member, within twenty-five (25) days after the end of each calendar quarter, the LLC's operating budget for each of the next four (4) fiscal quarters, in such form and containing such estimates as may be requested by the Manager Member from time to time;

(f) copies of all financial statements, reports, notices, press releases and other documents released to the public;

(g) as promptly as is reasonably possible following request by the Manager Member from time to time, such operations and/or performance data as may be requested; and

(h) any other financial or other information available to the Officers as the Manager Member shall have reasonably requested on a timely basis.

SECTION 9.4 MEETINGS.

(a) The LLC and its Officers shall hold such regular meetings at the LLC's principal place of business with representatives of the Manager Member not more frequently than quarterly (except in special circumstances) as may be reasonably requested by the Manager Member from time to time. These meetings shall be attended (either in person or by telephone) by such of the Officers and other employees of the LLC as may be reasonably requested by the Manager Member or any of the Officers. The LLC will reimburse the reasonable travel expenses of any representative of the Manager Member who attends each such meeting.

(b) At each meeting, the Officers shall make such presentations regarding the LLC and its performance, operations and/or budgets as may be reasonably requested by the Manager Member, and each of the attendees (whether in person or by telephone) at such meeting shall have the right to submit proposals and suggestions regarding the LLC, and the attendees at the meeting shall discuss and consider such proposals and suggestions.

SECTION 9.5 TAX MATTERS.

(a) The Manager Member shall cause to be prepared and filed on or before the due date (or any extension thereof) Federal, state, local and foreign tax or information returns required to be filed by the LLC and shall provide to the other Members, as soon as reasonably practicable following the close of each taxable year of the LLC, any information which the Manager Member has which is necessary to allow the Members to timely prepare and file any federal, state or local income tax returns (including IRS Schedule K-1). The Manager Member, to the extent that LLC funds are available, shall cause the LLC to pay any taxes payable by the LLC (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes (except that UBT shall be paid out of Free Cash Flow, except to the extent UBT is allocated pursuant to the provisions of Section 4.6(g) hereof to Non-Manager Members in respect of such guaranteed payments and bonus payments or by operation of the proviso of the first sentence of Section 4.6(g)), are to be treated as operating expenses of the LLC to be paid from Operating Cash Flow); provided that the Manager Member shall not be required to cause the LLC to pay any tax so long as the Manager Member or the LLC is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the LLC and adequate reserves therefor have been set aside by the LLC. Neither the LLC nor any Non-Manager Member shall do anything or take any action which would be inconsistent with the foregoing or with the Manager Member's actions as authorized by the foregoing provisions of this Section 9.5(a). Each Non-Manager Member shall cooperate with the Manager Member in causing the LLC to make an election under Section 754 of the Code with respect to its fiscal year ended on the Effective Date.

(b) The Manager Member shall be the "tax matters partner" for the LLC pursuant to Sections 6221 through 6233 of the Code.

ARTICLE X - LIABILITY, EXCULPATION AND INDEMNIFICATION.

SECTION 10.1 LIABILITY. Except as otherwise provided by the Act, the debts, obligations and liabilities of the LLC, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the LLC, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a Covered Person.

SECTION 10.2 EXCULPATION.

(a) No Covered Person shall be liable to the LLC or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of any action or inaction of such Covered Person which constituted fraud, gross negligence, bad faith, willful misconduct or a breach of this Agreement or, in the case of a Non-Manager Member, the Non-Solicitation Agreement to which he is a party.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the LLC and upon such information, opinions, reports or statements presented to the Covered Person by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the LLC of such Covered Person.

SECTION 10.3 FIDUCIARY DUTY.

(a) To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the LLC or to any Member, a Covered Person acting under this Agreement shall not be liable to the LLC or to any Member for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between the Manager Member and any other Member the resolution or manner of resolution of which is not specifically provided for herein, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that the Manager Member shall act in a manner that is, or provides terms that are, fair and reasonable to the LLC or any Member, the Manager Member shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating

to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Manager Member, the resolution, action or term so made, taken or provided by the Manager Member shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Manager Member at law or in equity or otherwise.

(c) Whenever in this Agreement the Manager Member is permitted or required to make a decision (i) in its "sole discretion" or under a grant of similar authority or latitude, the Manager Member shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the LLC or any other Person, or (ii) in its "good faith", "reasonable discretion" or under another express standard, the Manager Member shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

(d) Wherever in this Agreement a factual determination is called for and the applicable provision of this Agreement does not indicate what party or parties are to make the applicable factual determination, and/or the applicable standard to be used in making the factual determination, such determination shall be made by the Manager Member in the exercise of its good faith discretion.

SECTION 10.4 INDEMNIFICATION. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the LLC for any loss, damage or claim (including any amounts paid in settlement of any such claims) incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of any action or inaction of such Covered Person which constituted fraud, gross negligence, bad faith, willful misconduct or a breach of this Agreement, the Purchase Agreement or, in the case of the Non-Manager Member, the Non-Solicitation Agreement to which he is a party; provided, however, that any indemnity under this Section 10.4 shall be provided out of and to the extent of LLC assets only, and no Covered Person shall have any personal liability to provide indemnity on account thereof.

SECTION 10.5 NOTICE; OPPORTUNITY TO DEFEND AND EXPENSES.

(a) Promptly after receipt by any Covered Person from any third party of notice of any demand, claim or circumstance that, immediately or with the lapse of time, would reasonably be expected to give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in any loss, damage or claim with respect to which the Covered Person might be entitled to indemnification from the LLC under Section 10.4, the Covered Person shall give notice thereof (the "Claims Notice") to the LLC; provided, however, that a failure to give such notice shall not prejudice the Covered Person's right to indemnification hereunder except to the extent that the LLC is actually prejudiced thereby. The Claims Notice shall describe the

Asserted Liability in such reasonable detail as is practicable under the circumstances, and shall, to the extent practicable under the circumstances, indicate the amount (estimated, if necessary) of the loss or damage that has been or may be suffered by the Covered Person.

(b) The LLC may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability; provided, however, that if the named parties to any action or proceeding include (or could reasonably be expected to include) both the LLC and a Covered Person, or more than one Covered Persons, and the LLC is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Covered Person may engage separate counsel at the expense of the LLC. If the LLC elects to compromise or defend such Asserted Liability, it shall within twenty (20) business days (or sooner, if the nature of the Asserted Liability so requires) notify the Covered Person of its intent to do so, and the Covered Person shall cooperate, at the expense of the LLC, in the compromise of, or defense against, such Asserted Liability. If the LLC elects not to compromise or defend the Asserted Liability, fails to notify the Covered Person of its election as herein provided, contests its obligation to provide indemnification under this Agreement, or fails to make or ceases making a good faith and diligent defense, the Covered Person may pay, compromise or defend such Asserted Liability all at the expense of the Covered Person. Except as set forth in the preceding sentence, neither the LLC nor the Covered Person may settle or compromise any claim over the objection of the other; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event, the LLC and the Covered Person may participate at their own expense, in the defense of such Asserted Liability. If the Covered Person chooses to participate in the defense of any claim, the Covered Person shall make available to the LLC any books, records or other documents within its control that are necessary or appropriate for such defense, all at the expense of the LLC.

(c) If the LLC elects not to compromise or defend an Asserted Liability, or fails to notify the Covered Person of its election as above provided, then, to the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any Asserted Liability, shall, from time to time, be advanced by the LLC prior to the final disposition of such claim, demand, action, suit or proceeding upon satisfaction of any conditions required by applicable law and receipt by the LLC of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 10.4 hereof. The LLC may, if the Manager Member deems it appropriate, require any Covered Person for whom expenses are advanced, to deliver adequate security to the LLC for his obligation to repay such indemnification.

SECTION 10.6 MISCELLANEOUS.

(a) The right of indemnification hereby provided shall not be exclusive of, and shall not affect, any other rights to which a Covered Person may be entitled. Nothing contained in this Article X shall limit any lawful rights to indemnification existing independently of this Article X.

(b) The indemnification rights provided by this Article X shall also inure to the benefit of the heirs, executors, administrators, successors and assigns of a Covered Person and any

officers, directors, partners, shareholders, employees and Affiliates of such Covered Person (and any former officer, director, member, shareholder or employee of such Covered Person, if the loss, damage or claim was incurred while such person was an officer, director, member, shareholder or employee of such Covered Person). The Manager Member or the Management Board may extend the indemnification called for by Section 10.4 to non-employee agents of the LLC, the Manager Member or its Affiliates.

ARTICLE XI - MISCELLANEOUS.

SECTION 11.1 NOTICES. All notices, requests, elections, consents or demands permitted or required to be made under this Agreement ("Notices") shall be in writing, signed by the Person or Persons giving such notice, request, election, consent or demand and shall be delivered personally or by confirmed facsimile, or sent by registered or certified mail, or by commercial courier to the other Members, at their addresses set forth on the signature pages hereof or on Schedule A hereto, or at such other addresses as may be supplied by written notice given in conformity with the terms of this Section 11.1. All Notices to the LLC shall be made to the Manager Member at the address set forth on the signature pages hereof or on Schedule A hereto, with a copy (which shall not constitute notice) to the President of the LLC at the principal offices of the LLC. The date of any such personal or facsimile delivery or the date of delivery by an overnight courier or the date five (5) days after the date of mailing by registered or certified mail, as the case may be, shall be the date of such notice.

SECTION 11.2 SUCCESSORS AND ASSIGNS. Subject to the restrictions on Transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Members, their respective successors, successors-in-title, heirs and assigns, and each and every successors-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, and each shall hold such interest subject to all of the terms and provisions of this Agreement.

SECTION 11.3 AMENDMENTS. No amendments may be made to this Agreement without the prior written consent of (i) the Manager Member and (ii) the Management Board, except that in the event that the Manager Member has at any time exercised any of its rights under Section 3.3(b)(iv) with respect to the composition of the Management Board, thereafter no amendments may be made to this Agreement without the prior written consent of (I) the Manager Member and (II) Non-Manager Members holding not less than a majority of all LLC Points then held by all Non-Manager Members; provided, however, that, in any event without the vote, consent or approval of any other Member, (x) the Manager Member shall make such amendments and additions to Schedule A hereto as are required by the provisions hereof, and (y) the Manager Member may amend this Agreement to correct any printing, stenographic or clerical errors or omissions; provided, further, however, that if at any time the distributions to the Manager Member from the LLC hereunder are less than thirty percent (30%) of the unconsolidated gross revenues of AMG, upon the written request of the Management Board (if the Manager Member has not at such time exercised any of its rights under Section 3.3(b)(iv)) or upon the written request of Non-Manager Members holding not less than a majority of all LLC Points then held by all Non-Manager Members (if the Manager Member has at such time exercised any of its rights

under Section 3.3(b)(iv)), the Manager Member and the Management Board shall amend this Agreement to delete Section 3.3(b)(iv). Except as otherwise specifically provided for herein, (a) an amendment or modification changing adversely the rights of a Non-Manager Member with respect to distributions or allocations or Puts, Calls or Repurchases (on a basis that is disproportionate to any changes effected with respect to the rights of other Non-Manager Members holding LLC Interests of the same class) shall be effective only with that Non-Manager Member's consent (unless such change is expressly provided for by this Agreement), (b) an amendment or a modification increasing any liability of a Non-Manager Member to the LLC or the other Members, or adversely affecting the limitation of the liability of a Non-Manager Member with respect to the LLC, shall be effective only with that Non-Manager Member's consent, (c) an amendment or modification reducing the required percentage of LLC Points for any consent or vote in this Agreement shall be effective only with the consent or vote of Members having the percentage of LLC Points theretofore required. and (d) an amendment or modification which significantly and adversely affects a particular Non-Manager Member differently from some other Non-Manager Member, shall be effective only with the prior written consent of the Member which would be so affected or with the vote or consent of three quarters (3/4) of the Management Board.

SECTION 11.4 NO PARTITION. No Member nor any successor-in-interest to any Member, shall have the right while this Agreement remains in effect to have the property of the LLC partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the LLC partitioned, and each Member, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intent of the Members that during the term of this Agreement, the rights of the Members and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Member or successors-in-interest to Transfer or otherwise dispose of his interest in the LLC shall be subject to the limitations and restrictions of this Agreement.

SECTION 11.5 NO WAIVER; CUMULATIVE REMEDIES. The failure of any Member to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

SECTION 11.6 DISPUTE RESOLUTION. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the applicable rules of the American Arbitration Association. The arbitration shall be held in Massachusetts before a single arbitrator selected in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry, and shall otherwise be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules.

SECTION 11.7 PRIOR AGREEMENTS SUPERSEDED; CERTAIN AGREEMENTS INCORPORATED HEREIN. This Agreement and the schedules and exhibits hereto supersede the prior understandings and agreements among the parties with respect to the subject matter hereof and thereof. The Employment Agreements, the Non-Solicitation Agreements and the Incentive Program are incorporated herein by reference and form a part of this Agreement; and each of the Members acknowledges and agrees that certain Members (in their capacity as such and/or in their capacity as employees of the LLC), AMG and the LLC are entitled to certain rights and bound by certain obligations under such agreements and program which shall be treated as rights and obligations hereunder.

SECTION 11.8 CAPTIONS. Titles or captions of Articles or Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 11.9 COUNTERPARTS. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Members notwithstanding that all Members have not signed the same counterpart.

SECTION 11.10 APPLICABLE LAW; JURISDICTION. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without applying the choice of law or conflicts of law provisions thereof.

SECTION 11.11 INTERPRETATION. All terms herein using the singular shall include the plural; all terms using the plural shall include the singular; in each case, the term shall be as appropriate to the context of each sentence. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine and neuter, whichever shall be applicable.

SECTION 11.12 SEVERABILITY. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

SECTION 11.13 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of (i) any Member or (ii) the LLC, other than a Member who is also a creditor of the LLC.

IN WITNESS WHEREOF the Non-Manager Members and the Manager Member have executed and delivered this Limited Liability Company Agreement as of the day and year first above written.

MANAGER MEMBER

Name and Signature	Address
AMG/TBC HOLDINGS, INC. By:/s/ Sean M. Healey --- Name: Sean M. Healey Title: President	c/o Affiliated Managers Group, Inc. Two International Place, 23rd Floor Boston, MA 02110 Telephone: (617) 747-3300 Facsimile: (617) 747-3380

NON-MANAGER MEMBERS

Name and Signature	Address
/s/ Christopher H. Browne - --- Christopher H. Browne	c/o Tweedy, Browne Company LLC 52 Vanderbilt Avenue New York City, New York 10017 Telephone: (212) 916-0600 Facsimile: (212) 916-0666
/s/ William H. Browne - --- William H. Browne	c/o Tweedy, Browne Company LLC 52 Vanderbilt Avenue New York City, New York 10017 Telephone: (212) 916-0600 Facsimile: (212) 916-0666
/s/ John D. Spears - --- John D. Spears	c/o Tweedy, Browne Company LLC 52 Vanderbilt Avenue New York City, New York 10017 Telephone: (212) 916-0600 Facsimile: (212) 916-0666

/s/ James M. Clark, Jr.
- -------------------------
James M. Clark, Jr.

c/o Tweedy, Browne Company LLC
52 Vanderbilt Avenue
New York City, New York 10017
Telephone: (212) 916-0600
Facsimile: (212) 916-0666

/s/ Thomas Shrager
- -------------------------
Thomas Shrager

c/o Tweedy, Browne Company LLC
52 Vanderbilt Avenue
New York City, New York 10017
Telephone: (212) 916-0600
Facsimile: (212) 916-0666

/s/ Robert Q. Wyckoff, Jr.
- -------------------------
Robert Q. Wyckoff, Jr.

c/o Tweedy, Browne Company LLC
52 Vanderbilt Avenue
New York City, New York 10017
Telephone: (212) 916-0600
Facsimile: (212) 916-0666

SCHEDULE A

LLC INTERESTS AND CAPITAL ACCOUNTS

MEMBER	LLC POINTS	RESERVED POINTS*	CAPITAL ACCOUNT	CLASS B POINTS
Affiliated Managers Group, Inc.	71.18702	0	$300,000,000.00	0
Christopher H. Browne	5.89473	2.50667	$ 30,536,467.00	17.40741
John D. Spears	5.89473	2.50667	$ 30,536,467.00	17.40741
William H. Browne	5.14222	2.18666	$ 26,638,196.00	15.18518
Thomas Shrager	1.00000	0	0	0
Robert Q. Wyckoff, Jr.	1.00000	0	0	0
James M. Clark, Jr.	1.88130	0.80000	0	0
TOTAL	92.00000	8.00000	$387,711,130.00	50.00000

* Issued to the indicated Member and held for his benefit, subject to sale or transfer pursuant to the Incentive Plan, but not constituting an "LLC Point" until held by a Non-Manager Member other than an Original Principal or Clark.

SCHEDULE B

INITIAL MANAGEMENT BOARD MEMBERS

Christopher H. Browne

William H. Browne

John D. Spears

SCHEDULE C

The provisions of this Schedule C are merely illustrative examples and are not a part of the agreement between the parties to the Limited Liability Company Agreement of Tweedy, Browne Company LLC (the "LLC Agreement"). Capitalized terms used in this Schedule have the meanings set forth in the LLC Agreement.

This example assumes that the termination of employment occurs immediately following the Effective Date

This example further assumes that there was no Operating Shortfall or Manager Member Excess Loss Allocations

1) Calculation of Repurchase Price

(a)	MULTIPLE	3
(b)	RUN RATE FREE CASHFLOW	$ 40,000,000
(c)	OPERATING SHORTFALL	0
(d)	MANAGER MEMBER EXCESS LOSS ALLOCATIONS	0
(e)	(a) * ((b)-(c)-(d))	$120,000,000
(f)	UNAMORTIZED PORTION OF MANAGER MEMBERS CAPITAL ACCOUNT	$300,000,000
	TOTAL LLC POINTS HELD BY NON MANAGER MEMBERS	20.81298

Member	Partnership Points	Percentage Ownership	Repurchase Price	Allocation of Unamortized Capital	Repurchase Price 100% of Points
AMG	71.187020	71.187020%	N/A	N/A	N/A
C. Browne	5.894734	5.894734%	$ 7,073,680	$(17,684,201)	$(10,610,520.61)
J. Spears	5.894734	5.894734%	$ 7,073,680	$(17,684,201)	$(10,610,520.61)
W. Browne	5.142215	5.142215%	$ 6,170,658	$(15,426,644)	$ (9,255,986.39)
J. Clark	1.881298	1.881298%	N/A	N/A	N/A
T. Shrager	1.000000	1.000000%	$ 1,200,000	$ (3,000,000)	$ (1,800,000.00)
R. Wyckoff	1.000000	1.000000%	$ 1,200,000	$ (3,000,000)	$ (1,800,000.00)
Reserve	8.000000	8.000000%	N/A	N/A	N/A
TOTAL	100.000000	100.0000%	$22,718,018	$(56,795,046)	$(34,077,027.60)

Resulting Repurchase Price for each Non-Manager Members' LLC Points is, therefore, zero.

EXHIBIT 10.3

GEOCAPITAL, LLC

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

September 30, 1997

GEOCAPITAL, LLC
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

TABLE OF CONTENTS

Page

Page

GEOCAPITAL, LLC

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This Amended and Restated Limited Liability Company Agreement (the "Agreement") of GeoCapital, LLC (the "LLC" or the "Company") is made and entered into as of September 30, 1997 (the "Effective Date"), by and among the persons identified as the Manager Member and the Non-Manager Members on Schedule A attached hereto as members of the LLC, and the Persons who become members of the LLC in accordance with the provisions hereof.

WHEREAS, a limited liability company has been formed pursuant to the Delaware Limited Liability Company Act, 6 Del. C Section 18-101, et seq., as it may be amended from time to time and any successor to such Act (the "Act"), by filing a Certificate of Formation of the LLC with the office of the Secretary of State of the State of Delaware on August 13, 1997, and entering into a Limited Liability Company Agreement of the LLC, dated as of August 13, 1997; and

WHEREAS, pursuant to the Merger Agreement, GeoCapital Corporation, a Delaware corporation, is being merged with and into AMG Merger Sub, Inc., a wholly owned subsidiary of Affiliated Managers Group, Inc. ("Merger Sub"), effective as of the Closing (as defined in the Merger Agreement) and the Members desire to continue the LLC as a limited liability company under the Act with Merger Sub as Manager Member, and to amend and restate the Limited Liability Company Agreement of the LLC, dated as of August 13, 1997 in its entirety.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS.

SECTION 1.1 DEFINITIONS. Unless the context otherwise requires, the terms defined in this Article I shall, for the purposes of this Agreement, have the meanings herein specified.

"1940 Act" shall mean the Investment Company Act of 1940, as it may be amended from time to time, and any successor to such act.

"Act" shall mean the Delaware Limited Liability Company Act, 6 Del. C Section 18-101, et seq., as it may be amended from time to time and any successor to such act.

"Additional Interest" shall have the meaning specified in Section 3.8 hereof.

"Additional Non-Manager Members" shall have the meaning specified in Section 5.5.

"Advisers Act" shall mean the Investment Advisers Act of 1940, as it may be amended from time to time, and any successor to such act.

"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 or indirectly, of the power to (a) vote fifty percent (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.

"Agreement" shall mean this Amended and Restated Limited Liability Company Agreement, as it may from time to time be amended, supplemented or restated.

"AMG" shall mean Affiliated Managers Group, Inc., a Delaware corporation, and any successors or assigns thereof.

"AMG Stock" shall have the meaning specified in Section 7.2(a) hereof.

"Asset Transfer" shall have the meaning ascribed thereto in the Merger Agreement.

"Asset Transfer Agreement" shall have the meaning ascribed thereto in the Merger Agreement.

"Board Vote" shall have the meaning specified in Section 3.2(b)(iv) hereof.

"Capital Account" shall mean the capital account maintained by the LLC with respect to each Member in accordance with the capital accounting rules described in Section 4.2 hereof.

"Capital Contribution" shall mean, as to each Member, the amount of money and/or the agreed fair market value of any property (net of any liabilities encumbering such property that the LLC is considered to assume or take subject to) contributed to the capital of the LLC by such Member.

"Carried Interest" shall have the meaning specified in Section 3.10(c) hereof.

"Certificate" shall mean the original Certificate of Formation of the LLC required under the Act, as such Certificate may be amended and/or restated from time to time.

"Client" shall mean all Past Clients, Present Clients and Potential Clients, subject to the following general rules: (i) with respect to each Client, the term shall also include any persons or entities which are known to the Employee Stockholder to be Affiliates of such Client or persons who are members of the Immediate Family of such Client or any of its Affiliates; and (ii) with respect to so-called "wrap programs," both the sponsor of the program and the underlying participants in the program (or clients who have selected the LLC or a Controlled Affiliate under their contract with the sponsor) shall be included as Clients.

"Code" or "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as from time to time amended, and any successor thereto, together with all regulations promulgated thereunder.

"Collective Investment Vehicle" shall mean any limited partnership, limited liability company, trust or any other issuer that would be an investment company (within the meaning of the 1940 Act) but for the exceptions contained in Section 3(c)(1) or Section 3(c)(7) of such Act.

"Controlled Affiliate" shall mean, with respect to a Person, any Affiliate of such Person under its "control", as the term "control" is defined in the definition of Affiliate.

"Controlling Person" shall have the meaning specified in Section 7.3(e) hereof.

"Covered Person" shall mean a Member, any Affiliate of a Member, any officer, director, shareholder, partner, employee or member of a Member or any of its Affiliates, or any Officer.

"Effective Date" shall have the meaning specified in the preamble of this Agreement.

"Eligible Person" shall have the meaning specified in Section 3.2(b)(i) hereof.

"Employee Stockholder" shall mean (a) in the case of a Non-Manager Member which is not an individual, that certain employee of the LLC who is the owner of all the issued and outstanding capital stock of such Non-Manager Member, and is listed as such on Schedule A hereto, and (b) in the case of a Non-Manager Member which is an individual, such Non-Manager Member.

"Employment Agreement" shall have the meaning ascribed thereto in the Merger Agreement.

"Encumbrances" shall mean any restrictions, liens, claims, charges, pledges or encumbrances of any kind or nature whatsoever.

"Fair Market Value" shall mean the fair market value as reasonably determined by the Manager Member or, for purposes of Section 4.4 hereof, if there shall be no Manager Member, the Liquidating Trustee.

"For Cause" shall mean, with respect to the termination of an Employee Stockholder's employment with the LLC, any of the following:

(a) The Employee Stockholder has engaged in any criminal offense which involves a violation of federal or state securities laws or regulations (or equivalent laws or regulations of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, theft, or any other crime involving dishonesty and (i) has been convicted (whether or not subject to appeal) or pled nolo contendere or any similar plea to any criminal offense in connection with or relating to

such act; (ii) has entered into a settlement with or consented to the issuance of an order by any Governmental Authority in connection with or relating to such act; or (iii) as a result of or in relation to such act, an event has occurred which requires an affirmative answer to any of the questions in Item 11 of Part I of the LLC's Form ADV (or any similar or successor provision or form);

(b) The Employee Stockholder has persistently and willfully failed to perform his or her duties or failed to devote substantially all of his or her working time to the performance of such duties except, in the case of an Employee Stockholder who is a party to an Employment Agreement or a Non-Solicitation Agreement, as may be specifically permitted by the terms of such Employment Agreement or a Non-Solicitation Agreement; or

(c) The Employee Stockholder has (i) engaged in a Prohibited Competition Activity, (ii) violated or breached any material provision of his or her Employment Agreement or Non Solicitation Agreement or (iii) engaged in any of the activities prohibited by Section 3.9 hereof and either (i) the activity of the Employee Stockholder has harmed or would reasonably be expected to harm the LLC or the Manager Member (which harm would not be immaterial), or (ii) the Employee Stockholder fails to or is unable to cease such activity and cause any harm to the LLC and/or the Manager Member within ten (10) days after such Employee Stockholder becomes aware that, or the Manager Member gives such Employee Stockholder notice that he or she has engaged in a Prohibited Competition Activity, or violated or breached any material provision of his or her Employment Agreement or Non-Solicitation Agreement, or engaged in any of the activities prohibited by Section 3.7 hereof.

"Free Cash Flow" shall mean, for any period, fifty percent (50%) of the Revenues From Operations of the LLC for such period, subject to adjustment as contemplated in Section 3.15.

"Free Cash Flow Expenditure" shall have the meaning specified in Section 3.3(c) hereof.

"Governmental Authority" shall mean any foreign, federal, state or local court, governmental authority or regulatory body.

"Guaranteed Interest" shall have the meaning specified in Section 3.10(c) hereof.

"Holders" shall have the meaning specified in Section 7.3(a) hereof.

"Immediate Family" shall mean, with respect to any person, such person's spouse, parents, grandparents, children, grandchildren and siblings.

"Indebtedness" shall mean, with respect to a Person, (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 any 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 generally accepted accounting principles, (f) all liabilities secured by any Lien on any property owned by such Persons 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.

"Independent Public Accountants" shall mean any independent certified public accountant satisfactory to the Manager Member and retained by the LLC.

"Initial Members" shall mean those Persons which are Members on the Effective Date after the effectiveness of the Merger.

"Initial LLC Points" means, with respect to a Non-Manager Member (including his (or its) Related Non-Manager Members) and their respective Permitted Transferees, those LLC Points held by such Non-Manager Member and his (or its) Related Non-Manager Members in the LLC on the Effective Date, provided that LLC Points shall cease to be Initial LLC Points from and after the date on which they are acquired by the Manager Member (or its assignee) pursuant to Section 3.12 or Article VII hereof.

"Intellectual Property" shall have the meaning specified in Section 3.7(c) hereof.

"Investment Management Services" shall mean any services which involve (a) the management of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds).

"IRS" shall mean the Internal Revenue Service of the United States Department of the Treasury.

"Lien" shall mean 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).

"Liquidating Trustee" shall have the meaning specified in Section 8.4 hereof.

"LLC" means GeoCapital, LLC, the limited liability company heretofore formed and continued under and pursuant to the Act and this Agreement, as the same may be amended and/or restated from time to time.

"LLC Interest" means a Member's limited liability company interest in the LLC, which includes such Member's LLC Points as well as such Member's Capital Account and other rights under this Agreement and the Act.

"LLC Points" shall mean, as of any date, with respect to a Member, the number of LLC Points of such Member as set forth on Schedule A hereto, as amended from time to time in accordance with the terms hereof, and as in effect on such date.

"LLC Repurchase" shall have the meaning specified in Section 3.11(a) hereof.

"Majority Vote" shall mean the affirmative approval, by vote or written consent, of Non-Manager Members holding two-thirds of the outstanding Vested LLC Points then held by all Non-Manager Members. For purposes of determining a Majority Vote, all LLC Points held by a Related Non-Manager Member of Irwin Lieber shall be voted by Irwin Lieber, and all LLC Points held by a Related Non-Manager Member of Barry K. Fingerhut shall be voted by Barry K. Fingerhut.

"Management Board" shall have the meaning specified in Section 3.2(a) hereof.

"Manager Member" shall mean Merger Sub, and any Person who becomes a successor Manager Member as provided herein.

"Members" shall mean any Person admitted to the LLC as a "member" within the meaning of the Act, which includes the Manager Member and the Non-Manager Members, unless otherwise indicated, and includes any Person admitted as an Additional Non-Manager Member or a substitute Non-Manager Member pursuant to the provisions of this Agreement, in such Person's capacity as a member of the LLC, unless otherwise indicated. For purposes of the Act, the Members shall constitute one (1) class or group of members.

"Merger Agreement" shall mean that certain Agreement and Plan of Reorganization dated as of August 15, 1997, by and among Affiliated Managers Group, Inc., Merger Sub, GeoCapital Corporation, the LLC and all the Stockholders of GeoCapital Corporation, as the same has been amended from time to time.

"Minnesota Agreement" shall mean that certain Investment Advisory Agreement dated as of July 1, 1993, by and between GeoCapital Corporation and the Minnesota State Board of Investment, as the same may be amended from time to time, and/or restated or replaced, with the prior written consent of the Manager Member.

"NASD" shall have the meaning specified in Section 7.3(d) hereof.

"Non-Manager Member" shall mean any Person who is or becomes a Non-Manager Member pursuant to the terms hereof, unless otherwise indicated.

"Non Solicitation Agreement" shall have the meaning set forth in Section 3.8 hereof.

"Notice Deadline" shall have the meaning specified in Section 7.1(d) hereof.

"Officers" shall have the meaning specified in Section 3.3(a).

"Operating Cash Flow" shall mean, for any period, an amount equal to the positive difference, if any, between Revenues From Operations of the LLC for such period and Free Cash Flow for such period.

"Past Client" shall mean at any particular time, any Person who at any point prior to such time had been an advisee or investment advisory customer of, or recipient of Investment Management Services from, the LLC (including, without limitation, its predecessor, GeoCapital Corporation) but at such time is not an advisee or investment advisory customer or client of, or recipient of Investment Management Services from, the LLC.

"Permanent Incapacity" shall mean, with respect to an Employee Stockholder, that such Employee Stockholder has been permanently and totally unable, by reason of injury, illness or other similar cause (determined pursuant to the process set forth in the following sentence) to have performed his or her substantial and material duties and responsibilities for a period of three hundred sixty-five (365) consecutive days, which injury, illness or similar cause (as determined pursuant to such process) would render such Employee Stockholder incapable of operating in a similar capacity in the future. The foregoing determination shall be made reasonably by a licensed physician selected by the Manager Member; provided, however, that if the LLC has purchased lump-sum key-man disability insurance with respect to such Employee Stockholder, which policy is then in effect, then such determination shall be made reasonably either (i) by an agreement between such physician and a physician selected by the insurance company with which the LLC has entered into a lump-sum key-man disability policy with respect to such Employee Stockholder, or, if the two physicians cannot arrive at an agreement, a third physician will be chosen by the first two physicians, and the majority decision of the three physicians will then be binding), or (ii) if the LLC has entered into a lump-sum key-man disability policy with respect to such Employee Stockholder, and a different procedure is then required under such policy, then by using such other procedure as may then be required by such insurance company.

"Permitted Outside Advisory Client" shall mean:

(a) With respect to Irwin Lieber, Barry K. Fingerhut, Seth Lieber and Jonathan Lieber, the following: (i) Applewood Associates, L.P., a New York limited partnership, (ii) Wheatley Partners, L.P., a Delaware limited partnership, (iii) Wheatley Foreign Partners, L.P., a Delaware limited partnership, and (iv) 21st Century Communications Partners, L.P., a Delaware limited partnership; provided, however, that if the LLC is no longer providing Investment Management Services for compensation with respect to any Partnerships in clause (i), (ii) or (iii), such Partnership shall cease to be a Permitted Outside Advisory Client.

(b) With respect to Irwin Lieber, Barry K. Fingerhut, Seth Lieber and Jonathan Lieber and, to the extent agreed to by the Manager Member, other Non-Manager Members of the LLC, the following: each Collective Investment Vehicle which is a client of the LLC as

contemplated by Section 3.10(c), and in which the Manager Member or an Affiliate of the Manager Member has received its Guaranteed Interest in accordance with the provisions of Section 3.10(d) hereof, and with respect to which the Manager Member or an Affiliate of the Manager Member has had an opportunity to purchase its Additional Interest in accordance with the provisions of Section 3.10(e) hereof.

"Permitted Transferee" shall mean, with respect to any Non-Manager Member, its transferees pursuant to the provisions of Sections 5.1(b) and 5.1(c) hereof and, to the extent set forth in any consent of the Manager Member pursuant to Section 5.1(a), its transferees pursuant to Section 5.1(a) hereof.

"Person" means any individual, partnership (limited or general), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

"Potential Client" shall mean, at any particular time, any Person to whom the LLC (including, without limitation, its predecessor, GeoCapital Corporation) or any of its Controlled Affiliates, through any of their officers, employees, agents or consultants (or persons acting in any similar capacity), has, within five years prior to such time, offered (by means of a personal meeting, telephone call, or a letter or a written proposal specifically directed to the particular Person) to serve as investment adviser or otherwise provide Investment Management Services, but who is not at such time an advisee or investment advisory customer of, or recipient of Investment Management Services from, the LLC or any of its Controlled Affiliates. The preceding sentence is meant to exclude form letters and blanket mailings.

"Present Client" shall mean, at any particular time, any Person who is at such time an advisee or investment advisory customer of, or recipient of Investment Management Services from, the LLC or any of its Controlled Affiliates.

"Pro Forma Minnesota Allocation" shall mean, with respect to any period in which a performance fee would be payable if earned (previously any twelve-month period ended June 30), an amount equal to the difference between (a) the Pro Forma Performance Fee, and (b) the Actual Performance Fee. Appropriate adjustments will be made to the period and date set forth above to correspond to any amendment in the Minnesota Agreement. As provided in Section 3.5(d), no amendment or modification may be made to the Minnesota Agreement (other than with respect to resetting the Option Limitation (as such term is defined in the Minnesota Agreement)) without the prior written consent of the Manager Member.

For purposes of this definition,

the term "Actual Performance Fee" shall mean the performance fee actually payable to the LLC under the Minnesota Agreement in respect of a twelve-month period ended June 30 as calculated pursuant to the provisions of Exhibit C to the Minnesota Agreement; and

the term "Pro Forma Performance Fee" shall mean the performance fee that would be payable to the LLC under the Minnesota Agreement in respect of that same twelve-month period ended June 30 as calculated pursuant to the provisions of Exhibit C to the Minnesota Agreement, but calculated as if (i) the so-called "Residual" described in Part B of such Exhibit C (being the residual negative performance fee from periods ended on or prior to June 30, 1997) were zero as of the end of the twelve-month period ended June 30, 1997, and (ii) there were no so-called "Debits" (as such term is used in Part B of said Exhibit C) from or attributable to any measurement periods ended on or prior to June 30, 1997.

Set forth on Schedule B hereto are sample calculations under this definition of Pro Forma Minnesota Allocation.

From and after the effective date of the first purchase by AMG (or its assignee) of Initial LLC Points (whether pursuant to Section 3.12 or Article VII), the Pro Forma Minnesota Allocation shall, with respect to any subsequent end of a period, be equal to the Pro Forma Minnesota Allocation (determined as set forth above) multiplied by a fraction, (x) the numerator of which is the number of Initial LLC Points outstanding on the Effective Date (i.e. Forty LLC Points) minus the total number of Initial LLC Points purchased by the Manager Member (or its assignee) since the Effective Date (whether pursuant to Section 3.12 or Article VII) but prior to the effective date of the purchase with respect to which such determination is being made, and (y) the denominator of which is the number of Initial LLC Points outstanding on the Effective Date (i.e. Forty LLC Points).

"Prohibited Competition Activity" shall mean any of the following activities:

(a) directly or indirectly, whether as owner, part owner, member, director, officer, trustee, employee, agent or consultant for or on behalf of any Person other than the LLC: (i) diverting or taking away any funds or investment accounts with respect to which the LLC or any Controlled Affiliate of the LLC is performing investment management or advisory services; or (ii) soliciting any Person to divert or take away any such funds or investment accounts; or

(b) directly or indirectly, whether as owner, part owner, partner, member director, officer, trustee, employee, agent or consultant, for or on behalf of any Person other than the LLC or any Controlled Affiliate of the LLC, performing any Investment Management Services (provided that an Employee Stockholder who directly performs Investment Management Services for a member of his or her Immediate Family shall not be considered to have engaged in a Prohibited Competition Activity);

except, in the case of an Employee Stockholder who is a party to an Employment Agreement or a Non Solicitation Agreement, with respect to the provision of Investment Management Services to a Permitted Outside Advisory Client to the extent (and only to the extent) specifically excluded from this definition of Prohibited Competition Activity by the terms and conditions of such Employment Agreement or Non Solicitation Agreement.

"Prospect" shall have the meaning set forth in Section 3.9(b) hereof.

"Public Offering" shall have the meaning specified in Section 7.1(f) hereof.

"Purchase Date" shall have the meaning specified in Section 7.1(b) hereof.

"Put" shall have the meaning specified in Section 7.1(a) hereof.

"Put LLC Points" shall have the meaning specified in Section 7.1(d) hereof.

"Put Notice" shall have the meaning specified in Section 7.1(d) hereof.

"Put Price" shall have the meaning specified in Section 7.1(e) hereof.

"Registrable Securities" shall have the meaning specified in Section 7.3(b) hereof.

"Registration" shall have the meaning specified in Section 7.3(a) hereof.

"Registration Expenses" shall have the meaning specified in Section 7.3(d) hereof.

"Registration Statement" shall have the meaning specified in Section 7.3(a) hereof.

"Related Entity" shall have the meaning specified in Section 3.10(b) hereof.

"Related Non-Manager" shall mean, (a) with respect to Irwin Lieber, the following: Dana G. Lieber; and (b) with respect to Barry K. Fingerhut, the following: Andrew J. Fingerhut and Brooke A. Fingerhut.

"Remaining Minnesota Carryover Amount" shall mean, as of any date of determination, the difference, if any, between the Actual Residual and the Pro Forma Residual as of such date. Appropriate adjustments will be made to this definition to correspond to any amendments in the Minnesota Agreement.

For purposes of this definition,

the term "Actual Residual" shall mean the so-called "Residual" described in Part B of Exhibit C to the Minnesota Agreement (being the residual negative performance fee from periods ended on or prior to the date of determination); and

the term "Pro Forma Residual" shall mean the so-called "Residual" attributable to performance for periods ended on or prior to the date of determination, but calculated as if the Residual were zero (0) as of the end of the twelve-month period ended June 30, 1997.

Set forth on Schedule B hereto are sample calculations under this definition of Remaining Minnesota Carryover Amount.

From and after the effective date of the first purchase by AMG (or its assignee) of Initial LLC Points (whether pursuant to Section 3.12 or Article VIII), the Remaining Minnesota Carryover Amount shall, as of any subsequent date of determination be equal to the Remaining Minnesota Carryover Amount (determined as set forth above) multiplied by a fraction, (x) the numerator of which is the number of Initial LLC Points outstanding on the Effective Date (i.e., Forty LLC Points) minus the total number of Initial LLC Points which were purchased by AMG (or its assignee) since the Effective Date (whether pursuant to Section 3.12 or Article VII) but prior to the effective date of the purchase with respect to which such determination is being made, and (y) the denominator of which is the number of Initial LLC Points outstanding on the Effective Date (i.e., Forty LLC Points).

"Remaining Minnesota Cumulative Debits" shall mean, as of any date of determination, the difference, if any, between the Actual Debits as of such date and the Pro Forma Debits as of such date. Appropriate adjustments will be made to this definition to correspond to any amendments to the Minnesota Agreement.

For purposes of this definition,

the term "Actual Debits" shall mean the sum of all so-called "Debits" and "Credits" as such terms are used in Part B of Exhibit C to the Minnesota Agreement (being the Debits and Credits attributable to performance prior to the date of determination); and

the term "Pro Forma Debits" shall men the sum of all so-called Debits and Credits attributable to performance prior to the date of determination, but calculated as if there were no Debits or Credits as of the end of the twelve-month period ended June 30, 1997.

Set forth on Schedule B hereto are sample calculations under this definition of Remaining Minnesota Cumulative Debits.

From and after the effective date of the first purchase by AMG (or its assignee) of Initial LLC Points (whether pursuant to Section 3.12 or Article VII), the Remaining Minnesota Cumulative Debits shall, as of any subsequent date of determination, be equal to the Remaining Minnesota Cumulative Debits (determined as set forth above) multiplied by a fraction, (x) the numerator of which is the number of Initial LLC Points outstanding on the Effective Date (i.e. Forty LLC Points) minus the cumulative number Initial LLC Points which were purchased by AMG (or its assignee) since the Effective Date (whether pursuant to Section 3.12 or Article VII) but prior to the effective date of the purchase with respect to which such determination is being made, and (y) the denominator of which is the number of Initial LLC Points outstanding on the Effective Date (i.e. Forty LLC Points).

"Repurchase" shall mean a purchase or repurchase of LLC Interests made pursuant to Section 3.12(a).

"Repurchase Closing Date" shall have the meaning specified in Section 3.12 hereof.

"Repurchased Member" shall have the meaning specified in Section 3.12(a).

"Repurchase Price" shall have the meaning specified in Section 3.12(c).

"Retirement" shall mean, with respect to an Employee Stockholder, the termination by such Employee Stockholder of such Employee Stockholder's employment with the LLC and its Affiliates: (a) after the date such Employee Stockholder shall have been continuously employed by the LLC for a period of fifteen (15) years commencing with the later of the Effective Date or the date such Employee Stockholder commenced his or her employment with the LLC (not including its predecessor, GeoCapital Corporation), as applicable, and (b) pursuant to a written notice given to the LLC not less than one (1) year prior to the date of such termination. Notwithstanding the foregoing, with respect to (i) Mr. Irwin Lieber, the term "Retirement" shall mean the termination by him of his employment with the LLC after the seventh anniversary of the Effective Date and pursuant to a written notice given to the LLC not less than one (1) year prior to the date of such termination, and (ii) Mr. Barry K. Fingerhut, the term "Retirement" shall mean the termination by him of his employment with the LLC after the ninth anniversary of the Effective Date and pursuant to a written notice given to the LLC not less than one (1) year prior to the date of such termination.

"Revenues From Operations" shall mean, for any period, the gross revenues of the LLC (except as set forth herein), determined on an accrual basis in accordance with generally accepted accounting principles consistently applied; provided, however, that Revenues From Operations shall be determined without regard to (a) proceeds during such period from the sale, exchange or other disposition of all, or a substantial portion of, the assets of the LLC, (b) revenues from the issuance by the LLC of additional LLC Points, other LLC Interests, or other securities issued by the LLC, and (c) payments received pursuant to any insurance policies other than with respect to business interruption insurance.

"SEC" shall mean the Securities and Exchange Commission, and any successor Governmental Authority thereto.

"Securities Act" shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor thereto.

"Suspension Period" shall have the meaning specified in Section 7.4(c) hereof.

"Transfer" shall have the meaning specified in Section 5.1 hereof.

"Unsatisfactory Performance" shall mean a written determination by a Majority Vote with the written consent of the Manager Member, that an Employee Stockholder has failed to meet

minimum requirements of satisfactory performance of his or her job, after such Employee Stockholder has received written notice that the Non-Manager Members were considering such a determination and the Employee Stockholder has had a reasonable opportunity to respond in writing or in person (at such Employee Stockholder's request) after his or her receipt of such notice.

In addition to the foregoing, other capitalized terms used in this Agreement shall have the meaning ascribed thereto in the text of this Agreement.

ARTICLE II - ORGANIZATION AND GENERAL PROVISIONS.

SECTION 2.1 CONTINUATION.

(a) The Members hereby agree to continue the LLC as a limited liability company under and pursuant to the provisions of the Act, and agree that the rights, duties and liabilities of the Members shall be as provided in the Act, except as otherwise provided herein.

(b) Upon the execution of this Agreement or a counterpart of this Agreement, the Initial Members shall continue as members of the LLC.

(c) The name, LLC Points and Capital Contribution of each Member (including the agreed value of such Capital Contribution) shall be listed on Schedule A attached hereto. The Manager Member shall update Schedule A from time to time as it deems necessary, to accurately reflect the information to be contained therein. Any amendment or revision to Schedule A shall not be deemed an amendment to this Agreement. Any reference in this Agreement to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time.

(d) The Manager Member, as an authorized person within the meaning of the Act, shall execute, deliver and file any certificates required or permitted by the Act to be filed in the office of the Secretary of State of the State of Delaware.

SECTION 2.2 NAME. The name of the LLC heretofore formed and continued hereby is GeoCapital, LLC. At any time, the Manager Member may, with a Majority Vote, change the name of the LLC. The business of the LLC may be conducted upon compliance with all applicable laws under any other name designated by the Manager Member.

SECTION 2.3 TERM. The term of the LLC commenced on the date the Certificate was filed in the Office of the Secretary of State of the State of Delaware and shall continue until the LLC is dissolved in accordance with the provisions of this Agreement.

SECTION 2.4 REGISTERED AGENT AND REGISTERED OFFICE. The LLC's registered agent and registered office in Delaware shall be The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. At any time, the Manager Member may designate another registered agent and/or registered office.

SECTION 2.5 PRINCIPAL PLACE OF BUSINESS. The principal place of business of the LLC shall be at 767 Fifth Avenue, New York, New York. At any time, the Manager Member may change the location of the LLC's principal place of business; provided, however, that if the principal place of business is to be located outside of Manhattan, New York, New York, such action must be approved by a Majority Vote.

SECTION 2.6 QUALIFICATION IN OTHER JURISDICTIONS. The Members shall cause the LLC to be qualified or registered (under assumed or fictitious name if necessary) in any jurisdiction in which the LLC transacts business or in which such qualification, formation or registration is required.

SECTION 2.7 PURPOSES AND POWERS. The principal business activity and purposes of the LLC shall initially be to engage in the investment advisory and investment management business and any businesses related thereto or useful in connection therewith. However, the business and purposes of the LLC shall not be limited to its initial principal business activities and, unless the Manager Member otherwise determines, it shall have authority to engage in any lawful business, purpose or activity permitted by the Act, and it shall possess and may exercise all of the powers and privileges granted by the Act or which may be exercised by any Person, together with any powers incidental thereto, so far as such powers or privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the LLC, including without limitation the following powers:

(a) to conduct its business and operations and to have and exercise the powers granted to a limited liability company by the Act in any state, territory or possession of the United States or in any foreign country or jurisdiction;

(b) to purchase, receive, take, lease or otherwise acquire, own, hold, improve, maintain, use or otherwise deal in and with, sell, convey, lease, exchange, transfer or otherwise dispose of, mortgage, pledge, encumber or create a security interest in all or any of its real or personal property, or any interest therein, wherever situated;

(c) to borrow or lend money or obtain or extend credit and other financial accommodations, to invest and reinvest its funds in any type of security or obligation of or interest in any public, private or governmental entity, and to give and receive interests in real and personal property as security for the payment of funds so borrowed, loaned or invested;

(d) to make contracts, including contracts of insurance, incur liabilities and give guaranties, including without limitation, guaranties of obligations of other Persons who are interested in the LLC or in whom the LLC has an interest;

(e) to employ Officers, employees, agents and other persons, to fix the compensation and define the duties and obligations of such personnel, to establish and carry out retirement, incentive and benefit plans for such personnel, and to indemnify such personnel to the extent permitted by this Agreement and the Act;

(f) to make donations irrespective of benefit to the LLC for the public welfare or for community, charitable, religious, educational, scientific, civic or similar purposes;

(g) to institute, prosecute, and defend any legal action or arbitration proceeding involving the LLC, and to pay, adjust, compromise, settle, or refer to arbitration any claim by or against the LLC or any of its assets;

(h) to indemnify any Person in accordance with the Act and to obtain any and all types of insurance;

(i) to negotiate, enter into, renegotiate, extend, renew, terminate, modify, amend, waive, execute, acknowledge or take any other action with respect to any lease, contract or security agreement in respect of any assets of the LLC;

(j) to form, sponsor, organize or enter into joint ventures, general or limited partnerships, limited liability companies, trusts and any other combinations or associations formed for investment purposes;

(k) to make, execute, acknowledge and file any and all documents or instruments necessary, convenient or incidental to the accomplishment of the purposes of the LLC; and

(l) to cease its activities and cancel its Certificate.

SECTION 2.8 TITLE TO PROPERTY. All property owned by the LLC, real or personal, tangible or intangible, shall be deemed to be owned by the LLC as an entity, and no Member, individually, shall have any ownership of such property.

ARTICLE III - MANAGEMENT OF THE LLC.

SECTION 3.1 MANAGEMENT IN GENERAL.

(a) The management and control of the business of the LLC shall be vested exclusively in the Manager Member, and the Manager Member shall have exclusive power and authority, in the name of and on behalf of the LLC, to perform all acts and do all things which, in its sole discretion, it deems necessary or desirable to conduct the business of the LLC; with or without the vote or consent of the Members in their capacity as such, except as specifically provided in this Agreement; provided, however, that the Manager Member shall not have the power to execute, or cause the execution of, transactions in, or exercise any powers or privileges with respect to, securities and other instruments in accounts of clients of the LLC, which powers and privileges are hereby delegated exclusively to the Management Board pursuant to Section 3.3 hereof. Members, in their capacity as such, shall have no right to amend or terminate this Agreement or to appoint, select, vote for or remove the Manager Member, the Officers or their agents or to exercise voting rights or call a meeting of the Members, except as specifically

provided in this Agreement. No Member other than the Manager Member shall have the power to sign for or bind the LLC to any agreement or document in its capacity as a Member, but the Manager Member may delegate the power to sign for or bind the LLC to one or more Officers.

(b) The Manager Member shall, subject to all applicable provisions of this Agreement and the Act, be authorized in the name of and on behalf of the LLC: (i) to enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, leases or other instruments for the operation of the LLC's business; and (ii) in general to do all things and execute all documents necessary or appropriate to conduct the business of the LLC as set forth in Section 2.7 hereof, or to protect and preserve the LLC's assets. The Manager Member may delegate any or all of the foregoing powers to one or more of the Officers.

(c) The Manager Member is required to be a Member, and shall hold office until its resignation or removal in accordance with the provisions hereof. The Manager Member is a "manager" (within the meaning of the Act) of the LLC. The Manager Member shall devote such time to the business and affairs of the LLC as it deems necessary, in its sole discretion, for the performance of its duties, but in any event, shall not be required to devote full time to the performance of such duties and may delegate its duties and responsibilities as provided in Section 3.3.

(d) Any action taken by the Manager Member, and the signature of the Manager Member (or an authorized representative thereof) on any agreement, contract, instrument or other document on behalf of the LLC, shall be sufficient to bind the LLC and shall conclusively evidence the authority of the Manager Member and the LLC with respect thereto.

(e) Any Person dealing with the LLC, the Manager Member or any Member may rely upon a certificate signed by the Manager Member as to (i) the identity of the Manager Member or any Member; (ii) any factual matters relevant to the affairs of the LLC; (iii) the Persons who are authorized to execute and deliver any document on behalf of the LLC; or (iv) any action taken or omitted by the LLC or the Manager Member.

SECTION 3.2 MANAGEMENT BOARD OF THE LLC.

(a) The LLC shall have a Management Board (the "Management Board"). The Manager Member has delegated power and authority under Section 3.5(b) of this Agreement to the Management Board to conduct the day-to-day operations, business and activities of the LLC.

(b) The Management Board shall consist of Non-Manager Members determined as follows:

(i) The Management Board shall initially have two (2) members and shall initially consist of Irwin Lieber and Barry K. Fingerhut. The number of members of the Management Board may be increased by the Management Board, with the written consent of the Manager Member at any time. In addition, in the event that the Management Board is deadlocked and unable to resolve any issue that is material

in the judgement of the Manager Member or the Management Board for a period of five business days or more, the Manager Member may consent or vote with respect to such issue. No Person who is not both an active employee of the LLC and a Non-Manager Member (an "Eligible Person") may be, become or remain a member of the Management Board.

(ii) Any vacancy in the Management Board however occurring (including a vacancy resulting from the increase in size of the Management Board) may be filled by any other Eligible Person elected by a Majority Vote, with the written consent of the Manager Member. In lieu of filling any such vacancy, the Management Board, with the consent of the Manager Member, may determine to reduce the number of members of the Management Board, but not to a number less than two (2), provided that if at any time there are fewer than two (2) members of the Management Board, such vacancies must be filled and no consent or vote may be taken on any matter during the existence of such a vacancy.

(iii) Members of the Management Board shall remain members of the Management Board until their resignation, removal or death. Any member of the Management Board may resign by delivering his or her written resignation to any member of the Management Board and the Manager Member. At any time that there are more than two members of the Management Board, any member of the Management Board may be removed from such position with cause at any time or without cause at any time after the date that is 270 days following such Member's appointment: (A) by the Management Board acting by a Board Vote (with such Board Vote being calculated for all purposes as if the member of the Management Board whose removal is being considered were not a member of the Management Board) with the prior written consent of the Manager Member, or (B) by the Non-Manager Members acting by a Majority Vote, with the prior written consent of the Manager Member. Any Non-Manager Member shall be deemed to have resigned from the Management Board and shall no longer be a member of the Management Board immediately upon such Non-Manager Member ceasing to be an active employee of the LLC or otherwise ceasing to be a Non-Manager Member, in each case, for whatever reason.

(iv) At any meeting of the Management Board, presence in person or by telephone (or other electronic means) of a majority of the members of the Management Board shall constitute a quorum. At any meeting of the Management Board at which a quorum is present, a majority of the members of the Management Board may take any action on behalf of the Management Board (any such action taken by such members of the Management Board is sometimes referred to herein as a "Board Vote"). Any action required or permitted to be taken at any meeting of the Management Board may be taken without a meeting of the Management Board, if (A) a written consent thereto is signed by all the members of the Management Board and (B) the Manager Member has been given a copy of such written consent not less than forty-eight (48) hours prior to such action. Notice of the time, date

and place of all meetings of the Management Board shall be given to all members of the Management Board and, upon request, to the Manager Member at least forty-eight (48) hours in advance of the meeting. A representative of the Manager Member shall be entitled to attend each meeting of the Management Board. Notice need not be given to any member of the Management Board or the Manager Member if a waiver of notice is given (orally or in writing) by such member of the Management Board or the Manager Member (as applicable), before, at or after the meeting. Members of the Management Board are not "managers" (within the meaning of the Act) of the LLC.

(c) Without a Board Vote and the prior written consent of the Manager Member, the LLC will not (and will not permit any of its subsidiaries to):

(i) amend its Certificate of Formation or this Agreement, or other organizational documents;

(ii) incur any indebtedness for borrowed money, guarantee any such indebtedness or issue or sell any debt securities, in excess of $10,000 in the aggregate, or prepay or refinance any indebtedness for borrowed money;

(iii) engage in any Interested Party Transaction;

(iv) acquire any assets or properties for cash or otherwise for an amount in excess of $25,000 in the aggregate in one year;

(v) enter into any transaction involving in excess of $10,000 other than in the ordinary course of business;

(vi) sell or otherwise dispose of assets material to the Company and its subsidiaries taken as a whole; or

(vii) enter into any agreement with respect to the foregoing.

SECTION 3.3 OFFICERS OF THE LLC. The Management Board may designate employees of the LLC as officers of the LLC (the "Officers") as it deems necessary or desirable to carry on the business of the LLC. Any two or more offices may be held by the same Person. New offices may be created and filled by the Management Board. Each Officer shall hold office until his or her successor is designated by the Management Board or until his or her earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the LLC and the Manager Member. Any Officer designated by the Management Board may be removed from his or her office (with or without a concurrent termination of employment) by the Management Board (excluding the Person being considered) or by the Manager Member For Cause or not For Cause at any time, subject to the terms of such Officer's Employment Agreement with the LLC, if any. A vacancy in any office occurring because of death, resignation, removal or otherwise may be filled by the Management Board. Any designation of Officers, a description of any duties

delegated to such Officers, and any removal of such Officers shall be approved by the Management Board in writing, which shall be delivered to the Manager Member. The Officers are not "managers" (within the meaning of the Act) of the LLC.

SECTION 3.4 EMPLOYEES OF THE LLC.

(a) The terms of employment of any employee of the LLC who is not a Non-Manager Member (including, without limitation, with respect to hiring, promoting, demoting and terminating of such employees), shall be determined by the Management Board or such Person or Persons to whom the Management Board may delegate such power and authority (subject, in all instances, to the power of the Management Board to revoke such delegation in whole or in part (by a Board Vote that excludes any Person to whom such power and authority has been delegated)), subject, in all cases, to compliance with all applicable laws, rules and regulations and, in the case of compensation, to the provisions of Section 3.5 hereof. Notwithstanding the foregoing, the Manager Member may terminate the employment by the LLC of any employee who has engaged in any activity included in the definition of "For Cause," with notice to the Management Board specifying the reasons for such decision.

(b) The granting or Transferring of LLC Interests in connection with any hiring or promotion of an employee shall be subject to the terms and conditions set forth in Articles V and VI hereof.

(c) Any Person who is a Non-Manager Member may have his or her employment with the LLC terminated by the LLC only: (i) in the case of a termination For Cause, either by the Manager Member or by the Management Board (excluding the Person whose termination is being considered), with the prior written consent of the Manager Member, or (ii) in the case of any other termination by the LLC, by the Management Board (excluding for all purposes the Person whose termination is being considered), with the prior written consent of the Manager Member.

SECTION 3.5 OPERATION OF THE BUSINESS OF THE LLC.

(a) Subject to the terms hereof, the Management Board is hereby given the exclusive power and authority to execute, or cause the execution of, transactions in, and to exercise all rights, powers and privileges with respect to, securities and other instruments in accounts of clients of the LLC, which power and authority may be delegated to the Officers of the LLC from time to time in the discretion of the Management Board.

(b) Subject to the Manager Member's rights, duties and obligations set forth in the Act and in Section 3.1 above, the Officers are hereby delegated the power and authority from the Manager Member to manage the day-to-day operations, business and activities of the LLC; including, without limitation, the power and authority, in the name of and on behalf of the LLC, to:

(i) determine the use of the Operating Cash Flow as set forth in Section 3.5(c) below;

(ii) execute such documents and do such acts as are necessary to register (or provide or qualify for exemptions from any such registrations) or qualify the LLC under applicable Federal and state securities laws;

(iii) enter into contracts and other agreements with respect to the provision of Investment Management Services and execute other instruments, documents or reports on behalf of the LLC in connection therewith; and

(iv) act for and on behalf of the LLC in all matters incidental to the foregoing and other day-to-day matters.

(c) The Operating Cash Flow of the LLC for any period shall be used by the LLC to provide for and pay its business expenses and expenditures as determined by the Management Board; including, without limitation, compensation and benefits to its employees, including the Officers. Without the prior written consent of the Manager Member (which written consent makes specific reference to this Section 3.5(c)), the LLC shall not incur (and the Employee Stockholders shall use their best efforts to prevent the LLC from incurring) any expenses or take any action to incur other obligations which expenses and obligations are reasonably expected to exceed the ability of the LLC to pay or provide for them out of its Operating Cash Flow on a current or previously reserved basis. Except to the extent otherwise required by applicable law, the LLC shall only make payments of compensation (including bonuses) to its employees (including any Officers) 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 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 LLC in such fiscal year and/or in future fiscal years in accordance with the preceding sentence. Free Cash Flow may be used to provide for and pay the business expenses of the LLC only to the extent specified in Section 3.5(e) with respect to key-man life insurance and disability insurance, Section 4.3 with respect to certain extraordinary expenses and as otherwise agreed to in writing by the Manager Member and the Non-Manager Members acting by a Majority Vote (any such use being referred to herein as a "Free Cash Flow Expenditure").

(d) The LLC shall not do, and the Employee Stockholders shall use their best efforts to prevent the LLC from doing, any of the following without the prior written consent of the Manager Member (which written consent makes specific reference to this Section 3.5(d)):

(i) enter into, amend, modify or terminate any contract, agreement or understanding (written or oral) if such action or the resulting contract, agreement or understanding could reasonably be expected to conflict with the provisions of this Section 3.5;

(ii) enter into, amend, modify or terminate any contract, agreement or understanding (written or oral) if such action or the resulting contract, agreement or understanding (individually or in the aggregate) could reasonably be expected to have a material adverse impact on the availability of Operating Cash Flow of the

LLC in future periods (including, without limitation, long-term leases or employment contracts);

(iii) enter into, amend, modify or terminate any contract, agreement or understanding (written or oral) if such action or the resulting contract, agreement or understanding has the effect of creating a Lien upon any of the assets of the LLC or upon any of that portion of the revenues of the LLC which is included in Free Cash Flow (other than with respect to permitted Free Cash Flow Expenditures hereunder);

(iv) take any action (or omit to take any action) if such action (or omission) could reasonably be expected to result in the termination of the employment by the LLC of any Employee Stockholder (provided, that the foregoing shall not impose any limitation on the ability of an Employee Stockholder to terminate his or her employment with the LLC in accordance with the provisions hereof);

(v) create, incur, assume, or suffer to exist any Indebtedness;

(vi) establish or modify any significant compensation arrangement (other than salary and cash bonuses in the ordinary course) or program (whether cash or non-cash benefits) applicable to any employee, which is subject to ERISA, which requires qualification under the Code, or which otherwise (A) requires the Manager Member or any of its Affiliates to take any action which it would not take but for the action contemplated by the LLC or the Employee Stockholders or Officers or (B) prevents the Manager Member or any of its Affiliates from taking any action which it would otherwise have been able to take but for the action contemplated by the LLC or the Employee Stockholders or Officers (and in addition, each Employee Stockholder will use his or her commercially reasonable efforts to cause the LLC to give the Manager Member not less than thirty (30) days prior written notice before the LLC establishes or modifies any significant compensation arrangement (other than salary and cash bonuses in the ordinary course) or program);

(vii) enter into any line of business other than the provision of Investment Management Services;

(viii)amend or modify the Minnesota Agreement (other than with respect to resetting the Option Limitation (as such term is defined in the Minnesota Agreement)) or amend or modify any agreement between the LLC and any Permitted Outside Advisory Client; or

(ix) (A) take any action which pursuant to any provision of this Agreement other than Section 3.1 may be taken by the Manager Member with or without the consent of the Non-Manager Members or the Employee Stockholders,

or (B) take any action which requires the approval or consent of the Manager Member pursuant to any provision of this Agreement.

(e) The LLC will maintain (and the Employee Stockholders shall use their best efforts to cause the LLC to maintain), in full force and effect, such insurance as is customarily maintained by companies of similar size in the same or similar businesses (including, without limitation, errors and omissions liability insurance), the premiums on which will be paid out of Operating Cash Flow. The LLC will maintain such key-man life insurance and disability insurance policies on each Employee Stockholder as the Manager Member shall deem necessary or desirable, from time to time, and the Employee Stockholders will use their reasonable best efforts to effectuate the foregoing. The LLC will receive the proceeds of the above-referenced insurance policies, and the Members agree with each other and the LLC that the LLC will pay the premiums on such key-man life and disability policies, as well as any reasonable additional insurance policies that the Manager Member deems necessary, out of Free Cash Flow.

(f) In addition to, and not in limitation of, the Manager Member's powers and authority under this Agreement (including, without limitation, pursuant to Section 3.1(a) hereof), the Manager Member shall also have the power, in its sole discretion, whether or not they involve day-to-day operations, business and activities of the LLC, to take any or all of the following actions:

(i) such actions as it deems necessary or appropriate to cause the LLC or any Affiliate of the LLC, or any officer, employee, member, partner, or agent thereof, to comply with applicable laws, rules or regulations;

(ii) any other action that the Manager Member is authorized to take pursuant to the terms of this Agreement and any other action necessary or appropriate to prevent actions that require the Manager Member's consent pursuant to the terms of this Agreement if such consent has not then been given;

(iii) such actions as it deems necessary or appropriate to coordinate any initiative which could materially affect the Manager Member, AMG and/or any of its Affiliates; and

(iv) such actions as it deems necessary or appropriate to cause the LLC to fulfill its obligations and exercise its rights under the Merger Agreement.

(g) Notwithstanding any of the provisions of this Agreement to the contrary, all accounting, financial reporting and bookkeeping procedures of the LLC shall be established in conjunction with policies and procedures determined under the supervision of the Manager Member. The LLC shall have a continuing obligation to keep AMG's chief financial officer informed of material financial developments with respect to the LLC. Notwithstanding any of the provisions of this Agreement to the contrary, all legal, compliance and regulatory matters of the LLC shall be coordinated with the Manager Member and/or its Affiliates, and the LLC's legal

compliance activities shall be conducted and established in conjunction with policies and procedures determined under the supervision of the Manager Member.

(h) Notwithstanding any of the provisions of this Agreement to the contrary, the Manager Member shall have the power to establish and mandate that the LLC participate in employee benefit plans which are subject to ERISA or require qualification under Section 401 of the Internal Revenue Code in order to make the expenses of such plans deductible and may establish or modify the terms of any such plan.

(i) Notwithstanding any of the provisions of this Agreement to the contrary, the Management Board and Officers of the LLC will cooperate with the Manager Member and its Affiliates in implementing any initiative generally involving a number of such Affiliates.

SECTION 3.6 COMPENSATION AND EXPENSES OF THE MEMBERS. The Manager Member may receive compensation for services provided to the LLC to the extent approved by a Majority Vote. The LLC shall, however, pay and/or reimburse the Manager Member for all reasonable travel expenses incurred by the Manager Member or AMG in accordance with Section 9.4 as well as any extraordinary expenses incurred by the Manager Member or AMG directly in connection with the operation of the LLC. Without limiting the generality of the foregoing, the Manager Member's and AMG's general overhead items (including, without limitation, salaries and rent) shall not be reimbursed by the LLC. Stockholders, officers, directors, Members and agents of Members may serve as employees of the LLC and be compensated therefor out of Operating Cash Flow as determined by the Management Board (or its delegate(s)) pursuant to Section 3.5(c). Except in respect of their provision of services as employees of the LLC for which they may be compensated out of Operating Cash Flow as contemplated by the preceding sentence, Non-Manager Members may not receive compensation on account of the provision of services to the LLC.

SECTION 3.7 OTHER BUSINESS OF THE MANAGER MEMBER AND ITS AFFILIATES. The Manager Member, AMG and their respective Affiliates may engage, independently or with others, in other business ventures of every nature and description, including the acquisition, creation, financing, trading in, and operation and disposition of interests in, investment managers and other businesses that may be competitive with the LLC's business. Neither the LLC nor any of the Non-Manager Members shall have any right in or to any other such ventures by virtue of this Agreement or the limited liability company created or continued hereby, nor shall any such activity by the Manager Member, AMG or such Affiliates be deemed wrongful or improper or result in any liability to the Manager Member, AMG or such Affiliates. Neither the Manager Member nor any of its Affiliates (including, without limitation, AMG) shall be obligated to present any opportunity to the LLC even if such opportunity is of such a character which, if presented to the LLC, would be suitable for the LLC. Notwithstanding any provision of this Section 3.7 to the contrary, neither the Manager Member, AMG nor any Affiliate of AMG or the Manager Member shall solicit or induce, whether directly or indirectly, any Person for the purpose (which need not be the sole or primary purpose) of causing any funds with respect to which the LLC provides Investment Management Services to be withdrawn from such management.

SECTION 3.8 NON-MANAGER MEMBERS AND NON SOLICITATION AGREEMENTS. Each Employee Stockholder and, if there is one, the Non-Manager Member of which it is a stockholder (its Non-Manager Member) other than Irwin Lieber and Barry K. Fingerhut, has provided the LLC with a Non Solicitation/Non Disclosure Agreement in form and substance substantially similar to Exhibit A hereto (the "Non Solicitation Agreement") (and, in the case of any substitute Non-Manager Member (pursuant to Section 5.2 hereof) or Additional Non-Manager Member (as defined in Section 5.5 hereof) which is not already bound by a Non Solicitation Agreement, it shall, prior to and as a condition precedent to becoming a Non-Manager Member, provide the LLC with such an agreement (together with any changes or modifications thereto as the Manager Member may deem necessary or desirable) and such agreements do and shall, at all times, provide that each of the LLC and the Manager Member shall be entitled to enforce the provisions of such agreements on its own behalf and that the Manager Member shall be entitled to enforce the provisions of such agreements on behalf of the LLC. Each of Irwin Lieber and Barry K. Fingerhut has entered into an Employment Agreement with the LLC.

SECTION 3.9 NON SOLICITATION AND NON DISCLOSURE BY NON-MANAGER MEMBERS AND EMPLOYEE STOCKHOLDERS.

(a) Each Non-Manager Member and each Employee Stockholder agrees, for the benefit of the LLC and the other Members, that such Non-Manager Member and such Employee Stockholder shall not, while employed by the LLC or any of its Affiliates, engage in any Prohibited Competition Activity.

(b) In addition to, and not in limitation of, the provisions of Section 3.9(a) hereto, each Non-Manager Member and each Employee Stockholder agrees, for the benefit of the LLC and the other Members, that such Non-Manager Member and such Employee Stockholder shall not, during the period beginning on the date such Non-Manager Member becomes a Non-Manager Member, and until the date which is two (2) years after the termination of such Employee Stockholder's employment with the LLC and its Affiliates, 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 LLC and its Controlled Affiliates:

(i) provide Investment Management Services to any Person that is a Past, Present or Potential Client of the LLC (other than a Present Client of the LLC to the extent such Present Client is also a Permitted Outside Advisory Client of the LLC); provided, however, that this clause (i) shall not be applicable to clients of the LLC (including Potential Clients) who are also members of the Immediate Family of the Employee Stockholder;

(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 LLC provides Investment Management Services to be withdrawn from such management, or (B) causing any Client of the LLC (including any Potential Clients) not to engage

the LLC or any of its Affiliates to provide Investment Management Services for any or additional funds;

(iii) contact or communicate with, in either case in connection with Investment Management Services, whether directly or indirectly, any Past, Present or Potential Clients of the LLC (other than a Present Client of the LLC to the extent such Present Client is also a Permitted Outside Advisory Client of the LLC); provided, however, that this clause (iii) shall not be applicable to clients of the LLC (including Potential Clients) who are also members of the Immediate Family of the Employee Stockholder; 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 or her relationship therewith, hire any such employee, agent or consultant, or former employee, agent or consultant, or work in any enterprise involving investment advisory 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 Stockholder's employment (excluding for all purposes of this sentence, secretaries and persons holding other similar positions).

For purposes of this Section 3.9(b), (x) the term "Past Client" shall be limited to those past Clients who were advisees or investment advisory customers of, or recipients of Investment Management Services from, the LLC and its Controlled Affiliates (including its predecessor, GeoCapital Corporation) at the date of termination of the Employee Stockholder's employment or at any time during the twelve (12) months immediately preceding the date of such termination; and (y) the term "Potential Client" shall be limited to those Persons to whom an offer was made within two years prior to the date of termination of the Employee Stockholder's employment.

Notwithstanding the provisions of Sections 3.9(a) and 3.9(b), any Employee Stockholder may make passive investments in an enterprise which is competitive with the Manager Member (certain examples of which have been provided to the Non-Manager Members by the Manager Member) the shares or other equity interests of which are publicly traded provided his holding therein together with any holdings of his Affiliates and members of his Immediate Family, do not, at the time such investments are made, exceed four and nine-tenths of one percent (4.9%) of the outstanding shares of comparable interests in such entity. Subject to the foregoing, an employee, Member or Employee Stockholder may engage in investing for his personal account if (i) each such investment is made in accordance with the Code of Ethics of the LLC, and (ii) if the aggregate amount of any actual or proposed investment by such Person, members of his Immediate Family and accounts for the benefit of any of the foregoing, collectively, in a single issuer exceeds Five Hundred Thousand Dollars ($500,000) then such investment shall be disclosed in writing to the Managing Member promptly.

Notwithstanding any other provision of this Agreement, the Members agree that the Non-Management Members and Employee Stockholders shall be entitled to continue to serve in their respective present capacities on the boards of companies set forth in Schedule 3.9 of this

Agreement, and to serve on the boards of directors of private companies and of public companies that are not, at the time such position is accepted or while such position is held, reasonably likely to be considered by the LLC for investment by the LLC or by any Person or account (excluding any Controlled Affiliates) for which the LLC provides Investment Management Services and may receive and retain individually (and not for the benefit of the LLC or any other Member) compensation from such companies for such service as a member of the Board of Directors, provided that (x) prior to the acceptance of such position or the receipt of any compensation, the Non-Manager Member or Employee Stockholder notifies the Management Board and the Manager Member in writing of the terms and conditions of the prospective position and compensation, including a brief description of the Company and explanation why it is not reasonably likely to be considered for investment as contemplated herein, and the Management Board and the Manager Member consent in writing to the acceptance of such position and compensation and (y) at no time during such service shall the LLC make or recommend (for itself or any Person or account for which the LLC directly provides Investment Management Services excluding any Controlled Affiliates) an acquisition of any securities issued by such company.

(c) Each Member and each Employee Stockholder agrees that any and all presently existing investment advisory businesses of the LLC and its Controlled Affiliates (including its predecessor, GeoCapital Corporation), and all businesses developed by the LLC and its Controlled Affiliates, including by such Employee Stockholder or any other employee of the LLC (including, without limitation, employees of its predecessor, GeoCapital Corporation), 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 LLC (or its predecessor, GeoCapital Corporation) or its Controlled Affiliates or earned or carried on by the Employee Stockholder for the LLC or its predecessor, GeoCapital Corporation or their respective Controlled Affiliates, and all trade names, service marks and logos under which the LLC or its Affiliates do business, and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the LLC or such Controlled Affiliate, as applicable, for its or their sole use, and (where applicable) shall be payable directly to the LLC or such Controlled Affiliate, except that the LLC has authorized another entity to use the name "GeoCapital" for limited purposes as described in that certain Letter Agreement dated as of the Effective Date, between GeoCapital, LLC and GeoCapital Partners. In addition, each Member and each Employee Stockholder acknowledges and agrees that the investment performance of the accounts managed by the LLC (and its predecessor, GeoCapital Corporation) was attributable to the efforts of the team of professionals of the LLC (or its predecessor, GeoCapital Corporation, as applicable) and not to the efforts of any single individual, and that therefore, the performance records of the accounts managed by the LLC (and its predecessor, GeoCapital Corporation) are and shall be the exclusive property of the LLC. Each Member and each Employee Stockholder acknowledges that, in the course of performing services hereunder and otherwise (including, without limitation, for the LLC's predecessor, GeoCapital Corporation), such Member and Employee Stockholder has had, and will from time to time have, access to information of a confidential or proprietary nature, including without limitation, all 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 LLC or its Controlled Affiliates. Each Non-Manager Member and each Employee Stockholder 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 LLC and its Controlled Affiliates or unless compelled by judicial or administrative process) any Intellectual Property of the LLC or any Controlled Affiliate thereof unless such information can be shown to be (i) previously known on a nonconfidential basis by such Non-Manager Member or Employee Stockholder, (ii) in the public domain through no fault of such Non-Manager Member or Employee Stockholder or (iii) lawfully acquired by such Non-Manager Member or Employee Stockholder from other sources. At the termination of the Employee Stockholder's services to the LLC, all data, memoranda, client lists, notes, programs and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Non-Manager Member's or Employee Stockholder's possession or control, shall be returned to the LLC and remain in its possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items). In addition, the Manager Member acknowledges that in its capacity as Manager Member it will from time to time have access to Intellectual Property owned or used in the business by the LLC or its Controlled Affiliates relating to (i) investment analysis and decisions and to (ii) clients or accounts of the LLC or its Controlled Affiliates. The Manager Member agrees always to keep secret and not ever publish, diverge, furnish, use or make accessible to anyone (otherwise than in the regular business of the Manager Member or the LLC and its Controlled Affiliates) any such Intellectual Property unless such information can be shown to be (i) previously known on a nonconfidential basis by the Manager Member or its Affiliates, (ii) in the public domain through no fault of the Manager Member or its Affiliates or (iii) lawfully acquired by the Manager Member or its Affiliates from other sources; provided, however, that nothing in this Section 3.9(c) shall prevent the Manager Member from making such disclosures regarding the LLC and its Controlled Affiliates as may be necessary or appropriate either at the request of the Manager Member's lenders or other financing sources or under applicable law (including pursuant to judicial or administrative process).

(d) Each Non-Manager Member and each Employee Stockholder acknowledges that, in the course of entering into this Agreement, the Non-Manager Member and the Employee Stockholder have had and, in the course of the operation of the LLC, the Non-Manager Member and Employee Stockholder will from time to time have, access to Intellectual Property owned by or used in the course of business by AMG. Each Non-Manager Member and each Employee Stockholder agrees, for the benefit of the LLC and its Members, and for the benefit of the Manager Member and AMG, always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than at the Manager Member's request) any knowledge or information regarding Intellectual Property (including, by way of example and not of limitation, the transaction structures utilized by the Manager Member) of AMG unless such information can be shown to be (i) previously known on a nonconfidential basis by such Non-Manager Member or Employee Stockholder, (ii) in the public domain through no fault of such Non-Manager Member or Employee Stockholder or (iii) lawfully acquired by such Non-Manager Member or Employee Stockholder from other sources. At the termination of the Employee Stockholder's service to the LLC, all data, memoranda, documents, notes and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Non-Manager Member's

or Employee Stockholder's possession or control shall be returned to the Manager Member and remain in its possession.

(e) The provisions of this Section 3.9 shall not be deemed to limit any of the rights of the LLC or the Members under any of the Employment Agreements, Non Solicitation Agreements or under applicable law, but shall be in addition to the rights set forth in each of the Employment Agreements and Non Solicitation Agreements, and those which arise under applicable law.

SECTION 3.10 ADDITIONAL PERMITTED OUTSIDE ADVISORY CLIENTS. If an Employee Stockholder wishes to cause a Collective Investment Vehicle to become a Permitted Outside Advisory Client of such Employee Stockholder under the provisions of paragraph (b) of the definition of Permitted Outside Advisory Client, then such Employee Stockholder shall so notify the Manager Member and such Collective Investment Vehicle shall be designated as a "Permitted Outside Advisory Client" of that Employee Stockholder, provided that the Employee Stockholder and the Collective Investment Vehicle comply with the conditions set forth in this Section 3.10. Each Employee Stockholder hereby covenants and agrees to take no action as a partner, member, equityholder or other Affiliate of a Permitted Outside Advisory Client that would authorize or permit the termination of any agreement between such Permitted Outside Advisory Client (or between a partner, member or manager of such Permitted Outside Advisory Client) and the LLC or the Manager Member or Affiliates of the Manager Member; provided, however, that each Employee Stockholder may take such action as may be required by applicable law if such Employee Stockholder provides the Manager Member with an opinion of counsel, reasonably satisfactory in form and substance to the Manager Member, to the effect that such action is required under applicable law.

(a) Such Employee Stockholder and such Collective Investment Vehicle shall provide the LLC and the Manager Member and AMG with such information regarding the Collective Investment Vehicle as the Manager Member or AMG may reasonably request (including, by way of example and not of limitation, the organizational documents, financial statements (if any) and offering materials of the Collective Investment Vehicle and any other material or related documents and agreements), as well as such evidence as the Manager Member or AMG may reasonably request (including, without limitation, opinions of counsel reasonably acceptable to the Manager Member or AMG) regarding the compliance of such Collective Investment Vehicle with applicable laws, rules and regulations (including, by way of example and not of limitation, the compliance of the Collective Investment Vehicle after giving effect to the arrangements contemplated by this Section 3.10).

(b) If, after the date hereof, any Employee Stockholder or any entity in which such Employee Stockholder is or becomes an owner, part-owner, shareholder, partner, member, director, officer, trustee, employee, agent or consultant (or with respect to which he serves in any similar capacity) (a "Related Entity"), is or becomes entitled to receive from such Collective Investment Vehicle any consulting, administrative, advisory, management or similar fee or allocation (other than a Carried Interest (as defined below)), then such fee or allocation shall be transferred or assigned to the LLC on such terms and conditions (which shall be substantially

similar to the terms and conditions applicable to the Employee Stockholder and Related Entity) and pursuant to such agreements, documents and instruments, all as may be reasonably satisfactory to the Employee Stockholder or Related Entity and the Manager Member or AMG.

(c) If, after the date hereof, any one or more Employee Stockholder(s) or any Related Entities is or becomes entitled to receive any "carried interest" or other items of gain allocated (directly or indirectly) to such Employee Stockholder(s) or Related Entities (other than allocations which are made pro-rata based on contributed capital to all partners, members, beneficiaries or other holders of similar economic interests in the Collective Investment Vehicle (together a "Carried Interest"), then, unless the Manager Member waives the provisions of this Section 3.10(c) with respect to that Collective Investment Vehicle, ten percent (10%) of the rights with respect to such Carried Interest (the "Guaranteed Interest") shall be issued, transferred, assigned or allocated to the Manager Member (or an Affiliate of the Manager Member which is selected by the Manager Member and of which the Employee Stockholder is given notice) for nominal consideration or other remuneration and otherwise on such other terms and conditions presented to the Manager Member (which shall be substantially similar to the other terms and conditions applicable to the Employee Stockholder and Related Entity) and pursuant to such agreements, documents and instruments as, all as may be reasonably satisfactory to the Employee Stockholder or Related Entity and the Manager Member, provided that such terms and conditions (i) shall permit the Manager Member (or such selected Affiliate) to retain limited liability (with no liability for any "clawback," deficit restoration or similar obligation), and (ii) shall not require the Manager Member to devote any specified resources to, perform any obligations for, or be bound by any restrictive covenants for the benefit of, such Collective Investment Vehicle; provided, however, that if the conditions contemplated by this Section 3.10 with respect to issuance, transfer, assignment or allocation of the Guaranteed Interest to the order of the Manager Member are not satisfied, then no Non-Manager Member, Employee Stockholder or Related Entity shall be permitted to acquire a Carried Interest in such Collective Investment Vehicle and such Collective Investment Vehicle shall not be a Permitted Outside Advisory Client.

(d) The Manager Member (or an Affiliate of the Manager Member which is selected by the Manager Member and of which the Employee Stockholder is given notice) shall be granted an option to purchase additional portions of the Carried Interest (its "Additional Interest") on such terms and conditions presented to the Manager Member and pursuant to such agreements, documents and instruments, all as may be reasonably satisfactory to the Employee Stockholder or Related Entity and the Manager Member in accordance with the following:

(i) Prior to any Employee Stockholder or Related Entity receiving (or being granted the option or right to receive) a Carried Interest in a Collective Investment Vehicle, the Employee Stockholder shall give notice to the Manager Member (which notice shall be acknowledged by the Collective Investment Vehicle) of the terms (including any amendments or modifications thereto) on which the Carried Interest and any other interests in the Collective Investment Vehicle are expected to be received by or granted to the Employee Stockholder or a Related Entity (including, without limitation, a complete description of the Carried Interest and such other interests, and the price, if any, being paid for such

Carried Interest and such other interests) which notice shall constitute an irrevocable offer by the Collective Investment Vehicle to transfer or issue to the Manager Member such portion of the Carried Interest and other such interests as is equal to:

(A x B) - C

where

A = (i) a fraction, the numerator of which is the number of LLC Points held by the Manager Member on the date Carried Interests in that Collective Investment Vehicle are first received by or granted to such Employee Stockholder and his Related Entities, and the denominator of which is the total number of LLC Points then outstanding, multiplied by (ii) that percentage Free Cash Flow then constitutes of Revenues From Operations;

B = the Carried Interest which is then held (or being received) by or granted to the Employee Stockholder and his Related Entities (or which such Employee Stockholder and his Related Entities have (or will receive) the option or right to acquire) before giving effect to the Guaranteed Interest that may then be held (or is to be received) by the Manager Member (or a Related Entity) pursuant to the provisions of paragraph (c) above; and

C = the Guaranteed Interest then to be held (or to be received) by the Manager Member (or an Affiliate of the Manager Member) pursuant to the provisions of paragraph (c) above.

at a price (the "Purchase Price") equal to the cash purchase price which is proportionate to the price which the Employee Stockholder or his or her Related Entity would have to pay for the Carried Interest and such other related interests in the Collective Investment Vehicle which the Employee Stockholder or his or her Related Entity would have to purchase in order to receive the Carried Interest, based on the portion of the Carried Interest being offered to the Manager Member under this Section 3.10(d).

(ii) At any time within thirty (30) days after the date on which the Manager Member receives the notice described in clause (i) above, the Manager Member (or any Affiliate of the Manager Member selected by the Manager Member with notice to the Employee Stockholder) may accept the offer set forth in the notice by agreeing to pay the Collective Investment Vehicle the Purchase Price at the same time and in the same proportionate amounts as the Employee Stockholder or a Related Entity. Notwithstanding the foregoing sentence, if the Manager Member has been kept apprised of all negotiations and has been provided all drafts relating to the terms of the offer, and the offer contained in the notice described in clause (i) is substantially the same as that contained in prior drafts and

the initial draft of the terms was distributed to the Manager Member not less than twenty-one (21) days before the date of the notice described in clause (i), then the Manager Member shall have ten (10) days to accept the offer set forth in the notice.

(iii) At any time when subsequent interests are granted or made available to any Employee Stockholder or Related Entity, and at any time when the terms and conditions upon which interests are granted or made available to any Employee Stockholder or Related Entity change or are modified in any respect, appropriate provisions will be made to give effect to the intent of this Section 3.10, in order to permit the relevant Collective Investment Vehicle to remain a Permitted Outside Advisory Client under this Section 3.10 and, if appropriate provisions are not made to the reasonable satisfaction of the Manager Member, then either (x) such change or modification shall not be made at all or (y) if any change or modification is made, then such Collective Investment Vehicle shall cease to be a Permitted Outside Advisory Client effective upon the effectiveness of such change or modification.

(iv) It is agreed and acknowledged, in furtherance and not in limitation of the foregoing, that if the Manager Member (or an Affiliate of the Manager Member as contemplated by this paragraph (d)) exercises its option under this paragraph (d) to acquire any additional Carried Interest (and any other interests in the Collective Investment Vehicle), such acquisition shall be on the same terms (including any amendments or modifications thereto) on which the Carried Interest and any other interests in the Collective Investment Vehicle are received by or granted to the Employee Stockholder or a Related Entity and the Purchase Price paid by the Manager Member (or such Affiliate) shall be a cash purchase price which is proportionate to the price paid by the Employee Stockholder or Related Entity based on the portion of the Carried Interest acquired pursuant to such option under this Section 3.10(d).

Attached hereto as Schedule C are sample calculations under this Section 3.10.

SECTION 3.11 REMEDIES UPON BREACH.

(a) In the event that a Member or its Employee Stockholder (i) breaches any of the provisions of Section 3.9 or 3.10 hereof, or (ii) breaches any of the provisions of the Employment Agreement or Non Solicitation Agreement to which it or he is a party (in each case, including, without limitation, following the termination of his or her employment with the LLC), then (A) such Non-Manager Member shall forfeit its right to receive any payment for its LLC Interests under Section 3.12, and (B) AMG (or its assignees) shall have no further obligations under any promissory note theretofore issued to such Non-Manager Member pursuant to Section 3.12(e).

(b) Each Member and each Employee Stockholder agrees that any breach of the provisions of Section 3.9 of this Agreement or of the provisions of the Employment Agreement

or Non Solicitation Agreement by such Member or Employee Stockholder could cause irreparable damage to the LLC and the other Members. The LLC and/or the applicable Member, shall have the right to an injunction or other equitable relief (in addition to other legal remedies) to prevent any violation of a Member's or Employee Stockholder's obligations hereunder or thereunder.

SECTION 3.12 REPURCHASE UPON TERMINATION OF EMPLOYMENT OR TRANSFER BY OPERATION OF LAW.

(a) In the event that the employment by the LLC 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 LLC shall purchase and the Non-Manager Member (or the Non-Manager Member of which such Employee Stockholder was the owner, as applicable) (as indicated on Schedule A hereto) and his (or its) Related Non-Manager Members (and their respective Permitted Transferees, if any) (each a "Repurchased Member") shall sell to the LLC for cash, LLC Points up to the portion of the Repurchase Price (as such term is defined below) which is equal to the cash proceeds of any key-man life insurance policies or lump-sum disability insurance policies, as applicable, maintained by the LLC on the life or health of such Employee Stockholder (an "LLC Repurchase"), 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 Repurchase Price (as such term is defined in Section 3.12(c) below) exceeds the proceeds described in clause (i) of this Section 3.12(a) (determined after all such proceeds have been collected)), AMG shall purchase and the Non-Manager Member (or the Non-Manager Member of which such Employee Stockholder was the owner, as applicable) (as indicated on Schedule A hereto) and his (or its) Related Non-Manager Members (and their respective Permitted Transferees) (each a "Repurchased Member") shall sell (each a "Manager Member Repurchase") all (or, in the case of the death or Permanent Incapacity of an Employee Stockholder, such portion as is not required to be purchased by the LLC under clause (i) of this Section 3.12(c)) of the LLC Interests held by the Repurchased Member, in each case, pursuant to the terms of this Section 3.12. For purposes hereof, each LLC Repurchase and each Manager Member Repurchase together with the related LLC Repurchase, if any, is referred to as a "Repurchase."

(b) The closing of the Repurchase will take place on a date set by the Manager Member (the "Repurchase Closing Date") which shall be after the last day of the calendar quarter in which the Employee Stockholder's employment with the LLC is terminated but which is not more than one hundred eighty (180) days after the date on which the termination of the employment by the LLC of the relevant Employee Stockholder occurred; provided, however, that (i) if the employment by the LLC of such Employee Stockholder is terminated because of the death

or Permanent Incapacity of such Employee Stockholder, then the Repurchase Closing Date shall be a date set by the Manager Member which is as soon as reasonably practicable after the later of (A) one hundred eighty (180) days after the death or Permanent Incapacity, as applicable, of such Employee Stockholder or (B) ninety (90) days after the LLC has received the proceeds of all key-man life insurance policies or disability insurance policies, as applicable, maintained by the LLC on the life or health of such Employee Stockholder.

(c) The purchase price for the Repurchase (the "Repurchase Price") shall be determined as follows:

(i) If the Employee Stockholder's employment with the LLC is terminated because of the death, Permanent Incapacity or Retirement of the Employee Stockholder or if such Employee Stockholder's employment with the LLC was terminated by the LLC on such date other than For Cause, then the Repurchase Price shall equal (A) six (6) times (x) fifty percent (50%) of the LLC's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar quarter in which the termination of such Employee Stockholder's employment occurs minus (y) fifty percent (50%) of the amount by which the actual expenses of the LLC exceeded the Operating Cash Flow of the LLC (including previously reserved Operating Cash Flow) during the twenty-four (24) months ending the last day of the calendar quarter in which the termination of such Employee Stockholder's employment occurs, multiplied by (B) a fraction, the numerator of which is the number of LLC Points being purchased in the Repurchase, and the denominator of which is the number of LLC Points outstanding on the date of the closing of the Repurchase (before giving effect to any issuance or redemption of LLC Points on such date) minus (C) (1) the sum of the Remaining Minnesota Carryover Amount and the Remaining Minnesota Cumulative Debits multiplied by (2) a fraction, the numerator of which is the number of Initial LLC Points being purchased in the Repurchase, and the denominator of which is the number of Initial LLC Points outstanding on the date of the closing of the Repurchase (before giving effect to any issuance or redemption of LLC Points on such date).

(ii) In all other cases, (including, without limitation, the resignation of an Employee Stockholder or the termination of such Employee Stockholder For Cause or for Unsatisfactory Performance), the Repurchase Price shall equal (A) three (3) times (x) fifty percent (50%) of the LLC's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar quarter in which the termination of such Employee Stockholder's employment occurs minus (y) fifty percent (50%) of the amount by which the actual expenses of the LLC exceeded the Operating Cash Flow of the LLC (including previously reserved Operating Cash Flow) during the twenty-four (24) months ending the last day of the calendar quarter in which the termination of such Employee Stockholder's employment occurs, multiplied by (B) a fraction, the numerator of which is the number of LLC Points being purchased in the Repurchase, and the denominator of which is the

number of LLC Points outstanding as of the date of the closing of the Repurchase (before giving effect to any issuance or redemption of LLC Points on such date) minus (C) (1) the sum of the Remaining Minnesota Carryover Amount and the Remaining Minnesota Cumulative Debits multiplied by (2) a fraction, the numerator of which is the number of Initial LLC Points being purchased in the Repurchase, and the denominator of which is the number of Initial LLC Points outstanding on the date of the closing of the Repurchase (before giving effect to any issuance or redemptions of LLC Points on such date); provided, however, that for any such Repurchase within the first five (5) years after the Effective Date, the Repurchase Price shall equal the Capital Account which the Repurchased Member would have if the LLC had sold all its assets for a price equal to three (3) times fifty percent (50%) of the LLC's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar quarter in which the termination of such Employee Stockholder's employment occurs, and the gain or loss therefrom (in excess of the sum of the Members Capital Accounts on such day without giving effect to any such allocation) was allocated in accordance with Section 4.2(d) hereof. A sample calculation under this Section 3.12(c)(ii) is attached as Schedule D hereto.

If a Repurchase Price must be determined prior to twenty-four (24) months after the Effective Date, then the amount of the LLC's Free Cash Flow for the portion of the relevant twenty-four (24) month period before the Effective Date shall be calculated on a pro-forma basis such that the Free Cash Flow of the LLC shall be deemed to be equal to fifty percent (50%) of the Revenues From Operations of the LLC's predecessor, GeoCapital Corporation attributable to the assets transferred to the LLC pursuant to the Asset Transfer.

(d) The rights of AMG, the Manager Member, the LLC and their assignees hereunder are in addition to and shall not affect any other rights which AMG, the Manager Member, the LLC or their assigns may otherwise have to repurchase LLC Interests (including, without limitation, pursuant to any agreement entered into by an Additional Non-Manager Member which provides for the vesting of LLC Points).

(e) On the Repurchase Closing Date, AMG and/or the LLC or their respective assignees (as applicable) shall pay to the Repurchased Member the Repurchase Price for the LLC Interests repurchased in the manner set forth in this Section 3.12, and upon such payment the Repurchased Member shall cease to hold any LLC Interests, and such Repurchased Member shall be deemed to have withdrawn from the LLC and shall cease to be a Member of the LLC and shall no longer have any rights hereunder; provided, however, that the provisions of this Article III shall continue as set forth in Section 3.12 below. On the Repurchase Closing Date, the Repurchased Member and the LLC (and if AMG is purchasing LLC Interests from the Repurchased Member, AMG) (or their assignees) shall execute an agreement reasonably acceptable to the Repurchased Member and the Manager Member in which the Repurchased Member represents and warrants to the Manager Member and/or AMG and/or the LLC, as applicable (or their assignees), that it has sole record and beneficial title to the Repurchased

Interest, free and clear of any Encumbrances other than those imposed by this Agreement. Payment of the Repurchase Price shall be made on the Repurchase Closing Date as follows: (i) in the case of termination of employment because of death or Permanent Incapacity (to the extent of the collected proceeds of any disability insurance policies under which the LLC is the beneficiary upon the permanent incapacity of such Employee Stockholder), by wire-transfer of immediately available funds to an account designated by the Repurchased Member at least three (3) business days prior to the Repurchase Closing Date, and (ii) in the case of any other termination of employment other than a Retirement (but including a termination of employment because of Permanent Incapacity to the extent the obligation exceeds the proceeds of any key-man disability insurance policies described above), (A) in the case of a termination by the LLC other than For Cause, on the Repurchase Date; and (B) in the case of any other termination, on the later to occur of (x) the Repurchase Date or (y) the date which is the first business day after the fifth anniversary of the Effective Date (provided, that such obligation shall bear interest at a rate equal to that set forth in Section 1(b) of Exhibit B, from and after the Repurchase Date) provided that for each Non-Manager Member that is not a Member as of the date of this Agreement, such payment may be made with a promissory note in the form attached hereto as Exhibit B, the principal of which promissory note would be paid in four (4) equal (except as contemplated by Section 3.12(f)) installments, the first installment would be paid (A) in the case of a termination by the LLC other than For Cause, on the Repurchase Date; and (B) in the case of any other termination, on the later to occur of (x) the Repurchase Date or (y) the date which is the first business day after the fifth anniversary of the Effective Date, and the second, third and fourth installments would be paid fourteen (14) months, twenty-six (26) months and thirty-eight (38) months, respectively, after the first installment.

(f) If an Employee Stockholder's employment with the LLC is terminated because such Employee Stockholder has resigned or was terminated For Cause or for Unsatisfactory Performance, then the amounts of the second, third and fourth installments of the promissory note set forth in Section 3.12(e) above shall equal the lesser of (i) twenty-five percent (25%) of the Repurchase Price (determined as set forth in Section 3.12(c) hereof) on the Repurchase Closing Date, or (ii) twenty-five percent (25%) of the Repurchase Price, determined as if the Repurchase Closing Date were taking place on the second, third or fourth anniversary of the Repurchase Closing Date, respectively (in each case, together with interest computed on the principal amount of such promissory note (determined as set forth in this Section 3.12(f)) from the date of issuance of such promissory note through the date of payment of such installment as set forth on Exhibit B). At least forty-five (45) days prior to the date an installment to which this Section 3.12(f) applies would be paid, the Manager Member shall cause the LLC to certify to the Repurchased Member who is to receive such installment, in writing, a calculation setting forth the amount of such installment based on clauses (i) and (ii) in the preceding sentence. Each Repurchased Member to whom this Section 3.12(f) applies, may defer receipt of an installment on one (1) occasion, by written notice received by the LLC and the Manager Member not less than fifteen (15) days prior to the date an installment is due to be paid. If a Repurchased Member defers an installment, the due date of each remaining installment of the promissory note issued to such Repurchased Member pursuant to Section 3.12(e) above shall be extended by twelve (12) months.

(g) AMG may assign and/or delegate any or all of its rights and obligations under this Section 3.12, in one or more instances, to the Manager Member; provided, however, that no such assignment or delegation shall relieve AMG of its obligation to make payment of a Repurchase Price. AMG may, with a Majority Vote (excluding, for purposes of determining such Majority Vote, the Non-Manager Member whose interest is being repurchased), assign any or all of its rights and obligations under this Section 3.12, in one or more instances, to the LLC; provided, that (i) AMG shall guarantee the performance of such obligations by the LLC, and (ii) the foregoing limitation shall have no effect on the LLC's obligation set forth in Section 3.12(a)(i) regarding the use of the proceeds of a key-man life or disability insurance policy.

(h) In the event that a Non-Manager Member or Employee Stockholder (i) has filed a voluntary petition under the bankruptcy laws or a petition for the appointment of a receiver or makes any assignment for the benefit of creditors, (ii) is subject involuntarily to such a petition or assignment or to an attachment or other legal or equitable interest with respect to any of its LLC Interests or, in the case of an Employee Stockholder which is not a Non-Manager Member, its interests in the Non-Manager Member which it owns, and such involuntary petition or assignment or attachment is not discharged within sixty (60) days after its effective date, or (iii) is subject to a transfer of any of its LLC Interests or, in the case of an Employee Stockholder which is not a Non-Manager Member, its interests in the Non-Manager Member which it owns, by court order or decree or by operation of law, then AMG shall purchase all the LLC Interests held by such Non-Manager Member (including the Non-Manager Member through which such Employee Stockholder holds his or her interest in the LLC) pursuant to the terms of this Section 3.12 as if such Non-Manager Member was a Repurchased Member with the purchase price determined pursuant to Section 3.12(c)(ii) and the date of the closing to be determined by the Manager Member in its discretion. In order to give effect to clause (iii) of the foregoing, if any of the interests of a Non-Manager Member in the LLC, or of an Employee Stockholder in a Non-Manager Member, become subject to transfer (or purport to be or have been transferred) by a court order or decree or by operation of law, the Non-Manager Member (whose interest in the LLC or the interests in which are subject to such transfer) shall cease to be a Member of the LLC, and the transferee by court order or decree or by operation of law shall not become a Member, and AMG shall have the right to purchase from the Non-Manager Member which has ceased to be a Non-Manager Member, all his, her or its interest in the LLC as set forth in the preceding sentence.

(i) In the event that a Non-Manager Member is required to sell its LLC Interests pursuant to the provisions of this Section 3.12, and in the further event that such Non-Manager Member refuses to, is unable to, or for any reason fails to, execute and deliver the agreements required by this Section 3.12, the LLC or AMG, as applicable (or their respective assigns) may deposit the purchase price, if any, therefor (including cash and/or promissory notes) with any bank doing business within fifty (50) miles of the LLC's principal place of business, or with the LLC's accounting firm, as agent or trustee, or in escrow, for the Non-Manager Member, to be held by such bank or accounting firm for the benefit of and for delivery to such Non-Manager Member. Upon such deposit by the LLC or AMG (or their respective assigns) and upon notice thereof given to the Non-Manager Member, such Non-Manager Member's LLC Interests shall be deemed to have been sold, transferred, conveyed and assigned to the LLC or

AMG (or their assigns), as applicable, the Non-Manager Member shall have no further rights with respect thereto (other than the right to withdraw the payment therefor, if any, held in escrow), and the Manager Member shall record such transfer or repurchase on Schedule A hereto.

SECTION 3.13 NO EMPLOYMENT OBLIGATION. Each Non-Manager Member and each Employee Stockholder acknowledges that neither this Agreement nor the provisions of the Non Solicitation Agreement creates an obligation on the part of the LLC to continue the employment of an Employee Stockholder with the LLC, and that such Employee Stockholder, unless he or she is a party to an Employment Agreement, is an employee at will of the LLC.

SECTION 3.14 MISCELLANEOUS. Each Member and each Employee Stockholder agrees that the enforcement of the provisions of Sections 3.8, 3.9, 3.10, and 3.12 hereof, and the enforcement of the provisions of the Employment Agreements and Non Solicitation Agreements are necessary to ensure the protection and continuity of the business, goodwill and confidential business information of the LLC for the benefit of each of the Members. Each Member and each Employee Stockholder agrees that, due to the proprietary nature of the LLC's business, the restrictions set forth in Section 3.9 hereof and in the Employment Agreements and the Non Solicitation Agreements are reasonable as to duration and scope. If any provision contained in this Article III shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Article III. It is the intention of the parties hereto that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time that is not permitted by applicable law, or is any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would then be valid or enforceable under applicable law, such provision shall be construed and interpreted or reformed to provide for a restriction or covenant having the maximum enforceable geographic area, time period and other provisions as shall be valid and enforceable under applicable law.

Each Member and Employee Stockholder acknowledges that the obligations and rights under Sections 3.8, 3.9, 3.10, 3.11 and 3.12 and this Section 3.14 shall survive the termination of the employment of an Employee Stockholder with the LLC and/or the withdrawal or removal of a Member from the LLC, regardless of the manner of such termination, withdrawal or removal in accordance with the provisions hereof and of the relevant Employment or Non Solicitation Agreement. Moreover, each Member agrees that the remedies provided herein, are reasonably related to the anticipated loss that the LLC and the Members (including, without limitation, the Manager Member which would be purchasing LLC Interests from a Non-Manager Member) would suffer upon a breach of such provisions. Except as agreed to by the Manager Member, in advance, in a writing making specific reference to this Article III, no Employee Stockholder or Non-Manager Member shall enter into any agreement or arrangement which is inconsistent with the terms and provisions hereof.

SECTION 3.15 CAPITALIZATION OF EXCESS OPERATING CASH FLOW. At any time the Management Board believes that the Operating Cash Flow of the LLC will exceed the actual expenses of the LLC (taking into account business conditions at the time and including both a reasonable allowance for executive compensation increases, and a reasonable allowance for either

a loss of business or a change in margins in the business) at the request of the Management Board, representatives of the Manager Member shall meet with the Management Board for the purpose of considering an appropriate means to permit the Non-Manager Members to utilize such excess Operating Cash Flow, while retaining sufficient Operating Cash Flow (including reserves) to operate the business of the LLC consistent with past practices. Such appropriate means may include (but shall not be limited to) the following: an increase in the percentage of Revenues from Operations that constitutes Free Cash Flow (together with the grant of put rights applicable to such adjusted Free Cash Flow on terms comparable to those set forth in Article VII), the purchase of all or a portion of any excess by AMG or the Manager Member (or its designee(s)) on terms comparable to the terms set forth in Article VII with respect to Puts or Section 3.10 with respect to Repurchases or any combination of the foregoing.

ARTICLE IV - CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS AND ALLOCATIONS; DISTRIBUTIONS.

SECTION 4.1 CAPITAL CONTRIBUTIONS.

(a) On September 23, 1997, GeoCapital Corporation contributed to the LLC certain of its assets, properties, rights, powers, privileges and business (and the goodwill associated therewith), and the Members agree that such Capital Contribution had a value of $24,000,000. Except as may be agreed to in connection with the issuance of additional LLC Points, as specifically set forth herein, or as may be required under applicable law, the Members shall not be required to make any further contributions to the LLC. No Member shall make any contribution to the LLC without the prior consent of the Manager Member.

(b) No Member shall have the right to withdraw any part of his, her or its (or their predecessors in interest) Capital Contribution until the dissolution and winding up of the LLC, except as distributions pursuant to this Article IV may represent returns of capital, in whole or in part. No Member shall be entitled to receive any interest on any Capital Contribution made by it (or its predecessors in interest) to the LLC. No Member shall have any personal liability for the repayment of any Capital Contribution of any other Member.

(c) Simultaneous with the effectiveness of this Agreement, Merger Sub is acquiring by means of the Merger all of the right, title and interest of GeoCapital Corporation in and to interests in the LLC (including all Capital Account and LLC Points and other LLC Interests), and GeoCapital Corporation is merging with and into Merger Sub and will cease to exist.

SECTION 4.2 CAPITAL ACCOUNTS; ALLOCATIONS.

(a) There shall be established for each Member a Capital Account (a "Capital Account") which, in the case of each Member, shall initially be equal to the Capital Contribution of such Member as set forth on Schedule A hereto.

(b) The Capital Account of each Member shall be adjusted in the following manner. Each Capital Account shall be increased by such Member's allocable share of income and gain, if any, of the LLC (as well as the Capital Contributions made by a Member after the Effective Date) and shall be decreased by such Member's allocable share of deductions and losses, if any, of the LLC and by the amount of all distributions made to such Member. The amount of any distribution of assets other than cash shall be deemed to be the Fair Market Value of such assets (net of any liabilities encumbering such property that the distributee Member is considered to assume or take subject to). Capital Accounts shall also be adjusted upon the issuance of additional LLC Interests as set forth in Section 5.5(c) and upon the redemption of LLC Interests.

(c) Subject to Sections 4.2(e), 4.2(g) and 4.5 hereof, all items of LLC income and gain shall be allocated among the Members' Capital Accounts at the end of every quarter as follows:

(i) first, items of income and gain shall be allocated to the Manager Member in an amount equal to (A) the sum of (x) the Free Cash Flow (net of Free Cash Flow Expenditures) for such quarter plus (y) that percentage which Free Cash Flow then constitutes of Revenues From Operations, multiplied by the Pro Forma Minnesota Allocation, if any, for such quarter, multiplied by (B) a fraction, (1) the numerator of which is the sum of the number of LLC Points held by the Manager Member on the first day of such quarter and (2) the denominator of which is the number of LLC Points outstanding on the first day of such quarter;

(ii) second, the Manager Member shall be allocated items of income and gain until the Manager Member has been allocated cumulative income and gain under this Section 4.2(c)(ii) equal to the cumulative amount of losses and deductions allocated to the Manager Member under Sections 4.2(d)(ii) and 4.2(d)(iii), if any;

(iii) third, items of income and gain, if any, shall be allocated among all Non-Manager Members in accordance with (and in proportion to) each Non-Manager Member's respective number of LLC Points on the first day of such quarter, until the aggregate amount of such items allocated to the Members (including both the Manager Member and the Non-Manager Members) pursuant to Sections 4.2(c)(i) and 4.2(c)(ii) and this 4.2(c)(iii) for such quarter equal the aggregate amount of Free Cash Flow (net of Free Cash Flow Expenditures) for such quarter; and

(iv) finally, all remaining items of LLC income and gain shall be allocated among the Non-Manager Members in accordance with (and in proportion to) each Non-Manager Member's respective number of LLC Points on the first day of such quarter.

(d) Subject to Sections 4.2(f), 4.2(g) and 4.5, all items of LLC loss and deduction shall be allocated among the Members' Capital Accounts at the end of every quarter as follows:

(i) first, all items of LLC loss and deduction for such quarter shall be allocated among the Non-Manager Members in accordance with (and in proportion to) their respective numbers of LLC Points on the first day of such quarter after giving effect to the allocation of the items of income and gain for such quarter under Section 4.2(c), until all such Capital Accounts have been reduced to zero (0), provided that no additional loss or deduction shall be allocated to any Non-Manager Member once its Capital Account has been reduced to zero (0);

(ii) second, all items of LLC loss and deduction for such quarter not allocated to the Non-Manager Members under Section 4.2(d)(i) shall be allocated to the Manager Member until its Capital Account shall have been reduced to zero (0); and

(iii) finally, all items of LLC loss and deduction for such quarter not allocated to the Member under Sections 4.2(d)(i) and 4.2(d)(ii) shall be allocated among all Members in accordance with (and in proportion to) each Members' respective number of LLC Points on the first day of such quarter.

(e) If the LLC has a net gain from any sale, exchange or disposition of all, or substantially all, of the assets of the LLC, then that net gain shall be allocated among the Members as follows:

(i) first, gain shall be allocated to the Manager Member until the Manager Member has been allocated cumulative gain which, together with income and gain previously allocated to the Manager Member under Section 4.2(c)(ii) hereof, equals the cumulative amount of losses and deductions allocated to the Manager Member under Sections 4.2(d)(ii) and 4.2(d)(iii);

(ii) thereafter, gain shall be allocated among the Members in accordance with (and in proportion to) their respective number of LLC Points as of the date of the transaction.

(f) If the LLC has a net loss from any sale, exchange or other disposition of all, or substantially all, of the assets of the LLC, then that net loss shall be allocated among the Members in accordance with (and in proportion to) their respective number of LLC Points as of the date of the transaction provided that no additional losses shall be allocated to a Member once its Capital Account has been reduced to zero (0), unless all Members' Capital Accounts have then been reduced to zero (0).

(g) In the event that during any calendar quarter (or any fiscal year) there is any change of Members or LLC Points (whether as a result of the admission of an Additional

Non-Manager Member, the redemption by the LLC of all (or any portion of) any Non-Manager Member's LLC Points, a transfer of any LLC Points or otherwise), the following shall apply: (i) such transfer shall be deemed to have occurred as of the end of the last day of the quarter in which such change occurred, (ii) the books of account of the LLC shall be closed effective as of the close of business on the effective date of any such change as set forth in clause (i) and such fiscal year shall thereupon be divided into two or more portions, (iii) each item of income, gain, loss and deduction shall be determined (on the closing of the books basis) for the portion of such fiscal year ending with the date on which the books of account of the LLC are so closed, and (iv) each such item for such portion of such fiscal year shall be allocated (pursuant to the provisions of Sections 4.2(c) and (d) hereof) to those persons who were Members during such portion of such fiscal year in accordance with their respective LLC Points during such period.

SECTION 4.3 DISTRIBUTIONS.

(a) Subject to Section 4.4 hereof, from and after the date hereof, within thirty (30) days after the end of each calendar quarter, the Manager Member shall, to the extent cash is available therefor, and based on the unaudited financial statements for such calendar quarter prepared in accordance with Section 9.3 hereof (after approval thereof by the Manager Member), cause the LLC to (i) distribute to the Manager Member an amount equal to the portion of the Free Cash Flow allocated to the Manager Member pursuant to Section 4.2(c)(i) for such calendar quarter (less the Manager Member's pro-rata portion of any reservation from Free Cash Flow pursuant to the last sentence of this Section 4.3(a)), and then (ii) distribute to the Non-Manager Members (and each Person who was a Non-Manager Member for such calendar month) an amount equal to (A) the portion of the Free Cash Flow allocated to such Non-Manager Member pursuant to Section 4.2(c)(iii) for such calendar quarter and any previous calendar quarter to the extent not then distributed (less each such Person's pro-rata portion of any reservation from Free Cash Flow pursuant to the last sentence of this Section 4.3(a)) minus (B) the amount, if any, by which the operating expenses for the LLC for the calendar quarter exceeded the Operating Cash Flow of the LLC for such calendar quarter multiplied by a fraction, the numerator of which is the number of LLC Points held by such Non-Manager Member, and the denominator of which is the number of LLC Points held by all the Non-Manager Members, in accordance with (and in proportion to) their respective number of LLC Points for such preceding calendar month, in each case, if and to the extent each such Member (and each Person who was a Non-Manager Member for any portion of any applicable portion of any applicable calendar month) has a positive balance in its Capital Account. After the end of each fiscal year of the LLC, the Manager Member shall, based on the audited financial statements prepared in accordance with Section 9.3 hereof, cause the LLC to make a distribution of the remaining Free Cash Flow, if any, for the preceding fiscal year which was allocated pursuant to Sections 4.2(c)(i) and 4.2(c)(iii) but not previously distributed, in accordance with the foregoing clauses (i) and (ii) whenever, and to the extent, cash is available therefor. The Manager Member may with either a Majority Vote or the consent of the Management Board, from time to time, reserve and not distribute portions of Free Cash Flow for LLC purposes; including, without limitation, to increase the net worth of the LLC, to make capital expenditures (such as the creation of or investment in a Controlled Affiliate) or to create a reserve for anticipated repurchases of LLC Interests. Any such reservation would be made from all

Members pro-rata in proportion to LLC Points. Such funds shall be maintained in the Receipts Account (as defined below) pending expenditure thereof.

(b) To give effect to the foregoing, the LLC shall have two (2) bank accounts. The first account (the "Receipts Account") shall have as its authorized signatures such representatives of the Manager Member as the Manager Member shall deem appropriate or desirable. All the LLC's receipts shall be paid into the Receipts Account; provided, however, that on a weekly basis, the Manager Member shall forward the revenues of the LLC with respect to the accruals for a given month from this account to the second account (described below) until the revenues so forwarded equal the Operating Cash Flow of the LLC for such month (and previous months to the extent not so forwarded or used to pay expenses of the LLC which are other than Free Cash Flow Expenditures) and, thereafter, revenues with respect to that month shall be retained in the Receipts Account pending distribution or such other use thereof as may be permitted under this Agreement. The Manager Member shall use the Receipts Account to make all distributions of Free Cash Flow pursuant to Section 4.3(a) above and to fund all Free Cash Flow Expenditures. The Manager Member shall retain in the Receipts Account the amount which gives rise to the right to make distributions pursuant to Section 4.3(c) hereof (including, without limitation, the proceeds of sales of assets, insurance proceeds and the proceeds of issuance of additional LLC Interests). The second account shall have as its authorized signatures such Officers as may be agreed to by a Majority Vote, and one (1) designee of the Manager Member. This second account shall be used by the Officers to make all operating expense payments (including payments of salaries and bonuses) out of Operating Cash Flow.

Within thirty (30) days after the end of each calendar quarter, based on the unaudited financial statements for such calendar quarter prepared in accordance with Section 9.3 hereof, and within ninety-five (95) days after the end of each fiscal year of the LLC, based on the audited financial statements prepared in accordance with Section 9.3 hereof, the Manager Member shall cause such transfers between the accounts to be made as may be necessary to reconcile the accounts with the amounts of revenue designated as Operating Cash Flow and Free Cash Flow.

(c) Except as otherwise set forth herein, all other amounts or proceeds available for distribution, if any, shall be distributed to the Members at such time as may be determined by the Manager Member; provided that any such distribution shall be made among the Members (i) in accordance with (and in proportion to) 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 Members in accordance with (and in proportion to) their respective numbers of LLC Points at the time of such distribution (provided, however, that if a Member makes a Capital Contribution after the Effective Date, the Manager Member may cause the LLC to make a priority return of such Capital Contribution if such priority return was agreed to in writing by the LLC and the Member making such Capital Contribution at the time of such Capital Contribution).

(d) Notwithstanding any other provision of this Agreement, neither the LLC, nor the Manager Member on behalf of the LLC, shall make a distribution to any Member on account of its LLC Interest if such distribution would violate the Act or other applicable law.

SECTION 4.4 DISTRIBUTIONS UPON DISSOLUTION; ESTABLISHMENT OF A RESERVE UPON DISSOLUTION. Upon the dissolution of the LLC, after payment (or the making of reasonable provision for the payment) of all liabilities of the LLC owing to creditors, the Manager Member, or if there is none, the Liquidating Trustee appointed as set forth in Section 8.4 hereof, shall set up such reserves as it deems reasonably necessary for any contingent, conditional or unmatured liabilities or other obligations of the LLC. Such reserves may be paid over by the Manager Member or Liquidating Trustee to a bank (or other third party), to be held in escrow for the purpose of paying any such contingent, conditional or unmatured liabilities or other obligations. At the expiration of such period(s) as the Manager Member or Liquidating Trustee may deem advisable, such reserves, if any (and any other assets available for distribution), or a portion thereof, shall be distributed to the Members (i) in accordance with (and in proportion to) the positive balance (if any) in their respective Capital Accounts (as determined immediately prior to each such distribution) until all such positive Capital Account balances have been reduced to zero, and (ii) thereafter, among the Members as of the date of dissolution in accordance with their respective numbers of LLC Points as of the date of dissolution. If any assets of the LLC are to be distributed in kind in connection with such liquidation, such assets shall be distributed on the basis of their Fair Market Value net of any liabilities encumbering such assets and, to the greatest extent possible, shall be distributed pro-rata in accordance with the total amounts to be distributed to each Member. Immediately prior to the effectiveness of any such distribution-in-kind, each item of gain and loss that would have been recognized by the LLC had the property being distributed been sold at Fair Market Value shall be determined and allocated to those persons who were Members immediately prior to the effectiveness of such distribution in accordance with Section 4.2(d).

SECTION 4.5 PROCEEDS FROM CAPITAL CONTRIBUTIONS AND THE SALE OF SECURITIES; INSURANCE PROCEEDS; CERTAIN SPECIAL ALLOCATIONS.

(a) Capital Contributions made by any Member after the Effective Date, and other proceeds from the issuance of securities by the LLC may, in the sole discretion of the Manager Member, be used for the benefit of the LLC (including, without limitation, the repurchase or redemption of LLC Interests), or, may be distributed by the LLC, in which case, any such proceeds shall be allocated and distributed among the Members in accordance with their respective LLC Points immediately prior to the date of such contribution or issuance of securities; it being understood that in the case the proceeds are a note receivable, any such distribution shall only occur, if at all, upon receipt by the LLC of any cash in respect thereof.

(b) In the event of the death or Permanent Incapacity of an Employee Stockholder covered by key-man life or disability insurance, as applicable, the premiums on which have been paid by the LLC, the proceeds of any such policy shall first be used by the LLC to fund (to the extent thereof) the Repurchase of LLC Interests from the Employee Stockholder or Non-Manager Member through which such Employee Stockholder holds or held his or her interest in the LLC in accordance with Section 3.12 hereof and, if the proceeds exceed the amounts so required to effect such Repurchase, then the amount of such excess proceeds may, in the sole discretion of the Manager Member, be used for the benefit of the LLC, or, may be distributed by the LLC, in which case, any such proceeds shall be allocated and distributed among the Members

in accordance with their respective LLC Points immediately following the Repurchase of the LLC Interests from such Non-Manager Member.

(c) Items of depreciation or amortization (as calculated for book purposes in accordance with generally accepted accounting principles, consistently applied) on account of the property of the LLC on the Effective Date, shall be specially allocated to the Manager Member. All items of depreciation or amortization (as calculated for book purposes in accordance with generally accepted accounting principles, consistently applied) on account of property purchased out of Operating Cash Flow shall be allocated as set forth in Section 4.2(c)(iii), and all items of depreciation or amortization (as calculated for book purposes in accordance with generally accepted accounting principles, consistently applied) on account of property purchased out of Free Cash Flow shall be allocated among the Members in accordance with their respective numbers of LLC Points on the date the property was purchased.

SECTION 4.6 FEDERAL TAX ALLOCATIONS. The Manager Member shall, in its sole discretion, allocate the ordinary income and losses and capital gains and losses of the LLC as determined for U.S. Federal income tax purposes (and each item of income, gain, loss, deduction or credit entering into the computation thereof), as the case may be, among the Members for tax purposes in a manner that, to the greatest extent possible: (a) reflects the economic arrangement of the Members under this Agreement (determined after taking into account the allocation provisions of Sections 4.2, 4.4 and 4.5 hereof, and the distribution provisions of Sections 4.3, 4.4 and 4.5 hereof) and (b) is consistent with the principles of Sections 704(b) and 704(c) of the Code. The Members understand and agree that, with respect to any item of property (other than cash) contributed (or deemed to be contributed for U.S. federal income tax purposes) by a Member to the capital of the LLC, the initial tax basis of such property in the hands of the LLC will be the same as the tax basis of such property in the hands of such Member at the time so contributed. The Members further understand and agree that the taxable income and taxable loss of the LLC is to be computed for Federal income tax purposes by reference to the initial tax basis to the LLC of any assets and properties contributed by the Members (and not by reference to the fair market value of such assets and properties at the time contributed). The Members also understand that, pursuant to Section 704(c) of the Code, all taxable items of income, gain, loss and deduction with respect to such assets and properties shall be allocated among the Members for Federal income tax purposes so as to take account of any difference between the initial tax basis of such assets and properties to the LLC and their fair market values at the time contributed, using any method authorized by the Income Tax Regulations under Section 704(c) and selected by the Manager Member, in its sole discretion. For purposes of maintaining the Capital Accounts of the Members, items of income, gain, loss and deduction relating to any asset or property contributed to the LLC that are required to be allocated for tax purposes pursuant to Section 704(c) of the Code shall not be reflected in the Capital Accounts of the Members.

ARTICLE V - TRANSFER OF LLC INTERESTS BY NON-MANAGER MEMBERS; RESIGNATION, REDEMPTION AND WITHDRAWAL BY NON-MANAGER MEMBERS; ADMISSION OF ADDITIONAL NON-MANAGER MEMBERS.

SECTION 5.1 ASSIGNABILITY OF INTERESTS. No interest of a Non-Manager Member in the LLC may be sold, assigned, transferred, gifted or exchanged, nor may any Non-Manager Member offer to do any of them (each, a "Transfer"), nor may any interest in any Non-Manager Member be Transferred, nor may any stockholder in any Non-Manager Member which is not an individual offer to do any of them, and no Transfer by a Non-Manager Member or stockholder of a Non-Manager Member shall be binding upon the LLC or any Non-Manager Member unless it is expressly permitted by this Article V and the Manager Member receives an executed copy of the documents effecting such Transfer, which shall be in form and substance reasonably satisfactory to the Manager Member. The assignee of such interest in the LLC may become a substitute Non-Manager Member only upon the terms and conditions set forth in Section 5.2. If an assignee or transferee of an interest of a Non-Manager Member in the LLC does not become (and until any such assignee or transferee becomes) a substitute Non-Manager Member, in accordance with the provisions of Section 5.2, such Person shall not be entitled to exercise or receive any of the rights, powers or benefits of a Non-Manager Member other than the right to receive distributions which the assigning Non-Manager Member has sold, transferred or assigned to such Person. No Non-Manager Member's interest in the LLC or, in the case of a Non-Manager Member which is not an individual, none of the direct and indirect interests of a beneficial owner of such Non-Manager Member, may be Transferred except:

(a) with the prior written consent of the Manager Member, which consent may be granted or withheld by the Manager Member in its sole discretion;

(b) upon the death of such beneficial owner, their interests in the LLC or in the Non-Manager Member may be Transferred by will or the laws of descent and distribution (subject, in all cases, to the provisions of Section 3.12 hereof); and

(c) a Non-Manager Member (and its beneficial owners) may Transfer interests in the LLC or in such Non-Manager Member to members of his or her Immediate Family (or trusts for their benefit and of which the beneficial owner is the settlor and/or trustee, provided that any such trust does not require or permit distribution of such interests).

provided, that in the case of (b) or (c) above, (i) the transferee enters into an agreement with the LLC agreeing to be bound by the provisions hereof (and if such transferee is not already a party to a Non Solicitation Agreement, the transferee enters into a Non Solicitation Agreement) (to the extent such Person then would hold any interest in the LLC), and (ii) whether or not the transferee enters into such an agreement, such LLC Interests, and interests in such Non-Manager Member, shall thereafter remain subject to this Agreement (and, if applicable, the relevant Non Solicitation Agreement) to the same extent they would be if held by such Non-Manager Member or beneficial owner, as applicable. Notwithstanding the foregoing, no Non-Manager Member's interest in the LLC may be Transferred if, giving effect to such Transfer, the total number of Members of the

LLC would exceed one hundred (100) (as determined in accordance with Treasury Regulation Section 1.7704-1(h)(3), which provides, in general, that under certain circumstances a Person owning an interest in (A) a partnership for federal income tax purposes, (B) a "grantor trust," any portion of which is treated as owned by the grantor(s) or other person(s) under sections 671-679 of the Code, or (C) an "S corporation" within the meaning of section 1361(a) of the Code (each, a "flow-through entity") that owns, directly or through other flow-through entities, an interest in the LLC shall be treated as a Member), unless either such Transfer is a Transfer described in Treasury Regulation Section 1.7704-1(e) or such Transfer is pursuant to a Put right under Article VII and the sum of the percentage interests in profits or capital of the LLC Transferred during the taxable year of the LLC (other than in Transfers described in Treasury Regulation Section 1.7704-1(e)) would, taking the Transfer in question into account and assuming the maximum exercise of the Non-Manager Members' Put rights under Article VII, exceed ten percent (10%) of the total interests in profits or capital of the LLC.

For all purposes of this LLC Agreement, any Transfers of LLC Interests shall be deemed to occur as of the end of the last day of the calendar month in which any such Transfer would otherwise have occurred. Upon any Transfer of LLC Interests, the Manager Member shall make the appropriate revisions to Schedule A hereto.

No interests of a Non-Manager Member in the LLC may be pledged, hypothecated, optioned or encumbered, nor may any interests in a Non-Manager Member be pledged, hypothecated, optioned or encumbered, nor may any offer to do any of the foregoing be made.

SECTION 5.2 SUBSTITUTE NON-MANAGER MEMBERS. No transferee of interests of a Non-Manager Member shall become a Member except in accordance with this Section 5.2. The Manager Member may admit, in its sole discretion as a substitute Non-Manager Member (with respect to all or a portion of the LLC Interests held by a Person), any Person that acquires an LLC Interest by Transfer from another Non-Manager Member pursuant to Section 5.1 hereof, or that acquires an LLC Interest from the Manager Member pursuant to Section 6.1 hereof. The admission of an assignee as a substitute Non-Manager Member shall, in all events, be conditioned upon the execution of an instrument satisfactory to the Manager Member whereby such assignee becomes a party to this Agreement as a Non-Manager Member as well as compliance by such assignee with the provisions of Section 3.6 hereof. Upon the admission of a substitute Non-Manager Member, the Manager Member shall make the appropriate revisions to Schedule A hereto.

SECTION 5.3 ALLOCATION OF DISTRIBUTIONS BETWEEN ASSIGNOR AND ASSIGNEE; SUCCESSOR TO CAPITAL ACCOUNTS. Upon the Transfer of an LLC Interest pursuant to this Article V, distributions pursuant to Article IV shall be made to the Person owning the LLC Interest at the date of distribution, unless the assignor and assignee otherwise agree and so direct the LLC and the Manager Member in a written statement signed by both the assignor and assignee. In connection with a Transfer by a Member of LLC Points, the assignee shall succeed to a pro-rata (based on the percentage of such Person's LLC Points transferred) portion of the assignor's Capital Account, unless the assignor and assignee otherwise agree and so direct the LLC and the

Manager Member in a written statement signed by both the assignor and assignee and consented to by the Manager Member.

SECTION 5.4 RESIGNATION, REDEMPTIONS AND WITHDRAWALS. No Non-Manager Member shall have the right to resign, to cause the redemption of its interest in the LLC, in whole or in part, or to withdraw from the LLC, except (a) with the consent of the Manager Member, (b) as is expressly provided for in Section 3.12 hereof; or (c) as is expressly provided for in Section 7.1 hereof. Upon any resignation, redemption or withdrawal, the Non-Manager Member shall only be entitled to the consideration, if any, provided for by Section 3.12 or Section 7.1 hereof, if and to the extent that one of such Sections is applicable. Upon the resignation, redemption or withdrawal, in whole or in part, by a Non-Manager Member, the Manager Member shall make the appropriate revisions to Schedule A hereto.

SECTION 5.5 ISSUANCE OF ADDITIONAL LLC INTERESTS.

(a) Additional Non-Manager Members (the "Additional Non-Manager Members" and each an "Additional Non-Manager Member") may be admitted to the LLC and such Additional Non-Manager Members may be issued LLC Points, only upon receipt of a Majority Vote and the consent of the Manager Member and upon such terms and conditions as may be established by the Manager Member with a Majority Vote (including, without limitation, upon such Additional Non-Manager Member's execution of an instrument satisfactory to the Manager Member whereby such Person becomes a party to this Agreement as a Non-Manager Member as well as such Person's compliance with the provisions of Section 3.6 hereof).

(b) Existing Non-Manager Members may be issued additional LLC Points (or other LLC Interests), only by the LLC with the consent of, and upon such terms and conditions as may be established by, the Manager Member. The Manager Member may only be issued new additional LLC Points (or other LLC Interests) upon the receipt of a Majority Vote.

(c) Each time additional LLC Interests are issued (including, without limitation, additional LLC Points), the Capital Accounts of all the Members shall be adjusted as follows: (i) the Manager Member shall determine the proceeds which would be realized if the LLC sold all its assets at such time for a price equal to the Fair Market Value of such assets, and (ii) the Manager Member 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 Members immediately prior to such issuance in accordance with Section 4.2(d) hereof.

(d) Upon the issuance of additional LLC Interests, the Manager Member shall make the appropriate revisions to Schedule A hereto.

(e) Notwithstanding anything in this Agreement to the contrary, (i) no additional LLC Interests may be issued if, giving effect to such Transfer, the total number of Members would exceed one hundred (100) as determined in accordance with Treasury Regulation Section 1.7704-1(h)(3)) and (ii) no LLC Interests may be issued (A) in a transaction that is required to be registered under the Securities Act or (B) in a transaction that is not required to be registered

under the Securities Act by reason of Regulation S thereunder unless the offering and sale of the LLC Interests would not have been required to be registered under the Securities Act if the LLC Interests had been offered and sold within the United States.

SECTION 5.6 ADDITIONAL REQUIREMENTS. As additional conditions to the validity of (x) any Transfer of a Non-Manager Member's interest in the LLC (or, in the case of a Non-Manager Member which is not an individual, the interests of the direct and indirect beneficial owners of such Non-Manager Member) (pursuant to Section 5.1 above), or (y) the issuance of additional LLC Interests (pursuant to Section 5.5 above), such Transfer or issuance shall not: (i) violate the registration provisions of the Securities Act or the securities laws of any applicable jurisdiction, (ii) cause the LLC to become subject to regulation as an "investment company" under the 1940 Act, and the rules and regulations of the SEC thereunder, including by resulting in there being one hundred (100) or more beneficial holders of interests in the LLC, (iii) result in the termination of any contract to which the LLC is a party and which individually or in the aggregate are material (it being understood and agreed that any contract pursuant to which the LLC provides Investment Management Services is material), or (iv) result in the treatment of the LLC as an association taxable as a corporation or as a "publicly traded partnership" for Federal income tax purposes.

The Manager Member may require reasonable evidence as to the foregoing, including, without limitation, a favorable opinion of counsel, which expense shall be borne by the parties to such transaction (and to the extent the LLC is such a party, shall be paid from Operating Cash Flow).

To the fullest extent permitted by law, any Transfer that violates the conditions of this Section 5.6 shall be null and void.

SECTION 5.7 REPRESENTATION OF MEMBERS. The Manager Member and each Non-Manager Member (including each Additional Non-Manager Member) hereby represents and warrants to the LLC and each other Member, and acknowledges, that (a) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the LLC and making an informed investment decision with respect thereto, (b) it is able to bear the economic and financial risk of an investment in the LLC for an indefinite period of time, (c) it is acquiring an interest in the LLC for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, (d) the equity interests in the LLC have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with, and (e) the execution, delivery and performance of this Agreement by such Member do not require it to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any existing law or regulation applicable to it, any provision of its charter, by-laws or other governing documents or any agreement or instrument to which it is a party or by which it is bound.

ARTICLE VI - TRANSFER OF LLC INTERESTS BY THE MANAGER MEMBER; REDEMPTION, REMOVAL AND WITHDRAWAL

SECTION 6.1 ASSIGNABILITY OF INTEREST.

(a) Except as set forth in this Section 6.1, without a Majority Vote the Manager Member's interest in the LLC may not be Transferred; provided, however, (i) it is understood and agreed that, in connection with the operation of the business of AMG and the Manager Member (including, without limitation, the financing of its interest herein and direct or indirect interests in additional investment management companies), the Manager Member's interest in the LLC will be pledged and encumbered and lien holders of the Manager Member's interest shall have and be able to exercise the rights of secured creditors with respect to such interest, (ii) the Manager Member may sell some (but not all or substantially all) of its LLC Interests to a Person who is not a Member but who is an Officer or employee of the LLC or who becomes an Officer or employee of the LLC in connection with such issuance, or a Person wholly owned by any such Person, (iii) the Manager Member may sell some (but not all or substantially all) of its LLC Interests to existing Non-Manager Members, and (iv) the Manager Member may sell all or any portion of its LLC Interests to an Affiliate of the Manager Member. Notwithstanding the foregoing, the Manager Member's interest in the LLC may not be Transferred if, giving effect to such Transfer, the total number of Members of the LLC would exceed one hundred (100) (as determined in accordance with Treasury Regulation Section 1.7704-1(h)(3), which provides, in general, that under certain circumstances a Person owning an interest in (A) a partnership for federal income tax purposes, (B) a "grantor trust," any portion of which is treated as owned by the grantor(s) or other person(s) under sections 671-679 of the Code, or (C) an "S corporation" within the meaning of section 1361(a) of the Code (each, a "flow-through entity") that owns, directly or through other flow-through entities, an interest in the LLC shall be treated as a Member), unless such Transfer is a Transfer described in Treasury Regulation Section 1.7704-1(e). Notwithstanding anything else set forth herein, the Manager Member may, with a Majority Vote, sell or transfer as a result of a merger or consolidation all its interests in the LLC in a single transaction or a series of related transactions, and, in any such case, each of the Non-Manager Members shall be required to sell or transfer, in the same transaction or transactions, all their interests in the LLC; provided, that the price to be received by all the Members shall be allocated among the Members as follows: (a) an amount equal to the sum of the positive balances, if any, in positive Capital Accounts shall be allocated among the Members having such Capital Accounts in proportion to such positive balances, and (b) the excess, if any, shall be allocated among all Members in accordance with their respective number of LLC Points at the time of such sale. Upon any of the foregoing transactions, the Manager Member shall make the appropriate revisions to Schedule A hereto.

(b) In the case of any transfer upon foreclosure pursuant to Section 6.1(a)(i) above, each transferee shall sign a counterpart signature page to this Agreement agreeing thereby to become either a Non-Manager Member or a Manager Member (provided, however, that once one such other transferee elects to become a Manager Member, no transferee (other than a subsequent transferee of such new Manager Member) may elect to be a Manager Member hereunder). If the transferees pursuant to Section 6.1(a)(i) above receive all the Manager

Member's LLC Interests, and none of such transferees elects to become a Manager Member, then that shall be deemed to be an event of withdrawal by the Manager Member. If, however, one of the transferees elects to become a Manager Member, and executes a counterpart signature page to this Agreement agreeing thereby to become a Manager Member, then notwithstanding any other provision hereof to the contrary, the old Manager Member shall thereupon be permitted to withdraw from the LLC as Manager Member.

(c) In the case of a transfer pursuant to the penultimate sentence of Section 6.1(a) above, the Manager Member shall be deemed to have withdrawn, and its transferee shall be deemed to have become the Manager Member.

SECTION 6.2 RESIGNATION, REDEMPTION, AND WITHDRAWAL. To the fullest extent permitted by law, except as set forth in Section 6.1, without a prior Majority Vote, the Manager Member shall not have the right to resign or withdraw from the LLC as Manager Member. With a prior Majority Vote, the Manager Member may resign or withdraw as Manager Member upon prior written notice to the LLC. Without a prior Majority Vote, the Manager Member shall have no right to have all or any portion of its interest in the LLC redeemed. Any resigned, withdrawn or removed Manager Member shall retain its interest in the capital of the LLC and its other economic rights under this Agreement as a Non-Manager Member having the number of LLC Points held by the Manager Member prior to its resignation, withdrawal or removal. If a Manager Member who has resigned, withdrawn or been removed no longer has any economic interest in the LLC, then upon such resignation, withdrawal or removal such Person shall cease to be a Member of the LLC.

ARTICLE VII - PUT OF LLC INTERESTS

SECTION 7.1 MANDATORY PUTS.

(a) Each Non-Manager Member may, at such Non-Manager Member's option, subject to the terms and conditions set forth in this Section 7.1, cause AMG to purchase portions of the LLC Points held by such Non-Manager Member in the LLC (a "Put").

(b) Each Non-Manager Member (other than Mr. Irwin Lieber or Mr. Barry K. Fingerhut or their Related Non-Manager Members and their respective Permitted Transferees) may, subject to the terms and conditions set forth in this Agreement, cause AMG to purchase up to ten percent (10%) of the Initial LLC Points of such Non-Manager Member from such Non-Manager Member (and/or any Permitted Transferee of such Non-Manager Member), on the last business day in September (each a "Purchase Date") (but only up to an aggregate of fifty (50%) of such Non-Manager Member's Initial LLC Points) starting with the last business day in September, 2002 and ending with the last business day in September, 2012.

(c) Mr. Irwin Lieber (and each of his Related Non-Management Members) and any of their respective Permitted Transferees may cause AMG to purchase from them collectively twenty-five percent (25%) of the Initial LLC Points of Mr. Irwin Lieber (and his Related Non-

Management Members), on the Purchase Date occurring on the last business day in September, 2001 or any Purchase Date thereafter. Mr. Barry K. Fingerhut and each of his Related Non-Management Members) and any of their respective Permitted Transferees may cause AMG to purchase from them collectively twenty percent (20%) of the Initial LLC Points of Mr. Barry K. Fingerhut (and his Related Non-Manager Members), on the Purchase Date occurring on the last business day in September, 2002 or any Purchase Date thereafter.

(d) If a Non-Manager Member desires to exercise its rights under Section 7.1(b) or 7.1(c) above, it and its Employee Stockholder shall give the Manager Member, AMG, each other Employee Stockholder and the LLC irrevocable written notice (a "Put Notice") on or prior to the preceding May 31 (the "Notice Deadline"), stating that it is electing to exercise such rights and the number of LLC Points (the "Put LLC Points") to be sold in the Put. Puts in any given calendar year for which Put Notices are received before the Notice Deadline for that calendar year shall be completed as follows: AMG shall purchase from each Non-Manager Member (and his (or its) Related Non-Manager Members) and their respective Permitted Transferees that number of Put LLC Points as is equal to the number of Put LLC Points designated in the Put Notice, up to the maximum number permitted by Section 7.1(b) or Section 7.1(c) above with respect to that year and the aggregate number of Initial LLC Points that may be Put by the Non-Manager Member (and his (or its) Related Non-Manager Members) and their respective Permitted Transferees.

(e) The purchase price for a Put (the "Put Price") shall be an amount equal to (i) six (6) times (x) fifty percent (50%) of the LLC's Free Cash Flow for the twenty-four (24) months ending on June 30 prior to the date of the closing of such Put minus (y) fifty percent (50%) of the amount by which the actual expenses of the LLC exceeded the Operating Cash Flow of the LLC (including previously reserved Operating Cash Flow) during the twenty-four (24) months ending on June 30 prior to the date of the closing of such Put (in each case determined by reference to the most recent audited financial statements supplied to the Manager Member pursuant to Section 9.3) multiplied by (ii) a fraction, the numerator of which is the number of LLC Points to be purchased from such Non-Manager Member on the Purchase Date and the denominator of which is the number of LLC Points outstanding on the Purchase Date before giving effect to any Puts or any issuances or redemptions of LLC Points on such date minus (iii) in the case of a Put including Initial LLC Points, (A) the sum of the Remaining Minnesota Carryover Amount and the Remaining Minnesota Cumulative Debits, multiplied by (B) a fraction, the numerator of which is the number of Initial LLC Points being purchased in the Put, and the denominator of which is the number of Initial LLC Points outstanding on the date of the closing of the Put (before giving effect to any issuance or redemption of LLC Points on such date).

(f) In the case of any Put pursuant to the provisions of Section 7.1(b) hereof, the Put Price shall be paid by AMG (or, if AMG shall have assigned its obligation to the Manager Member or the LLC pursuant to paragraph (h) below, the Manager Member or the LLC) (or their respective assigns) on the relevant Purchase Date by certified check issued to such Non-Manager Member, in each case, against delivery of such documents or instruments of transfer as may reasonably be requested by AMG, the Manager Member or the LLC, as applicable, and in each case including representations that the transferring Non-Manager Member is the record and beneficial owner of the LLC Interests being Put, free and clear of any Encumbrances other than

those imposed by this Agreement. In the case of any Put pursuant to the provisions of Section 7.1(c) hereof: (i) if AMG has, at that time, not completed a registration of shares of its common stock for sale under the Securities Act (other than a registration on Form S-8 (or its then equivalent form) or a registration affected solely to implement an employee benefit plan, a transaction under Rule 145 or to which any other similar rule of the SEC under the Securities Act is applicable or registration on a form not available for registering securities for sale to the public) (a "Public Offering"), then the Put Price shall be paid by AMG (or, if AMG shall have assigned its obligations to the Manager Member or the LLC pursuant to paragraph (h) below, the Manager Member or the LLC) (or their respective assigns) on the relevant Purchase Date by certified check issued to such Non-Manager Member, or (ii) if AMG has, at that time, completed a Public Offering, then the Put Price shall be paid by AMG on the relevant Purchase Date by issuing to such Non-Manager Member, that number of shares of AMG Stock (as such term is defined in Section 7.2(a) hereof) as is equal to the Put Price divided by AMG's Average Stock Price (as such term is defined in Section 7.2(c) hereof) on the relevant Purchase Date.

(g) Notwithstanding any other provision of this Section 7.1 to the contrary, no purchase by AMG pursuant to this Section 7.1 (or, upon assignment of any of AMG's obligations to the Management Member or the LLC pursuant to paragraph (h) hereof, purchase by the Manager Member or redemption by the LLC) shall occur if it would result in the Manager Member and AMG (taken together) owning, directly or indirectly, in excess of eighty percent (80%) of the LLC Points outstanding after giving effect to any such sale or redemption. If some, but not all, of the LLC Points which Non-Manager Members have requested be purchased can be so purchased without the Manager Member's and AMG's (taken together) ownership, directly or indirectly, exceeding eighty percent (80%) of the outstanding LLC Points, then AMG or the Manager Member shall purchase, or shall assign their obligations to the LLC, and the LLC shall redeem, LLC Points from the Non-Manager Members having Put LLC Interests in proportion to the LLC Points then held by such Non-Manager Members up to the maximum extent that would not cause the Manager Member and AMG (taken together) to own, directly or indirectly, in excess of eighty percent (80%) of the outstanding LLC Points (in each case, subject to the maximum amount set forth in Sections 7.1(b), 7.1(c) and 7.1(d) hereof).

(h) AMG may assign and/or delegate any or all of its rights and obligations to purchase LLC Points under this Section 7.1, in one or more instances, to the Manger Member; provided that no such assignment or delegation shall relieve AMG of its obligation to make the payment for a Put as required by this Section 7.1 (or the method of payment (i.e., AMG Stock) to be used). The Manager Member may, only with a Majority Vote, assign any or all of its rights and obligations to purchase LLC Points under this Section 7.1, in one or more instances, to the LLC.

(i) As of any Purchase Date, the Non-Manager Member shall cease to hold the LLC Points purchased on the Purchase Date, and shall cease to hold a pro-rata portion of such Non-Manager Member's Capital Account and shall no longer have any rights with respect to such portion of its LLC Interests.

SECTION 7.2 ELECTION RIGHTS OF NON-MANAGER MEMBERS TO RECEIVE AMG STOCK.

(a) If AMG has, at the time of a Put, completed a Public Offering, then the Non-Manager Member which is exercising a Put may elect to cause AMG to pay all or a portion of the Put Price (as such term is defined in Section 7.1(e) above) for the relevant Put in shares of AMG's Common Stock, $.01 par value per share (the "AMG Stock") in accordance with the provisions of this Section 7.2. If the Non-Manager Member elects to cause AMG to pay a portion of the Put Price in shares of AMG Stock in accordance with the provisions of this Section 7.2, the portion of the consideration which is paid in AMG Stock shall reduce the cash portion of the Put Price pursuant to Section 7.1(e) and shall eliminate any obligation to make any payments under Section 7.1(f).

(b) An election under this Section 7.2 must be made by the Non-Manager Member at least sixty (60) days prior to the relevant Purchase Date, by giving written notice to the LLC, AMG and the Manager Member of such election, which election, once made, shall be irrevocable without the prior written consent of AMG.

(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:

$$\text{Number of Shares of AMG Stock} = \frac{\text{FCF} \times \text{Percentage Put} \times \text{AMG's EBITDA Multiple} \times .75}{\text{AMG's Average Stock Price}}$$

Where:

FCF	=	an amount equal to fifty percent (50%) of the LLC'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 minus fifty percent (50%) of the amount, if any, by which the actual expenses of the LLC exceeded the Operating Cash Flow of the LLC (including previously reserved Operating Cash Flow) during 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 LLC Points to be purchased from the Non-Manager Member on the Purchase Date, and the denominator of which is the number of LLC Points outstanding on the Purchase Date before giving effect to any Puts or any issuances or redemptions of LLC 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 AMG's earnings before interest, taxes, depreciation and amortization for the twelve (12) month period ending on December 31 prior to the date of the closing of the Put.

AMG's Average Stock Price = the average (arithmetic mean) Stock Price of AMG Stock during the forty (40) 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.

(d) If AMG completes a Public Offering, AMG shall, as soon as reasonably practicable, provide notice thereof to each Employee Stockholder.

(e) If requested in writing by the managing underwriter(s), if any, of any underwritten public offering of AMG Stock, each Non-Manager Member and each Employee Stockholder agrees not to offer, sell, contract to sell or otherwise dispose of any shares of AMG Stock (or any securities convertible into or exchangeable for AMG Stock) except as part of such

underwritten public offering within thirty (30) days before or one hundred and eighty (180) days after the effective date of the registration statement filed with respect to said offering.

SECTION 7.3 REGISTRATION RIGHTS.

(a) If at any time or times following the completion of its initial public offering, AMG shall determine to file a registration statement ("Registration Statement") (which excludes a registration on Form S-8 (or its then equivalent form) or a registration statement filed solely to implement an employee benefit plan, a transaction under Rule 145 or to which any other similar rule of the SEC under the Securities Act is applicable or registration statement on a form not available for registering securities for sale to the public) other than on Form S-4 (or its then equivalent form) and other than with respect to securities to be issued solely in connection with any acquisition of any securities or assets of any entity or business, then AMG will give written notice thereof to the Non-Manager Members which are holders of Registrable Securities (as hereinafter defined) then outstanding (the "Holders") at least twelve (12) days prior to the filing of a registration statement with the SEC, and, subject to the terms and conditions of this Section 7.3, will use commercially reasonable efforts to effect the registration under the Securities Act (a "Registration") of all Registrable Securities which the Holders request in a writing delivered to AMG within ten (10) days after the notice given by AMG. AMG shall have the right to postpone or withdraw any Registration without any obligation to any Holder.

(b) For the purposes of this Section 7.3, the term "Registrable Securities" shall mean any AMG Stock held by a Non-Manager Member which was acquired by such Non-Manager Member pursuant to the Merger Agreement and any equity securities issued or issuable with respect to such AMG Stock by way of a stock dividend or stock split or in connection with a combination of shares.

(c) Whenever under the preceding provisions of this Section 7.3, AMG is required hereunder to register Registrable Securities, AMG agrees that it shall also do the following:

(i) use commercially reasonable efforts to prepare diligently for filing with the SEC a Registration Statement and such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary for the duration of such Registration;

(ii) use commercially reasonable efforts to maintain the effectiveness of any Registration Statement pursuant to which any of the Registrable Securities are being sold on a delayed or continuous basis under Rule 415 (or any successor or similar rule) under the Securities Act (other than a registration statement in connection with an underwritten offering) until the earlier of (A) the completion of the distribution of all Registrable Securities offered pursuant thereto or (B) ninety (90) days after the effective date of such Registration Statement, provided that if a Suspension Period (as defined below) has occurred during the pendency of a Registration, AMG shall in good faith use reasonable efforts to extend the effectiveness of such Registration so that there are ninety (90) days during which such Registration is effective and a Suspension Period is not in effect; and

(iii) furnish to each selling Holder such 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 in accordance with customary practices.

(d) All reasonable expenses incident to AMG's performance of or compliance with this Section 7.3, including SEC and securities exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, fees and disbursements of counsel for AMG and its independent certified public accountants incurred in connection with each registration hereunder (excluding any fees or disbursements of counsel for the Holders, or any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities, which shall be borne by each applicable Holder) (all such included expenses being herein called "Registration Expenses"), will be borne by AMG; provided, however, that if AMG is not selling securities in such offering, then each Holder shall bear a portion of such expenses equal to such expenses multiplied by a fraction, the numerator of which is the number of shares sold by such Holder and the denominator of which is the total number of shares sold in the offering.

(e) (i) Incident to any registration statement referred to in this Section 7.3(e), and subject to applicable law, AMG will indemnify each underwriter, each Holder of Registrable Securities so registered, and each person controlling any of them ("Controlling Person") against all claims, losses, damages and liabilities, including legal and other expenses reasonably incurred in investigating or defending against the same, arising out of any untrue statement of a material fact contained therein, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any violation by AMG of the Securities Act, any other federal securities laws, any state securities or "blue-sky" laws or any rule or regulation thereunder in connection with such registration, except insofar as the same may have been caused by an untrue statement or omission based upon information furnished to AMG by or on behalf of such underwriter, Holder or Controlling Person expressly for use therein, and with respect to such untrue statement or omission in the information furnished to AMG by or on behalf of such underwriter, Holder or Controlling Person, such underwriter, Holder or Controlling Person so providing such information to AMG (or on whose behalf such information was so provided) will indemnify AMG, its directors and officers, and the other underwriters, Holders and Controlling Persons against any losses, claims, damages, expenses or liabilities to which any of them may become subject to the same extent.

(ii) If the indemnification provided for in this Section 7.3(e) from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by

reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any reasonable legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.3(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7.3(e)(ii), no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Holder were offered to the public exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue 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.

If indemnification is available under this Section 7.3(e), the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 7.3(e)(i) without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 7.3(e)(ii).

SECTION 7.4 RESTRICTIONS. Notwithstanding anything herein to the contrary, the parties agree as follows:

(a) In the event that in connection with an underwritten public offering, the managing underwriter(s) shall in good faith impose a limitation on the number of securities which may be included in such Registration for marketing purposes, AMG shall not be required to register Registrable Securities in excess of such limitation, provided that the reduction in the number of securities which may be included in such Registration to comply with such limitation is imposed pro rata (based either (as determined by AMG, in its sole discretion) on relative number of securities held or relative number of securities sought to be included in such Registration) with respect to the Holders and all managers of companies providing Investment Management Services in which AMG may invest after the date hereof and which have so-called incidental or piggyback registration rights (it being understood that such limitation may be imposed as to all holders of such securities and the Holders prior to the imposition of any limitation on other holders of AMG securities).

(b) If requested in writing by the managing underwriter(s), if any, of any underwritten public offering of AMG Stock, each Non-Manager Member and each Employee Stockholder agrees not to offer, sell, contract to sell or otherwise dispose of any shares of AMG Stock (or any securities convertible into or exchangeable for AMG Stock) except as part of such

underwritten public offering within thirty (30) days before or one hundred and eighty (180) days after the effective date of the registration statement filed with respect to said offering.

(c) Following the effectiveness of a Registration (including, without limitation a Registration for sale on a delayed or continuous basis under Rule 415 under the Securities Act), each Holder and each Employee Stockholder agrees not to effect any sales of AMG Stock after they have received notice from AMG to suspend sales as a result of the commencement of any Suspension Period. Each Holder may recommence effecting sales of AMG Stock following further notice to such effect from AMG, which shall be given by AMG not later than five (5) business days after the conclusion of each Suspension Period. For purposes hereof, a "Suspension Period" shall mean the pendency or occurrence of an event that would make it impractical or inadvisable (i) to cause a Registration Statement to remain in effect or (ii) to permit the sale of AMG Stock by Holders and by limited partners, members or management employees of other entities in which AMG is a general partner or manager member (without prejudice to any particular holder), and shall include, without limitation, pending negotiations relating to, or consummation of, a transaction or the pendency or occurrence of any other event that would require additional disclosure of material information by AMG in a registration statement as to which AMG has a bona fide business purpose for preserving confidentiality or which renders AMG unable to comply with applicable legal requirements.

SECTION 7.5 LIMITATION OF REGISTRATION RIGHTS. Notwithstanding the foregoing, AMG shall not be required to effect a Registration of Registrable Securities under this Agreement if, in the written opinion of counsel for AMG, the Holders of Registrable Securities may then sell all the Registrable Securities proposed to be sold without registration under the Securities Act.

SECTION 7.6 OPTION OF RECEIVING FUTURE PIGGYBACK REGISTRATION RIGHTS. Notwithstanding any provisions of this Section 7, if AMG offers to any Person engaged in the business of providing Investment Management Services in which AMG may invest pursuant to an acquisition or investment transaction closing after the date hereof any form of piggyback registration rights ("New Registration Rights"), AMG agrees that at each such occasion it shall provide Holders of Registrable Securities with the option of either retaining the registration rights then in force for such Registrable Securities or replacing such registration rights with the New Registration Rights, subject to the limitation set forth in Section 7.5.

ARTICLE VIII - DISSOLUTION AND TERMINATION.

SECTION 8.1 NO DISSOLUTION. The LLC shall not be dissolved by the admission of Additional Non-Manager Members or substitute Non-Manager Members or substitute Manager Members in accordance with the Act and the provisions of this Agreement.

SECTION 8.2 EVENTS OF DISSOLUTION.

(a) The LLC shall be dissolved and its affairs wound up upon the occurrence of any of the following events:

(i) a date designated in writing by the Manager Member with the consent of the Non-Manager Members acting by a Majority Vote; or

(ii) upon the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) Each Non-Manager Member and each Employee Stockholder and each other Person who accepts LLC Interests constitutes and appoints each of the Manager Member (and any successor thereof by merger, transfer, election or otherwise), and each of the Manager Member's authorized officers and attorneys-in-fact, with full power of substitution, as its, his or her true and lawful agents and attorneys-in-fact, with full power and authority in its, his or her name, place and stead to: execute, swear to, acknowledge, deliver, file and record in the appropriate public offices all certificates and other instruments including, at the option of the Manager Member, this Agreement and the Certificate and all amendments and restatements thereof or any of the foregoing relating to the continuation of the LLC as contemplated by paragraph (a)(ii) above, that the Manager Member reasonably deems appropriate or necessary to exercise any powers of the Manager Member or to carry out the purposes of this Agreement and to continue the existence or operation of the continuing LLC as a Limited Liability Company in the State of Delaware and under the Act and in all jurisdictions in which the LLC may or may wish to conduct business or own property.

The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and shall not be affected by, the subsequent death, incompetence, dissolution, disability, incapacity, bankruptcy or termination of any grantor and the transfer of all or any portion of his LLC Interest and shall extend to such Person's heirs, successors and assigns. Each Person who accepts LLC Interests is deemed to consent to be bound by any representations made by the Manager Member or the authorized officers and attorneys-in-fact thereof, acting in good faith pursuant to such power of attorney. Each Person who accepts LLC Interests is deemed to consent to and waive any and all defenses that may be available to contest, negate or disaffirm any action of the Manager Member or the authorized officers and attorneys-in-fact thereof, taken in good faith under such power of attorney. Each Non-Manager Member shall execute and deliver to the Manager Member within fifteen (15) days after receipt of the Manager Member's request therefor, such further designations, powers of attorney and other instruments as the Manager Member deems necessary to effectuate this Section 8.2(b).

SECTION 8.3 NOTICE OF DISSOLUTION. Upon the dissolution of the LLC the Manager Member shall promptly notify the Members of such dissolution.

SECTION 8.4 LIQUIDATION. Upon the dissolution of the LLC, the Manager Member, or if there is none, the Person or Persons approved by the holders of more than fifty percent (50%) of the LLC Points then outstanding (including the Person that was the Manager Member) shall carry out the winding up of the LLC (in such capacity, the "Liquidating Trustee"), shall immediately commence to wind up the LLC's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the LLC and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share in allocations and distributions during liquidation in the same proportions, as

specified in Article IV hereof, as before liquidation. The proceeds of liquidation shall be distributed as set forth in Section 4.4 hereof.

SECTION 8.5 TERMINATION. The LLC shall terminate when all of the assets of the LLC, after payment of or due provision for all debts, liabilities and obligations of the LLC, shall have been distributed to the Members in the manner provided for in Section 4.4 and the Certificate shall have been canceled in the manner required by the Act.

SECTION 8.6 CLAIMS OF THE MEMBERS. The Members and former Members shall look solely to the LLC's assets for the return of their Capital Contributions, and if the assets of the LLC remaining after payment of or due provision for all debts, liabilities and obligations of the LLC are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the LLC or any other Member.

ARTICLE IX - RECORDS AND REPORTS.

SECTION 9.1 BOOKS AND RECORDS. The Officers and the Manager Member shall cause the LLC to keep complete and accurate books of account with respect to the operations of the LLC, prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied. Such books shall reflect that the interests in the LLC have not been registered under the Securities Act, and that the interests may not be sold or transferred without registration under the Securities Act or exemption therefrom and without compliance with Article V or Article VI of this Agreement. Such books shall be maintained at the principal office of the LLC in New York, New York or at such other place as the Manager Member shall determine.

SECTION 9.2 ACCOUNTING. The LLC's books of account shall be kept on the accrual method of accounting, or on such other method of accounting as the Manager Member may from time to time determine, with the advice of the Independent Public Accountants, and shall be closed and balanced at the end of each LLC fiscal year and shall be maintained for each fiscal year in a manner consistent with the manner in which the LLC's books were maintained during the fiscal year ended December 31, 1997, except to the extent otherwise determined by the Management Board, with the written consent of the Manager Member or as otherwise required in accordance with changes in generally accepted accounting principles or policies of AMG applied consistently with respect to its Controlled Affiliates so long as no such change in policies affects the calculation of the Repurchase Price or the Put Price (or, if it does, only after appropriate provision is made to hold the Non-Manager Members harmless from the effect of any such change). The taxable year of the LLC shall be the twelve months ending December 31 or such other taxable year as the Manager Member may designate, with the written advice of the Independent Public Accountants.

SECTION 9.3 FINANCIAL AND COMPLIANCE REPORTS. The LLC shall furnish to the Manager Member, each of the following:

(a) Within five (5) days after the end of each month and each fiscal quarter, an unaudited financial report of the LLC, which report shall be prepared in accordance with generally

accepted accounting principles using the accrual method of accounting, consistently applied (except that the financial report may (i) be subject to normal year-end audit adjustments which are neither individually nor in the aggregate material and (ii) not contain all notes thereto which may be required in accordance with generally accepted accounting principles) and shall be certified by the most senior financial officer of the LLC to have been so prepared, and which shall include the following:

(i) Statements of operations, changes in members' capital and cash flows for such month or quarter, together with a cumulative income statement from the first day of the then-current fiscal year to the last day of such month or quarter;

(ii) a balance sheet as of the last day of such month or quarter; and

(iii) with respect to the quarterly financial report, a detailed computation of Free Cash Flow for such quarter.

(b) Within fifteen (15) days after the end of each fiscal year of the LLC, audited financial statements of the LLC, which shall include statements of operations, changes in members' capital and cash flows for such year and a balance sheet as of the last day thereof, each prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied, certified by Independent Public Accountants satisfactory to the Manager Member.

(c) If requested by the Manager Member, within twenty-five (25) days after the end of each calendar quarter, the LLC's operating budget for each of the next four (4) fiscal quarters, in such form and containing such estimates as may be requested by the Manager Member from time to time, certified by the most senior financial officer of the LLC.

(d) Copies of all financial statements, reports, notices, press releases and other documents released to the public.

(e) As promptly as is reasonably possible following request by the Manager Member from time to time, such operations and/or performance data as may be requested, in each case certified by the most senior financial officer of the LLC if such a certification is requested by the Manager Member.

(f) Any other financial or other information available to the Officers as the Manager Member shall have reasonably requested on a timely basis.

SECTION 9.4 MEETINGS.

(a) The LLC and its Officers shall hold such regular meetings at the LLC's principal place of business with representatives of the Manager Member as may be reasonably requested by the Manager Member from time to time. These meetings shall be attended (either in person or by telephone) by such of the Officers and other employees of the LLC as may be requested by the Manager Member or any of the Officers.

(b) At each meeting, the Officers shall make such presentations regarding the LLC and its performance, operations and/or budgets as may be reasonably requested by the Manager Member, and each of the attendees (whether in person or by telephone) at such meeting shall have the right to submit proposals and suggestions regarding the LLC, and the attendees at the meeting shall discuss and consider such proposals and suggestions.

SECTION 9.5 TAX MATTERS.

(a) The Manager Member shall cause to be prepared and filed on or before the due date (or any extension thereof) Federal, state, local and foreign tax or information returns required to be filed by the LLC. The Manager Member, to the extent that LLC funds are available, shall cause the LLC to pay any taxes payable by the LLC (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes, are to be treated as operating expenses of the LLC to be paid from Operating Cash Flow); provided that the Manager Member shall not be required to cause the LLC to pay any tax so long as the Manager Member or the LLC is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the LLC and adequate reserves therefor have been set aside by the LLC. Neither the LLC nor any Employee Stockholder or Non-Manager Member shall do anything or take any action which would be inconsistent with the foregoing or with the Manager Member's actions as authorized by the foregoing provisions of this Section 9.5(a). Each Non-Manager Member shall cooperate with the Manager Member in causing the LLC to make an election under Section 754 or the Code with respect to the LLC's fiscal year ended as of the date of this Agreement.

(b) The Manager Member shall be the tax matters partner for the LLC pursuant to Sections 6221 through 6233 of the Code.

ARTICLE X - LIABILITY, EXCULPATION AND INDEMNIFICATION.

SECTION 10.1 LIABILITY. Except as otherwise provided by the Act, the debts, obligations and liabilities of the LLC, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the LLC, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a Covered Person.

SECTION 10.2 EXCULPATION.

(a) No Covered Person shall be liable to the LLC or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of any action or inaction of such Covered Person which constituted fraud, gross negligence, willful misconduct or a breach of this Agreement, the Merger Agreement or, in the case of a Non-Manager Member or Employee Stockholder, the Non Solicitation Agreement to which he, she or it is a party.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the LLC and upon such information, opinions, reports or statements presented to the Covered Person by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the LLC of such Covered Person.

SECTION 10.3 FIDUCIARY DUTY.

(a) To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the LLC or to any Member, a Covered Person acting under this Agreement shall not be liable to the LLC or to any Member for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between the Manager Member and any other Member, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that the Manager Member shall act in a manner that is, or provides terms that are, fair and reasonable to the LLC or any Member, the Manager Member shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. The resolution, action or term so made, taken or provided by the Manager Member shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Manager Member at law or in equity or otherwise unless the Managing Member did not act in good faith.

(c) Whenever in this Agreement the Manager Member is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the Manager Member shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the LLC or any other Person, or (ii) in its "good faith" or under another express standard, the Manager Member shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law; provided, however, that if such standard is qualified by "reasonable," then the Manager Member shall exercise its discretion or good faith only in a reasonable manner.

(d) Wherever in this Agreement a factual determination is called for and the applicable provision of this Agreement does not indicate what party or parties are to make the applicable factual determination, and/or the applicable standard to be used in making the factual determination, such determination shall be made by the Manager Member in the exercise of reasonable discretion.

SECTION 10.4 INDEMNIFICATION. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the LLC for any loss, damage or claim (including any amounts paid in settlement of any such claims) incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of any action or inaction of such Covered Person which constituted fraud, gross negligence, willful misconduct or a breach of this Agreement, the Merger Agreement or, in the case of the Non-Manager Member or Employee Stockholder, the Non Solicitation Agreement to which he, she or it is a party; provided, however, that any indemnity under this Section 10.4 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability to provide indemnity on account thereof.

SECTION 10.5 NOTICE; OPPORTUNITY TO DEFEND AND EXPENSES.

(a) Promptly after receipt by any Covered Person from any third party of notice of any demand, claim or circumstance that, immediately or with the lapse of time, would reasonably be expected to give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in any loss, damage or claim with respect to which the Covered Person might be entitled to indemnification from the LLC under Section 10.4, the Covered Person shall give notice thereof (the "Claims Notice") to the LLC; provided, however, that a failure to give such notice shall not prejudice the Covered Person's right to indemnification hereunder except to the extent that the LLC is actually prejudiced thereby. The Claims Notice shall describe the Asserted Liability in such reasonable detail as is practicable under the circumstances, and shall, to the extent practicable under the circumstances, indicate the amount (estimated, if necessary) of the loss or damage that has been or may be suffered by the Covered Person.

(b) The LLC may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability; provided, however, that if the named parties to any action or proceeding include (or could reasonably be expected to include) both the LLC and a Covered Person, or more than one Covered Persons, and the LLC is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Covered Person may engage separate counsel at the expense of the LLC. If the LLC elects to compromise or defend such Asserted Liability, it shall within twenty (20) business days (or sooner, if the nature of the Asserted Liability so requires) notify the Covered Person of its intent to do so, and the Covered Person shall cooperate, at the expense of the LLC, in the compromise of, or defense against, such Asserted Liability. If the LLC elects not to compromise or defend the Asserted Liability, fails to notify the Covered Person of its election as herein provided, contests its obligation to provide indemnification under this Agreement, or fails to make or ceases making a good faith and diligent defense, the Covered Person may pay, compromise or defend such Asserted Liability all at the expense of the Covered Person. Except as set forth in the preceding sentence, neither the LLC nor the Covered Person may settle or compromise any claim over the objection of the other; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event,

the LLC and the Covered Person may participate at their own expense, in the defense of such Asserted Liability. If the Covered Person chooses to defend any claim, the Covered Person shall make available to the LLC any books, records or other documents within its control that are necessary or appropriate for such defense, all at the expense of the LLC.

(c) If the LLC elects not to compromise or defend an Asserted Liability, or fails to notify the Covered Person of its election as above provided, then, to the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any Asserted Liability, shall, from time to time, be advanced by the LLC prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the LLC of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 10.4 hereof. The LLC may, if the Manager Member deems it appropriate, require any Covered Person for whom expenses are advanced, to deliver adequate security to the LLC for his or her obligation to repay such indemnification.

SECTION 10.6 MISCELLANEOUS.

(a) The right of indemnification hereby provided shall not be exclusive of, and shall not affect, any other rights to which a Covered Person may be entitled. Nothing contained in this Article X shall limit any lawful rights to indemnification existing independently of this Article X.

(b) The indemnification rights provided by this Article X shall also inure to the benefit of the heirs, executors, administrators, successors and assigns of a Covered Person and any officers, directors, partners, shareholders, employees and Affiliates of such Covered Person (and any former officer, director, member, shareholder or employee of such Covered Person, if the loss, damage or claim was incurred while such person was an officer, director, member, shareholder or employee of such Covered Person). The Manager Member may extend the indemnification called for by Section 10.4 to non-employee agents of the LLC, the Manager Member or its Affiliates.

ARTICLE XI - MISCELLANEOUS.

SECTION 11.1 NOTICES. All notices, requests, elections, consents or demands permitted or required to be made under this Agreement ("Notices") shall be in writing, signed by the Person or Persons giving such notice, request, election, consent or demand and shall be delivered personally or by confirmed facsimile, or sent by registered or certified mail, or by commercial courier to the other Members, at their addresses set forth on the signature pages hereof or on Schedule A hereto, or at such other addresses as may be supplied by written notice given in conformity with the terms of this Section 11.1. All Notices to the LLC shall be made to the Manager Member at the address set forth on the signature pages hereof or on Schedule A hereto, with a copy (which shall not constitute notice) to the Chairman of the LLC at the principal offices of the LLC. The date of any such personal or facsimile delivery or the date of delivery by an overnight courier or the date five (5)

days after the date of mailing by registered or certified mail, as the case may be, shall be the date of such notice.

SECTION 11.2 SUCCESSORS AND ASSIGNS. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Members, their respective successors, successors-in-title, heirs and assigns, and each and every successors-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, and each shall hold such interest subject to all of the terms and provisions of this Agreement.

SECTION 11.3 AMENDMENTS. No amendments may be made to this Agreement without the prior written consent of (i) the Manager Member and (ii) a Majority Vote of the Non-Manager Members; provided, however, that, without the vote, consent or approval of any other Member, the Manager Member shall make such amendments and additions to Schedule A hereto as are required by the provisions hereof; and, provided further, that the Manager Member may amend this Agreement to correct any printing, stenographic or clerical errors or omissions. Except as otherwise specifically provided for herein, no amendment may be made to this Agreement which materially and adversely affects a Non-Manager Member in a manner different from all the other Non-Manager Members, without the prior written consent of the Non-Manager Member which would be so affected.

SECTION 11.4 NO PARTITION. No Member nor any successor-in-interest to any Member, shall have the right while this Agreement remains in effect to have the property of the LLC partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the LLC partitioned, and each Member, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intent of the Members that during the term of this Agreement, the rights of the Members and the Employee Stockholders and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Member or successors-in-interest to assign, transfer, sell or otherwise dispose of his interest in the LLC shall be subject to the limitations and restrictions of this Agreement.

SECTION 11.5 NO WAIVER; CUMULATIVE REMEDIES. The failure of any Member to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

SECTION 11.6 DISPUTE RESOLUTION. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the applicable rules of the American Arbitration Association. The arbitration shall be held in Massachusetts before a single arbitrator

selected in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry, and shall otherwise be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules.

SECTION 11.7 PRIOR AGREEMENTS SUPERSEDED. This Agreement and the schedules and exhibits hereto supersede the prior understandings and agreements among the parties with respect to the subject matter hereof and thereof.

SECTION 11.8 CAPTIONS. Titles or captions of Articles or Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 11.9 COUNTERPARTS. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Members notwithstanding that all Members have not signed the same counterpart.

SECTION 11.10 APPLICABLE LAW; JURISDICTION. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without applying the choice of law or conflicts of law provisions thereof.

SECTION 11.11 INTERPRETATION. All terms herein using the singular shall include the plural; all terms using the plural shall include the singular; in each case, the term shall be as appropriate to the context of each sentence. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine and neuter, whichever shall be applicable.

SECTION 11.12 SEVERABILITY. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

SECTION 11.13 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of (i) any Member, (ii) any Employee Stockholder or (iii) the LLC, other than a Member who is also a creditor of the LLC.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Initial Non-Manager Members and the Manager Member have executed and delivered this Amended and Restated Limited Liability Company Agreement as of the day and year first above written.

MANAGER MEMBER

Name and Signature	Address
GEOCAPITAL CORPORATION (formerly known as Merger Sub) By: /s/ Sean M. Healey Name: Title:	Two International Place, 23rd Floor Boston, MA 02110

NON-MANAGER MEMBERS

Name and Signature	Address
/s/ Irwin Lieber Irwin Lieber	c/o GeoCapital, LLC 767 Fifth Avenue, 45th Floor New York, NY 10153-4590
/s/ Barry K. Fingerhut Barry K. Fingerhut	c/o GeoCapital, LLC 767 Fifth Avenue, 45th Floor New York, NY 10153-4590
/s/ Seth A. Lieber Seth A. Lieber	c/o GeoCapital, LLC 767 Fifth Avenue, 45th Floor New York, NY 10153-4590
/s/ Jonathan C. Lieber Jonathan C. Lieber	c/o GeoCapital, LLC 767 Fifth Avenue, 45th Floor New York, NY 10153-4590
/s/ Dana G. Lieber Dana G. Lieber	c/o GeoCapital, LLC 767 Fifth Avenue, 45th Floor New York, NY 10153-4590

/s/ Andrew J. Fingerhut
- -------------------------
Andrew J. Fingerhut

c/o GeoCapital, LLC
767 Fifth Avenue, 45th Floor
New York, NY 10153-4590

/s/ Brooke A. Fingerhut
- -------------------------
Brooke A. Fingerhut

c/o GeoCapital, LLC
767 Fifth Avenue, 45th Floor
New York, NY 10153-4590

ACKNOWLEDGMENT

The undersigned is executing this Agreement solely (i) to acknowledge and agree to be bound by the provisions of Section 3.12, Article VII and the relevant provisions of Article XI hereof (ii) to represent that the undersigned is the sole owner of all of the outstanding capital stock of the Managing Member, and (iii) to agree that, without a Majority Vote, for so long as Merger Sub is the Managing Member of the LLC, the undersigned shall not in any manner directly or indirectly sell, transfer, assign, pledge, hypothecate or otherwise encumber or dispose of any of the capital stock of the Managing Member, subject to the exceptions set forth in clause (i) and clause (ii) of Section 6.1(a).

AFFILIATED MANAGERS GROUP, INC.
Two International Place
23rd Floor
Boston, MA 02110

By: /s/ Sean M. Healey

Name:

Title:

SCHEDULE A

Member	LLC Points	Capital Contribution
GeoCapital Corporation	60.0000	$24,000,000
Irwin Lieber	19.9479	$ 0
Barry K. Fingerhut	13.9246	$ 0
Seth Lieber	1.3107	$ 0
Jonathan C. Lieber	1.3107	$ 0
Dana G. Lieber	1.1687	$ 0
Andrew J. Fingerhut	1.1687	$ 0
Brooke A. Fingerhut	1.1687	$ 0
TOTAL	100.0000	$24,000,000

Addresses

GeoCapital Corporation
c/o Affiliated Managers Group, Inc.
Two International Place, 23rd Floor
Boston, MA 02110

Each of the above individuals can be contacted at:

c/o GeoCapital, LLC
767 Fifth Avenue
New York, NY 10153

SCHEDULE B

ACTUAL PERFORMANCE FEE CALCULATION AS OF THE DATE HEREOF

Year Ended	(a) Performance Fee for the current measurement period	(b) Performance Fee after adjusting for Carryover	(c) Base Fee	(d) Option Limitation (as a percent of Base Fee)	(e) Option Limitation ($)	(f) Cumulative Residual ("Carryover") ((b)-(e))
Jun-94	(1,291,129)	(1,291,129)	1,220,846	50%	(610,423)	(680,706)
Jun-95	(1,847,065)	(2,527,771)	1,284,778	50%	(642,389)	(1,885,382)
Jun-96	(2,193,110)	(4,078,492)	1,580,134	50%	(790,067)	(3,288,426)
Jun-97	635,197	(2,653,229)	1,647,874	50%	(823,937)	(1,829,292)

Debits (Option Limitation/5)					
Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Total
(122,085)					(122,085)
(128,478)	(128,478)				(256,956)
(158,013)	(158,013)	(158,013)			(474,040)
(164,787)	(164,787)	(164,787)	(164,787)		(659,150)
					--
(573,363)	(451,279)	(322,801)	(164,787)	--	(1,512,230)

SCHEDULE B

sample Actual Performance Fee Calculation (For Illustration Purposes Only) The Actual calculations shall be done as set forth in the text of the Amended and Restated Limited Liability Company Agreement

Year Ended	(a) Performance Fee for the current measurement period	(b) Performance Fee after adjusting for Carryover	(c) Base Fee	(d) Option Limitation (as a percent of Base Fee)	(e) Option Limitation ($)	(f) Cumulative Residual ("Carryover") ((b)-(e))
Jun-94	(1,291,129)	(1,291,129)	1,220,846	50%	(610,423)	(680,706)
Jun-95	(1,847,065)	(2,527,771)	1,284,778	50%	(642,389)	(1,885,382)
Jun-96	(2,193,110)	(4,078,492)	1,580,134	50%	(790,067)	(3,288,425)
Jun-97	635,197	(2,653,228)	1,647,874	50%	(823,937)	(1,829,291)
Jun-98	250,000	(1,579,291)	1,500,000	50%	(750,000)	(829,291)
Jun-99	--	(829,291)	1,500,000	50%	(750,000)	(79,291)
Jun-00	500,000	420,709	1,500,000	50%	420,709	--

Debits/Credits (Option Limitation/5)						
Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
(122,084)						
(128,477)	(128,477)					
(158,013)	(158,013)	(158,013)				
(164,787)	(164,787)	(164,787)	(164,787)			
(150,000)	(150,000)	(150,000)	(150,000)	(150,000)		
	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	
		84,142	84,142	84,142	84,142	84,142
(723,361)	(751,277)	(538,659)	(380,646)	(215,858)	(65,858)	84,142

sample Pro-Forma Performance Fee Calculation (For Illustration Purposes Only) The Actual calculations shall be done as set forth in the text of the Amended and Restated Limited Liability Company Agreement - calculated as if

(i) the Carryover at June 1997 (being the residual negative performance fee from periods ended on or prior to June 30, 1997) was zero, and

(ii) there were no so-called "Debits" from or attributable to any measurement periods ended on or prior June 30, 1997.

Year Ended	(a) Performance Fee for the current measurement period	(b) Performance Fee after adjusting for Carryover	(c) Base Fee	(d) Option Limitation (as a percent of Base Fee)	(e) Option Limitation ($)	(f) Cumulative Residual ("Carryover") ((b)-(e))
Jun-94	(1,291,129)	(1,291,129)	1,220,846	50%	(610,423)	(680,706)
Jun-95	(1,847,065)	(2,527,771)	1,284,778	50%	(642,389)	(1,885,382)
Jun-96	(2,193,110)	(4,078,492)	1,580,134	50%	(790,067)	(3,288,425)
Jun-97	635,197	(2,653,228)	1,647,874	50%	(823,937)	ZERO
Jun-98	250,000	250,000	1,500,000	50%	250,000	--
Jun-99	--	--	1,500,000	50%	--	--
Jun-00	500,000	500,000	1,500,000	50%	500,000	--

Debits/Credits (Option Limitation/5)						
Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
ZERO						
ZERO	ZERO					
ZERO	ZERO	ZERO				
ZERO	ZERO	ZERO	ZERO			
50,000	50,000	50,000	50,000	50,000		
	--	--	--	--	--	
		100,000	100,000	100,000	100,000	100,000
50,000	50,000	150,000	150,000	150,000	100,000	100,000

Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04

$ 773,361	$ 801,277	$ 688,659	$530,646	$365,858	$165,858	$15,858
$ 829,291	$ 79,291	$ --	$ --	$ --	$ --	--
$ 2,568,156	$1,766,879	$1,078,220	$547,575	$181,716	$15,858	--

PRO FORMA MINNESOTA ALLOCATION (calculated as Sample Pro-Forma minus Sample Actual)
REMAINING MINNESOTA CARRYOVER AMOUNT (calculated as Sample Actual minus Sample Pro-Forma)
REMAINING MINNESOTA CUMULATIVE DEBITS(1) (calculated as Sample Actual minus Sample Pro-Forma)

(1) Calculated as of June 30, but assuming that the June payment had already been made and that AMG had received its portion of the Pro Forma Minnesota Allocation for that year

SCHEDULE C

The provisions of this Schedule C are merely illustrative examples and are not a part of the agreement between the parties to the Amended and Restated Limited Liability Company Agreement of GeoCapital, LLC (the "LLC Agreement"). Capitalized terms used in this Schedule have the meanings set forth in the LLC Agreement.

1. Assumptions

Free Cash Flow = 50.00% of Revenues From Operations

Ownership of GeoCapital LLC

Member	Points
GeoCapital Corporation	60.0000
Irwin Lieber	19.9479
Barry Fingerhut	13.9246
Seth Lieber	1.3107
Jonathan Lieber	1.3107
Dana Lieber	1.1687
Andrew Fingerhut	1.1687
Brooke Fingerhut	1.1687
TOTAL	100.0000

2. Scenario

Messrs. Irwin Lieber and Barry Fingerhut launch a $100 million hedge fund with a 1% fee based on assets under management and a carried interest equal to 20% of any net gain. To launch the fund and receive the carry, they must, because of marketing factors, invest $ 2,000,000 for which they also receive limited partnership interests totaling 2.00%

(i) Pursuant to Section 3.10(b), the management fee must be paid over to GeoCapital LLC

(ii) Pursuant to Section 3.10(c), the Manager Member or Affiliated Managers Group, Inc. (or any other Affiliate of Affiliated Managers Group, Inc. as selected by the Manager Member) is entitled to 10% of the 20% carry, or 2% of the net gain in the hedge fund. The Manager Member or such Affiliate receives this interest for no, or nominal, consideration. In addition, this portion of the carry would have to be structured in accordance with the provisions of Section 3.10(c).

(iii) If the Manager Member (or one of its Affiliates as selected by the Manager Member) determines to exercise its rights under Section 3.10(d), then, for the consideration required by such Section, the Manager Member may purchase a portion of the carried interest determined as follows:

(A x B) = C where

A = 30.00% or 60/100 x 50%

B = 20.00% (the 20% carry to which Messrs. Lieber and Fingerhut would be entitled prior to taking into account the operation of Section 3.10(c) as described in (ii) above)

C = 2.00% (the 2% of net gain to which the Manager Member is entitled pursuant to Section 3.10(c) as described in (ii) above)

or a total of

4.00% of the net gain in the hedge fund (pursuant to Section 3.10(d))

The cost to the Manager Member or its selected Affiliate would be is equal to 20% of the total investment required in respect of the total carried interests, or: $400,000

SCHEDULE C

In addition, the portion of the carry purchased by the Manager Member would have to be structured in accordance with the provisions of Section 3.10(c).

Because, in connection with obtaining the carried interests, Messrs. Lieber and Fingerhut also received other limited partnership interests, for its $400,000 investment, the Manager Member or its selected Affiliate would also receive 20.00% of the limited partnership interests or 0.4% of the limited partnership interests in the hedge fund.

3. Conclusion

Holder	Percent Carried Interest	Percent LP Interest	Investment
Manager Member	6.00%	0.40%	$ 400,000
Lieber and Fingerhut	14.00%	1.60%	$ 1,600,000
Investors	--	98.00%	$ 98,000,000
	20.00%	100.0%	$100,000,000

SCHEDULE D

The provisions of this Schedule D are merely illustrative examples and are not a part of the agreement between the parties to the Amended and Restated Limited Liability Company Agreement of GeoCapital, LLC (the "LLC Agreement"). Capitalized terms used in this Schedule have the meanings set forth in the LLC Agreement.

This example assumes that the termination of employment occurs at September 30, 1997, but that GeoCapital had been operating under the LLC structure under the Amended and Restated LLC Agreement.

This example further assumes that operating expenses did not exceed Operating Cash Flow

1) Assumed Revenues for the 24 months ending the last day of the calendar quarter in which the termination of an Employee Stockholder's employment occurs because of resignation, termination For Cause or termination for Unsatisfactory Performance

	R E V E N U E S		F R E E C A S H F L O W
Year Ended			
9/30/96	$10,567,586	=TOTAL *.5	$ 5,283,793.00
12/31/97	$13,500,000	=TOTAL *.5	$ 6,750,000.00
Subtotals	$24,067,586		$12,033,793.00

FIFTY PERCENT		50%
TOTAL		$ 6,016,897
Multiple		3
Hypothetical Sale Price		$18,050,690

2) Calculation of Repurchase Price using the methodology in Section 3.11(c)(ii)

Member	Starting Capital	Partnership Points	Percentage Ownership	Allocation of Gain or Loss	Purchase Price for 100% of Points
AMG	$24,000,000	60.0000	60.0000%	$(3,569,586)	
I. Lieber	0.00	19.9479	19.9479%	(1,186,763)	0.00
B. Fingerhut	0.00	13.9246	13.9246%	(828,418)	0.00
S. Lieber	0.00	1.3107	1.3107%	(77,978)	0.00
J. Lieber	0.00	1.3107	1.3107%	(77,978)	0.00
D. Lieber	0.00	1.1687	1.1687%	(69,530)	0.00
A. Fingerhut	0.00	1.1687	1.1687%	(69,530)	0.00
B. Fingerhut	0.00	1.1687	1.1687%	(69,530)	0.00
	$24,000,000	100.00	100.0000%	$(5,949,311)	

EXHIBIT 10.4

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE COMMISSION. ASTERISKS (*) IDENTIFY WHERE SUCH CONFIDENTIAL INFORMATION HAS BEEN OMITTED. THE OMITTED PORTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

FIRST QUADRANT, L.P.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

March 28, 1996

FIRST QUADRANT, L.P.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT

TABLE OF CONTENTS

FIRST QUADRANT, L.P.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

This Amended and Restated Limited Partnership Agreement (the "Agreement") is made and entered into as of March 28, 1996 (the "Effective Date"), by and among First Quadrant Corp., a New Jersey corporation (the "General Partner"), the other partners named on Schedule A hereto (collectively, the "Limited Partners" and individually, a "Limited Partner"). The General Partner and the Limited Partners are sometimes herein referred to collectively as the "Partners" and individually as a "Partner."

This Agreement amends and completely restates that certain Amended and Restated Limited Partnership Agreement of First Quadrant, L.P. entered into as of March 25, 1996, by and among the General Partner and the Limited Partners.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual agreements hereinafter set forth, including, but not limited to, their capital contributions, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS.

SECTION 1.1 DEFINITIONS. For purposes of this Agreement:

"Additional Limited Partner" shall have the meaning specified in Section 5.6.

"Advisers Act" shall mean the Investment Advisers Act of 1940, as it may be amended from time to time, and any successor to such Act.

"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 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.

"Agreement" shall mean this Amended and Restated Limited Partnership Agreement, as it may from time to time be amended, supplemented or restated.

"AMG" shall mean Affiliated Managers Group, Inc., a Delaware corporation.

"Asset Transfer" shall have the meaning ascribed thereto in the Stock Purchase Agreement.

"Capital Account" shall mean the capital account maintained by the Partnership with respect to each Partner in accordance with the capital accounting rules described in Section 4.2 hereof.

"Capital Contribution" shall mean, as to each Partner, the amount of money and/or the agreed fair market value of any property (net of any liabilities encumbering such property that the Partnership is considered to assume or take subject to) contributed to the capital of the Partnership by such Partner.

"Certificate of Limited Partnership" shall mean the certificate of limited partnership for the Partnership required under the Partnership Act, as such Certificate may be amended or restated from time to time.

"Closing" shall have the meaning set forth in the Stock Purchase Agreement.

"Code" or "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as from time to time amended, and any successor thereto, together with all regulations promulgated thereunder.

"Effective Date" shall have the meaning specified in the preamble of this Agreement.

"Employee Stockholder" shall mean (i) in the case of a Limited Partner which is not an individual, that certain officer and/or employee of the Partnership or First Quadrant Limited (or, in the case of Lovell, Inc., Robert M. Lovell, Jr.) who is the owner of all the issued and outstanding capital stock of a Limited Partner, and is listed as such on Schedule A hereto and, (ii) in the case of a Limited Partner which is an individual, such Limited Partner.

"Encumbrances" shall have the meaning ascribed thereto in the Stock Purchase Agreement.

"Executive Retention Options" shall mean one or more of those Executive Retention Options in the form attached hereto as Exhibit A which was issued on the date hereof to one or more Partners.

"Executive Retention Reserve" shall mean the ten (10) Partnership Points as are reserved for issuance pursuant to the terms of one or more Executive Retention Options. The ten (10) Partnership Points in the Executive Retention Reserve shall be deemed to be outstanding Partnership Points held by the General Partner for all purposes of this Agreement (other than the determination of "Majority Vote" as set forth herein and for determining "Capital Calls" as set forth in Section 4.1 hereof), except for those Partnership Points as have been issued pursuant to the Executive Retention Options.

"Fair Market Value" shall mean the fair market value as reasonably determined in good faith by the Board of Directors of the General Partner.

"First Quadrant Limited" shall mean First Quadrant Limited, a United Kingdom corporation.

"First Quadrant Limited's Share" shall mean the FQ Limited Share as such term is defined in the Revenue Agreement.

"First Quadrant Limited's Revenues" shall mean Revenues, as such term is defined in the Revenue Agreement.

"For Cause" shall mean, with respect to the termination of an Employee Stockholder's employment, with the Partnership or First Quadrant Limited, any of the following:

(a) The Employee Stockholder has engaged in any criminal offense which involves a violation of federal or state securities laws or regulations, embezzlement, fraud, wrongful taking or misappropriation of property, theft, or any other crime involving dishonesty and (i) has been convicted (whether or not subject to appeal) or plead nolo contendere or any similar plea to any criminal offense in connection with or relating to such act, or (ii) as a result of or in relation to such act, an event has occurred which would require an affirmative answer to any of the questions in Items 11A, B, C, D, E or F (except, with respect to question 2 in each of Items 11C, D or E, for an immaterial violation of securities laws or regulations which results in an affirmative answer which could not reasonably be expected to have an adverse effect on the Partnership, First Quadrant Limited or their respective businesses) of Part I of the Partnership's Form ADV;

(b) The General Partner with a Majority Vote (excluding, for purposes of determining such Majority Vote, the Employee Stockholder or Limited Partner of the Employee Stockholder which is the subject of such termination, as if the Partnership Points held by such Limited Partner were not outstanding) has determined that the Employee Stockholder has persistently and willfully neglected his or her duties or failed to devote substantially all of his or her working time, energy and skills to the faithful and diligent performance of such duties, after the Partnership and/or First Quadrant Limited, as applicable, has given the Employee Stockholder written notice specifying such conduct by the Employee Stockholder and giving the Employee Stockholder a reasonable period of time (not less than 30 days), to conform his or her conduct to such duties; or

(c) The Employee Stockholder has engaged in Prohibited Competition Activity or violated or breached any material provision of his or her Non Solicitation Agreement or engaged in any of the activities prohibited by Section 3.7 hereof or Section 3.7 of the U.K. Partnership Agreement.

"Free Cash Flow" shall mean, for any period, the sum of (a) thirty percent (30%) of the Revenues From Operations of the Partnership for such period, and (b) the amount (measured in U.S. dollars as reasonably determined by the General Partner) by which thirty percent (30%) of First Quadrant Limited's Revenues for such period exceeds the dividends paid by First Quadrant Limited to the U.K. Partnership during such period.

"Free Cash Flow Expenditures" shall have the meaning specified in Section 3.3(b).

"General Partner" shall mean First Quadrant Corp., a New Jersey corporation, and any Person who becomes a successor or additional General Partner as provided herein.

"General Partner Preference Amount" shall mean $274,755.

"Governmental Authority" shall mean any foreign, federal, state or local court, governmental authority or regulatory body.

"Immediate Family" shall mean, with respect to any person, such person's spouse, parents, grandparents, children, grandchildren and siblings.

"Incentive Program" shall mean the First Quadrant, L.P. and First Quadrant U.K., L.P. Incentive Program in the form attached hereto as Exhibit B.

"Incentive Reserve" shall mean the number of Partnership Points (initially twenty-four and fourteen one-hundredths (24.14)), as are reserved for issuance pursuant to the terms of the Incentive Program. The twenty-four and fourteen one-hundredths (24.14) Partnership Points in the Incentive Reserve shall be deemed to be outstanding Partnership Points held by the General Partner for all purposes of this Agreement, except for those Partnership Points as have vested and have been issued pursuant to the Incentive Program.

"Independent Public Accountants" shall mean any independent certified public accountant satisfactory to the General Partner and retained by the Partnership.

"Intercompany Services Agreement" shall mean that certain Intercompany Services Agreement by and between the Partnership and First Quadrant Limited which is dated as of the date hereof, as the same may be amended and/or restated from time to time.

"Initial Partners" shall mean those entities which are Partners on the Effective Date.

"Initial Partnership Points" means, with respect to a Limited Partner, that number of Partnership Points held by such Limited Partner in the Partnership immediately after giving effect to the Closing.

"Initial U.K. Partnership Points" means, with respect to a Limited Partner, that number of U.K. Partnership Points held by such Limited Partner immediately after giving effect to the Closing.

"Investment Management Services" shall mean any services which involve (a) the management, for a fee or other remuneration, of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice, for a fee or other remuneration, with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds).

"IRS" shall mean the Internal Revenue Service of the United States Department of the Treasury.

"Limited Partner" shall mean any person or entity who is or becomes a Limited Partner pursuant to the terms hereof.

"Majority Vote" shall mean the affirmative approval by vote or consent of (a) the holders of the largest number and second largest number of Vested Partnership Points (or if more than one Person holds an equal number of Vested Partnership Points, which number is the largest or second largest number of Vested Partnership Points, any one of such Persons) and any one other holder of Vested Partnership Points, or (b) the holders of eighty percent (80%) of the Vested Partnership Points then held by all Limited Partners excluding the holder of the largest number of Vested Partnership Points (and, if more than one Person holds an equal number of Vested Partnership Points, which number is the largest number of Vested Partnership Points, then the holders of a majority of the Vested Partnership Points then held by all Limited Partners) and, in the case of either (a) or (b), excluding the General Partner and its Affiliates. If an affirmative or negative vote is received under clause (a) above, but the holders of eighty percent (80%) of the Vested Partnership Points determined as set forth in clause (b) above disagree and their aggregate vote percentage exceeds that of the aggregate vote percentage of clause (a) above, then such vote under clause (a) shall be disregarded, otherwise, the vote under clause (b) above shall be disregarded. For purposes of determining a "Majority

Vote," the Partnership Points in the Executive Retention Reserve shall be deemed to be outstanding Partnership Points held by a single Limited Partner designated by the Chief Executive Officer or, if the Chief Executive Officer fails to so designate a Limited Partner, the General Partner.

"Non Solicitation Agreement" shall have the meaning set forth in Section 3.6 hereof.

"Operating Cash Flow" shall mean, for any period, an amount equal to the positive difference, if any, between Revenues From Operations of the Partnership for such period and Free Cash Flow for such period.

"Partners" shall mean the General Partner and the Limited Partners, unless otherwise indicated.

"Partnership" shall mean the partnership organized under the Predecessor Agreement and continued under this Agreement, as the same may be amended and/or restated from time to time.

"Partnership Act" shall mean the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 17-101 et seq.), as it may be amended from time to time, and any successor to such Act.

"Partnership Interests" shall mean the interests (including Capital Accounts and Partnership Points) of the Partners in the Partnership.

"Partnership Points" shall mean as of any date, with respect to a Partner, the number of Partnership Points of such Partner as set forth on Schedule A hereto, as amended from time to time in accordance with its terms and the terms hereof, and as in effect on such date.

"Permanent Incapacity" shall mean, with respect to an Employee Stockholder, that such Employee Stockholder is totally unable, by reason of injury, illness or other similar cause (as determined by a licensed physician, selected by the Employee Stockholder or his or her representative and approved by the General Partner, which approval shall not be unreasonably withheld), to have performed his or her substantial and material duties and responsibilities for a period of three hundred sixty-five (365) consecutive days, which injury, illness or similar cause (as determined by such physician) would render such Employee Stockholder incapable of operating in a similar capacity in the future.

"Person" means any individual, partnership, corporation, limited liability company, association, trust, joint venture, unincorporated organization or any similar entity.

"Predecessor Agreement" shall mean that certain Limited Partnership Agreement of First Quadrant, L.P. entered into on December 15, 1995, as amended and restated by that certain Amended and Restated Limited Partnership Agreement of First Quadrant, L.P. dated March 25, 1996 by and among the General Partner and the Limited Partners, pursuant to

which this Partnership was continued, which partnership agreement is being amended and restated by this Agreement.

"Prohibited Competition Activity" shall mean any of the following activities:

(a) directly or indirectly, whether as owner, part owner, partner, director, officer, trustee, employee, agent or consultant for or on behalf of any Person, firm, corporation or other entity other than the Partnership or any Affiliate of the Partnership, (i) diverting or taking away any funds or investment accounts with respect to which the Partnership or any Affiliate of the Partnership is performing investment management or advisory services, or (ii) soliciting any person or entity for the purpose of diverting or taking away any such funds or investment accounts; or

(b) directly or indirectly, whether as owner, part owner, partner, director, officer, trustee, employee, agent or consultant for or on behalf of any Person other than the Partnership or any Affiliate of the Partnership, performing any Investment Management Services.

"Repurchase" shall mean a purchase or repurchase of Partnership Interests made pursuant to Section 3.9(a).

"Repurchase Closing Date" shall mean the date upon which payment is made with respect to a Repurchase, or if payment is made in more than one installment, the date upon which the first such installment is paid.

"Repurchased Partner" shall have the meaning specified in Section 3.9(a).

"Repurchase Price" shall have the meaning specified in Section 3.9(c).

"Retirement" shall mean, with respect to an Employee Stockholder, the termination by such Employee Stockholder of such Employee Stockholder's employment with the Partnership and its Affiliates: (x) after the date such Employee Stockholder shall have been continuously employed by the Partnership or First Quadrant Limited for a period of ten (10) years commencing with the later of the Effective Date or the date such Employee Stockholder commenced his or her employment with the Partnership or First Quadrant Limited, as applicable, and (y) pursuant to a written notice given to the Partnership not less than six (6) months prior to the date of such termination.

"Revenues From Operations" shall mean, for any period, the gross revenues of the Partnership (except as set forth herein), determined on an accrual basis in accordance with generally accepted accounting principles consistently applied; provided, however, that Revenues From Operations shall be determined without regard to (a) proceeds during such period from the sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership, (b) revenues from the issuance by the Partnership of additional Partnership Points, other Partnership Interests, or other securities issued by the Partnership, and (c)

payments received pursuant to any insurance policies other than with respect to business interruption insurance.

"Revenue Agreement" shall mean that certain Revenue Agreement dated as of March 28, 1996, by and among First Quadrant Limited, the U.K. Partnership and the partners of the U.K. Partnership.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor thereto.

"Stock Purchase Agreement" shall mean that certain Stock Purchase Agreement dated as of January 17, 1996, by and among AMG, Talegen Holdings, Inc., a Delaware corporation ("Talegen"), the Partnership, the Initial Partners which are Limited Partners, and certain other parties as set forth therein, as the same has been amended from time to time prior to the date hereof.

"Transfer" shall have the meaning specified in Section 5.1.

"Treasury Regulations" shall mean the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"U.K. Free Cash Flow" shall have the meaning ascribed to such term in the U.K. Partnership Agreement.

"U.K. Non Solicitation Agreement" shall have the meaning ascribed to such term in the U.K. Partnership Agreement.

"U.K. Partnership" shall mean First Quadrant U.K., L.P., a Delaware limited partnership.

"U.K. Partnership Agreement" shall have the meaning specified in Section 3.7(d).

"U.K. Partnership Points" has the meaning ascribed to such term in the U.K. Partnership Agreement.

"Vested Partnership Points" shall mean, at any time and with respect to any Partner, the number of Partnership Points held by such Partner which have vested at such time, as determined pursuant to an agreement between the Partnership and such Partner in connection with the issuance of such Partnership Points. The number of Vested Partnership Points held by each Partner and the vesting schedule with respect to any Partnership Points which are not vested, shall be indicated on Schedule A hereto, which Schedule shall be updated by the General Partner as additional Partnership Points are issued and/or vest from time to time.

In addition to the foregoing, other capitalized terms used in this Agreement shall have the meaning ascribed thereto in the text of this Agreement.

ARTICLE II - ORGANIZATION AND GENERAL PROVISIONS.

SECTION 2.1 CONTINUATION OF PARTNERSHIP. The parties hereby continue the partnership formed under the Predecessor Agreement, under and pursuant to the Partnership Act and the terms of this Agreement. The rights, duties, liabilities and obligations of the Partners, and the administration and termination of this Partnership, shall be governed by the Partnership Act, except as otherwise provided in this Agreement. The General Partner is authorized to cause the Partnership to comply with all requirements of the Partnership Act and to qualify the Partnership to do business as a limited partnership in any jurisdiction where the General Partner shall deem it necessary, appropriate or advisable from time to time. The General Partner is authorized to file and/or record any other instrument(s) as may be required or advisable to be filed and/or recorded by this Partnership in accordance with applicable laws, rules and regulations.

SECTION 2.2 NAME OF THE PARTNERSHIP. The name of the Partnership shall be First Quadrant, L.P. or such other name as the General Partner with a Majority Vote may from time to time determine. The General Partner and the Officers shall cause to be filed on behalf of the Partnership such partnership or assumed or fictitious business name statements or certificates as the General Partner or such Officers shall deem necessary, appropriate or desirable.

SECTION 2.3 PURPOSES OF THE PARTNERSHIP. The Partnership was organized and is continued for the following purposes:

(a) to engage in the investment advisory and investment management businesses and any and all activities reasonably related thereto;

(b) to make and perform all contracts and engage in all activities and transactions and to do any and all things necessary or advisable to carry out the foregoing purposes; and

(c) to engage in any other act or activity which is lawful for partnerships under the Partnership Act and which is approved by the General Partner; provided, however, that the General Partner will not cause a business which is unrelated to the Partnership's businesses to become a substantial part of the Partnership without a prior Majority Vote.

SECTION 2.4 PLACE OF BUSINESS; REGISTERED AGENT.

(a) The principal place of business of the Partnership shall be 800 East Colorado Boulevard, Suite 900, Pasadena, California 91101.

(b) The Partnership's resident agent for service of process in Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, and its registered office in Delaware shall be in care of such resident agent.

(c) The General Partner may, at any time and from time to time: (i) change the location of the Partnership's principal place of business and establish such additional place or places of business of the Partnership as it may determine; provided, that if the principal place of business is to be located outside of Pasadena, California, such action must be approved by a Majority Vote, (ii) change the Partnership's registered office in Delaware, and (iii) change the Partnership's resident agent for service of process in Delaware; provided, however, that the General Partner shall promptly give each Limited Partner notice of any such change.

SECTION 2.5 DURATION OF THE PARTNERSHIP. The Partnership term shall continue until December 31, 2095, unless extended or terminated earlier in accordance with the provisions hereof. The Partnership's term may be extended by the General Partner at any time and from time to time.

SECTION 2.6 TITLE TO PROPERTY. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have any ownership of such property.

SECTION 2.7 LIABILITY OF PARTNERS; NO DEFICIT RESTORATION OBLIGATION.

(a) The General Partner shall have such liability for the repayment, satisfaction and discharge of the debts, liabilities and obligations of the Partnership as is provided by the Partnership Act for the general partner of a limited partnership.

(b) A Limited Partner which receives the return of any part of its Capital Contribution shall be liable to the Partnership for the amount of its Capital Contribution so returned to the extent, and only to the extent, provided by the Partnership Act. No Limited Partner shall otherwise be liable to the Partnership, another Partner or any third party for the repayment, satisfaction, or discharge of the Partnership's debts, liabilities, and obligations or otherwise have any obligation to contribute money or any other asset to the Partnership other than payment of such Limited Partner's Capital Contribution, and as otherwise specifically provided in this Agreement.

(c) Except as otherwise specifically set forth in this Section 2.7 or in Section 4.3 hereof, no Limited Partner with a deficit balance in its Capital Account shall have any obligation to restore such deficit (or make any contribution to the capital of the Partnership, or otherwise pay any amount, with respect to such deficit), and such deficit shall not be considered as a debt of such Limited Partner to the Partnership or to any other Partner for any purpose whatsoever.

SECTION 2.8 FISCAL YEAR. The fiscal year of the Partnership shall be the calendar year unless otherwise determined by the General Partner.

ARTICLE III - MANAGEMENT OF THE PARTNERSHIP.

SECTION 3.1 MANAGEMENT IN GENERAL

(a) Subject to the provisions of this Agreement, the management and control of the business of the Partnership shall be vested exclusively in the General Partner, and the General Partner shall have exclusive power and authority, in the name of and on behalf of the Partnership, to perform all acts and do all things which, in its sole discretion, it deems necessary or desirable to conduct the business of the Partnership; provided, however, that the General Partner shall not have the power to execute, or cause the execution of, transactions in, or exercise any powers or privileges with respect to, securities and other instruments in accounts of clients of the Partnership. No Partner other than the General Partner shall have the power to sign for or bind the Partnership to any agreement or document, but the General Partner may delegate the power to sign for or bind the Partnership to one or more Officers of the Partnership. Subject to the provisions of this Agreement, the General Partner shall be authorized to act, and to execute documents and instruments alone on all material matters affecting the Partnership's business; provided, however, that the General Partner shall not cause the Partnership to borrow substantial funds or to guarantee the repayment of such borrowings, in each case, to the extent such borrowing or guarantee is to be repaid out of Operating Cash Flow.

(b) The General Partner shall, subject to all applicable provisions of this Agreement, be authorized in the name of and on behalf of the Partnership: (i) to enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, leases or other instruments for the operation of the Partnership's business; and (ii) in general to do all things and execute all documents necessary or appropriate to conduct the business of the Partnership as set forth in Section 2.3 hereof, or to protect and preserve the Partnership's assets. The General Partner may delegate any or all of the foregoing powers to one or more of the Officers of the Partnership.

SECTION 3.2 OFFICERS OF THE PARTNERSHIP.

(a) The officers of the Partnership (the "Officers") shall consist of a President/Chief Executive Officer and such other subordinate officers as the Chief Executive Officer or the General Partner may, after consulting with the other, determine are necessary or appropriate. The Officers of the Partnership may only include persons who take an active role in the day-to-day operations of the Partnership.

(b) No Officer of the Partnership shall be held personally liable, by virtue of his or her status as an Officer, for any losses, debts or obligations of the Partnership.

(c) The Chief Executive Officer may be removed from and appointed to, his or her office by the General Partner acting in its sole discretion. Officers of the Partnership other than the Chief Executive Officer shall be appointed to, and may be removed from, their offices by the Chief Executive Officer or by the General Partner acting in its sole discretion; provided, however, that if such an Officer of the Partnership who has not been terminated For Cause is removed by the General Partner without either (i) the consent of the Chief Executive Officer or (ii) a Majority Vote, then the Chief Executive Officer may treat such appointment or removal as a termination of the Chief Executive Officer's employment other than For Cause. Any Officer of the Partnership may resign from his or her office upon prior written notice to the Partnership and the General Partner.

(d) The Chief Executive Officer shall initially be Robert D. Arnott.

SECTION 3.3 OPERATION OF THE BUSINESS OF THE PARTNERSHIP.

(a) Subject to recognizing that the General Partner has the rights, duties and obligations set forth in Section 3.1 above, the Officers of the Partnership are hereby given a non-exclusive delegation of authority from the General Partner to manage the day-to-day operations, business and activities of the Partnership; including, without limitation, the power, in the name of and on behalf of the Partnership, to:

(i) determine the use of the Operating Cash Flow as set forth in Section 3.3(b) below;

(ii) execute such documents and do such acts as are necessary to register (or provide or qualify for exemptions from any such registrations) or qualify the Partnership under applicable Federal and state securities laws;

(iii) execute, or cause the execution of, transactions in, and hold and exercise all rights, powers and privileges with respect to, securities and other instruments on behalf of clients of the Partnership; and

(iv) act for and on behalf of the Partnership in all matters incidental to the foregoing.

(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, except as otherwise expressly provided in the following sentence. The Partnership shall only make payments of compensation (including bonuses) to its employees (including any Officers of the Partnership) 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; provided, however, that the Partnership may make certain 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")), in accordance with the provisions attached hereto as Schedule 3.3(b) and the certificates thereunder previously provided to the General Partner, but without any interest or other fees accruing on any unpaid portion thereof. 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 officers 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").

(c) The Partnership will maintain, in full force and effect, such insurance as is customarily maintained by companies of similar size in the same or similar businesses (including, without limitation, errors and omissions liability insurance), the premiums on which will be paid out of Operating Cash Flow. The Partnership will maintain such key-man life insurance and disability insurance policies on each Employee Stockholder as the General Partner shall deem necessary or desirable, from time to time, and the Employee Stockholders will use their reasonable best efforts to effectuate the foregoing. The Partnership will receive the proceeds of the above referenced insurance policies, and the Partners agree with each other and the Partnership that the Partnership will pay the premiums on such key-man life and disability policies, as well as any reasonable additional insurance policies that the General Partner deems necessary, out of Free Cash Flow. Without limiting the generality of the foregoing, the Partnership will pay the premiums on reasonable directors and officers liability insurance for the benefit of the directors and officers of the General Partner that the General Partner deems necessary, out of Free Cash Flow.

SECTION 3.4 COMPENSATION AND EXPENSES OF THE PARTNERS. No Partner shall be entitled to any compensation on account of its provision of services to the Partnership hereunder. The Partnership shall, however, pay and/or reimburse the General Partner for all reasonable travel expenses incurred by the General Partner in accordance with Section 9.4(a) as well as any extraordinary expenses incurred by the General Partner directly in connection with the operation of the Partnership. With respect to any reimbursement of the General Partner in respect of extraordinary expenses incurred by the General Partner, the first $25,000 of such expenses incurred in any calendar year shall be treated as paid from Operating Cash

Flow, and any amounts thereafter shall be treated as Free Cash Flow Expenditures unless such extraordinary expenses are incurred by the General Partner (i) as a direct result of fraud, intentional misconduct or gross negligence of the Officers or Limited Partners or (ii) relating to a compliance audit or AIMR audit or other similar occurrence resulting from a reasonable concern of the General Partner, the cause or causes of which could be expected to result in a material adverse effect on the Partnership or its business or prospects, in which case such expenses shall also be treated as paid from Operating Cash Flow. Without limiting the generality of the foregoing, the General Partner's general overhead items (including, without limitation, salaries and rent) shall not be reimbursed by the Partnership. Stockholders, officers, directors, partners and agents of Partners may serve as employees of the Partnership and be compensated therefor as determined by the Officers pursuant to Section 3.3(b).

SECTION 3.5 OTHER BUSINESS OF THE GENERAL PARTNER AND ITS AFFILIATES. The General Partner and its Affiliates may engage, independently or with others, in other business ventures of every nature and description, including the acquisition, creation, financing, trading in, and operation and disposition of interests in investment managers and other businesses that may be competitive with the Partnership's business. Neither the Partnership nor any of the Limited Partners shall have any right in or to any other such ventures by virtue of this Agreement or the Partnership created hereby, nor shall any such activity be deemed wrongful or improper by such Affiliates. The General Partner shall not be obligated to present any opportunity to the Partnership even if such opportunity is of such a character which, if presented to the Partnership, would be suitable for the Partnership.

SECTION 3.6 LIMITED PARTNERS AND NON SOLICITATION AGREEMENTS. Each Employee Stockholder and, to the extent applicable, its Limited Partner, have provided pursuant to a Non Solicitation/Non Disclosure Agreement in form and substance substantially similar to Exhibit C(i) hereto (and, in the case of an Employee Stockholder who is employed by First Quadrant Limited, Exhibit C(ii) hereto) (the "Non Solicitation Agreement") (and in the case of any Additional Limited Partner (as defined in Section 5.6), it shall, prior to and as a condition precedent to, becoming a Partner, provide by such an agreement satisfactory to the General Partner) with the Partnership for the performance by such Employee Stockholder of the obligations provided for on such Exhibit C(i) or Exhibit C(ii) (as applicable) and such agreements do and shall, at all times, provide that the Partnership shall be entitled to enforce the provisions of such agreements on its own behalf and in the name of the Limited Partner (if the Limited Partner is not an individual).

SECTION 3.7 NON SOLICITATION AND NON-DISCLOSURE BY LIMITED PARTNERS AND EMPLOYEE STOCKHOLDERS.

(a) Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and the other Partners, that such Employee Stockholder shall not, while employed by the Partnership or any of its Affiliates, engage in any Prohibited Competition Activity (provided that an Employee Stockholder may engage in certain charitable activities which have been approved by the General Partner, in its sole discretion, in a writing making specific reference to this Section 3.7(a)).

(b) Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and the other Partners, that such Limited Partner and such Employee Stockholder shall not, during the period beginning on the date such Limited Partner becomes a Limited Partner, and until the date which is two (2) years after the termination of such Employee Stockholder's employment with the Partnership and its Affiliates, without the express written consent of the General Partner, directly or indirectly, whether as owner, part-owner, shareholder, partner, 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 Partnership or First Quadrant Limited: (i) provide Investment Management Services to any person or entity that is a client of the Partnership or First Quadrant Limited (for this purpose, upon any termination of the Employee Stockholder's employment for any reason, only the following shall be deemed a "client of the Partnership or First Quadrant Limited" (i) clients of the Partnership and its Affiliates (including its predecessor, First Quadrant Corp.) at the date of such termination or at any time during the six (6) months immediately preceding the date of termination, or (ii) up to fifteen (15) additional persons or entities with whom the Partnership or First Quadrant Limited was actively attempting to develop an investment advisory or investment management relationship (as evidenced by a contact other than a mass mailing (which may include prior clients of the Partnership or its Affiliates) (a "Prospect") with such Prospects to be designated by the General Partner with the advice of the Officers; provided, however, that this paragraph (A) shall not prohibit the Employee Stockholder from providing Investment Management Services to any person or entity that is not a client of the Partnership or First Quadrant Limited (including Prospects) as contemplated herein, (B) shall not be applicable with respect to any such client who is, as of the relevant date of termination, also a client of the person or entity with which the Employee Stockholder is subsequently employed or affiliated so long as the Employee Stockholder can demonstrate by clear and convincing evidence that he or she has no direct or indirect involvement with the management of such client's accounts or the provision of advice or other services with respect thereto (it being understood and agreed that mere participation in the refinement of an existing model (as opposed to the creation or development of a new model or any other activities) used for providing investment advice shall not be deemed to be direct or indirect involvement with the management of any accounts which are managed utilizing such model) and that he or she has refrained from contacting such clients directly or indirectly, and (C) shall not be applicable to clients of the Partnership or First Quadrant Limited who are also members of the Immediate Family of the Employee Stockholder; or (ii) solicit or induce any employee of, or consultant to, First Quadrant Limited, the Partnership or any of its Affiliates to terminate his or her relationship therewith, hire any such employee or consultant, or former employee or work in any enterprise involving investment advisory services with any employee or consultant or former employee of First Quadrant Limited, the Partnership or its Affiliates who was employed by or acted as consultant to the Partnership or its Affiliates at any time during the twelve (12) months immediately preceding the termination of the Employee Stockholder's employment (excluding for all purposes of this sentence, secretaries and persons holding other similar positions).

Notwithstanding the provisions of Section 3.7(a) and 3.7(b), any Employee Stockholder may make passive investments in a competitive enterprise the shares or other equity interests of

which are publicly traded provided his holding therein together with any holdings of his Affiliates, do not exceed 1% of the outstanding shares of comparable interests in such entity at the time such investments are made.

(c) Each Limited Partner and each Employee Stockholder agrees that any and all presently existing investment advisory business of the Partnership and its Affiliates (including its predecessor, First Quadrant Corp.), and all business developed by the Partnership and its Affiliates or any other employee of First Quadrant Limited or the Partnership, including without limitation, all investment advisory contracts, fees, commissions, compensation records, client lists, agreements, and any other incident of any business developed by the Partnership or its Affiliates or earned or carried on by the Employee Stockholder for the Partnership or its Affiliates and all trade names, service marks and logos under which the Partnership or its Affiliates do business, and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Partnership or such Affiliate, as applicable, for its or their sole use, and (where applicable) shall be payable directly to the Partnership or such Affiliate. Each Limited Partner and each Employee Stockholder acknowledges that, in the course of performing services hereunder and otherwise, the Employee Stockholder has had, and will from time to time have, access to confidential records, data, client lists, trade secrets and similar confidential information owned or used in the course of business by the Partnership or its Affiliates. Each Limited Partner and each Employee Stockholder 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 Partnership or any Affiliate thereof at the Partnership's request) any knowledge or information of a confidential or proprietary nature with respect to any trade secrets, proprietary plans, clients, client requirements, service providers, business operations or techniques of the Partnership or any Affiliate thereof other than information which (a) is or becomes generally available to the public other than as a result of disclosure by such Limited Partner or Employee Stockholder in violation of this Agreement, or (b) is required by law or government regulation to be disclosed to a court or government regulatory body; provided, however, that prior to disclosing such information, the applicable Limited Partner and Employee Stockholder shall give the Partnership and the General Partner notice and shall use its respective best efforts to obtain confidential treatment therefor ("Nonconfidential Information"); provided, that the Partnership shall reimburse such Limited Partner or Employee Stockholder for costs incurred in excess of $1,000. At the termination of the Employee Stockholder's services to the Partnership or First Quadrant Limited, all data, memoranda, client lists, notes, programs and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Limited Partner's or Employee Stockholder's possession or control, shall be returned to the Partnership and remain in its possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

(d) Each Limited Partner and each Employee Stockholder acknowledges that, in the course of negotiating this Restated Partnership Agreement, the U.K. Partnership's Limited Partnership Agreement (the "U.K. Partnership Agreement") and the Stock Purchase Agreement, the Limited Partner and the Employee Stockholder have had and, in the course of the operation of the Partnership, the Limited Partner and Employee Stockholder will from time

to time have, access to confidential records, data, plans, strategies, trade secrets and similar confidential information owned or used in the course of business by the General Partner's parent, AMG. Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and its partners, and for the benefit of the General Partner's parent, AMG, always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than at the General Partner's request) any knowledge or information of a confidential or proprietary nature with respect to any records, data, plans, strategies, business operations or techniques (including, by way of example and not of limitation, the transaction structure utilized by AMG) of AMG, the General Partner or the Partnership other than Nonconfidential Information. At the termination of the Employee Stockholder's service to the Partnership and First Quadrant Limited, all data, memoranda, documents, notes and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Limited Partner's or Employee Stockholder's possession or control shall be returned to the General Partner and remain in its possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

SECTION 3.8 REMEDIES UPON BREACH.

(a) In the event that a Limited Partner or its Employee Stockholder (i) breaches any of the provisions of Section 3.7, (ii) breaches any of the provisions of Section 3.7 of the U.K. Partnership Agreement, or (iii) breaches any of the provisions of the Non Solicitation Agreement to which it or he is a party, then such Limited Partner shall forfeit its right to receive any payment for its Partnership Interests under Section 3.9 and, with respect to Lovell, Inc., under Section 7.1(c), and the General Partner shall have no further obligations under any promissory note theretofore issued to such Limited Partner (or any other Limited Partner (including upon a distribution pursuant to Section 3.9(j)) which was or is a stockholder in such Limited Partner) pursuant to Section 3.9(e) and, with respect to Lovell, Inc., under Section 7.1(f).

(b) Each Limited Partner and each Employee Stockholder agrees that any breach of the provisions of Section 3.7 of this Agreement, Section 3.7 of the U.K. Partnership Agreement or of the Non Solicitation Agreement or U.K. Non Solicitation Agreement by such Limited Partner or Employee Stockholder could cause irreparable damage to the Partnership, First Quadrant Limited, the U.K. Partnership, the other Partners and AMG. The Partnership, any of the Partners and AMG shall, except as provided in this Section 3.8(b), have the right to an injunction or other equitable relief (in addition to other legal remedies) to prevent any violation of a Limited Partner's or Employee Stockholder's obligations hereunder or thereunder. Notwithstanding the foregoing, none of the Partnership, any of the Partners or AMG shall have the right to an injunction or other equitable relief to prevent a violation of Section 3.7(b)(i) unless: (i) the party or one of the parties against which such relief is sought is Robert D. Arnott, R.D. Arnott Corporation, a Chief Executive Officer of the Partnership or an entity through which a Chief Executive Officer of the Partnership owns an interest in the Partnership, or (ii) one of the parties seeking to obtain an injunction or other equitable relief to prevent such violation of Section 3.7(b)(i) has obtained a Majority Vote.

SECTION 3.9 REPURCHASE UPON TERMINATION OF EMPLOYMENT OR BANKRUPTCY.

(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.

(b) The closing of the Repurchase will take place on a date (the "Repurchase Closing Date") which is not more than ninety (90) days after the date on which the termination of the employment by the Partnership and First Quadrant Limited of the relevant Employee Stockholder occurred; provided, however, that (i) if the employment by the Partnership and First Quadrant Limited of such Employee Stockholder is terminated because of the death or Permanent Incapacity of such Employee Stockholder, then the Repurchase Closing Date shall be a date set by the General Partner which is as soon as reasonably practicable after the later of (A) ninety (90) days after the death or Permanent Incapacity, as applicable, of such Employee Stockholder or (B) ninety (90) days after the Partnership has received the proceeds of any key-man life insurance policy or disability insurance policy, as applicable, maintained by the Partnership on the life or health of such Employee Stockholder. The Partnership shall make a claim under such key-man or disability policy within thirty (30) days of any Officer and the General Partner becoming aware of the death or Permanent Incapacity, as applicable, of an Employee Stockholder.

(c) The purchase price for the Repurchase (the "Repurchase Price") shall be determined as follows:

(i) If the Employee Stockholder's employment with the Partnership and First Quadrant Limited is terminated because of the death, Permanent Incapacity, Retirement or if such Employee Stockholder was terminated by the Partnership or First Quadrant Limited on such date other than For Cause, then the Repurchase Price shall equal (A) six (6) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar month in which the termination of such Employee Stockholder's employment occurs, multiplied by (B) a fraction, the numerator of which is the number of Partnership Points being purchased in the Repurchase, and the denominator of which is the number of Partnership Points outstanding on the date of the closing of the Repurchase (before giving effect to any issuances or redemptions of Partnership Points on such date);

;provided, however, that in the case of a Retirement, if, within the twelve (12) months preceding the effective date of such Employee Stockholder's Retirement, (x) two (2) other Employee Stockholders have terminated their employment by Retirement, or (y) one (1) other Employee Stockholder has terminated his employment by Retirement and the Limited Partner owned by that Employee Stockholder (or such Limited Partner in the case of a Limited Partner which is an individual) held at the time of such Retirement, and the Limited Partner owned by that Employee Stockholder (or such Limited Partner in the case of a Limited Partner which is an individual) who is terminating his employment by Retirement holds, a number of Vested Partnership Points as is equal to or greater than the Median Number of Limited Partners' Vested Partnership Points at the time any Employee Stockholder terminated his or her employment by Retirement during such twelve (12) month period, then the Repurchase Price for the Partnership Points of the Limited Partner owned by that Employee Stockholder (or such Limited Partner in the case of a Limited Partner which is an individual) who is terminating his employment by Retirement shall be determined pursuant to paragraph (ii) below. For purposes of this Section 3.9(c)(i), the term Median Number of Limited Partners' Vested Partnership Points shall mean that number of Vested Partnership Points as is equal to the median number of Vested Partnership Points then held by the Limited Partners (e.g., if there are five Limited Partners with 5, 2, 2, 2 and 1 Vested Partnership Points, the "median number" of Vested Partnership Points is 2 for all purposes hereof).

(ii) In all other cases, (including, without limitation, the resignation of an Employee Stockholder or the termination of such Employee Stockholder For Cause) then the Repurchase Price shall equal (A) three (3) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar month in which the termination of such Employee Stockholder's employment occurs, multiplied by (B) a fraction, the numerator of which is the number of Partnership Points being purchased in the Repurchase, and the denominator of which is the number of Partnership Points outstanding as of the date of the closing of the Repurchase (before giving effect to any issuances or redemptions of Partnership Points on such date); provided, however, that for any such Repurchase within the first five (5) years after the Effective Date, the Repurchase Price shall equal the Capital Account which the Repurchased Partner would have if the Partnership had sold all its assets for a price equal to three (3) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar month which is two (2) calendar months prior to the date of the closing of such Repurchase, and the gain or loss therefrom allocated in accordance with Section 4.2(d) hereof.

If a Repurchase Price must be determined prior to twenty-four (24) months after the Effective Date, then the amount of the Partnership's Free Cash Flow for the portion of the

relevant twenty-four (24) month period before the Effective Date shall be calculated on a pro-forma basis such that the Free Cash Flow of the Partnership shall be deemed to be equal to thiry percent (30%) of the Revenues From Operations of the General Partner attributable to the assets transferred to the Partnership pursuant to the Asset Transfer.

Notwithstanding anything else set forth herein to the contrary, if a Limited Partner fails to comply with the provisions of Section 3.9(j) hereof, AMG: (i) shall have no obligation to Repurchase Partnership Points from such Limited Partner, and (ii) may, at any time, Repurchase Partnership Points from such Limited Partner for a Repurchase Price equal to the lesser of (x) the amount determined under Section 3.9(c)(ii) or (y) the Capital Account of such Repurchased Partner.

(d) The rights of AMG, the General Partner, the Partnership and their assignees hereunder are in addition to and shall not affect any other rights which the Partnership or its assigns may otherwise have to repurchase Partnership Interests (including, without limitation, pursuant to any agreement entered into by an Additional Limited Partner which provides for the vesting of Partnership Points).

(e) On the Repurchase Closing Date, AMG or the Partnership shall pay to the Repurchased Partner the Repurchase Price for the Partnership Interests repurchased in the manner set forth in this Section 3.9, and upon such payment the Repurchased Partner shall cease to hold any Partnership Interests repurchased, and such Repurchased Partner shall be deemed to have withdrawn from the Partnership and shall cease to be a Partner of the Partnership and shall no longer have any rights hereunder; provided, however, that the provisions of this Article III shall continue as set forth in Section 3.11 below. On the Repurchase Closing Date, the Repurchased Partner, the Partnership and AMG shall execute an agreement reasonably acceptable to the General Partner in which the Repurchased Partner represents and warrants that it has sole record and beneficial title to the Repurchased Interest to AMG (or its assignee), free and clear of any Encumbrances. Payment of the Repurchase Price shall be made on the Repurchase Closing Date as follows: (a) in the case of termination of employment because of death (to the extent of the collected proceeds of any key-man life insurance policies maintained by the Partnership on the life of such Employee Stockholder), by wire-transfer of immediately available funds to an account designated by the Repurchased Partner at least three (3) business days prior to the Repurchase Closing Date, and (b) in the case of any other termination of employment (and including a termination of employment because of death to the extent the obligation exceeds the proceeds of any key-man life insurance policies) with a promissory note in the form attached hereto as Exhibit D, the principal of which promissory note would be paid in four (4) equal (except as contemplated by this Section 3.9(e) or Section 3.9(f)) installments, the first installment would be paid (A) in the case of a termination because of death or a termination by the Partnership or First Quadrant Limited other than For Cause, on the Repurchase Date and (B) in the case of any other termination, on the later to occur of (x) the Repurchase Date or (y) the date which is the first business day after the fifth anniversary of the Effective Date, and the second, third and fourth installments would be paid fourteen (14) months, twenty-six (26) months and thirty-eight (38) months, respectively, after such date. Notwithstanding the foregoing, if the Repurchased

Partner is also a Defaulting Partner (as such term is defined in Section 4.1(g) hereof), then any payments to the Repurchased Partner shall be reduced as follows: (A) in the case of termination of employment because of death, the amount of any payment to be made by the Partnership to the Repurchased Partner shall be reduced by the amount which the Repurchased Partner owes as a Defaulting Partner pursuant to Section 4.1(g), including interest thereon (in the manner provided by Section 4.1(g)) through the Repurchase Date and (B) in the case of any other termination of employment (including a termination of employment because of death to the extent the obligation exceeds the proceeds of any key-man life insurance policies): (x) to the extent the Partnership was assigned the obligation to purchase Partnership Interests, any payment to be made by the Partnership to the Repurchased Partner shall be reduced by the amount which the Repurchased Partner owes as a Defaulting Partner pursuant to Section 4.1(g), including interest thereon (in the manner provided by Section 4.1(g)) through the Repurchase Date; and (y) to the extent the obligations are obligations of AMG or the General Partner, the payments to be made to the Repurchased Partner shall be reduced by the amount which the Repurchased Partner owes as a Defaulting Partner pursuant to Section 4.1(g) including interest thereon (in the manner provided by Section 4.1(g)) through the Repurchase Date, with such reduction being applied to the payments of principal or installments provided by this Section 3.9(e) in the order in which the obligations to make payments arise (i.e., such reduction shall be applied to the first payment of principal or installment and, if such reduction exceeds the amount of the first payment of principal or installment, it shall then be applied to the second payment of principal or installment), and such payments shall be made, instead, to the Partnership at the times called for by this Section 3.9(e), and appropriate modifications shall be made to the promissory note (if any) to be issued to the Repurchased Partner.

(f) If an Employee Stockholder's employment with the Partnership or First Quadrant Limited is terminated because of the Retirement of such Employee Stockholder prior to March 28, 2011, then the amounts of the second, third and fourth installments of the promissory note set forth in Section 3.9(e) above shall equal the lesser of (i) twenty-five percent (25%) of the Repurchase Price (determined as set forth in Section 3.9(c) hereof) on the Repurchase Closing Date, or (ii) twenty-five percent (25%) of the Repurchase Price, determined as if the Repurchase Closing Date were taking place on the second, third or fourth anniversary of the Repurchase Closing Date, respectively (in each case, together with interest computed on the principal amount of such promissory note (determined as set forth in this Section 3.9(f)) from the date of issuance of such promissory note through the date of payment of such installment as set forth on Exhibit D). At least forty-five (45) days prior to the date an installment to which this Section 3.9(f) applies would be paid, the General Partner shall cause the Partnership to certify to the Repurchased Partner who is to receive such installment, in writing, a calculation setting forth the amount of such installment based on clauses (i) and (ii) in the preceding sentence. Each Repurchased Partner to whom this Section 3.9(f) applies, may defer receipt of an installment on one (1) occasion, by written notice received by the Partnership and the General Partner not less than fifteen (15) days prior to the date an installment is due to be paid. If a Repurchased Partner defers an installment, the due date of each remaining installment of the promissory note issued to such Repurchased Partner pursuant to Section 3.9(e) above shall be extended by twelve (12) months.

(g) If AMG should fail to pay an installment on a promissory note issued to a Repurchased Partner under paragraph (e) above, within thirty (30) business days after the date such payment is due, then the Repurchased Partner may, after complying with the provisions of the second paragraph of this Section 3.9(g), repurchase the Subject Partnership Points by forgiving any remaining installments on the promissory note issued pursuant to Section 3.9(e) above and returning such promissory note to AMG marked "canceled and paid in full." For purposes of this Section 3.9(g), the term "Subject Partnership Points" shall mean in the case of any failure by AMG to pay an installment on a promissory note: (i) if only the first installment in connection with such Repurchase has been paid, seventy-five percent (75%) of the Partnership Points purchased from the Repurchased Partner in the Repurchase, (ii) if the first and second installments in connection with such Repurchase have been paid, fifty percent (50%) of the Partnership Points purchased from the Repurchased Partner in the Repurchase, and (iii) if the first three installments in connection with such Repurchase have been paid, twenty-five percent (25%) of the Partnership Points purchased from the Repurchased Partner in the Repurchase.

In order to exercise its rights under this Section 3.9(g), a Repurchased Partner shall be required to give not less than fifteen (15) days prior written notice to AMG and, if such Repurchased Partner is aware that AMG has pledged its interest in the Partnership, to the beneficiary of such pledge. Notwithstanding the foregoing, if AMG has pledged its interest in the Partnership, the beneficiary of such pledge may either (x) fulfill AMG's obligation (or cause AMG to fulfill its obligation) to pay the installment on a promissory note which gave rise to such Repurchased Partner becoming entitled to exercise its rights under this Section 3.9(g), whereupon such failure shall be deemed to have been cured and such Repurchased Partner shall no longer be entitled to exercise its rights under this Section 3.9(g) unless and until AMG shall fail to pay another installment on a promissory note held by such Repurchased Partner whereupon this Section 3.9(g) shall only apply with respect to such later failure, or (y) pay all remaining amounts due to such Repurchased Partner under such promissory note, whereupon such Repurchased Partner shall return the promissory note marked "canceled and paid in full" and shall have no further rights hereunder.

If a Repurchased Partner has exercised its rights under this Section 3.9(g) and repurchased any Subject Partnership Points, either AMG or the Partnership may, at their respective options and at any time, repurchase or redeem (as applicable) such Subject Partnership Points for a payment, in cash, equal to the installments which were outstanding under the promissory note issued under Section 3.9(e) and upon which AMG defaulted, at the time of such default.

(h) AMG may, with a Majority Vote (excluding, for purposes of determining such Majority Vote, the Limited Partner whose interest is being repurchased), assign any or all of its rights and obligations under this Section 3.9, in one or more instances, to the General Partner or the Partnership; provided, that the foregoing limitation shall have no effect on the Partnership's obligation set forth in Section 3.9(a)(i) regarding the use of the proceeds of a key-man life or disability insurance policy.

(i) In the event that a Limited Partner or Employee Stockholder has filed a petition under the United States Bankruptcy Code, or sixty (60) days after the filing by another person against such Limited Partner or Employee Stockholder of a petition under the United States Bankruptcy Code which petition is not dismissed, or if such Limited Partner has ceased to carry on a business because of a voluntary liquidation (such date of filing, sixtieth day or effective date of liquidation, the "Bankruptcy Event"), the General Partner shall purchase all the Partnership Interests held by such Limited Partner (including the Limited Partner through which such Employee Stockholder holds his or her interest in the Partnership) pursuant to the terms of this Section 3.9 as if such Limited Partner was a Repurchased Partner with the purchase price determined pursuant to Section 3.9(c)(ii) and the date of the closing to be determined by the General Partner in its sole discretion.

(j) In the event that the employment by the Partnership or First Quadrant Limited of any Employee Stockholder which is not a Limited Partner terminates for any reason other than the death of such Employee Stockholder, then the Limited Partner of which such Person is the Employee Stockholder (the "Distributing Partner") shall, at the request of the General Partner (in a writing making reference to this paragraph (j) and Section 5.1(f) hereof), distribute up to twenty-five percent (25%) of the Partnership Points held by such Limited Partner to the stockholder of such Limited Partner after such Limited Partner and each such stockholder has complied with the provisions of Section 5.1 hereof, whereupon each such stockholder shall become a Repurchased Partner for purposes of this Section 3.9, and all the interests of such Repurchased Partners shall be Repurchased on the same Repurchase Closing Date determined in accordance with Section 3.9(b) and upon such payment each such Repurchased Partner shall cease to hold any Partnership Interests, each such Repurchased Partner shall be deemed to have withdrawn from the Partnership, shall cease to be a Partner of the Partnership, and shall no longer have any rights hereunder. In connection with the Repurchase from each such Repurchased Partner, such Repurchased Partner shall execute a bill of sale in form and substance reasonably satisfactory to AMG. In connection with any Repurchase pursuant to this Section 3.9(j), and notwithstanding the provisions of Section 3.9(e) to the contrary, the payment of the Repurchase Price to the stockholder and the Distributing Partner shall be made as follows: the payment of the Repurchase Price to the stockholder shall be made entirely in cash on the Repurchase Date, the first installment of the promissory note to be issued to the Limited Partner of which such Person is a stockholder shall be reduced by the amount of such cash payment, and the dollar amount of such reduction shall be added one-third (1/3) to each of the second, third and fourth installments of the promissory note to be issued to the Limited Partner of which such Person is or was a stockholder.

SECTION 3.10 NO EMPLOYMENT OBLIGATION. Each Limited Partner and each Employee Stockholder acknowledges that neither this Agreement nor the provisions of the Non Solicitation Agreement creates an obligation on the part of the Partnership or First Quadrant Limited to continue the employment of an Employee Stockholder with the Partnership or First Quadrant Limited.

SECTION 3.11 MISCELLANEOUS. Each Limited Partner and each Employee Stockholder agrees that the enforcement of the provisions of Sections 3.6, 3.7, 3.8, 3.9, and 3.10 and the

provisions of the Non Solicitation Agreements are necessary to ensure the protection and continuity of the business, goodwill and confidential business information of the Partnership and First Quadrant Limited for the benefit of each of the Partners. Each Limited Partner and each Employee Stockholder agrees that, due to the proprietary nature of the Partnership's business and the businesses of First Quadrant Limited, the restrictions set forth in Section 3.7 hereof and in the Non Solicitation Agreements are reasonable as to duration and scope. Each Limited Partner and Employee Stockholder acknowledges that the obligations and rights under Sections 3.6, 3.7, 3.8, 3.9 and 3.11 shall survive the termination of the employment of an Employee Stockholder with the Partnership and First Quadrant Limited and/or the withdrawal or removal of a Limited Partner from the Partnership, regardless of the manner of such termination in accordance with the provisions hereof and of the relevant Non Solicitation Agreement. Moreover, each Partner agrees that the remedies provided herein, including the waiver of a right to receive certain payments hereunder, is reasonably related to the anticipated loss that the Partnership and the Partners (including, without limitation, the General Partner or AMG which would be purchasing Partnership Interests from the Limited Partners) would suffer upon a breach of such provisions. Each Partner confirms his understanding and agreement that the provisions of Sections 3.6, 3.7, 3.8, 3.9 and 3.11 have been adopted in conformance with Section 16602 of the California Business and Professional Code. Except as agreed to by the General Partner, in writing, no Employee Stockholder or Limited Partner shall enter into any agreement or arrangement which is inconsistent with the terms and provisions hereof.

SECTION 3.12 EXCULPATION; INDEMNIFICATION.

(a) No Partner nor any of their officers, directors, employees, stockholders or Affiliates, nor any of the Officers (each herein referred to as an "Indemnified Party") shall have any liability to the Partnership or to any Partner for any loss suffered by the Partnership (a "Partnership Loss") which arises out of any action or inaction of such Indemnified Party in its capacity as any of the foregoing; provided, however, that such course of conduct did not constitute fraud, gross negligence, willful misconduct or a material breach of this Agreement, the Stock Purchase Agreement or, in the case of each Employee Stockholder, the Non Solicitation Agreement of such Employee Stockholder or the breach of any of the foregoing by the Limited Partner of which he or she is an Employee Stockholder. Each such Indemnified Party shall be indemnified to the fullest extent permitted by law by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by any of them in their capacity as an Indemnified Party in connection with the business or operations of the Partnership, or the exercise and performance of any Partner's or Officer's powers or duties in accordance with the terms of this Agreement; provided the same was not the result of fraud, gross negligence, willful misconduct, or a material breach of this Agreement, the Stock Purchase Agreement or, in the case of each Employee Stockholder, the Non Solicitation Agreement of such Employee Stockholder or the breach of any of the foregoing by the Limited Partner of which he or she is an Employee Stockholder. The indemnification authorized by this Section 3.12 shall include the payment of reasonable attorneys' fees and other reasonable expenses incurred in settling or defending any claims, threatened actions or finally adjudicated legal proceedings. Prior to any final disposition of

any claim or proceeding with respect to which an Indemnified Party may be entitled to indemnification hereunder, the Partnership shall pay to such Indemnified Party, as the case may be, in advance of such final disposition, an amount equal to all reasonable out-of-pocket expenses of said Indemnified Party as incurred in defense of said claim or proceeding; provided that such advance payments shall be made only upon the Partnership's receipt of a written undertaking of said Indemnified Party to repay the Partnership the amount so advanced if it shall be finally determined that said Indemnified Party was not entitled to indemnification hereunder.

(b) The right of indemnification hereby provided shall not be exclusive of, and shall not affect, any other rights to which an Indemnified Party may be entitled. Nothing contained in this Section 3.12 shall limit any lawful rights to indemnification existing independently of this Section 3.12.

(c) The indemnification rights provided by this Section 3.12 shall also inure to the benefit of the heirs, executors, administrators, successors and assigns of an Indemnified Party and any officers, directors, partners, shareholders, employees and Affiliates of such Indemnified Party (and any former officer, director, partner, shareholder or employee of such Indemnified Party, if the Partnership Loss was incurred while such person was an officer, director, partner, shareholder or employee of such Indemnified Party). The General Partner may extend the indemnification called for by Section 3.12(a) to non-employee agents of the Partnership, the General Partner or its Affiliates.

ARTICLE IV - CAPITAL CONTRIBUTIONS; DISTRIBUTIONS; CAPITAL ACCOUNTS AND ALLOCATIONS

SECTION 4.1 CAPITAL CONTRIBUTIONS.

(a) Prior to the effectiveness of this Agreement, the General Partner contributed to the Partnership certain of its assets, properties, rights, powers, privileges and business, and the Partners agree that such Capital Contribution has a value of $**confidential treatment requested**. Except as may be agreed to in connection with the issuance of additional Partnership Points, as specifically set forth herein, and as may be required under applicable law, the Partners shall not be required to make any further contributions to the Partnership. No Partner shall make any contribution to the Partnership without the prior consent of the General Partner.

(b) No Partner shall have the right to withdraw any part of the capital it (or its predecessors in interest) contributed to the Partnership until the termination, dissolution and winding up of all the Partnership, except as distributions pursuant to this Article IV may represent returns of capital, in whole or in part; provided, however, to the extent of any payment made by the General Partner or any Affiliate thereof other than the Partnership pursuant to Section 2.2(d) of the Stock Purchase Agreement, the General Partner may withdraw capital it has contributed to the Partnership. No Partner shall be entitled to receive

any interest on any Capital Contribution made by it (or its predecessors in interest) to the Partnership.

(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 at any time when the aggregate amount of Funds Calls funded by the General Partner (and, if it is then a Limited Partner, AMG) exceeds $1,000,000 (net of any principal repayments of the loans made in Loan Calls (as hereinafter defined)). 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 Partners contributes additional capital to the Partnership (a "Capital Call") or a requirement that each of the Partners loan funds to the Partnership (a "Loan Call"). Any Capital Call or Loan Call must be made to all Partners pro-rata in proportion to the number of Partnership Points held by such 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); provided, however, that the aggregate maximum amount of Capital Calls and Loan Calls funded by the General Partner (and if it is then a Limited Partner, AMG) shall not exceed $1,000,000 (net of any principal repayments of the loans made in Loan Calls). If the aggregate amount of Capital Calls and Loan Calls funded by the General Partner (and if it is then a Limited Partner, AMG) equals $1,000,000 (net of any principal repayments of the loans made in Loan Calls), then any additional Capital Calls and Loan Calls shall be made pro-rata among all Partners other than the General Partner (and if it is then a Limited Partner, AMG).

(d) The General Partner shall cause the Partnership to deliver notices setting forth the type of Funds Call ("Call Notices") to the General Partner and Limited Partners in accordance with Section 10.1 below not less than twenty (20) days in advance of the date on which the General Partner determines the payment in response to such notice is due (the "Due Date"). All Capital Calls and Loan Calls shall be paid on their Due Date.

(e) All payments of the Partners hereunder in respect of a Capital Call or a Loan Call shall be made to the Partnership by transfer by wire or otherwise of federal funds or other immediately available funds (or by such other means as the Partnership may designate) by such time as the Partnership shall designate in the applicable Call Notice on the relevant Due Date to the Receipts Account (as hereinafter defined). If the Funds Call is a Loan Call, the Partnership shall issue, upon receipt of funds, a promissory note to each such Partner in an original principal amount equal to the amount paid by such Partner, with such promissory note to be in the form attached hereto as Exhibit E.

(f) Each Call Notice shall specify:

(i) the scheduled Due Date;

(ii) the aggregate amount of payments to be made on the Due Date by all Partners;

(iii) the required payment to be made by the Partner to which the Call Notice is delivered;

(iv) the account to which such payment shall be paid; and

(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) days prior written notice to the Partners; provided, further, that the General Partner may not cause the Partnership to change a Loan Call to a Capital Call or a Capital Call to a Loan Call without a Majority Vote at any time when the aggregate amount of Capital Calls and Loan Calls funded by the General Partner (and if it is then a Limited Partner, AMG) exceeds $1,000,000 (net of any principal payments of the loans made in Loan Calls)), and a description of the use of proceeds of such Funds Call.

(g) If a Partner fails to fund a Loan Call or a Capital Call as required under this Section 4.1 on the Due Date then the Partnership shall notify such Partner of such failure within two (2) days after such payment is due (which notice may be by telephone followed by confirmation by telecopy (receipt confirmed), overnight carrier or registered or certified mail), provided that the failure to give such notice shall not affect in any way the liability of such Partner to make such payment or subject the Partnership or the General Partner to any liability hereunder or otherwise. A Partner which fails to make such payment prior to the expiration of seven (7) days after such notice (the "Date of Default") shall be a "Defaulting Partner," and the following provisions (the "Default Provisions") shall apply: The obligation of a Defaulting Partner shall bear interest at the rate of twenty percent (20%) per annum, which interest shall compound quarterly and bear interest at the rate of twenty percent (20%) per annum. Any distributions or other payments by the Partnership to which the Defaulting Partner would otherwise be entitled pursuant to the provisions of Section 4.3 hereof or otherwise (including, without limitation, pursuant to Sections 4.4 and 4.5 hereof) shall be forfeited by such Limited Partner to the extent of the debt of such Defaulting Partner and applied by the Partnership to the debt of the Defaulting Partner hereunder but for all purposes of this Partnership Agreement other than this Section 4.1 and Section 4.3, shall be treated as having been distributed to the Defaulting Partner. In addition, any discretionary bonus or other discretionary payment (as opposed to regular salary) to which the Employee Stockholder of such Defaulting Partner would otherwise be entitled pursuant to the provisions of Section 3.3(b) or otherwise, shall be forfeited by such Employee Stockholder to the extent of the debt of such Defaulting Partner and applied by the Partnership to the debt of the Defaulting Partner hereunder.

Any Defaulting Partner shall also pay, on demand, all costs, including court costs and reasonable attorneys' fees, paid or incurred by the Partnership in collecting a Funds Call from a Defaulting Partner. If the Defaulting Partner fails to make such payments immediately after

the demand for payment thereof, then the Default Provisions set forth above shall apply to such amounts.

The provisions of this Section 4.1(g) are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Partnership exceed the maximum amount of interest permitted by law, and in the event any interest hereunder were to exceed the maximum amount of interest permitted by law, such excess interest shall be deemed a mistake and shall either be reduced immediately and automatically to the maximum amount permitted by law or, if required to comply with applicable law, be canceled automatically and, if theretofore paid, be credited on the principal amount of the obligation of the Defaulting Partner under the Funds Calls outstanding and, to the extent such a credit is insufficient, be refunded.

SECTION 4.2 CAPITAL ACCOUNTS; ALLOCATIONS.

(a) Capital Accounts. There shall be established for each Partner a Capital Account (a "Capital Account") which, in the case of the General Partner, shall be in the amount set forth in Section 4.1(a) above, and in the case of each other Partner, shall initially be equal to the Capital Contribution of such Partner as set forth on Schedule A hereto.

(b) Adjustments to Capital Accounts. The Capital Account of each Partner shall be adjusted in the following manner. Each Capital Account shall be increased by such Partner's allocable share of income and gain, if any, of the Partnership (as well as the Capital Contributions made by a Partner after the Effective Date) and shall be decreased by such Partner's allocable share of deductions and losses, if any, of the Partnership and by the amount of all distributions made to such Partner. The amount of any distribution of assets other than cash shall be deemed to be the Fair Market Value of such assets (net of any liabilities encumbering such property that the distributee Partner is considered to assume or take subject to). Capital Accounts shall also be adjusted upon the issuance of additional Partnership Interests as set forth in Section 5.6(c) and upon the redemption of Partnership Interests.

(c) Allocation of Income and Loss. 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 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, (x) the numerator of which is the sum of the number of Partnership Points held by the General Partner on the first day of such month (including the number of Partnership Points in the Incentive Reserve and Executive Retention Reserve on the first day of such month) and (y) the denominator of which is the sum of the number of Partnership Points outstanding on the first day of such month;

(ii) second, items of income and gain (if any) shall be allocated to the General Partner until the cumulative allocations to the General Partner for such month and prior periods after the Effective Date pursuant to this Section 4.2(c)(ii) equal the General Partner Preference Amount and after which no further allocations of income and gain shall be allocated to the General Partner under this Section 4.2 (c)(ii).

(iii) third, items of income and gain (if any) shall be allocated among all Limited Partners in accordance with (and in proportion to) each Limited Partner's respective number of Partnership Points on the first day of such month, until the aggregate amount of such items allocated to the Partners pursuant to Section 4.2(c)(i), Section 4.2(c)(ii) and this Section 4.2(c)(iii) for such month equals the aggregate amount of the Free Cash Flow (net of Free Cash Flow Expenditures) for such month; and

(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 in accordance with (and in proportion to) each Limited Partner's respective number of Partnership Points on the first day of such month.

(d) Sale of Assets. All items of Partnership gain or loss from any sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership shall be allocated among all Partners in accordance with (and in proportion to) their respective number of Partnership Points as of the date of such transaction.

(e) Interim Closings. In the event that during any calendar month (or any fiscal year) there is any change of Partners or Partnership Points (whether as a result of the admission of an Additional Limited Partner, the redemption by the Partnership of all (or any portion of) any Limited Partner's Partnership Points, a transfer of any Partnership Points or otherwise), the following shall apply: (i) such transfer shall be deemed to have occurred as of the close of business on the last day of the month in which such change occurred, (ii) the books

of account of the Partnership shall be closed effective as of the close of business on the effective date of any such change as set forth in clause (i) and such fiscal year shall thereupon be divided into two or more portions, (iii) each item of income gain, loss, deduction shall be determined (on the closing of the books basis) for the portion of such fiscal year ending with the date on which the books of account of the Partnership are so closed, and (iv) each such item for such portion of such fiscal year shall be allocated (pursuant to the provisions of Section 4.2(c) hereof) to those persons who were Partners during such portion of such fiscal year in accordance with their respective Partnership Points during such period.

SECTION 4.3 DISTRIBUTIONS.

(a) Subject to Section 4.4 hereof, from and after the date hereof, within thirty (30) days after the end of each calendar quarter, the General Partner shall, to the extent cash is available therefor, and based on the unaudited financial statements for such calendar quarter prepared in accordance with Section 9.3 hereof (after approval thereof by the General Partner), cause the Partnership to (i) distribute to the General Partner an amount equal to the portion of the Free Cash Flow allocated to the General Partner pursuant to Section 4.2(c)(i) or Section 4.2(c)(ii) for such calendar quarter and of any previous quarter to the extent not then distributed (less the General Partner's pro-rata portion of any reservation from Free Cash Flow pursuant to the last sentence of this Section 4.3(a)), and then (ii) distribute to the Limited Partners (and each Person who was a Limited Partner for any calendar month of the previous calendar quarter) an amount equal to the portion of the Free Cash Flow allocated to such Limited Partners (and each Person who was a Limited Partner for any calendar month of the previous calendar quarter) pursuant to Section 4.2(c)(iii) for such calendar quarter and any previous calendar quarter to the extent not then distributed (less each such Person's pro-rata portion of any reservation from Free Cash Flow pursuant to the last sentence of this Section 4.3(a)), in accordance with (and in proportion to) their respective number of Partnership Points for such preceding calendar quarter, in each case, if and to the extent each such Partner (and each Person who was a Limited Partner for any calendar month of the previous calendar quarter) has a positive balance in its Capital Account. 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 the remaining Free Cash Flow, if any, for the preceding fiscal year which was allocated pursuant to Sections 4.2(c)(i), 4.2(c)(ii) and 4.2(c)(iii) but not previously distributed, in accordance with the foregoing clauses (i), (ii) and (iii) whenever, and to the extent, cash is available therefor. The General Partner may, from time to time, reserve and not distribute portions of Free Cash Flow for Partnership purposes; including, without limitation, to increase the net worth of the Partnership, to make capital expenditures or to create a reserve for anticipated repurchases of Partnership Interests. Any such reservation would be made from all Partners pro-rata in proportion to Partnership Points, and in no event would it exceed fifty percent (50%) of the Free Cash Flow distributable to the Partners for such period. Such funds shall be maintained in the Receipts Account (as defined below) pending expenditure thereof. In the event any such reservation is made, the Repurchase Price for purposes of Section 3.9 hereof shall be increased by an amount equal to the increase in such Repurchased Partner's Capital Account resulting from such reserve, but only to the extent of such Repurchased Partner's pro-rata share (measured by multiplying such reserves by a fraction, the numerator of which is the number of Partnership Points being purchased and the denominator of which is the number of Partnership Points outstanding at such time before giving effect to any issuances or redemptions on such date) of the reserves held in the Receipts Account at the time such Repurchase Price is required to be paid to the Repurchased Partner.

(b) To give effect to the foregoing, the Partnership shall have two (2) bank accounts. The first account (the "Receipts Account") shall have as its authorized signatures such representatives of the General Partner as the General Partner shall deem appropriate or desirable. All the Partnership's receipts shall be paid into the Receipts Account; provided, however, that on a weekly basis, the General Partner shall forward the revenues of the Partnership with respect to the accruals for a given month from this account to the second account (described below) until the revenues so forwarded equal the Operating Cash Flow of the Partnership for such month (and previous months to the extent not so forwarded or used to pay expenses of the Partnership which are other than Free Cash Flow Expenditures) and, thereafter, revenues with respect to that month shall be retained in the Receipts Account pending distribution or such other use thereof as may be permitted under this Agreement. The General Partner shall use the Receipts Account to make all distributions of Free Cash Flow pursuant to Section 4.3(a) above and, to fund all Free Cash Flow Expenditures. The General Partner shall, however, not forward but shall retain in the Receipts Account the amount which gives rise to the right to make distributions pursuant to Section 4.3(c) hereof (including, without limitation, resulting from sales of assets, insurance proceeds and the issuance of additional partnership interests). The second account shall have as its authorized signatures such Officers of the Partnership as may be agreed by a Majority Vote, and one (1) designee of the General Partner. This second account shall be used by the Officers to make all operating expense payments (including payments of salaries and bonuses) out of Operating Cash Flow.

Within thirty (30) days after the end of each calendar month, based on the unaudited financial statements for such calendar month prepared in accordance with Section 9.3 hereof, and within ninety-five (95) days after the end of each fiscal year of the Partnership, based on the audited financial statements prepared in accordance with Section 9.3 hereof, the General Partner shall cause such transfers between the accounts to be made as may be necessary to reconcile the accounts with the amounts of revenue designated as Operating Cash Flow and Free Cash Flow.

(c) Except as otherwise set forth herein, all other amounts or

proceeds available for distribution, if any, shall (except as otherwise provided for herein) be distributed to the Partners at such time as may be determined by the General Partner; provided that any such distribution shall be made among the Partners (i) pro-rata to Partners which have made Capital Contributions pursuant to Capital Calls, in proportion to the unreturned Capital Contributions of such Partners made pursuant to such Capital Calls, (ii) then 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 (iii) thereafter among all Partners in accordance with their respective number of Partnership Points at the time of such distribution (provided, however, that if a Partner makes a Capital Contribution other than pursuant to a Capital Call after the Effective Date, the General Partner may cause the Partnership to make a priority return of such Capital Contribution).

SECTION 4.4 DISTRIBUTIONS UPON LIQUIDATION; ESTABLISHMENT OF A RESERVE UPON LIQUIDATION. Upon the liquidation of the Partnership, after payment (or the making of reasonable provision for the payment) of all liabilities of the Partnership owing to creditors, the General Partner (or liquidator) shall set up such reserves as it deems reasonably necessary for any contingent, conditional or unmatured liabilities or other obligations of the Partnership. Such reserves may be paid over by the General Partner (or liquidator) to a bank (or other third party), to be held in escrow for the purpose of paying any such contingent, conditional or unmatured liabilities or other obligations. At the expiration of such period(s) as the General Partner (or liquidator) may deem advisable, such reserves, if any (and any other assets available for distribution), or a portion thereof, shall be distributed to the Partners in accordance with their respective Capital Accounts. If any assets of the Partnership are to be distributed in kind in connection with such liquidation, such assets shall be distributed on the basis of their Fair Market Value net of any liabilities encumbering such assets and, to the greatest extent possible, shall be distributed pro-rata in accordance with the total amounts to be distributed to each Partner. Immediately prior to the effectiveness of any such distribution-in-kind, each item of gain and loss that would have been recognized by the Partnership had the property being distributed been sold at Fair Market Value shall be determined and allocated to those persons who were Partners immediately prior to the effectiveness of such distribution in accordance with Section 4.2(d).

SECTION 4.5 PROCEEDS FROM THE SALE OF SECURITIES; INSURANCE PROCEEDS; CERTAIN SPECIAL ALLOCATIONS.

(a) Capital Contributions made by any Partner after the Effective Date (other than Capital Contributions made pursuant to Section 4.1(c) hereof, which shall be used solely for the purpose or purposes set forth in the Call Notice), and other proceeds from the issuance of securities by the Partnership may, in the sole discretion of the General Partner, be used for the benefit of the Partnership (including, without limitation, the repurchase or redemption of Partnership Interests), or, may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with their respective Partnership Points immediately prior to the date of such contribution; it being understood that in the case the proceeds are a note receivable, any such distribution shall occur upon receipt by the Partnership of any cash in respect thereof.

(b) In the event of the death of an Employee Stockholder covered by key-man life insurance, the proceeds of such policy shall first be used by the Partnership to fund (to the extent thereof) the Repurchase of Partnership Interests from the Employee Stockholder or Limited Partner through which such Employee Stockholder held his or her interest in the Partnership in accordance with Section 3.9 hereof and, if the proceeds exceed the amounts so required to effect such Repurchase, then the amount of such excess proceeds may, in the sole discretion of the General Partner, be used for the benefit of the Partnership,

or, may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with their respective Partnership Points immediately following the Repurchase of the Partnership Interests from such Limited Partner.

(c) Items of Tax Depreciation (as such term is defined below) on account of the property of the Partnership on the Effective Date, shall be specially allocated among the Partners in accordance with the positive balances in their Capital Accounts on the Effective Date. All items of Tax Depreciation on account of property purchased out of Operating Cash Flow shall be allocated as set forth in Section 4.2(c)(iv) and all items of Tax Depreciation on account of property purchased out of Free Cash Flow shall be allocated among the Partners in accordance with their respective numbers of Partnership Points.

(d) The items of income, deduction, gain and loss allocable pursuant to this Partnership Agreement shall generally be determined in accordance with the Partnership's books of account; provided, however, that in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in keeping the Partnership's books of account, there shall be taken into account "Tax Depreciation" as defined below. "Tax Depreciation" means, for any allocation period, an amount equal to the depreciation, amortization, and other cost recovery deductions allowable for Federal income tax purposes with respect to an asset or other capitalized amount for such allocation period (regardless of whether such depreciation, amortization, or other cost recovery deductions arise from the common tax basis of Partnership property or the tax basis of Partnership property attributable to a particular Partner because of a Code Section 754 election or otherwise); provided, however, that if the book value of an asset differs from its adjusted tax basis at the beginning of such allocation period, Tax Depreciation for that asset shall be an amount that bears the same ratio to such beginning book value as the Federal income tax depreciation, amortization, or other cost recovery deduction for that asset for such allocation period bears to such beginning adjusted tax basis; provided, further, however, that if the adjusted tax basis of an asset at the beginning of such allocation period is zero, Tax Depreciation for that asset shall be determined with reference to the appropriate Federal income tax recovery period.

(e) Items of deduction on account of payments made under the ICP shall be specially allocated to the General Partner; provided, however, that if a Limited Partner contributes capital pursuant to a Capital Call in order to fund payments made under the ICP, items of deduction with respect to such payment (i.e. payments made under the ICP funded by a Capital Call) shall be specially allocated pro-rata among the General Partner and the Limited Partners who contributed capital in such Capital Call, in proportion to such capital contributions.

SECTION 4.6 FEDERAL TAX ALLOCATIONS. The General Partner shall allocate the ordinary income and losses and capital gains and losses of the Partnership as determined for U.S. Federal income tax purposes (and each item of income, gain, loss, deduction or credit entering into the computation thereof), as the case may be, among the Partners for tax purposes in a manner that, to the greatest extent possible (i) reflects the economic arrangement of the Partners under this Agreement (determined after taking into account the allocation provisions

of Sections 4.2, 4.4 and 4.5 hereof, and the distributions provisions of Sections 4.3, 4.4 and 4.5 hereof) and (ii) is consistent with the principles of Sections 704(b) and 704(c) of the Code. Pursuant to the foregoing, the General Partner shall allocate items of income, deduction, gain and loss for tax purposes in the same manner as, and in proportion to, the book allocations of corresponding items made pursuant to this Partnership Agreement, except (i) as provided below with respect to allocations required under the principles of Code Section 704(c), and (ii) as required by Code Section 704(b) and the Treasury Regulations thereunder ("Required Allocations"). Any Required Allocations shall be taken into account in computing other and subsequent tax allocations so that the amount of tax items allocated to each Partner, to the greatest extent possible, shall be equal to the amount of tax items that would have been allocated to each Partner in the absence of such Required Allocations. The Partners understand and agree that, with respect to any item of property (other than cash) contributed (or deemed to be contributed for U.S. federal income tax purposes) by a Partner to the capital of the Partnership, the initial tax basis of such property in the hands of the Partnership will be the same as the tax basis of such property in the hands of such Partner at the time so contributed. The Partners further understand and agree that the taxable income and taxable loss of the Partnership is to be computed for Federal income tax purposes by reference to the initial tax basis to the Partnership of any assets and properties contributed by the Partners (and not by reference to the fair market value of such assets and properties at the time contributed). The Partners also understand that, pursuant to Section 704(c) of the Code, all taxable items of income, gain, loss and deduction with respect to such assets and properties shall be allocated among the Partners for Federal income tax purposes so as to take account of any difference between the initial tax basis of such assets and properties to the Partnership and their fair market values at the time contributed, using any method authorized by the Income Tax Regulations under Section 704(c) and selected by the General Partner in its sole discretion, subject to its fiduciary duties to the Partners as a whole. For purposes of maintaining the Capital Accounts of the Partners, items of income, gain, loss and deduction relating to any asset or property contributed to the Partnership that are required to be allocated for tax purposes pursuant to Section 704(c) of the Code shall not be reflected in the Capital Accounts of the Partners.

ARTICLE V - TRANSFER OF PARTNERSHIP INTERESTS OTHER THAN BY THE GENERAL PARTNER, ADMISSION OF ADDITIONAL PARTNERS, REDEMPTION AND WITHDRAWAL

SECTION 5.1 ASSIGNABILITY OF INTERESTS. No interest of a Limited Partner in the Partnership may be sold, assigned, transferred, pledged, hypothecated, gifted, exchanged, optioned or encumbered (each, a "Transfer"), nor may any interest in any Limited Partner be Transferred, and no Transfer shall be binding upon the Partnership or any Limited Partner unless it is expressly permitted by this Article V and the General Partner receives an executed copy of such assignment, which shall be in form and substance reasonably satisfactory to the General Partner. The assignee of such interest in the Partnership may become a substitute Limited Partner only upon the terms and conditions set forth in Section 5.2. No Limited Partner's interest in the Partnership or, in the case of a Limited Partner which is not an

individual, the direct and indirect interests of a beneficial owner of such Limited Partner, may be Transferred except:

(a) to the General Partner;

(b) to AMG pursuant to the provisions of Section 3.9, 7.1 or 7.3 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;

(c) upon the death of such beneficial owner, their interests in the Partnership or in the Limited Partner may be Transferred by will or the laws of descent and distribution;

(d) a Limited Partner (and its beneficial owners) may Transfer interests in the Partnership or in such Limited Partner to members of his or her Immediate Family (or trusts for their benefit and of which the beneficial owner is the settlor and/or trustee, provided that any such trust does not require or permit distribution of such interests); and

(e) another Limited Partner, with the prior written consent of the General Partner, which consent may be granted or withheld by the General Partner in its sole discretion (provided, however, unless William J. Nutt is the President and Chief Executive Officer of AMG, Limited Partners may, with a Majority Vote, transfer an aggregate of up to 1.5 Partnership Points without the consent of, but with at least fifteen (15) days prior written notice to, the General Partner (which transfer or transfers may take place on one or more dates and subject to such terms and conditions as may be set by a Majority Vote, subject to a maximum number of 1.5 Partnership Points for all such transfers on all such occasions taken together); and

(f) the stockholders of such Limited Partner, with the prior written approval of the General Partner and subject to such Limited Partner and such stockholders making such representations and warranties regarding the ownership of such Limited Partner and such stockholder as the General Partner may deem necessary or appropriate.

; provided, that in the case of (c), (d) or (f) above, (i) the transferee enters into an agreement with the Partnership agreeing to be bound by the provisions hereof (and the transferee enters into (A) if such transferee is not already a party to a Non Solicitation Agreement, the relevant Non Solicitation Agreement and (B) if the transferee is (or has an equityholder which is) an employee of First Quadrant Limited, the Revenue Agreement) as a Limited Partner (to the extent such Person then would hold any interest in the Partnership), and (ii) whether or not the transferee enters into such an agreement, such Partnership Interests, and interests in such Limited Partner, shall thereafter remain subject to this Agreement (and, if applicable, the relevant Non Solicitation Agreement) to the same extent they would be if held by such Limited Partner or beneficial owner, as applicable.

For all purposes of this Partnership Agreement, any Transfers of Partnership Interests shall be deemed to occur as of the close of business on the last day of the calendar month in which any such Transfer would otherwise have occurred.

SECTION 5.2 SUBSTITUTE LIMITED PARTNERS. No transferee of interests of a Limited Partner shall become a Partner except in accordance with this Section 5.2. The General Partner may, with a Majority Vote of the Limited Partners, admit as a substitute Limited Partner any Person that acquires a Partnership Interest by Transfer from another Limited Partner in accordance with the provisions of Section 5.1. The admission of an assignee as a substitute Limited Partner shall in all events be conditioned upon the execution of an instrument satisfactory to the General Partner whereby such assignee becomes a party to this Agreement as a Limited Partner. Upon the admission of a substitute Limited Partner, the General Partner shall make the appropriate revisions to Schedule A hereto. Notwithstanding the foregoing, upon a Transfer of Partnership Interests to AMG in compliance with the provisions of Section 5.1(b) above, AMG shall be admitted to the Partnership as a Limited Partner with respect to the Partnership Interests so transferred, without the necessity for a Majority Vote.

SECTION 5.3 ADDITIONAL REQUIREMENTS. As additional conditions to the validity of (x) any Transfer of a Limited Partner's interest in the Partnership (or, in the case of a Limited Partner which is not an individual, the interests of the direct and indirect beneficial owners of such Limited Partner) or (y) the issuance of additional Partnership Interests (pursuant to Section 5.6 below), such Transfer or issuance shall not: (i) violate the registration provisions of the Securities Act or the securities laws of any applicable jurisdiction, (ii) cause the Partnership to become subject to regulation as an "investment company" under the Investment Company Act, and the rules and regulations of the SEC thereunder, including by resulting in there being one hundred (100) or more beneficial holders of interests in the Partnership, (iii) result in the termination of any contract to which the Partnership is a party and which individually or in the aggregate are material (it being understood and agreed that any contract pursuant to which the Partnership provides Investment Management Services is material), or (iv) result in the treatment of the Partnership as an association taxable as a corporation or as a "publicly traded limited partnership" for Federal income tax purposes.

The General Partner may require reasonable evidence as to the foregoing, including, without limitation, a favorable opinion of counsel, which expense shall be borne by the parties to such transaction (and to the extent the Partnership is such a party, shall be paid from Operating Cash Flow).

As an additional condition to the validity of (x) any Transfer of a Limited Partner's interest in the Partnership (or, in the case of a Limited Partner which is not an individual, the interests of the direct and indirect beneficial owners of such Limited Partner) or (y) the issuance of additional Partnership Interests (pursuant to Section 5.6 below), an equal interest in the U.K. Partnership must be so transferred or issued to the transferee or recipient by the transferor or issuer.

To the fullest extent permitted by law, any Transfer that violates the conditions of this Section 5.3 shall be null and void ab initio.

SECTION 5.4 ALLOCATION OF DISTRIBUTIONS BETWEEN ASSIGNOR AND ASSIGNEE; SUCCESSOR TO CAPITAL ACCOUNTS. Upon the Transfer of a Partnership Interest pursuant to this Article V, 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. 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.

SECTION 5.5 REDEMPTIONS AND WITHDRAWALS. No Limited Partner shall have the right to redeem its interest in the Partnership, in whole or in part, or to withdraw from the Partnership, except (a) upon receipt of a Majority Vote and with the consent of the General Partner, (b) as is expressly provided for in Section 3.9 hereof or (c) as is expressly provided for in Section 7.1 and 7.3 hereof. Upon the redemption or withdrawal, in whole or in part, by a Limited Partner, the General Partner shall make the appropriate revisions to Schedule A hereto.

SECTION 5.6 ISSUANCE OF ADDITIONAL PARTNERSHIP INTERESTS.

(a) Additional Limited Partners (the "Additional Limited Partners" and each an "Additional Limited Partner") may be admitted to the Partnership and such Additional Limited Partners may be issued Partnership Points, upon receipt of a Majority Vote and the consent of the General Partner and upon such terms and conditions as may be established by the General Partner with a Majority Vote (including, without limitation, upon such Additional Limited Partner's execution of an instrument satisfactory to the General Partner whereby such Person becomes a party to this Agreement as a Limited Partner); provided, however, that upon a transfer pursuant to Section 6.1(ii) hereof, the General Partner may admit the transferee as an Additional Limited Partner without a Majority Vote.

(b) Existing Limited Partners may be issued additional Partnership Points (or other Partnership Interests) by the Partnership with the consent of, and upon such terms and conditions as may be established by, the General Partner with a Majority Vote (without including the Limited Partner to be issued additional Partnership Points). Except as provided in the last sentence of the definition of "Incentive Reserve" or "Executive Retention Reserve," the General Partner may only be issued additional Partnership Points (or other Partnership Interests) upon the receipt of a Majority Vote.

(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 4.2(d) hereof.

(d) In connection with the issuance of additional Partnership Interests, such issuances, except as set forth herein and in the Options, are not subject to the preemptive rights of any Person.

(e) Upon the issuance of additional Partnership Interests, the General Partner shall make the appropriate revisions to Schedule A hereto.

SECTION 5.7 REPRESENTATION OF PARTNERS. The General Partner and each Limited Partner (including each Additional Limited Partner) hereby represents and warrants to the Partnership and each other Partner, and acknowledges, that (a) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Partnership and making an informed investment decision with respect thereto, (b) it is able to bear the economic and financial risk of an investment in the Partnership for an indefinite period of time, (c) it is acquiring an interest in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, (d) the equity interests in the Partnership have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with, and (e) the execution, delivery and performance of this Agreement by such Partner do not require it to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any existing law or regulation applicable to it, any provision of its charter, by-laws or other governing documents or any agreement or instrument to which it is a party or by which it is bound.

ARTICLE VI - TRANSFER OF PARTNERSHIP INTEREST BY THE GENERAL PARTNER; REDEMPTION, REMOVAL AND WITHDRAWAL

SECTION 6.1 ASSIGNABILITY OF INTEREST. Without a Majority Vote, neither the General Partner's interest in the Partnership nor the stock of the General Partner may be sold or transferred; provided, however, (i) it is understood and agreed that, in connection with the operation of the business of AMG (including, without limitation, the financing of direct or indirect investments in additional investment management companies), the General Partner's interest in the Partnership and the stock of the General Partner may be pledged or encumbered pursuant to a bona fide pledge or encumbrance and under such circumstances, lien holders shall have and be able to exercise the rights of secured creditors with respect to such interest, (ii) the General Partner may sell some (but not all or substantially all) of its Partnership Interests to a person or entity who is not a Partner but who is an Officer of the Partnership or who becomes an Officer in connection with such issuance, or an entity wholly owned by any such person, and (iii) the General Partner may sell some (but not all or substantially all) of its

Partnership Interests to existing Limited Partners. Notwithstanding anything else set forth herein, the General Partner may, with a Majority Vote, sell all its interests in the Partnership in a single transaction or a series of related transactions, and, in any such case, each of the Limited Partners of the Partnership shall be required to sell, in the same transaction or transactions, all their interest in the Partnership; provided, that the price to be received by all the Partners shall be allocated among the Partners as follows: (a) an amount equal to the sum of the positive balances, if any, in positive Capital Accounts shall be allocated among the Partners having such Capital Accounts in proportion to such positive balances, and (b) the excess, if any, shall be allocated among all Partners in accordance with their respective number of Partnership Points at the time of such sale.

SECTION 6.2 RESIGNATION, REDEMPTION, AND WITHDRAWAL. To the fullest extent permitted by law, except as set forth in the last sentence of Section 6.1, without a prior Majority Vote, the General Partner shall not have the right to resign or withdraw from the Partnership. Without a prior Majority Vote, the General Partner shall have no right to have all or any portion of its interest in the Partnership redeemed. Any resigned, withdrawn or removed General Partner shall retain its interest in the capital of the Partnership and its other economic rights under this Agreement.

ARTICLE VII - PUT/CALL OF PARTNERSHIP INTERESTS; REGISTRATION RIGHTS

SECTION 7.1 MANDATORY PUTS.

(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").

(b) Each Limited Partner other than Lovell, Inc. may, subject to the terms and conditions set forth in this Partnership Agreement, cause AMG to purchase up to twelve and one-half percent (12.5%) of the Initial Partnership Points held by such Limited Partner, on the last business day in March (each, a "Purchase Date") on any five (5) separate occasions (but only up to an aggregate of fifty percent (50%) of such Limited Partner's Initial Partnership Points) starting with the last business day in March, 2001 and ending with the last business day in March, 2011. Notwithstanding any other provisions set forth herein, each Limited Partner may only exercise its rights under this Section 7.1(b) if the Limited Partner simultaneously causes AMG to purchase an equal number of U.K. Partnership Points in the U.K. Partnership pursuant to the provisions of Section 7.1(b) of the U.K. Partnership Agreement.

(c) Lovell, Inc. may, subject to the terms and conditions set forth in this Partnership Agreement, cause AMG to purchase up to twenty percent (20%) of the Initial Partnership Points held by Lovell, Inc., on each Purchase Date starting with the first Purchase Date in March, 2001. Notwithstanding any other provision set forth herein, Lovell, Inc. may

only exercise its rights under this Section 7.1(c) if Lovell, Inc. simultaneously causes AMG to purchase an equal number of U.K. Partnership Points in the U.K. Partnership pursuant to the provisions of Section 7.1(c) of the U.K. Partnership Agreement.

(d) Each Limited Partner may, subject to the terms and conditions set forth in this Partnership Agreement, cause AMG to purchase a number of Partnership Points as is equal to up to twelve and one-half percent (12.5%) of the positive difference, if any, between (i) the Partnership Points issued to such Limited Partner pursuant to the Incentive Program or upon the exercise of any options issued pursuant thereto (each such issuance or issuance upon the exercise of an option, an "Option Exercise") and (ii) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof on any five (5) separate Purchase Dates (but only up to an aggregate of a number of Partnership Points as is equal to fifty percent (50%) of the positive difference, if any, between (x) the Partnership Points issued in such Option Exercise and (y) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof) starting on the first Purchase Date which is at least five (5) years following the date of such Option Exercise and ending on the first Purchase Date which is at least fifteen (15) years following the date of such Option Exercise. Notwithstanding any other provisions set forth herein, each Limited Partner may only exercise its rights under this Section 7.1(d) if the Limited Partner simultaneously causes AMG to purchase an equal number of Partnership Points in the Partnership pursuant to the provisions of this Section 7.1(d) and U.K. Partnership Points in the U.K. Partnership pursuant to the provisions of Section 7.1(d) of the U.K. Partnership Agreement.

(e) If a Limited Partner desires to exercise its rights under Section 7.1(b), 7.1(c) or 7.1(d) above, it and its Employee Stockholder shall give AMG, each other Employee Stockholder, the General Partner and the Partnership irrevocable written notice (a "Put Notice") on or prior to the preceding November 30 (the "Notice Deadline") stating that it is electing to exercise such rights and the number of Partnership Points (the "Put Partnership Points") to be sold in the Put and whether or to what extent such Put is a Put of Initial Partnership Points (including, without limitation, a Put by Lovell, Inc. pursuant to Section 7.1(c) above) (the "Initial Put Partnership Points") or Partnership Points issued pursuant to an Option Exercise (together, the "Option Put Partnership Points"). Puts in any given calendar year for which Put Notices are received before the Notice Deadline for that calendar year shall be done as follows: AMG shall purchase from each Limited Partner that number of Put Partnership Points as is equal to the sum of (i) the number of Initial Put Partnership Points designated as such in the Put Notice, up to the maximum number permitted by Section 7.1(b) or Section 7.1(c) above with respect to that year and the aggregate number of Initial Partnership Points that may be Put by the Limited Partner, and (ii) the number of Option Put Partnership Points designated as such in the Put Notice, up to the maximum number permitted by Section 7.1(d) above with respect to the Option Exercise and that year and the aggregate number of Partnership Points that may be Put by the Limited Partner with respect to the Option Exercise; provided, however, that in no event shall the number of Partnership Points which AMG is required to purchase on any Purchase Date pursuant to Puts under this Section 7.1 exceed Two and Four-Tenths (2.4) Partnership Points; and, provided further, that if the number of Partnership Points for which Put Notices are received before the Notice Deadline

for that calendar year exceeds two and four tenths (2.4) Partnership Points, then AMG shall purchase an aggregate of Two and Four-Tenths (2.4) Partnership Points among all Limited Partners as follows: AMG shall purchase from each Limited Partner that number of Partnership Points as is equal to (A) Two and Four-Tenths (2.4) Partnership Points multiplied by (B) a fraction, the numerator of which is the number of Partnership Points set forth in such Limited Partner's Put Notice (up to the maximum number of Partnership Points permitted by Sections 7.1(b), 7.1(c) and 7.1(d) above with respect to that Purchase Date and the aggregate number of Initial Put Partnership Points and Option Put Partnership Points which may be Put by that Limited Partner on that Purchase Date) and the denominator of which is the number of Partnership Points set forth in all the Put Notices (with respect to each such Put Notice, up to the maximum number of Partnership Points permitted by Sections 7.1(b), 7.1(c) and 7.1(d) above with respect to that Purchase Date) (provided, that in the case of the purchase of a number of Partnership Points that is less than the number of Partnership Points set forth in a Limited Partner's Put Notice, such Limited Partner may allocate the Partnership Points to be purchased among the Initial Put Partnership Points and Option Put Partnership Points set forth in its Put Notice).

(f) The purchase price for a Put (the "Put Price") shall be an amount equal to (i) six (6) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar year prior to the date of the closing of such Put (determined by reference to the most recent financial statements supplied to AMG pursuant to Section 9.3) multiplied by (ii) a fraction, the numerator of which is the number of Partnership Points to be purchased from such Limited Partner on the Purchase Date and the denominator of which is the number of Partnership Points outstanding on the Purchase Date (including as outstanding Partnership Points, all the Partnership Points in the Executive Retention Reserve and the Incentive Reserve) before giving effect to any Puts or any issuances or redemptions of Partnership Points on such date. The Put Price shall be paid by AMG (or, if AMG shall have assigned its obligation to the Partnership pursuant to paragraph (g) below, the Partnership in such proportions as may be determined by AMG with a Majority Vote) on the relevant Purchase Date by certified checks to such Limited Partner, in each case, against delivery of such documents or instruments of transfer as may reasonably be requested by AMG or the Partnership, as applicable; provided, however, that in the case of a Put by Lovell, Inc. under this Section 7.1, if after giving effect to the Put, Lovell, Inc. would hold less than one and five-tenths (1.5) Partnership Points, then the Put Price may, in AMG's sole discretion, be paid with a promissory note in the form attached hereto as Exhibit C, the principal of which promissory note would be paid in four (4) installments, the first installment would be paid on the Purchase Date, and the second, third and fourth installments would be paid twelve (12) months, twenty-four (24) months and thirty-six (36) months, respectively, after such Purchase Date, provided, that if Lovell, Inc. is also a Defaulting Partner, the amount of any payment shall be reduced in the manner set forth in the last sentence of Section 3.9(e) hereof.

(g) No purchase by AMG pursuant to this Section 7.1 (or, upon assignment of any of AMG's obligations to the Partnership pursuant to this paragraph (g) hereof, redemption by the Partnership) shall occur if it would result in AMG owning, directly or indirectly, in excess of eighty percent (80%) of the Partnership Points outstanding after giving effect to any such sale or redemption. If some, but not all, of the Partnership Points which Employee Stockholders have requested be purchased can be so purchased without AMG's ownership, directly or indirectly, exceeding eighty percent (80%) of the outstanding Partnership Points, then AMG shall purchase, or shall assign its obligations to the

Partnership, and the Partnership shall redeem, Partnership Points from the Limited Partners having Put Partnership Interests in proportion to the Partnership Points then held by such Limited Partners up to the maximum extent that would not cause AMG to own, directly or indirectly, in excess of eighty percent (80%) of the outstanding Partnership Points (in each case, subject to the maximum amount set forth in Section 7.1(b), 7.1(c) and 7.1(d) hereof).

(h) AMG may, only with a Majority Vote, assign any or all of its rights and obligations to purchase Partnership Points under this Section 7.1, in one or more instances, to the General Partner or the Partnership; provided, however, that if AMG (with a Majority Vote) assigns any or all its rights and obligations to purchase Partnership Points under this Section 7.1 to the General Partner or the Partnership, then AMG shall assign the identical and proportional rights and obligations to purchase U.K. Partnership Points under Section 7.1 of the U.K. Partnership Agreement to the General Partner (in the case where rights or obligations to purchase Partnership Points were assigned to the General Partner) or the U.K. Partnership (in the case where rights or obligations to purchase Partnership Points were assigned to the Partnership).

SECTION 7.2 ELECTION RIGHTS OF LIMITED PARTNERS TO RECEIVE AMG STOCK.

(a) If AMG does not assign to the Partnership or the General Partner the right or obligation pursuant to Section 7.1(h) above to purchase Partnership Interests from a Limited Partner, and AMG has, at that time, completed a registration of shares of its common stock for sale under the Securities Act (other than a registration on Form S-8 (or its then equivalent form) or a registration affected solely to implement an employee benefit plan, a transaction under Rule 145 or to which any other similar rule of the SEC under the Securities Act is applicable or registration on a form not available for registering securities for sale to the public) (a "Public Offering"), then such Limited Partner may elect to cause AMG to pay up to one-half of the Put Price (as such term is defined in Section 7.1(f) above) for the relevant Put in shares of AMG's Common Stock, $.01 par value per share (the "AMG Stock").

(b) An election under this Section 7.2 must be made by the Limited Partner at least sixty (60) days prior to the relevant Purchase Date, by giving written notice to the Partnership and AMG of such election, which election, once made, shall be irrevocable without the prior written consent of AMG.

(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:

$$\text{Number of Shares of AMG Stock} = \frac{OS \times F}{1-F}$$

where OS is the number of issued and outstanding shares of AMG Stock immediately prior to the closing of the Put, and F is a fraction, the numerator of which is the Put Price of a Put pursuant to Section 7.1(f) above, multiplied by .75, and the denominator of which is

an amount equal to the sum of (A) six (6) times fifty percent (50%) of AMG's earnings before interest, amortization and taxes for the twenty-four (24) month period ending on the last day of the calendar year prior to the date of the closing of such Put (determined in accordance with generally accepted accounting principles, consistently applied) plus (B) the Put Price of a Put.

(d) If AMG completes a Public Offering, AMG shall, as soon as reasonably practicable, provide notice thereof to each Employee Stockholder.

SECTION 7.3 GENERAL PARTNER CALL OPTION.

(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").

(b) The General Partner shall exercise its rights under this Section 7.3 if ten (10) Partnership Points have been made available to the Incentive Reserve (as such term is defined in the Incentive Program and not as such term is defined herein) pursuant to Section 3(f) of the Incentive Program; provided, however, that the General Partner may give the GP Call Notice (as such term is hereinafter defined) prior to the date such a determination is made. Simultaneously with the General Partner's exercise of its rights under this Section 7.3, the General Partner shall exercise its rights under Section 7.3(b) of the U.K. Partnership Agreement.

(c) If the General Partner exercises its rights under this Section 7.3, it shall give written notice (the "GP Call Notice") to the Chief Executive Officer and each Limited Partner stating its exercise of such rights. Within Five (5) days after delivery of the Call Notice, the General Partner shall allocate the GP Call among the Limited Partners in its sole discretion and shall so indicate the allocation in a writing delivered to the Chief Executive Officer and the Limited Partners; and, provided further, that any allocation by the General Partner shall only be effective if an equivalent allocation is made pursuant to Section 7.3(c) of the U.K. Partnership Agreement. The closing of a GP Call shall take place on a date which is fifteen (15) days after the date of the GP Call Notice.

(d) The Purchase Price for a GP Call shall be an amount equal to (i) Four Hundred and Twenty-Eight One Thousandths (.428) of the Partnership's cumulative Revenues from Operations for the Period beginning on the Effective Date and ending on December 31, 2000, for each Partnership Point for which the General Partner exercises its rights under this Section 7.3 (subject, in any event, to any equitable adjustments which the General Partner may deem necessary or appropriate (in its sole discretion) if there is any change in the portion of Revenues From Operations which is Free Cash Flow or in the allocation of Free Cash Flow under this Agreement), minus (ii) the taxes incurred (calculated as set forth in this clause) by the General Partner in respect of such distributions, calculated on the assumption that such distributions are not less than one-half of the highest marginal federal, state and foreign tax rates applicable to the General Partner and not more than the highest marginal federal, state and foreign tax rates applicable to the General Partner (with the taxes incurred within such

range to be determined by the General Partner in its sole discretion), plus (iii) an amount equal to each cash distribution described in clause (i) above, net of any taxes attributable thereto (calculated as described in clause (ii) above) multiplied by the Prime Rate established by Chemical Bank (or any successor thereto) from time to time, as in effect on the date of each such cash distribution.

SECTION 7.4 AMG CALL OPTION.

(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"). 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.

(b) AMG may purchase up to five percent (5%) of the Initial Partnership Points of any of the Limited Partners on the last business day in March (each a "Call Date") of each calendar year (but only up to an aggregate of twenty-five percent (25%) of the Initial Partnership Points issued to such Limited Partner) starting with the last business day in March of the calendar year 2002. Notwithstanding any other provision set forth herein, AMG may only exercise its rights under this Section 7.3(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.

(c) AMG may purchase a number of Partnership Points as is equal to up to five percent (5%) of the positive difference, if any, between (i) the Partnership Points issued in an Option Exercise and (ii) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof, on a Call Date (but only up to an aggregate of a number of Partnership Points as is equal to twenty-five percent (25%) of the positive difference, if any, between (x) the Partnership Points issued in such Option Exercise and (y) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof) starting with the first Call Date which is at least six (6) years following the date of such Option Exercise. Notwithstanding any other provision set forth herein, AMG may only exercise its rights under this Section 7.4(c) if it purchases an equal number of Partnership Points in the Partnership and U.K. Partnership Points in the U.K. Partnership.

(d) If AMG desires to exercise its rights under Section 7.4(b) or (c) above, it shall give irrevocable written notice (a "Call Notice") on or prior to the preceding November 30, to each Limited Partner, First Quadrant, and the Partnership, stating its election to exercise such rights, the Limited Partner(s) from whom it intends to purchase Partnership Points, and the number of Partnership Points to be purchased in the Call (the "Call Partnership Points"). The number of Partnership Points purchased from a given Limited Partner must be equal to the number of U.K. Partnership Points being purchased at the same time from such Limited Partner.

(e) The purchase price for Call Partnership Points purchased from a Limited Partner in a Call (each a "Call Price") shall be an amount equal to (i) six (6) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the month prior to the Call Date (determined by reference to the most recent financial statements supplied to AMG pursuant to Section 9.3 hereof) multiplied by (ii) a fraction, the numerator of which is the sum of the number of Partnership Points to be purchased from such Limited Partner and the denominator of which is the number of Partnership Points outstanding on the Call Date (including as outstanding Partnership Points, all the Partnership Points in the Executive Retention Reserve and in the Incentive Reserve, before giving effect to any issuances or redemptions of Partnership Points on such date.) The Call Price shall be paid by AMG (or, if AMG shall have assigned its rights to the Partnership pursuant to paragraph (f) below, the Partnership in such proportions as may be determined by AMG with a Majority Vote) on the relevant Call Date by certified checks, against delivery of such documents or instruments of transfer as may reasonably be requested by AMG and the Partnership, as applicable.

(f) AMG may, with a Majority Vote, assign any or all of its rights and obligations to purchase Partnership Points under this Section 7.4, in one or more instances, to the General Partner or the Partnership; provided, however, that if AMG (with a Majority Vote) assigns any or all its rights and obligations to purchase Partnership Points under this Section 7.3 to the General Partner or the Partnership, then AMG shall assign the identical and proportional rights and obligations to purchase U.K. Partnership Points under this Section 7.3 of the U.K. Partnership Agreement to First Quadrant (in the case where rights or obligations to purchase Partnership Points were assigned to First Quadrant) or the U.K. Partnership (in the case where rights or obligations to purchase Partnership Points were assigned to the Partnership).

SECTION 7.5 REGISTRATION RIGHTS.

(a) Piggy-back Registrations. If at any time or times following the completion of its initial public offering, AMG shall determine to file a registration statement ("Registration Statement") (which excludes a registration on Form S-8 (or its then equivalent form) or a registration statement filed solely to implement an employee benefit plan, a transaction under Rule 145 or to which any other similar rule of the SEC under the Securities Act is applicable or registration statement on a form not available for registering securities for sale to the public) other than on Form S-4 (or its then equivalent form) and other than with respect to securities to be issued solely in connection with any acquisition of any securities or assets of any entity or business, then AMG will promptly give written notice thereof to the Limited Partners which are holders of Registrable Securities (as hereinafter defined) then outstanding (the "Holders"), and, subject to the terms and conditions of this Section 7.4, will use all commercially reasonable efforts to effect the registration under the Securities Act (a "Registration") of all Registrable Securities which the Holders request in a writing delivered to AMG within thirty (30) days after the notice given by AMG. AMG shall have the right to postpone or withdraw any Registration without any obligation to any Holder.

(b) Registrable Securities. For the purposes of this Section 7.5, the term "Registrable Securities" shall mean any AMG Stock held by a Limited Partner which was acquired by such Limited Partner pursuant to the terms of Section 7.2 or Section 7.2 of the U.K. Partnership Agreement, and any equity securities issued or issuable with respect to such AMG Stock by way of a stock dividend or stock split or in connection with a combination of shares.

(c) Further Obligations of AMG. Whenever under the preceding provisions of this Section 7.5, AMG is required hereunder to register Registrable Securities, AMG agrees that it shall also do the following:

(i) use commercially reasonable efforts to prepare diligently for filing with the SEC a Registration Statement and such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary for the duration of such Registration;

(ii) use commercially reasonable efforts to maintain the effectiveness of any Registration Statement pursuant to which any of the Registrable Securities are being sold on a delayed or continuous basis under Rule 415 (or any successor or similar rule) under the Securities Act (other than a registration statement in connection with an underwritten offering) until the earlier of (i) the completion of the distribution of all Registrable Securities offered pursuant thereto or (ii) ninety (90) days after the effective date of such Registration Statement, provided that if a Suspension Period (as defined below) has occurred during the pendency of a Registration, AMG shall in good faith use reasonable efforts to extend the effectiveness of such Registration so that there are ninety (90) days during which such Registration is effective and a Suspension Period is not in effect;

(iii) furnish to each selling Holder such 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 in accordance with customary practices;

(iv) file all reports required to be filed by it under the Exchange Act, and the rules and regulations promulgated by the SEC thereunder, during the period the Registration Statement is required to remain effective hereunder; and

(v) use commercially reasonable efforts to cause the Registrable Securities to be listed on such securities exchange or quoted on such automated quotation system on which AMG's common shares are then listed or quoted.

(d) Registration Expenses. All reasonable expenses incident to AMG's performance of or compliance with this Section 7.5, including SEC and securities exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, fees and

disbursements of counsel for AMG and its independent certified public accountants incurred in connection with each registration hereunder (but not including any fees or disbursements of counsel for the Holders (which shall be borne by the Holders), or any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities (which shall be borne by each applicable Holder) (all such included expenses being herein called "Registration Expenses"), will be borne by AMG; provided, however, that if AMG is not selling in such offering, then each Holder shall bear a portion of such expenses equal to such expenses multiplied by a fraction, the numerator of which is the number of shares sold by such Holder and the denominator of which is the total number of shares sold in the offering.

(e) Indemnification; Contribution.

(i) Indemnification. Incident to any registration statement referred to in this Section 7.5(e), and subject to applicable law, AMG will indemnify each underwriter, each Holder of Registrable Securities so registered, and each person controlling any of them ("Controlling Person") against all claims, losses, damages and liabilities, including legal and other expenses reasonably incurred in investigating or defending against the same, arising out of any untrue statement of a material fact contained therein, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any violation by AMG of the Securities Act, any other federal securities laws, any state securities or "blue-sky" laws or any rule or regulation thereunder in connection with such registration, except insofar as the same may have been caused by an untrue statement or omission based upon information furnished to AMG by or on behalf of such underwriter, Holder or Controlling Person expressly for use therein, and with respect to such untrue statement or omission in the information furnished to AMG by or on behalf of such underwriter, Holder or Controlling Person, such underwriter, Holder or Controlling Person so providing such information to AMG (or on whose behalf such information was so provided) will indemnify AMG, its directors and officers, and the other underwriters, Holders and Controlling Persons against any losses, claims, damages, expenses or liabilities to which any of them may become subject to the same extent.

(ii) Contribution. If the indemnification provided for in this Section 7.5(e) from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact, has been made by, or relates to information supplied by,

such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any reasonable legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.5(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7.5(e)(ii), no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Holder were offered to the public exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue 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.

If indemnification is available under this Section 7.5(e), the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 7.5(e)(i) without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 7.5(e)(ii).

SECTION 7.6 LIMITATIONS. Notwithstanding anything herein to the contrary, the parties agree as follows:

(a) In the event that in connection with an underwritten public offering, the managing underwriter(s) shall in good faith impose a limitation on the number of securities which may be included in such Registration for marketing purposes, AMG shall not be required to register Registrable Securities in excess of such limitation, provided that the reduction in the number of securities which may be included in such Registration to comply with such limitation is imposed pro rata (based either on relative number of securities held or relative number of securities sought to be included in such Registration) with respect to the Holders and all managers of companies providing Investment Management Services in which AMG may invest after the date hereof and which have so-called incidental or piggyback registration rights (it being understood that such limitation may be imposed as to all holders of such securities and the Holders prior to the imposition of any limitation on other holders of AMG securities).

(b) If requested in writing by the managing underwriter(s), if any, of any underwritten public offering of AMG Stock, each Limited Partner agrees not to offer, sell, contract to sell or otherwise dispose of any shares of AMG Stock except as part of such underwritten public offering within thirty (30) days before or one hundred and eighty (180) days after the effective date of the registration statement filed with respect to said offering.

(c) Following the effectiveness of a Registration (including, without limitation a Registration for sale on a delayed or continuous basis under Rule 415 under the Securities Act), each Holder agrees not to effect any sales of AMG Stock after they have received notice from AMG to suspend sales as a result of the commencement any Suspension Period. Each Holder may recommence effecting sales of AMG Stock following further notice to such effect from AMG. For purposes hereof, a "Suspension Period" shall mean the pendency or occurrence of an event that would make it impractical or inadvisable (i) to cause a Registration Statement to remain in effect or (ii) to permit the sale of AMG Stock by Holders, and shall include, without limitation, pending negotiations relating to, or consummation of, a transaction or the pendency or occurrence of any other event that would require additional disclosure of material information by AMG in a registration statement.

SECTION 7.7 LIMITATION OF REGISTRATION RIGHTS. Notwithstanding the foregoing, AMG shall not be required to effect a Registration of Registrable Securities under this Agreement if, in the opinion of counsel for AMG, the Holders of Registrable Securities may then sell the Registrable Securities proposed to be sold without registration under the Securities Act.

ARTICLE VIII - DISSOLUTION AND TERMINATION.

SECTION 8.1 EVENTS OF DISSOLUTION.

(a) The Partnership shall be dissolved and its affairs wound up:

(i) on a date designated in writing by the General Partner;

(ii) upon the occurrence of an event of withdrawal (as defined in the Partnership Act) with respect to the General Partner;

(iii) upon the sale or other disposition of all (or a substantial portion of) the Partnership's assets;

(iv) upon the effective date of the resignation or withdrawal of the General Partner pursuant to Section 6.2 hereof;

(v) upon a Repurchase Closing Date;

(vi) in any event, at midnight on December 31, 2095 unless the Partnership's term is extended pursuant to Section 2.5 hereof; or

(vii) upon the entry of a decree of judicial dissolution under Section 17-802 of the Partnership Act.

(b) Dissolution of the Partnership shall be effective at the close of business on the day on which the event occurs giving rise to the dissolution, whereupon the Partnership shall be wound up and liquidated in an orderly manner, as soon as reasonably practicable, but the Partnership shall not terminate until the assets of the Partnership shall have been distributed as provided herein. Notwithstanding the dissolution of the Partnership, prior to the termination of the Partnership, as aforesaid, the business of the Partnership and the affairs of the Partners, as such, shall continue to be governed by this Agreement. The General Partner or, if there be none, a liquidator approved by a Majority Vote, shall liquidate the assets of the Partnership and apply and distribute the proceeds thereof as contemplated by Section 4.4 hereof.

(c) Upon an event described in Section 8.1(a)(ii) or 8.1(a)(v) that would otherwise result in a dissolution of the Partnership, the Partnership shall not be dissolved if, with thirty (30) days after the event described in either of such Sections, the holders of more than fifty percent (50%) of the Partnership Points then outstanding (including the General Partner and including as outstanding Partnership Points held by the General Partner any Partnership Points in the Executive Retention Reserve or Incentive Reserve) (or such greater percentage in interest as may be required under applicable law) in writing agree to continue the business of the Partnership and to the selection, effective as of the date of such event, of a successor general partner (which, to the extent permitted by applicable law, may be the General Partner). In such event, the Partnership shall continue until dissolved in accordance with this Section 8.

(d) Within one hundred and eighty (180) days following an event described in Section 8.1(a)(v) that results in the dissolution of the Partnership, the General Partner and the holders of more than fifty percent (50%) of the Partnership Points then outstanding (including the General Partner) (or such greater percentage of holders of Partnership Interests as may then be required under applicable law) may elect in writing to reconstitute and continue the business of the Partnership by forming a new limited partnership on the same terms and provisions as are set forth in this Agreement. If such an election is timely made, all the Limited Partners of the Partnership shall continue as limited partners of the reconstituted partnership and the General Partner of the Partnership shall continue as general partner of the reconstituted partnership. Upon any such election by the holders of more than fifty percent (50%) of the Partnership Points then outstanding (or such greater percentage of holders of Partnership Interests as may then be required under applicable law), all holders of Partnership Interests shall be bound thereby and shall be deemed to have approved thereof. Upon any such election by the holders of more than fifty percent (50%) of the Partnership Points then outstanding (or such greater percentage of holders of Partnership Interests as may then be required under applicable law), all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership of the Partnership and to enter into a new partnership agreement (which is identical to this Agreement) and certificate of limited partnership of the reconstituted partnership, and the General Partner may for this purpose and all purposes stated in such agreement or certificate, exercise the power of attorney granted pursuant to Section 8.1(d) below.

(e) Each Limited Partner and each Employee Stockholder and each other Person who accepts Partnership Interests constitutes and appoints each of the General Partner (and any successor thereof by merger, transfer, election or otherwise), and each of the General Partner's authorized officers and attorneys-in-fact, with full power of substitution, as its, his or her true and lawful agents and attorneys-in-fact, with full power and authority in its, his or her name, place and stead to: execute, swear to, acknowledge, deliver, file and record in the appropriate public offices all certificates and other instruments including, at the option of the General Partner, this Agreement and the Certificate of Limited Partnership and all amendments and restatements thereof or any of the foregoing relating to the continuation of the Partnership as contemplated by paragraph (c) above or the reconstituted partnership, as contemplated by paragraph (d) above, that the General Partner deems appropriate or necessary to exercise any powers of the General Partner or to carry out the purposes of this Agreement and to form, qualify, or continue the existence or qualification of the Partnership or the reconstituted partnership, as contemplated by paragraph (c) or paragraph (d) above, as a limited partnership in the State of Delaware and under the Delaware Act and in all jurisdictions in which the Partnership may or may wish to conduct business or own property.

The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and shall not be affected by, the subsequent death, incompetence, dissolution, disability, incapacity, bankruptcy or termination of any grantor and the transfer of all or any portion of his Partnership Interest and shall extend to such Person's heirs, successors and assigns. Each Person who accepts Partnership Interests is deemed to consent to be bound by any representations made by the General Partner or the authorized officers and attorneys-in-fact thereof, acting in good faith pursuant to such power of attorney. Each Person who accepts Partnership Interests is deemed to consent to and waive any and all defenses that may be available to contest, negate or disaffirm any action of the General Partner or the authorized officers and attorneys-in-fact thereof, taken in good faith under such power of attorney. Each Limited Partner shall execute and deliver to the General Partner within fifteen (15) days after receipt of the General Partner's request therefor, such further designations, powers of attorney and other instruments as the General Partner deems necessary to effectuate this Section 8.1(e).

ARTICLE IX - RECORDS AND REPORTS

SECTION 9.1 BOOKS AND RECORDS. The Officers of the Partnership and the General Partner shall cause the Partnership to keep complete and accurate books of account with respect to the operations of the Partnership, prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied. Such books shall reflect that the interests in the Partnership have not been registered under the Securities Act, and that the interests may not be sold or transferred without registration under the Securities Act or exemption therefrom and without compliance with Article V or Article VI of this Agreement. Such books shall be maintained at the principal office of the Partnership in Pasadena, California or at such other place as the General Partner shall determine.

SECTION 9.2 ACCOUNTING. The Partnership's books of account shall be kept on the accrual method of accounting, or on such other method of accounting as the General Partner may from time to time determine, with the advice of the Independent Public Accountants, and shall be closed and balanced at the end of each Partnership fiscal year. The taxable year of the Partnership shall be the twelve months ending December 31 or such other taxable year as the General Partner may designate, with the written advice of the Independent Public Accountants.

SECTION 9.3 FINANCIAL REPORTS. Each Limited Partner whose Employee Stockholder is an Officer of the Partnership, agrees on its behalf and on behalf of such Employee Stockholder, and each Employee Stockholders agree to cause the Partnership to furnish to the General Partner each of the following:

(a) Within twenty-five (25) days after the end of each month and each fiscal quarter, an unaudited financial report of Partnership, which report shall be prepared in accordance with generally accepted accounting principles using the accrual method of accounting, consistently applied (except that the financial report may (i) be subject to normal year-end audit adjustments which are neither individually nor in the aggregate material and (ii) not contain all notes thereto which may be required in accordance with generally accepted accounting principles) and shall be certified by the most senior financial officer of the Partnership to have been so prepared, and which shall include the following:

(i) Statements of operations, changes in partners' capital and cash flows for such month or quarter, together with a cumulative income statement from the first day of the then-current fiscal year to the last day of such month or quarter;

(ii) a balance sheet as of the last day of such month or quarter; and

(iii) with respect to the quarterly financial report, a detailed computation of Free Cash Flow for such quarter.

(b) Within sixty (60) days after the end of each fiscal year of the Partnership, audited financial statements of the Partnership, which shall include statements of operations, changes in partners' capital and cash flows for such year and a balance sheet as of the last day thereof, each prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied, certified by Independent Public Accountants satisfactory to the General Partner.

(c) Within twenty-five (25) days after the end of each calendar quarter, the Partnership's operating budget for each of the next four (4) fiscal quarters, in such form and containing such estimates as may be requested by the General Partner from time to time, certified by the most senior financial officer of the Partnership.

(d) Copies of all financial statements, reports, notices, press releases and other documents released to the public.

(e) As promptly as is reasonably possible following request by the General Partner from time to time, such operations and/or performance data as may be requested, in each case certified by the most senior financial officer of the Partnership if such a certification is requested by the General Partner.

(f) Any other financial or other information available to the Officers as the General Partner shall have reasonably requested on a timely basis.

SECTION 9.4 MEETINGS.

(a) The Partnership and its Officers shall hold such regular meetings at the Partnership's principal place of business with representatives of the General Partner as may be reasonably requested by the General Partner from time to time. These meetings shall be attended (either in person or by telephone) by such of the Officers and other employees of the Partnership as may be requested by the General Partner or any of the Officers. The Partnership will reimburse the reasonable travel expenses of any representative of the General Partner who attends each such meeting.

(b) At each meeting, the Officers of the Partnership shall make such presentations regarding the Partnership and its performance, operations and/or budgets as may be reasonably requested by the General Partner, and each of the attendees (whether in person or by telephone) at such meeting shall have the right to submit proposals and suggestions regarding the Partnership, and the attendees at the meeting shall discuss and consider such proposals and suggestions.

SECTION 9.5 TAX MATTERS.

(a) The General Partner shall cause to be prepared and filed on or before the due date (or any extension thereof) Federal, state, local and foreign tax or information returns required to be filed by the Partnership. The General Partner, to the extent that Partnership funds are available, shall cause the Partnership to pay any taxes payable by the Partnership (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes, are to be treated as Operating Expenses of the Partnership to be paid from Operating Cash Flow); provided that the General Partner shall not be required to cause the Partnership to pay any tax so long as the General Partner or the Partnership is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Partnership and adequate reserves therefor have been set aside by the Partnership.

(b) The General Partner shall be the tax matters partner for the Partnership pursuant to Sections 6221 through 6233 of the Code.

ARTICLE X - MISCELLANEOUS.

SECTION 10.1 NOTICES. All notices, requests, elections, consents or demands permitted or required to be made under this Agreement shall be in writing, signed by the Partner or Partners giving such notice, request, election, consent or demand and shall be delivered personally or by confirmed facsimile, or sent by registered or certified mail, or by commercial courier to the other Partners, at their addresses set forth on the signature pages hereof or on Schedule A hereto, or at such other addresses as may be supplied by written notice given in conformity with the terms of this Section 10.1. The date of any such personal or facsimile delivery or the date of delivery by an overnight courier or the date five (5) days after the date of mailing by registered or certified mail, as the case may be, shall be the date of such notice.

SECTION 10.2 SUCCESSORS AND ASSIGNS. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Partners, their respective successors, successors-in-title, heirs and assigns, and each and every successors-in-interest to any Partners, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, and each shall hold such interest subject to all of the terms and provisions of this Agreement.

SECTION 10.3 AMENDMENTS. No amendments may be made to this Agreement without the prior written consent of (i) the General Partner and (ii) a Majority Vote of the Limited Partners and, with respect to Section 3.9 hereof, AMG; provided, however, that the General Partner shall make such amendments and additions to Schedule A hereto as are required by the provisions hereof; and, provided further, that the General Partner may amend this Agreement to correct any printing, stenographic or clerical errors or omissions. Except as otherwise provided for herein, no amendment may be made to this Agreement which materially and adversely affects a Limited Partner in a manner different from all the other Limited Partners, without the prior written consent of the Limited Partner which would be so affected.

SECTION 10.4 NO PARTITION. No Partner nor any successors-in-interest to any Partner, shall have the right while this Agreement remains in effect to have the property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Partnership partitioned, and each Partner, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intent of the Partners that during the term of this Agreement, the rights of the Partners and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Partner or successors-in-interest to assign, transfer, sell or otherwise dispose of his interest in the Partnership shall be subject to the limitations and restrictions of this Agreement.

SECTION 10.5 NO WAIVER. The failure of any Partner to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Partner's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any

breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

SECTION 10.6 DISPUTE RESOLUTION. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the applicable rules of the American Arbitration Association. The arbitration shall be held in Delaware before a single arbitrator selected in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry, and shall otherwise be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules.

SECTION 10.7 PRIOR AGREEMENTS SUPERSEDED. This Agreement, (including without limitation, the schedules and exhibits hereto), supersedes the prior understandings and agreements among the parties with respect to the subject matter hereof.

SECTION 10.8 CAPTIONS. Titles or captions of Articles or Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 10.9 COUNTERPARTS. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Partners notwithstanding that all Partners have not signed the same counterpart.

SECTION 10.10 APPLICABLE LAW; JURISDICTION. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without applying the choice of law provisions thereof.

SECTION 10.11 SINGULAR AND PLURAL. All terms herein using the singular shall include the plural; all terms using the plural shall include the singular; in each case, the term shall be as appropriate to the context of each sentence.

SECTION 10.12 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of (i) any Partner, (ii) any Employee Stockholder or (iii) the Partnership, other than a Partner who is also a creditor of the Partnership.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the General Partner and the Initial Limited Partners have executed and delivered this Amended and Restated Limited Partnership Agreement as of the day and year first above written.

GENERAL PARTNER

Name and Signature	Address
FIRST QUADRANT CORP. By:/s/ William J. Nutt --- William J. Nutt President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101

LIMITED PARTNERS

Name and Signature	Address
R.D. ARNOTT CORPORATION By:/s/ Robert D. Arnott --- Robert D. Arnott President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101
CULONBOIS CORPORATION By:/s/ Curtis J. Ketterer --- Curtis J. Ketterer President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101
LUCK MONSTER CORPORATION By:/s/ Christopher G. Luck --- Christopher G. Luck President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101

AYPWIP CORPORATION

800 East Colorado Blvd.
Suite 900
Pasadena, CA 91101

By:/s/ David J. Leinweber

David J. Leinweber
President

R.M. DARNELL CORPORATION

800 East Colorado Blvd.
Suite 900
Pasadena, CA 91101

By:/s/ R. Max Darnell

R. Max Darnell
President

T.S. MECKEL RUHESTANDS CORPORATION

56 Ledgeways
Wellesley, MA 02181

By:/s/ Timothy S. Meckel

Timothy S. Meckel
President

LOVELL, INC.

P.O. Box 561
Featherbed Lane
Mt. Vernon, NJ 07976

By:/s/ Robert M. Lovell, Jr.

Robert M. Lovell, Jr.
President

WILLIAM A.R. GOODSALL

17 Old Park Lane
London W1Y 3LG
United Kingdom

/s/ William A.R. Goodsall

ROBERT H. BROWN

17 Old Park Lane
London W1Y 3LG
United Kingdom

/s/ Robert H. Brown

ACKNOWLEDGMENT

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned hereby acknowledges the provisions of this Agreement, agrees that he constitutes an Employee Stockholder hereunder and agrees to fulfill all of the rights and duties of an Employee Stockholder hereunder.

/s/ Robert D. Arnott
- ----------
Robert D. Arnott

/s/ Curtis J. Ketterer
- ----------
Curtis J. Ketterer

/s/ Christopher G. Luck
- ----------
Christopher G. Luck

/s/ David J. Leinweber
- ----------
David J. Leinweber

/s/ R. Max Darnell
- ----------
R. Max Darnell

/s/ Timothy S. Meckel
- ----------
Timothy S. Meckel

/s/ Robert M. Lovell, Jr.
- ----------
Robert M. Lovell, Jr.

The undersigned is executing this Agreement solely to acknowledge and agree to be bound by the provisions of Section 3.9, the relevant provisions of Article VII, and Section 10.6 hereof.

AFFILIATED MANAGERS GROUP, INC.

By:/s/ William J. Nutt

   Name: William J. Nutt
   Title: President and
          Chief Executive Officer

Address

Two International Place
23rd Floor

Boston, MA 02110

SCHEDULE A
ATTACHED TO AND MADE A PART OF
THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF
FIRST QUADRANT, L.P.
(A DELAWARE LIMITED PARTNERSHIP)

PARTNER/ REGISTERED OWNER	PARTNERSHIP POINTS	INITIAL CAPITAL ACCOUNT
First Quadrant Corp.	47.62	$ **confidential treatment requested**
R.D. Arnott Corporation	2.94	
William A.R. Goodsall	2.94	$ 0.00
AYPWIP Corporation	2.94	$ 0.00
Lovell, Inc.	2.94	$ 0.00
T. S. Meckel Ruhestands Corporation	2.94	$ 0.00
R. M. Darnell Corporation	1.18	$ 0.00
Culonbois Corporation	1.18	$ 0.00
Robert H. Brown	.59	$ 0.00
Luck Monster Corporation	.59	$ 0.00
Issued and Vested	65.86	
Incentive Reserve*	24.14	
Executive Retention Reserve**	10.00	
Total	100.00	**confidential treatment requested**

* Deemed to be outstanding Partnership Points held by First Quadrant Corp. for all purposes of this Agreement.

** Deemed to be outstanding Partnership Points held by First Quadrant Corp. for all purposes of this Agreement other than the determination of Majority Vote and for determining payment of Capital Calls as set forth in Section 4.1 hereof.

EXHIBIT 10.7

FIRST QUADRANT U.K., L.P.

LIMITED PARTNERSHIP AGREEMENT

March 28, 1996

FIRST QUADRANT U.K., L.P.
LIMITED PARTNERSHIP AGREEMENT

TABLE OF CONTENTS

FIRST QUADRANT U.K., L.P.

LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement (the "Agreement") is made and entered into as of March 28, 1996 (the "Effective Date"), by and among First Quadrant Corp., a New Jersey corporation (the "General Partner"), the other partners named on Schedule A hereto (collectively, the "Limited Partners" and individually, a "Limited Partner"). The General Partner and the Limited Partners are sometimes herein referred to collectively as the "Partners" and individually as a "Partner."

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual agreements hereinafter set forth, including, but not limited to, their capital contributions, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS.

SECTION 1.1 DEFINITIONS. For purposes of this Agreement:

"Additional Limited Partner" shall have the meaning specified in Section 5.6.

"Advisers Act" shall mean the Investment Advisers Act of 1940, as it may be amended from time to time, and any successor to such Act.

"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 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.

"Agreement" shall mean this Limited Partnership Agreement, as it may from time to time be amended, supplemented or restated.

"AMG" shall mean Affiliated Managers Group, Inc., a Delaware corporation.

"Capital Account" shall mean the capital account maintained by the Partnership with respect to each Partner in accordance with the capital accounting rules described in Section 4.2 hereof.

"Capital Contribution" shall mean, as to each Partner, the amount of money and/or the agreed fair market value of any property (net of any liabilities encumbering such property that

the Partnership is considered to assume or take subject to) contributed to the capital of the Partnership by such Partner.

"Certificate of Limited Partnership" shall mean the certificate of limited partnership for the Partnership required under the Partnership Act, as such Certificate may be amended or restated from time to time.

"Closing" shall have the meaning set forth in the Stock Purchase Agreement.

"Code" or "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as from time to time amended, and any successor thereto, together with all regulations promulgated thereunder.

"Effective Date" shall have the meaning specified in the preamble of this Agreement.

"Employee Stockholder" shall mean (i) in the case of a Limited Partner which is not an individual, that certain officer and/or employee of the Partnership or First Quadrant Limited (or, in the case of Lovell, Inc., Robert M. Lovell, Jr.) who is the owner of all the issued and outstanding capital stock of a Limited Partner, and is listed as such on Schedule A hereto, and (ii) in the case of a Limited Partner which is an individual, such Limited Partner.

"Encumbrances" shall have the meaning ascribed thereto in the Stock Purchase Agreement.

"Executive Retention Options" shall mean one or more of those Executive Retention Options in the form attached as Exhibit A to the U.S. Partnership Agreement which was issued on the date hereof to one or more Partners.

"Executive Retention Reserve" shall mean the ten (10) Partnership Points as are reserved for issuance pursuant to the terms of one or more Executive Retention Options. The ten (10) Partnership Points in the Executive Retention Reserve shall be deemed to be outstanding Partnership Points held by the General Partner for all purposes of this Agreement (other than the determination of "Majority Vote" as set forth herein and for determining "Capital Calls" as set forth in Section 4.1 hereof), except for those Partnership Points as have been issued pursuant to the Executive Retention Options.

"Fair Market Value" shall mean the fair market value as reasonably determined in good faith by the Board of Directors of the General Partner.

"First Quadrant Limited" shall mean First Quadrant Limited, a United Kingdom corporation.

"For Cause" shall mean, with respect to the termination of an Employee Stockholder's employment, with the U.S. Partnership or First Quadrant Limited, any of the following:

(a) The Employee Stockholder has engaged in any criminal offense which involves a violation of federal or state securities laws or regulations, embezzlement, fraud, wrongful taking or misappropriation of property, theft, or any other crime involving dishonesty and (i) has been convicted (whether or not subject to appeal) or plead nolo contendre or any similar plea to any criminal offense in connection with or relating to such act, or (ii) as a result of or in relation to such act, an event has occurred which would require an affirmative answer to any of the questions in Items 11A, B, C, D, E or F (except, with respect to question 2 in each of Items 11C, D or E, for an immaterial violation of securities laws or regulations which results in an affirmative answer which could not reasonably be expected to have an adverse effect on the U.S. Partnership, First Quadrant Limited or their respective businesses) of Part I of the Partnership's Form ADV;

(b) The General Partner with a Majority Vote (excluding, for purposes of determining such Majority Vote, the Employee Stockholder or Limited Partner of the Employee Stockholder which is the subject of such termination, as if the Partnership Points held by such Limited Partner were not outstanding) has determined that the Employee Stockholder has persistently and willfully neglected his or her duties or failed to devote substantially all of his or her working time, energy and skills to the faithful and diligent performance of such duties, after the U.S. Partnership and/or First Quadrant Limited, as applicable, has given the Employee Stockholder written notice specifying such conduct by the Employee Stockholder and giving the Employee Stockholder a reasonable period of time (not less than 30 days), to conform his or her conduct to such duties; or

(c) The Employee Stockholder has engaged in Prohibited Competition Activity or violated or breached any material provision of his or her Non Solicitation Agreement or engaged in any of the activities prohibited by Section 3.7 hereof or Section 3.7 of the U.S. Partnership Agreement.

"Free Cash Flow" shall mean, for any period, the Revenues From Operations of the Partnership for such period.

"General Partner" shall mean First Quadrant Corp., a New Jersey corporation, and any Person who becomes a successor or additional General Partner as provided herein.

"Governmental Authority" shall mean any foreign, federal, state or local court, governmental authority or regulatory body.

"Immediate Family" shall mean, with respect to any person, such person's spouse, parents, grandparents, children, grandchildren and siblings.

"Incentive Program" shall mean the First Quadrant, L.P. and First Quadrant U.K., L.P. Incentive Program in the form attached to the U.S. Partnership Agreement as Exhibit B.

"Incentive Reserve" shall mean the number of Partnership Points (initially twenty-four and fourteen one-hundredths (24.14)), as are reserved for issuance pursuant to the terms of the Incentive Program. The twenty-four and fourteen one-hundredths (24.14) Partnership Points in the Incentive Reserve shall be deemed to be outstanding Partnership Points held by the General Partner for all purposes of this Agreement, except for those Partnership Points as have vested and have been issued pursuant to the Incentive Program.

"Independent Public Accountants" shall mean any independent certified public accountant satisfactory to the General Partner and retained by the Partnership.

"Initial Partners" shall mean those entities which are Partners on the Effective Date.

"Initial Partnership Points" means, with respect to a Limited Partner, that number of Partnership Points held by such Limited Partner in the Partnership immediately after giving effect to the Closing.

"Initial U.S. Partnership Points" means, with respect to a Limited Partner, that number of U.S. Partnership Points held by such Limited Partner immediately after giving effect to the Closing.

"Investment Management Services" shall mean any services which involve (a) the management, for a fee or other remuneration, of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice, for a fee or other remuneration, with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds).

"IRS" shall mean the Internal Revenue Service of the United States Department of the Treasury.

"Limited Partner" shall mean any person or entity who is or becomes a Limited Partner pursuant to the terms hereof.

"Majority Vote" shall mean the affirmative approval by vote or consent of (a) the holders of the largest number and second largest number of Vested Partnership Points (or if more than one Person holds an equal number of Vested Partnership Points, which number is the largest or second largest number of Vested Partnership Points, any one of such Persons) and any one other holder of Vested Partnership Points, or (b) the holders of eighty percent (80%) of the Vested Partnership Points then held by all Limited Partners excluding the holder of the largest number of Vested Partnership Points (and, if more than one Person holds an equal number of Vested Partnership Points, which number is the largest number of Vested Partnership Points, then the holders of a majority of the Vested Partnership Points then held by all Limited Partners) and, in the case of either (a) or (b), excluding the General Partner and its Affiliates. If an affirmative or negative vote is received under clause (a) above, but the holders of eighty percent (80%) of the Vested Partnership Points determined as set forth in clause (b) above disagree and their aggregate vote percentage exceeds that of the aggregate vote percentage of clause (a) above, then such vote under clause (a) shall be disregarded, otherwise, the vote under clause (b) above shall be disregarded. For purposes of determining a "Majority Vote," the Partnership Points in the Executive Retention Reserve shall be deemed to be outstanding Partnership Points held by a single Limited Partner designated by the Chief Executive Officer or, if the Chief Executive Officer fails to so designate a Limited Partner, the General Partner.

"Non Solicitation Agreement" shall have the meaning set forth in Section 3.6 hereof.

"Partners" shall mean the General Partner and the Limited Partners, unless otherwise indicated.

"Partnership" shall mean the partnership organized under this Agreement, as the same may be amended and/or restated from time to time.

"Partnership Act" shall mean the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 17-101 et seq.), as it may be amended from time to time, and any successor to such Act.

"Partnership Interests" shall mean the interests (including Capital Accounts and Partnership Points) of the Partners in the Partnership.

"Partnership Points" shall mean as of any date, with respect to a Partner, the number of Partnership Points of such Partner as set forth on Schedule A hereto, as amended from time to time in accordance with its terms and the terms hereof, and as in effect on such date.

"Partnership Share" shall have the meaning ascribed to such term in the Revenue Agreement.

"Permanent Incapacity" shall mean, with respect to an Employee Stockholder, that such Employee Stockholder is totally unable, by reason of injury, illness or other similar cause (as determined by a licensed physician, selected by the Employee Stockholder or his or her representative and approved by the General Partner, which approval shall not be unreasonably withheld), to have performed his or her substantial and material duties and responsibilities for a period of three hundred sixty-five (365) consecutive days, which injury, illness or similar cause (as determined by such physician) would render such Employee Stockholder incapable of operating in a similar capacity in the future.

"Person" means any individual, partnership, corporation, limited liability company, association, trust, joint venture, unincorporated organization or any similar entity.

"Prohibited Competition Activity" shall mean any of the following activities:

(a) directly or indirectly, whether as owner, part owner, partner, director, officer, trustee, employee, agent or consultant for or on behalf of any Person, firm, corporation or other entity other than the Partnership or any Affiliate of the Partnership, (i) diverting or taking away any funds or investment accounts with respect to which the Partnership or any Affiliate of the Partnership is performing investment management or advisory services, or (ii) soliciting any person or entity for the purpose of diverting or taking away any such funds or investment accounts; or

(b) directly or indirectly, whether as owner, part owner, partner, director, officer, trustee, employee, agent or consultant for or on behalf of any Person other than the Partnership or any Affiliate of the Partnership, performing any Investment Management Services.

"Repurchase" shall mean a purchase or repurchase of Partnership Interests made pursuant to Section 3.9(a).

"Repurchase Closing Date" shall mean the date upon which payment is made with respect to a Repurchase, or if payment is made in more than one installment, the date upon which the first such installment is paid.

"Repurchased Partner" shall have the meaning specified in Section 3.9(a).

"Repurchase Price" shall have the meaning specified in Section 3.9(c).

"Retirement" shall mean, with respect to an Employee Stockholder, the termination by such Employee Stockholder of such Employee Stockholder's employment with the Partnership and its Affiliates: (x) after the date such Employee Stockholder shall have been continuously employed by the Partnership or First Quadrant Limited for a period of ten (10) years

commencing with the later of the Effective Date or the date such Employee Stockholder commenced his or her employment with the Partnership or First Quadrant Limited, as applicable, and (y) pursuant to a written notice given to the Partnership not less than six (6) months prior to the date of such termination.

"Revenues From Operations" shall mean, for any period, the gross revenues of the Partnership (except as set forth herein), determined on an accrual basis in accordance with generally accepted accounting principles consistently applied; provided, however, that Revenues From Operations shall be determined without regard to (a) proceeds during such period from the sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership or First Quadrant Limited, (b) revenues from the issuance by the Partnership of additional Partnership Points, other Partnership Interests, or other securities issued by the Partnership, and (c) payments received pursuant to any insurance policies other than with respect to business interruption insurance.

"Revenue Agreement" shall mean that certain Revenue Agreement of even date herewith by and among the Partnership, the General Partner, the Limited Partners and First Quadrant Limited.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor thereto.

"Stock Purchase Agreement" shall mean that certain Stock Purchase Agreement dated as of January 17, 1996, by and among AMG, Talegen Holdings, Inc., a Delaware corporation ("Talegen"), the Initial Partners which are Limited Partners, and certain other parties as set forth therein, as the same has been amended from time to time prior to the date hereof.

"Transfer" shall have the meaning specified in Section 5.1.

"Treasury Regulations" shall mean the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"U.K. Free Cash Flow" shall mean "Free Cash Flow" as such term is defined herein.

"U.K. Non Solicitation Agreement" shall mean "Non Solicitation Agreement" as such term is defined herein.

"U.K. Partnership" shall mean this Partnership.

"U.K. Partnership Agreement" shall mean this Agreement.

"U.K. Partnership Points" shall mean "Partnership Points" as such term is defined herein.

"U.S. Free Cash Flow" shall mean "Free Cash Flow" as such term is defined in the U.S. Partnership Agreement.

"U.S. Non Solicitation Agreement" shall mean a "Non Solicitation Agreement" as such term is defined in the U.S. Partnership Agreement.

"U.S. Partnership" shall mean First Quadrant, L.P., a Delaware limited partnership.

"U.S. Partnership Agreement" shall mean the Amended and Restated Limited Partnership Agreement of First Quadrant, L.P., a Delaware limited partnership, dated as of the date hereof, as the same may be amended and/or restated from time to time after the date hereof.

"U.S. Partnership Points" shall mean "Partnership Points" as such term is defined in the U.S. Partnership Agreement.

"Vested Partnership Points" shall mean, at any time and with respect to any Partner, the number of Partnership Points held by such Partner which have vested at such time, as determined pursuant to an agreement between the Partnership and such Partner in connection with the issuance of such Partnership Points. The number of Vested Partnership Points held by each Partner and the vesting schedule with respect to any Partnership Points which are not vested, shall be indicated on Schedule A hereto, which Schedule shall be updated by the General Partner as additional Partnership Points are issued and/or vest from time to time.

In addition to the foregoing, other capitalized terms used in this Agreement shall have the meaning ascribed thereto in the text of this Agreement.

ARTICLE II - ORGANIZATION AND GENERAL PROVISIONS.

SECTION 2.1 FORMATION OF PARTNERSHIP. The parties hereby form this Partnership under and pursuant to the Partnership Act and the terms of this Agreement. The rights, duties, liabilities and obligations of the Partners, and the administration and termination of this Partnership, shall be governed by the Partnership Act, except as otherwise provided in this Agreement. The General Partner is authorized to cause the Partnership to comply with all requirements of the Partnership Act and to qualify the Partnership to do business as a limited partnership in any jurisdiction where the General Partner shall deem it necessary, appropriate or advisable from time to time. The General Partner is authorized to file and/or record any other instrument(s) as may be required or advisable to be filed and/or recorded by this Partnership in accordance with applicable laws, rules and regulations.

SECTION 2.2 NAME OF THE PARTNERSHIP. The name of the Partnership shall be First Quadrant U.K., L.P. or such other name as the General Partner with a Majority Vote may from time to time determine. The General Partner and/or the Officers shall cause to be filed on behalf of the Partnership such partnership or assumed or fictitious business name statements or certificates as the General Partner and/or the Officers shall deem necessary, appropriate or desirable.

SECTION 2.3 PURPOSES OF THE PARTNERSHIP. The Partnership was organized and is continued for the following purposes:

(a) to engage in and hold interests in other Persons (both within and outside the United States of America) who engage in the investment advisory and investment management businesses and any and all activities reasonably related thereto;

(b) to make and perform all contracts and engage in all activities and transactions and to do any and all things necessary or advisable to carry out the foregoing purposes; and

(c) to engage in any other act or activity which is lawful for partnerships under the Partnership Act and which is approved by the General Partner; provided, however, that the General Partner will not cause a business which is unrelated to the Partnership's businesses to become a substantial part of the Partnership without a prior Majority Vote.

SECTION 2.4 PLACE OF BUSINESS; REGISTERED AGENT.

(a) The principal place of business of the Partnership shall be c/o Affiliated Managers Group, Inc., Two International Place, 23rd Floor, Boston, MA 02110.

(b) The Partnership's resident agent for service of process in Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, and its registered office in Delaware shall be in care of such resident agent.

(c) The General Partner may, at any time and from time to time: (i) change the location of the Partnership's principal place of business and establish such additional place or places of business of the Partnership as it may determine, (ii) change the Partnership's registered office in Delaware, and (iii) change the Partnership's resident agent for service of process in Delaware; provided, however, that the General Partner shall promptly give each Limited Partner notice of any such change.

SECTION 2.5 DURATION OF THE PARTNERSHIP. The Partnership term shall continue until December 31, 2095, unless extended or terminated earlier in accordance with the provisions hereof. The Partnership's term may be extended by the General Partner at any time and from time to time.

SECTION 2.6 TITLE TO PROPERTY. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have any ownership of such property.

SECTION 2.7 LIABILITY OF PARTNERS; NO DEFICIT RESTORATION OBLIGATION.

(a) The General Partner shall have such liability for the repayment, satisfaction and discharge of the debts, liabilities and obligations of the Partnership as is provided by the Partnership Act for the general partner of a limited partnership.

(b) A Limited Partner which receives the return of any part of its Capital Contribution shall be liable to the Partnership for the amount of its Capital Contribution so returned to the extent, and only to the extent, provided by the Partnership Act. No Limited Partner shall otherwise be liable to the Partnership, another Partner or any third party for the repayment, satisfaction, or discharge of the Partnership's debts, liabilities, and obligations or otherwise have any obligation to contribute money or any other asset to the Partnership other than payment of such Limited Partner's Capital Contribution, and as otherwise specifically provided in this Agreement.

(c) Except as otherwise specifically set forth in this Section 2.7 or in Section 4.3 hereof, no Limited Partner with a deficit balance in its Capital Account shall have any obligation to restore such deficit (or make any contribution to the capital of the Partnership, or otherwise pay any amount, with respect to such deficit), and such deficit shall not be considered as a debt of such Limited Partner to the Partnership or to any other Partner for any purpose whatsoever.

SECTION 2.8 FISCAL YEAR. The fiscal year of the Partnership shall be the calendar year unless otherwise determined by the General Partner.

ARTICLE III - MANAGEMENT OF THE PARTNERSHIP.

SECTION 3.1 MANAGEMENT IN GENERAL

(a) Subject to the provisions of this Agreement, the management and control of the business of the Partnership shall be vested exclusively in the General Partner, and the General Partner shall have exclusive power and authority, in the name of and on behalf of the Partnership, to perform all acts and do all things which, in its sole discretion, it deems necessary or desirable to conduct the business of the Partnership. No Partner other than the General Partner shall have the power to sign for or bind the Partnership to any agreement or document, but the General Partner may delegate the power to sign for or bind the Partnership to one or more Officers of the Partnership. The General Partner shall be authorized to act, and to execute documents and instruments alone on all material matters affecting the Partnership's business.

(b) The General Partner shall, subject to all applicable provisions of this Agreement, be authorized in the name of and on behalf of the Partnership: (i) to enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, leases or other instruments for the operation of the Partnership's business; and (ii) in general to do all things and execute all documents necessary or appropriate to conduct the business of the Partnership as set forth in Section 2.3 hereof, or to protect and preserve the Partnership's assets. The General Partner may delegate any or all of the foregoing powers to one or more of the Officers of the Partnership.

SECTION 3.2 OFFICERS OF THE PARTNERSHIP.

(a) The Officers of the Partnership shall consist of such officers as the General Partner may determine are necessary or appropriate.

(b) No Officer of the Partnership shall be held personally liable, by virtue of his or her status as an Officer, for any losses, debts or obligations of the Partnership.

(c) Officers of the Partnership shall be appointed to, and may be removed from, their offices by the General Partner acting in its sole discretion. Any Officer of the Partnership may resign from his or her office upon prior written notice to the Partnership and the General Partner.

(d) The Chief Executive Officer shall initially be Robert D. Arnott and the Chief Financial Officer shall initially be Curt J. Ketterer.

SECTION 3.3 OPERATION OF THE BUSINESS OF THE PARTNERSHIP.

(a) Subject to recognizing that the General Partner has the rights, duties and obligations set forth in Section 3.1 above, the Officers of the Partnership are hereby given a non-exclusive delegation of authority from the General Partner to manage the day-to-day operations, business and activities of the Partnership.

(b) Without the prior written consent of the General Partner, the Partnership shall incur no material expenses or obligations. The Partnership shall not, without the prior written consent of the General Partner, enter into any material contracts or other material agreements. Free Cash Flow may be used to provide for and pay the business expenses of the Partnership or encumber the assets of the Partnership to the extent specified in Section 3.3(c) with respect to key-man life insurance and disability insurance, Section 3.4 with respect to certain extraordinary expenses and otherwise as agreed to in writing by the General Partner (any such use being referred to herein as a "Free Cash Flow Expenditure").

(c) The Partnership will maintain such key-man life insurance and disability insurance policies on each Employee Stockholder as the General Partner shall deem necessary or desirable, from time to time, and the Employee Stockholders will use their reasonable best efforts to effectuate the foregoing. The Partnership will receive the proceeds of the above

referenced insurance policies, and the Partners agree with each other and the Partnership that the Partnership will pay the premiums on such key-man life and disability policies, as well as any reasonable additional insurance policies that the General Partner deems necessary, out of Free Cash Flow.

SECTION 3.4 COMPENSATION AND EXPENSES OF THE OFFICERS AND PARTNERS. No Officer or Partner shall be entitled to any compensation on account of its provision of services to the Partnership hereunder. The Partnership shall, however, pay and/or reimburse the General Partner for all reasonable travel expenses incurred by the General Partner in accordance with Section 9.4(a) as well as any extraordinary expenses incurred by the General Partner directly in connection with the operation of the Partnership. Without limiting the generality of the foregoing, the General Partner's general overhead items (including, without limitation, salaries and rent) shall not be reimbursed by the Partnership. Stockholders, officers, directors, partners and agents of Partners may serve as employees of the Partnership and be compensated therefor as determined by the General Partner.

SECTION 3.5 OTHER BUSINESS OF THE GENERAL PARTNER AND ITS AFFILIATES. The General Partner and its Affiliates may engage, independently or with others, in other business ventures of every nature and description, including the acquisition, creation, financing, trading in, and operation and disposition of interests in investment managers and other businesses that may be competitive with the Partnership's business and the business of Persons which are Affiliates of the Partnership. Neither the Partnership nor any of the Limited Partners shall have any right in or to any other such ventures by virtue of this Agreement or the Partnership created hereby, nor shall any such activity be deemed wrongful or improper by such Affiliates. The General Partner shall not be obligated to present any opportunity to the Partnership even if such opportunity is of such a character which, if presented to the Partnership, would be suitable for the Partnership.

SECTION 3.6 LIMITED PARTNERS AND NON SOLICITATION AGREEMENTS. Each Employee Stockholder and, to the extent applicable, its Limited Partner, have provided pursuant to a Non Solicitation/Non Disclosure Agreement in form and substance satisfactory to the General Partner which may be similar to Exhibit A(i) hereto (and, in the case of an Employee Stockholder who is employed by First Quadrant Limited, Exhibit (A)(ii) hereto) (the "Non Solicitation Agreement") (and in the case of any Additional Limited Partner (as defined in Section 5.6), it shall, prior to and as a condition precedent to, becoming a Partner, provide by such an agreement satisfactory to the General Partner) with the Partnership for the performance by such Employee Stockholder of the obligations provided for on such Exhibit A(i) or Exhibit A(ii) (as applicable) and such agreements do and shall, at all times, provide that the Partnership shall be entitled to enforce the provisions of such agreements on its own behalf and in the name of the Limited Partner (if the Limited Partner is not an individual).

SECTION 3.7 NON SOLICITATION AND NON-DISCLOSURE BY LIMITED PARTNERS AND EMPLOYEE STOCKHOLDERS.

(a) Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and the other Partners, that such Employee Stockholder shall not, while employed by the Partnership or any of its Affiliates, engage in any Prohibited Competition Activity (provided that an Employee Stockholder may engage in certain charitable activities which have been approved by the General Partner, in its sole discretion, in a writing making specific reference to this Section 3.7(a) or Section 3.7(a) of the U.S. Partnership Agreement).

(b) Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and the other Partners, that such Limited Partner and such Employee Stockholder shall not, during the period beginning on the date such Limited Partner becomes a Limited Partner, and until the date which is two (2) years after the termination of such Employee Stockholder's employment with the Partnership and its Affiliates, without the express written consent of the General Partner, directly or indirectly, whether as owner, part-owner, shareholder, partner, 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 Partnership or First Quadrant Limited: (i) provide Investment Management Services to any person or entity that is a client of the U.S. Partnership or First Quadrant Limited (for this purpose, upon any termination of the Employee Stockholder's employment for any reason, only the following shall be deemed a "client of the U.S. Partnership or First Quadrant Limited": (i) clients of First Quadrant Limited, the U.S. Partnership or its Affiliates (including its predecessor, First Quadrant Corp.) at the date of such termination or at any time during the six (6) months immediately preceding the date of termination, or (ii) up to fifteen (15) additional persons or entities with whom the Partnership or First Quadrant Limited was actively attempting to develop or regain an investment advisory or investment management relationship (as evidenced by a contact other than a mass mailing) which may include prior clients of the Partnership, First Quadrant Limited or their Affiliates) (a "Prospect") with such Prospects to be designated by the General Partner with the advice of the Officers; provided, however, that this paragraph (A) shall not prohibit the Employee Stockholder from providing Investment Management Services to any person or entity that is not a client of the U.S. Partnership or First Quadrant Limited (including Prospects) as contemplated herein, (B) shall not be applicable with respect to any such client who is, as of the relevant date of termination, also a client of the person or entity with which the Employee Stockholder is subsequently employed or affiliated so long as the Employee Stockholder can demonstrate by clear and convincing evidence that he or she has no direct or indirect involvement with the management of such client's accounts or the provision of advice or other services with respect thereto (it being understood and agreed that mere participation in the refinement of an existing model (as opposed to the creation or development of a new model or any other activities) used for providing investment advice shall not be deemed to be direct or indirect involvement with the management of any accounts which are managed utilizing such model) and that he or she has refrained from contacting such clients directly or indirectly, and (C) shall not be applicable to clients of the U.S. Partnership or First Quadrant Limited who are

also members of the Immediate Family of the Employee Stockholder; or (ii) solicit or induce any employee of, or consultant to, First Quadrant Limited, the U.S. Partnership or any of its Affiliates to terminate his or her relationship therewith, hire any such employee or consultant, or former employee or work in any enterprise involving investment advisory services with any employee or consultant or former employee of First Quadrant Limited, the U.S. Partnership or its Affiliates who was employed by or acted as consultant to First Quadrant Limited, the Partnership or its Affiliates at any time during the twelve (12) months immediately preceding the termination of the Employee Stockholder's employment (excluding for all purposes of this sentence, secretaries and persons holding other similar positions).

Notwithstanding the provisions of Section 3.7(a) and 3.7(b), any Employee Stockholder may make passive investments in a competitive enterprise the shares or other equity interests of which are publicly traded provided his holding therein together with any holdings of his Affiliates, do not exceed 1% of the outstanding shares of comparable interests in such entity at the time such investments are made.

(c) Each Limited Partner and each Employee Stockholder agrees that any and all presently existing investment advisory business of First Quadrant Limited, the U.S. Partnership and its Affiliates (including its predecessor, First Quadrant Corp.), and all business developed by First Quadrant Limited, the U.S. Partnership and its Affiliates or any other employee of First Quadrant Limited or the U.S. Partnership, including without limitation, all investment advisory contracts, fees, commissions, compensation records, client lists, agreements, and any other incident of any business developed by First Quadrant Limited, the U.S. Partnership or its Affiliates or earned or carried on by the Employee Stockholder for First Quadrant Limited, the U.S. Partnership or its Affiliates and all trade names, service marks and logos under which First Quadrant Limited, the U.S. Partnership or its Affiliates do business, and any combinations or variations thereof and all related logos, are and shall be the exclusive property of First Quadrant Limited, the U.S. Partnership or such Affiliate, as applicable, for its or their sole use, and (where applicable) shall be payable directly to First Quadrant Limited, the U.S. Partnership or such Affiliate. Each Limited Partner and each Employee Stockholder acknowledges that, in the course of performing services hereunder and otherwise, the Employee Stockholder has had, and will from time to time have, access to confidential records, data, client lists, trade secrets and similar confidential information owned or used in the course of business by First Quadrant Limited, the U.S. Partnership or its Affiliates. Each Limited Partner and each Employee Stockholder agrees always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than in the regular business of First Quadrant Limited, the U.S. Partnership or any Affiliate thereof at the Partnership's request) any knowledge or information of a confidential or proprietary nature with respect to any trade secrets, proprietary plans, clients, client requirements, service providers, business operations or techniques of First Quadrant Limited, the U.S. Partnership or any Affiliate thereof other than information which (a) is or becomes generally available to the public other than as a result of disclosure by such Limited Partner or Employee Stockholder in violation of this Agreement, or (b) is required by law or government regulation to be disclosed to a court or government regulatory body; provided, however, that prior to disclosing such information, the applicable Limited Partner and Employee Stockholder shall

give the Partnership and the General Partner notice and shall use its respective best efforts to obtain confidential treatment therefor ("Nonconfidential Information"); provided, that the Partnership shall reimburse such Limited Partner or Employee Stockholder for costs incurred in excess of $1,000. At the termination of the Employee Stockholder's services to the U.S. Partnership or First Quadrant Limited, all data, memoranda, client lists, notes, programs and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Limited Partner's or Employee Stockholder's possession or control, shall be returned to the Partnership or the U.S. Partnership and remain in its possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

(d) Each Limited Partner and each Employee Stockholder acknowledges that, in the course of negotiating this Restated Partnership Agreement, the U.K. Partnership's Limited Partnership Agreement (the "U.K. Partnership Agreement") and the Stock Purchase Agreement, the Limited Partner and the Employee Stockholder have had and, in the course of the operation of the Partnership, the Limited Partner and Employee Stockholder will from time to time have, access to confidential records, data, plans, strategies, trade secrets and similar confidential information owned or used in the course of business by the General Partner's parent, AMG. Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and its partners, and for the benefit of the General Partner's parent, AMG, always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than at the General Partner's request) any knowledge or information of a confidential or proprietary nature with respect to any records, data, plans, strategies, business operations or techniques (including, by way of example and not of limitation, the transaction structure utilized by AMG) of AMG, the General Partner or the Partnership other than Nonconfidential Information. At the termination of the Employee Stockholder's service to the Partnership and First Quadrant Limited, all data, memoranda, documents, notes and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the Limited Partner's or Employee Stockholder's possession or control shall be returned to the General Partner and remain in its possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

SECTION 3.8 REMEDIES UPON BREACH.

(a) In the event that a Limited Partner or its Employee Stockholder (i) breaches any of the provisions of Section 3.7, (ii) breaches any of the provisions of Section 3.7 of the U.S. Partnership Agreement, or (iii) breaches any of the provisions of the Non Solicitation Agreement to which it or he is a party, then such Limited Partner shall forfeit its right to receive any payment for its Partnership Interests under Section 3.9 and, with respect to Lovell, Inc., under Section 7.1(c), and the General Partner shall have no further obligations under any promissory note theretofore issued to such Limited Partner (or any other Limited Partner (including upon a distribution pursuant to Section 3.9(j)) which was a stockholder in such Limited Partner) pursuant to Section 3.9(e) and, with respect to Lovell, Inc., under Section 7.1(f).

(b) Each Limited Partner and each Employee Stockholder agrees that any breach of the provisions of Section 3.7 of this Agreement, Section 3.7 of the U.S. Partnership Agreement or of the Non Solicitation Agreement or U.S. Non Solicitation Agreement by such Limited Partner or Employee Stockholder could cause irreparable damage to the Partnership, First Quadrant Limited, the U.S. Partnership, the other Partners and AMG. The Partnership, any of the Partners and AMG shall, except as provided in this Section 3.8(b) have the right to an injunction or other equitable relief (in addition to other legal remedies) to prevent any violation of a Limited Partner's or Employee Stockholder's obligations hereunder or thereunder. Notwithstanding the foregoing, none of the Partnership, any of the Partners or AMG shall have the right to an injunction or other equitable relief to prevent a violation of Section 3.7(b)(i) unless: (i) the party or one of the parties against which such relief is sought is Robert D. Arnott, R.D. Arnott Corporation, the Chief Executive Officer of the U.S. Partnership or an entity through which a Chief Executive Officer of the U.S. Partnership owns an interest in the Partnership, or (ii) one of the parties seeking to obtain an injunction or other equitable relief to prevent a violation of Section 3.7(b)(i) has obtained a Majority Vote.

SECTION 3.9 REPURCHASE UPON TERMINATION OF EMPLOYMENT OR BANKRUPTCY.

(a) In the event that the employment by the U.S. 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.

(b) The closing of the Repurchase will take place on a date (the "Repurchase Closing Date") which is not more than ninety (90) days after the date on which the termination of the employment by the U.S. Partnership and First Quadrant Limited of the relevant Employee Stockholder occurred; provided, however, that (i) if the employment by the Partnership and First Quadrant Limited of such Employee Stockholder is terminated because of the death or Permanent Incapacity of such Employee Stockholder, then the Repurchase Closing Date shall be a date set by the General Partner which is as soon as reasonably practicable after the later of (A) ninety (90) days after the death or Permanent Incapacity, as applicable, of such Employee Stockholder or (B) ninety (90) days after the Partnership has received the proceeds of any key-man life insurance policy or disability insurance policy, as applicable, maintained by the Partnership on the life or health of such Employee Stockholder. The Partnership shall make a claim under such key-man or disability policy within thirty (30) days of any Officer and the General Partner becoming aware of the death or Permanent Incapacity, as applicable, of an Employee Stockholder.

(c) The purchase price for the Repurchase (the "Repurchase Price") shall be determined as follows:

(i) If the Employee Stockholder's employment with the U.S. Partnership and First Quadrant Limited is terminated because of the death, Permanent Incapacity, Retirement or if such Employee Stockholder was terminated by the Partnership or First Quadrant Limited on such date other than For Cause, then the Repurchase Price shall equal (A) six (6) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar month in which the termination of such Employee Stockholder's employment occurs, multiplied by (B) a fraction, the numerator of which is the number of Partnership Points being purchased in the Repurchase, and the denominator of which is the number of Partnership Points outstanding on the date of the closing of the Repurchase (before giving effect to any issuances or redemptions of Partnership Points on such date); provided, however, that in the case of a Retirement, if, within the twelve (12) months preceding the effective date of such Employee Stockholder's Retirement, (x) two (2) other Employee Stockholders have terminated their employment by Retirement, or (y) one (1) other Employee Stockholder has terminated his employment by Retirement and the Limited Partner owned by that Employee Stockholder (or such Limited Partner in the case of a Limited Partner which is an individual) held at the time of such Retirement, and the Limited Partner owned by that Employee Stockholder (or such Limited Partner in the case of a Limited Partner which is an individual) who is terminating his employment by Retirement holds, a number of Vested Partnership Points as is equal to or greater than the Median Number of Limited Partners' Vested Partnership Points at the time any Stockholder terminated his or her employment by Retirement during such twelve (12) month period, then the Repurchase Price for the Partnership Points of the Limited Partner owned by that Employee Stockholder (or such Limited Partner in the case of a Limited Partner which is an individual) who is terminating his employment by Retirement shall be determined pursuant to paragraph (ii) below. For purposes of this Section 3.9(c)(i), the term Median Number of Limited Partners' Vested Partnership Points shall mean that number of Vested Partnership Points as is equal to the median number of Vested Partnership Points then held by the Limited Partners (e.g., if there are five Limited Partners with 5, 2, 2, 2 and 1 Vested Partnership Points, the "median number" of Vested Partnership Points is 2 for all purposes hereof).

(ii) In all other cases, (including, without limitation, the resignation of an Employee Stockholder or the termination of such Employee Stockholder For Cause) then the Repurchase Price shall equal (A) three (3) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar month in which the termination of such Employee Stockholder's employment occurs, multiplied by (B) a fraction, the numerator of which is the number of Partnership Points being purchased in the Repurchase, and the denominator of which is the number of Partnership Points outstanding as of the date of the closing of the Repurchase (before giving effect to any issuances or redemptions of Partnership Points on such date); provided, however, that for any such Repurchase within the first five (5) years after the Effective Date, the Repurchase Price shall equal the Capital Account which the Repurchased Partner would have if the Partnership had sold all its assets for a price equal to three (3) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar month which is two (2) calendar months prior to the date of the closing of such Repurchase, and the gain or loss therefrom allocated in accordance with Section 4.2(d) hereof.

If a Repurchase Price must be determined prior to twenty-four (24) months after the Effective Date, then the amount of the Partnership's Free Cash Flow for the portion of the relevant twenty-four (24) month period before the Effective Date shall be included as zero ($0.00).

Notwithstanding anything else set forth herein to the contrary, if a Limited Partner fails to comply with the provisions of Section 3.9(j) hereof, AMG: (i) shall have no obligation to Repurchase Partnership Points from such Limited Partner, and (ii) may, at any time, Repurchase Partnership Points from such Limited Partner for a Repurchase Price equal to the lesser of (x) the amount determined under Section 3.9(c)(ii) or (y) the Capital Account of such Repurchased Partner.

(d) The rights of AMG, the General Partner, the Partnership and their assignees hereunder are in addition to and shall not affect any other rights which the Partnership or its assigns may otherwise have to repurchase Partnership Interests (including, without limitation, pursuant to any agreement entered into by an Additional Limited Partner which provides for the vesting of Partnership Points).

(e) On the Repurchase Closing Date, AMG or the Partnership shall pay to the Repurchased Partner the Repurchase Price for the Partnership Interests repurchased in the manner set forth in this Section 3.9, and upon such payment the Repurchased Partner shall cease to hold any Partnership Interests repurchased, and such Repurchased Partner shall be deemed to have withdrawn from the Partnership and shall cease to be a Partner of the Partnership and shall no longer have any rights hereunder; provided, however, that the provisions of this Article III shall continue as set forth in Section 3.11 below. On the Repurchase Closing Date, the Repurchased Partner, the Partnership and AMG shall execute an agreement reasonably acceptable to the General Partner in which the Repurchased Partner represents and warrants that it has sole record and beneficial title to the Repurchased Interest to AMG (or its assignee), free and clear of any Encumbrances. Payment of the Repurchase Price shall be made on the Repurchase Closing Date as follows: (a) in the case of termination of employment because of death (to the extent of the collected proceeds of any key-man life insurance policies maintained by the Partnership on the life of such Employee Stockholder), by wire-transfer of immediately available funds to an account designated by the Repurchased

Partner at least three (3) business days prior to the Repurchase Closing Date, and (b) in the case of any other termination of employment (and including a termination of employment because of death to the extent the obligation exceeds the proceeds of any key-man life insurance policies) with a promissory note in the form attached hereto as Exhibit B, the principal of which promissory note would be paid in four (4) equal (except as contemplated by this Section 3.9(e) or Section 3.9(f)) installments, the first installment would be paid (A) in the case of a termination because of death or a termination by the U.S. Partnership or First Quadrant Limited other than For Cause, on the Repurchase Date, and (B) in the case of any other termination, on the later to occur of (x) the Repurchase Date or (y) the date which is the first business day after the fifth anniversary of the Effective Date, and the second, third and fourth installments would be paid fourteen (14) months, twenty-six (26) months and thirty-eight (38) months, respectively, after such date.

(f) If an Employee Stockholder's employment with the U.S. Partnership or First Quadrant Limited is terminated because of the Retirement of such Employee Stockholder prior to March 28, 2011, then the amounts of the second, third and fourth installments of the promissory note set forth in Section 3.9(e) above shall equal the lesser of (i) twenty-five percent (25%) of the Repurchase Price (determined as set forth in Section 3.9(c) hereof) on the Repurchase Closing Date, or (ii) twenty-five percent (25%) of the Repurchase Price, determined as if the Repurchase Closing Date were taking place on the second, third or fourth anniversary of the Repurchase Closing Date, respectively (in each case, together with interest computed on the principal amount of such promissory note (determined as set forth in this Section 3.9(f)) from the date of issuance of such promissory note through the date of payment of such installment as set forth on Exhibit B). At least forty-five (45) days prior to the date an installment to which this Section 3.9(f) applies would be paid, the General Partner shall cause the Partnership to certify to the Repurchased Partner who is to receive such installment, in writing, a calculation setting forth the amount of such installment based on clauses (i) and (ii) in the preceding sentence. Each Repurchased Partner to whom this Section 3.9(f) applies, may defer receipt of an installment on one (1) occasion, by written notice received by the Partnership and the General Partner not less than fifteen (15) days prior to the date an installment is due to be paid. If a Repurchased Partner defers an installment, the due date of each remaining installment of the promissory note issued to such Repurchased Partner pursuant to Section 3.9(e) above shall be extended by twelve (12) months.

(g) If AMG should fail to pay an installment on a promissory note issued to a Repurchased Partner under paragraph (e) above, within thirty (30) business days after the date such payment is due, then the Repurchased Partner may, after complying with the provisions of the second paragraph of this Section 3.9(g), repurchase the Subject Partnership Points by forgiving any remaining installments on the promissory note issued pursuant to Section 3.9(e) above and returning such promissory note to AMG marked "canceled and paid in full." For purposes of this Section 3.9(g), the term "Subject Partnership Points" shall mean in the case of any failure by AMG to pay an installment on a promissory note: (i) if only the first installment in connection with such Repurchase has been paid, seventy-five percent (75%) of the Partnership Points purchased from the Repurchased Partner in the Repurchase, (ii) if the first and second installments in connection with such Repurchase have been paid, fifty percent

(50%) of the Partnership Points purchased from the Repurchased Partner in the Repurchase, and (iii) if the first three installments in connection with such Repurchase have been paid, twenty-five percent (25%) of the Partnership Points purchased from the Repurchased Partner in the Repurchase.

In order to exercise its rights under this Section 3.9(g), a Repurchased Partner shall be required to give not less than fifteen (15) days prior written notice to AMG and, if such Repurchased Partner is aware that AMG has pledged its interest in the Partnership, to the beneficiary of such pledge. Notwithstanding the foregoing, if AMG has pledged its interest in the Partnership, the beneficiary of such pledge may either (x) fulfill AMG's obligation (or cause AMG to fulfill its obligation) to pay the installment on a promissory note which gave rise to such Repurchased Partner becoming entitled to exercise its rights under this Section 3.9(g), whereupon such failure shall be deemed to have been cured and such Repurchased Partner shall no longer be entitled to exercise its rights under this Section 3.9(g) unless and until AMG shall fail to pay another installment on a promissory note held by such Repurchased Partner, whereupon this Section 3.9(g) shall only apply with respect to such later failure, or (y) pay all remaining amounts due to such Repurchased Partner under such promissory note, whereupon such Repurchased Partner shall return the promissory note marked "canceled and paid in full" and shall have no further rights hereunder.

If a Repurchased Partner has exercised its rights under this Section 3.9(g) and repurchased any Subject Partnership Points, either AMG or the Partnership may, at their respective options and at any time, repurchase or redeem (as applicable) such Subject Partnership Points for a payment, in cash, equal to the installments which were outstanding under the promissory note issued under Section 3.9(e) and upon which AMG defaulted, at the time of such default.

(h) AMG may, with a Majority Vote (excluding, for purposes of determining such Majority Vote, the Limited Partner whose interest is being repurchased), assign any or all of its rights and obligations under this Section 3.9, in one or more instances, to the General Partner or the Partnership; provided, that the foregoing limitation shall have no effect on the Partnership's obligation set forth in Section 3.9(a)(i) regarding the use of the proceeds of a key-man life or disability insurance policy.

(i) In the event that a Limited Partner or Employee Stockholder has filed a petition under the United States Bankruptcy Code, or sixty (60) days after the filing by another person against such Limited Partner or Employee Stockholder of a petition under the United States Bankruptcy Code which petition is not dismissed, or if such Limited Partner has ceased to carry on a business because of a voluntary liquidation (such date of filing, sixtieth day or effective date of liquidation, the "Bankruptcy Event"), then the General Partner shall purchase all the Partnership Interests held by such Limited Partner (including the Limited Partner through which such Employee Stockholder holds its interest in the Partnership) pursuant to the terms of this Section 3.9 as if such Limited Partner was a Repurchased Partner with the purchase price determined pursuant to Section 3.9(c)(ii) and the date of the closing to be determined by the General Partner in its sole discretion.

(j) In the event that the employment by First Quadrant Limited or the U.S. Partnership of any Employee Stockholder which is not a Limited Partner terminates for any reason other than the death of such Employee Stockholder, then the Limited Partner of which such Person is the Employee Stockholder (the "Distributing Partner") shall, at the request of the General Partner (in a writing making reference to this paragraph (j) and Section 5.1(f) hereof), distribute up to twenty-five percent (25%) of the Partnership Points held by such Limited Partner to the stockholders of such Limited Partner after such Limited Partner and each such stockholder has complied with the provisions of Section 5.1 hereof, whereupon each such stockholder shall become a Repurchased Partner for purposes of this Section 3.9, and all the interests of such Repurchased Partners shall be Repurchased on the same Repurchase Closing Date determined in accordance with Section 3.9(b), and upon such payment each such Repurchased Partner shall cease to hold any Partnership Interests, each such Repurchased Partner shall be deemed to have withdrawn from the Partnership, shall cease to be a Partner of the Partnership, and shall no longer have any rights hereunder. In connection with the Repurchase from each such Repurchased Partner, such Repurchased Partner shall execute a bill of sale in form and substance reasonably satisfactory to AMG. In connection with any Repurchase pursuant to this Section 3.9(j), and notwithstanding the provisions of Sections 3.9(e) to the contrary, the payment of the Repurchase Price to the stockholder and the Distributing Partner shall be made as follows: the payment of the Repurchase Price to the stockholder shall be made entirely in cash on the Repurchase Date, the first installment of the promissory note to be issued to the Limited Partner of which such Person is a stockholder shall be reduced by the amount of such cash payment, and the dollar amount of such reduction shall be added one-third (1/3) to each of the second, third and fourth installments of the promissory note to be issued to the Limited Partner of which such Person is or was a stockholder.

SECTION 3.10 NO EMPLOYMENT OBLIGATION. Each Limited Partner and each Employee Stockholder acknowledges that neither this Agreement nor the provisions of the Non Solicitation Agreement creates an obligation on the part of the U.S. Partnership or First Quadrant Limited to continue the employment of an Employee Stockholder with the Partnership or First Quadrant Limited.

SECTION 3.11 MISCELLANEOUS. Each Limited Partner and each Employee Stockholder agrees that the enforcement of the provisions of Sections 3.6, 3.7, 3.8, 3.9, and 3.10 and the provisions of the Non Solicitation Agreements are necessary to ensure the protection and continuity of the business, goodwill and confidential business information of the U.S. Partnership, the Partnership and First Quadrant Limited for the benefit of each of the Partners. Each Limited Partner and each Employee Stockholder agrees that, due to the proprietary nature of the U.S. Partnership's business and the businesses of First Quadrant Limited, the restrictions set forth in Section 3.7 hereof and in the Non Solicitation Agreements are reasonable as to duration and scope. Each Limited Partner and Employee Stockholder acknowledges that the obligations and rights under Sections 3.6, 3.7, 3.8, 3.9 and 3.11 shall survive the termination of the employment of an Employee Stockholder with the U.S. Partnership and First Quadrant Limited and/or the withdrawal or removal of a Limited Partner from the Partnership, regardless of the manner of such termination in accordance with the provisions hereof and of the relevant Non Solicitation Agreement. Moreover, each Partner

agrees that the remedies provided herein, including the waiver of a right to receive certain payments hereunder, is reasonably related to the anticipated loss that the Partnership and the Partners (including, without limitation, the General Partner or AMG which would be purchasing Partnership Interests from the Limited Partners) would suffer upon a breach of such provisions. Each Partner confirms his understanding and agreement that the provisions of Sections 3.6, 3.7, 3.8, 3.9 and 3.11 have been adopted in conformance with Section 16602 of the California Business and Professional Code. Except as agreed to by the General Partner, in writing, no Employee Stockholder or Limited Partner shall enter into any agreement or arrangement which is inconsistent with the terms and provisions hereof.

SECTION 3.12 EXCULPATION; INDEMNIFICATION.

(a) No Partner nor any of their officers, directors, employees, stockholders or Affiliates, nor any of the Officers (each herein referred to as an "Indemnified Party") shall have any liability to the Partnership or to any Partner for any loss suffered by the Partnership (a "Partnership Loss") which arises out of any action or inaction of such Indemnified Party in its capacity as any of the foregoing; provided, however, that such course of conduct did not constitute fraud, gross negligence, willful misconduct or a material breach of this Agreement, the Stock Purchase Agreement or, in the case of each Employee Stockholder, the Non Solicitation Agreement of such Employee Stockholder or the breach of any of the foregoing by the Limited Partner of which he or she is an Employee Stockholder. Each such Indemnified Party shall be indemnified to the fullest extent permitted by law by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by any of them in their capacity as an Indemnified Party in connection with the business or operations of the Partnership, or the exercise and performance of any Partner's or Officer's powers or duties in accordance with the terms of this Agreement; provided the same was not the result of fraud, gross negligence, willful misconduct, or a material breach of this Agreement, the Stock Purchase Agreement or, in the case of each Employee Stockholder, the Non Solicitation Agreement of such Employee Stockholder or the breach of any of the foregoing by the Limited Partner of which he or she is an Employee Stockholder. The indemnification authorized by this Section 3.12 shall include the payment of reasonable attorneys' fees and other reasonable expenses incurred in settling or defending any claims, threatened actions or finally adjudicated legal proceedings. Prior to any final disposition of any claim or proceeding with respect to which an Indemnified Party may be entitled to indemnification hereunder, the Partnership shall pay to such Indemnified Party, as the case may be, in advance of such final disposition, an amount equal to all reasonable out-of-pocket expenses of said Indemnified Party as incurred in defense of said claim or proceeding; provided that such advance payments shall be made only upon the Partnership's receipt of a written undertaking of said Indemnified Party to repay the Partnership the amount so advanced if it shall be finally determined that said Indemnified Party was not entitled to indemnification hereunder.

(b) The right of indemnification hereby provided shall not be exclusive of, and shall not affect, any other rights to which an Indemnified Party may be entitled. Nothing

contained in this Section 3.12 shall limit any lawful rights to indemnification existing independently of this Section 3.12.

(c) The indemnification rights provided by this Section 3.12 shall also inure to the benefit of the heirs, executors, administrators, successors and assigns of an Indemnified Party and any officers, directors, partners, shareholders, employees and Affiliates of such Indemnified Party (and any former officer, director, partner, shareholder or employee of such Indemnified Party, if the Partnership Loss was incurred while such person was an officer, director, partner, shareholder or employee of such Indemnified Party). The General Partner may extend the indemnification called for by Section 3.12(a) to non-employee agents of the Partnership, the General Partner or its Affiliates.

ARTICLE IV - CAPITAL CONTRIBUTIONS; DISTRIBUTIONS; CAPITAL ACCOUNTS AND ALLOCATIONS

SECTION 4.1 CAPITAL CONTRIBUTIONS.

(a) Simultaneously with the effectiveness of this Agreement, the General Partner is contributing to the Partnership certain of its assets, properties, rights, powers and privileges and the Partners agree that such Capital Contribution has a value of $169,468.00. Except as may be agreed to in connection with the issuance of additional Partnership Points, as specifically set forth herein, and as may be required under applicable law, the Partners shall not be required to make any further contributions to the Partnership. No Partner shall make any contribution to the Partnership without the prior consent of the General Partner.

(b) No Partner shall have the right to withdraw any part of the capital it (or its predecessors in interest) contributed to the Partnership until the termination, dissolution and winding up of all the Partnership, except as distributions pursuant to this Article IV may represent returns of capital, in whole or in part. No Partner shall be entitled to receive any interest on any Capital Contribution made by it (or its predecessors in interest) to the Partnership.

SECTION 4.2 CAPITAL ACCOUNTS; ALLOCATIONS.

(a) Capital Accounts. There shall be established for each Partner a Capital Account (a "Capital Account") which, in the case of the General Partner, shall be in the amount set forth in Section 4.1(a) above, and in the case of each other Partner, shall initially be equal to the Capital Contribution of such Partner as set forth on Schedule A hereto.

(b) Adjustments to Capital Accounts. The Capital Account of each Partner shall be adjusted in the following manner. Each Capital Account shall be increased by such Partner's allocable share of income and gain, if any, of the Partnership (as well as the Capital Contributions made by a Partner after the Effective Date) and shall be decreased by such Partner's allocable share of deductions and losses, if any, of the Partnership and by the amount

of all distributions made to such Partner. The amount of any distribution of assets other than cash shall be deemed to be the Fair Market Value of such assets (net of any liabilities encumbering such property that the distributee Partner is considered to assume or take subject to). Capital Accounts shall also be adjusted upon the issuance of additional Partnership Interests as set forth in Section 5.6(c) and upon the redemption of Partnership Interests.

(c) Allocation of Income and Loss. 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 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 Partnership Share (net of Free Cash Flow Expenditures) for such month multiplied by a fraction, (x) the numerator of which is the sum of the number of Partnership Points held by the General Partner on the first day of such month (including the number of Partnership Points in the Incentive Reserve and Executive Retention Reserve on the first day of such month), and (y) the denominator of which is the sum of the number of Partnership Points outstanding on the first day of such month;

(ii) second, 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 Partnership Points on the first day of such month, until the aggregate amount of such items allocated to the Partners pursuant to Section 4.2(c)(i) and this Section 4.2(c)(ii) for such month equals the aggregate amount of the Free Cash Flow (net of Free Cash Flow Expenditures) for such month; and

(iii) third, 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) and 4.2(c)(ii) hereof) for such month shall be allocated among the Partners in accordance with (and in proportion to) each Partner's respective number of Partnership Points on the first day of such month.

(d) Sale of Assets. All items of Partnership gain or loss from any sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership shall be allocated among all Partners in accordance with (and in proportion to) their respective number of Partnership Points as of the date of such transaction.

(e) Interim Closings. In the event that during any calendar month (or any fiscal year) there is any change of Partners or Partnership Points (whether as a result of the admission of an Additional Limited Partner, the redemption by the Partnership of all (or any portion of) any Limited Partner's Partnership Points, a transfer of any Partnership Points or otherwise), the following shall apply: (i) such transfer shall be deemed to have occurred as of the close of business on the last day of the month in which such change occurred, (ii) the books of account of the Partnership shall be closed effective as of the close of business on the effective date of any such change as set forth in clause (i) and such fiscal year shall thereupon be divided into two or more portions, (iii) each item of income gain, loss, deduction shall be determined (on the closing of the books basis) for the portion of such fiscal year ending with the date on which the books of account of the Partnership are so closed, and (iv) each such item for such portion of such fiscal year shall be allocated (pursuant to the provisions of Section 4.2(c) hereof) to those persons who were Partners during such portion of such fiscal year in accordance with their respective Partnership Points during such period.

SECTION 4.3 DISTRIBUTIONS.

(a) Subject to Section 4.4 hereof, from and after the date hereof, within thirty (30) days after the end of each calendar quarter, the General Partner shall, to the extent cash is available therefor, and based on the unaudited financial statements for such calendar quarter prepared in accordance with Section 9.3 hereof (after approval thereof by the General Partner), cause the Partnership to (i) distribute to the General Partner an amount equal to the amount allocated to the General Partner pursuant to Section 4.2(c)(i) for such calendar quarter and of any previous quarter to the extent not then distributed (less the General Partner's pro-rata portion of any reservation from Free Cash Flow pursuant to the last sentence of this Section 4.3(a)), and then (ii) distribute to the Limited Partners (and each Person who was a Limited Partner for any calendar month of the previous calendar quarter) an amount equal to the amount allocated to such Limited Partners (and each Person who was a Limited Partner for any calendar month of the previous calendar quarter) pursuant to Section 4.2(c)(ii) for such calendar quarter and any previous calendar quarter to the extent not then distributed (less each such Person's pro-rata portion of any reservation from Free Cash Flow pursuant to the last sentence of this Section 4.3(a)), in accordance with (and in proportion to) their respective number of Partnership Points for such preceding calendar quarter, in each case, if and to the extent each such Partner (and each Person who was a Limited Partner for any calendar month of the previous calendar quarter) has a positive balance in its Capital Account. 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 the remaining amounts, if any, for the preceding fiscal year which were allocated pursuant to Sections 4.2(c)(i) and 4.2(c)(ii) but not previously distributed, in accordance with the foregoing clauses (i) and (ii) whenever, and to the extent, cash is available therefor. The General Partner may, from time to time, reserve and not distribute funds otherwise distributable pursuant to this Section 4.3(a) for Partnership purposes;

including, without limitation, to increase the net worth of the Partnership, to make capital expenditures or to create a reserve for anticipated repurchases of Partnership Interests. Any such reservation would be made from all Partners pro-rata in proportion to Partnership Points, and in no event would it exceed fifty percent (50%) of the amounts distributable to the Partners for such period. In the event any such reservation is made, the Repurchase Price for purposes of Section 3.9 hereof shall be increased by an amount equal to the increase in such Repurchased Partner's Capital Account resulting from such reserve, but only to the extent of such Repurchased Partner's pro-rata share (measured by multiplying such reserves by a fraction, the numerator of which is the number of Partnership Points being purchased and the denominator of which is the number of Partnership Points outstanding at such time before giving effect to any issuances or redemptions on such date) of the reserves held by the Partnership at the time such Repurchase Price is required to be paid to the Repurchased Partner.

(b) The Partnership's bank accounts shall have as their authorized signatures such representatives of the General Partner and such of the Officers as the General Partner shall deem appropriate or desirable. The General Partner shall use those Accounts to make all distributions pursuant to Section 4.3(a) above and to fund all Free Cash Flow Expenditures.

(c) Except as otherwise set forth herein, all other amounts or proceeds available for distribution, if any, shall (except as otherwise provided for herein) be distributed to the Partners at such time as may be determined by the General Partner; 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 Partnership Points at the time of such distribution (provided, however, that if a Partner makes a Capital Contribution, the General Partner may cause the Partnership to make a priority return of such Capital Contribution).

SECTION 4.4 DISTRIBUTIONS UPON LIQUIDATION; ESTABLISHMENT OF A RESERVE UPON LIQUIDATION. Upon the liquidation of the Partnership, after payment (or the making of reasonable provision for the payment) of all liabilities of the Partnership owing to creditors, the General Partner (or liquidator) shall set up such reserves as it deems reasonably necessary for any contingent, conditional or unmatured liabilities or other obligations of the Partnership.

Such reserves may be paid over by the General Partner (or liquidator) to a bank (or other third party), to be held in escrow for the purpose of paying any such contingent, conditional or unmatured liabilities or other obligations. At the expiration of such period(s) as the General Partner (or liquidator) may deem advisable, such reserves, if any (and any other assets available for distribution), or a portion thereof, shall be distributed to the Partners in accordance with their respective Capital Accounts. If any assets of the Partnership are to be distributed in kind in connection with such liquidation, such assets shall be distributed on the basis of their Fair Market Value net of any liabilities encumbering such assets and, to the greatest extent possible, shall be distributed pro-rata in accordance with the total amounts to be distributed to each Partner. Immediately prior to the effectiveness of any such distribution-in-kind, each item of gain and loss that would have been recognized by the Partnership had the property being distributed been sold at Fair Market Value shall be determined and allocated to those persons who were Partners immediately prior to the effectiveness of such distribution in accordance with Section 4.2(d).

SECTION 4.5 PROCEEDS FROM THE SALE OF SECURITIES; INSURANCE PROCEEDS; CERTAIN SPECIAL ALLOCATIONS.

(a) Capital Contributions made by any Partner after the Effective Date, and other proceeds from the issuance of securities by the Partnership may, in the sole discretion of the General Partner, be used for the benefit of the Partnership (including, without limitation, the repurchase or redemption of Partnership Interests), or, may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with their respective Partnership Points immediately prior to the date of such contribution; it being understood that in the case the proceeds are a note receivable, any such distribution shall occur upon receipt by the Partnership of any cash in respect thereof.

(b) In the event of the death of an Employee Stockholder covered by key-man life insurance, the proceeds of such policy shall first be used by the Partnership to fund (to the extent thereof) the Repurchase of Partnership Interests from the Employee Stockholder or Limited Partner through which such Employee Stockholder held his or her interest in the Partnership in accordance with Section 3.9 hereof and, if the proceeds exceed the amounts so required to effect such Repurchase, then the amount of such excess proceeds may, in the sole discretion of the General Partner, be used for the benefit of the Partnership, or, may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with their respective Partnership Points immediately following the Repurchase of the Partnership Interests from such Limited Partner.

(c) Items of Tax Depreciation (as such term is defined below) on account of the property of the Partnership on the Effective Date, shall be specially allocated among the Partners in accordance with the positive balances in their Capital Accounts on the Effective Date. All items of Tax Depreciation on account of property purchased out of Free Cash Flow shall be allocated among the Partners in accordance with their respective numbers of Partnership Points.

(d) The items of income, deduction, gain and loss allocable pursuant to this Partnership Agreement shall generally be determined in accordance with the Partnership's books of account; provided, however, that in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in keeping the Partnership's books of account, there shall be taken into account "Tax Depreciation" as defined below. "Tax Depreciation" means, for any allocation period, an amount equal to the depreciation, amortization, and other cost recovery deductions allowable for Federal income tax purposes with respect to an asset or other capitalized amount for such allocation period (regardless of whether such depreciation, amortization, or other cost recovery deductions arise from the common tax basis of Partnership property or the tax basis of Partnership property attributable to a particular Partner because of a Code Section 754 election or otherwise); provided, however, that if the book value of an asset differs from its adjusted tax basis at the beginning of such allocation period, Tax Depreciation for that asset shall be an amount that bears the same ratio to such beginning book value as the Federal income tax depreciation, amortization, or other cost recovery deduction for that asset for such allocation period bears to such beginning adjusted tax basis; provided, further, however, that if the adjusted tax basis of an asset at the beginning of such allocation period is zero, Tax Depreciation for that asset shall be determined with reference to the appropriate Federal income tax recovery period.

SECTION 4.6 FEDERAL TAX ALLOCATIONS. The General Partner shall allocate the ordinary income and losses and capital gains and losses of the Partnership as determined for U.S. Federal income tax purposes (and each item of income, gain, loss, deduction or credit entering into the computation thereof), as the case may be, among the Partners for tax purposes in a manner that, to the greatest extent possible (i) reflects the economic arrangement of the Partners under this Agreement (determined after taking into account the allocation provisions of Sections 4.2, 4.4 and 4.5 hereof, and the distributions provisions of Sections 4.3, 4.4 and 4.5 hereof) and (ii) is consistent with the principles of Sections 704(b) and 704(c) of the Code. Pursuant to the foregoing, the General Partner shall allocate items of income, deduction, gain and loss for tax purposes in the same manner as, and in proportion to, the book allocations of corresponding items made pursuant to this Partnership Agreement, except (i) as provided below with respect to allocations required under the principles of Code Section 704(c), and (ii) as required by Code Section 704(b) and the Treasury Regulations thereunder ("Required Allocations"). Any Required Allocations shall be taken into account in computing other and subsequent tax allocations so that the amount of tax items allocated to each Partner, to the greatest extent possible, shall be equal to the amount of tax items that would have been allocated to each Partner in the absence of such Required Allocations. The Partners understand and agree that, with respect to any item of property (other than cash) contributed (or deemed to be contributed for U.S. federal income tax purposes) by a Partner to the capital of the Partnership, the initial tax basis of such property in the hands of the Partnership will be the same as the tax basis of such property in the hands of such Partner at the time so contributed. The Partners further understand and agree that the taxable income and taxable loss of the Partnership is to be computed for Federal income tax purposes by reference to the initial tax basis to the Partnership of any assets and properties contributed by the Partners (and not by reference to the fair market value of such assets and properties at the time contributed). The Partners also understand that, pursuant to Section 704(c) of the Code, all taxable items of

income, gain, loss and deduction with respect to such assets and properties shall be allocated among the Partners for Federal income tax purposes so as to take account of any difference between the initial tax basis of such assets and properties to the Partnership and their fair market values at the time contributed, using any method authorized by the Income Tax Regulations under Section 704(c) and selected by the General Partner in its sole discretion, subject to its fiduciary duties to the Partners as a whole. For purposes of maintaining the Capital Accounts of the Partners, items of income, gain, loss and deduction relating to any asset or property contributed to the Partnership that are required to be allocated for tax purposes pursuant to Section 704(c) of the Code shall not be reflected in the Capital Accounts of the Partners.

ARTICLE V - TRANSFER OF PARTNERSHIP INTERESTS OTHER THAN BY THE GENERAL PARTNER, ADMISSION OF ADDITIONAL PARTNERS, REDEMPTION AND WITHDRAWAL

SECTION 5.1 ASSIGNABILITY OF INTERESTS. No interest of a Limited Partner in the Partnership may be sold, assigned, transferred, pledged, hypothecated, gifted, exchanged, optioned or encumbered (each, a "Transfer"), nor may any interest in any Limited Partner be Transferred, and no Transfer shall be binding upon the Partnership or any Limited Partner unless it is expressly permitted by this Article V and the General Partner receives an executed copy of such assignment, which shall be in form and substance reasonably satisfactory to the General Partner. The assignee of such interest in the Partnership may become a substitute Limited Partner only upon the terms and conditions set forth in Section 5.2. No Limited Partner's interest in the Partnership or, in the case of a Limited Partner which is not an individual, the direct and indirect interests of a beneficial owner of such Limited Partner, may be Transferred except:

(a) to the General Partner;

(b) to AMG pursuant to the provisions of Section 3.9, 7.1 or 7.3 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;

(c) upon the death of such beneficial owner, their interests in the Partnership or in the Limited Partner may be Transferred by will or the laws of descent and distribution;

(d) a Limited Partner (and its beneficial owners) may Transfer interests in the Partnership or in such Limited Partner to members of his or her Immediate Family (or trusts for their benefit and of which the beneficial owner is the settlor and/or trustee, provided that any such trust does not require or permit distribution of such interests); and

(e) another Limited Partner, with the prior written consent of the General Partner, which consent may be granted or withheld by the General Partner in its sole discretion (provided, however, unless William J. Nutt is the President and Chief Executive Officer of

AMG, Limited Partners may, with a Majority Vote, transfer an aggregate of up to 1.5 Partnership Points without the consent of, but with at least fifteen (15) days prior written notice to, the General Partner (which transfer or transfers may take place on one or more dates and subject to such terms and conditions as may be set by a Majority Vote, subject to a maximum number of 1.5 Partnership Points for all such transfers on all such occasions taken together); and

(f) the stockholders of such Limited Partner, with the prior written approval of the General Partner and subject to such Limited Partner and such stockholders making such representations and warranties regarding the ownership of such Limited Partner and such stockholder as the General Partner may deem necessary or appropriate.

; provided, that in the case of (c), (d) or (f) above, (i) the transferee enters into an agreement with the Partnership agreeing to be bound by the provisions hereof (and the transferee enters into (A) if such transferee is not already a party to a Non Solicitation Agreement, the relevant Non Solicitation Agreement, and (B) if the transferee is (or has an equityholder which is) an employee of First Quadrant Limited, the Revenue Agreement) as a Limited Partner (to the extent such Person then would hold any interest in the Partnership), and (ii) whether or not the transferee enters into such an agreement, such Partnership Interests, and interests in such Limited Partner, shall thereafter remain subject to this Agreement (and, if applicable, the relevant Non Solicitation Agreement) to the same extent they would be if held by such Limited Partner or beneficial owner, as applicable.

For all purposes of this Partnership Agreement, any Transfers of Partnership Interests shall be deemed to occur as of the close of business on the last day of the calendar month in which any such Transfer would otherwise have occurred.

SECTION 5.2 SUBSTITUTE LIMITED PARTNERS. No transferee of interests of a Limited Partner shall become a Partner except in accordance with this Section 5.2. The General Partner may, with a Majority Vote of the Limited Partners, admit as a substitute Limited Partner any Person that acquires a Partnership Interest by Transfer from another Limited Partner in accordance with the provisions of Section 5.1. The admission of an assignee as a substitute Limited Partner shall in all events be conditioned upon the execution of an instrument satisfactory to the General Partner whereby such assignee becomes a party to this Agreement as a Limited Partner. Upon the admission of a substitute Limited Partner, the General Partner shall make the appropriate revisions to Schedule A hereto. Notwithstanding the foregoing, upon a Transfer of Partnership Interests to AMG in compliance with the provisions of Section 5.1(b) above, AMG shall be admitted to the Partnership as a Limited Partner with respect to the Partnership Interests so transferred, without the necessity for a Majority Vote.

SECTION 5.3 ADDITIONAL REQUIREMENTS. As additional conditions to the validity of (x) any Transfer of a Limited Partner's interest in the Partnership (or, in the case of a Limited Partner which is not an individual, the interests of the direct and indirect beneficial owners of such Limited Partner) or (y) the issuance of additional Partnership Interests (pursuant to

Section 5.6 below), such Transfer or issuance shall not: (i) violate the registration provisions of the Securities Act or the securities laws of any applicable jurisdiction, (ii) cause the Partnership to become subject to regulation as an "investment company" under the Investment Company Act, and the rules and regulations of the SEC thereunder, including by resulting in there being one hundred (100) or more beneficial holders of interests in the Partnership, (iii) result in the termination of any contract to which the Partnership is a party and which individually or in the aggregate are material (it being understood and agreed that any contract pursuant to which the Partnership provides Investment Management Services is material), or (iv) result in the treatment of the Partnership as an association taxable as a corporation or as a "publicly traded limited partnership" for Federal income tax purposes.

The General Partner may require reasonable evidence as to the foregoing, including, without limitation, a favorable opinion of counsel, which expense shall be borne by the parties to such transaction (and, to the extent the Partnership is such a party, shall be paid from Operating Cash Flow).

As an additional condition to the validity of (x) any Transfer of a Limited Partner's interest in the Partnership (or, in the case of a Limited Partner which is not an individual, the interests of the direct and indirect beneficial owners of such Limited Partner) or (y) the issuance of additional Partnership Interests (pursuant to Section 5.6 below), an equal interest in the U.S. Partnership must be so transferred or issued to the transferee or recipient by the transferor or issuer.

To the fullest extent permitted by law, any Transfer that violates the conditions of this Section 5.3 shall be null and void ab initio.

SECTION 5.4 ALLOCATION OF DISTRIBUTIONS BETWEEN ASSIGNOR AND ASSIGNEE; SUCCESSOR TO CAPITAL ACCOUNTS. Upon the Transfer of a Partnership Interest pursuant to this Article V, 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. 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.

SECTION 5.5 REDEMPTIONS AND WITHDRAWALS. No Limited Partner shall have the right to redeem its interest in the Partnership, in whole or in part, or to withdraw from the Partnership, except (a) upon receipt of a Majority Vote and with the consent of the General Partner, (b) as is expressly provided for in Section 3.9 hereof, or (c) as is expressly provided for in Section 7.1 and 7.3 hereof. Upon the redemption or withdrawal, in whole or in part, by a Limited Partner, the General Partner shall make the appropriate revisions to Schedule A hereto.

SECTION 5.6 ISSUANCE OF ADDITIONAL PARTNERSHIP INTERESTS.

(a) Additional Limited Partners (the "Additional Limited Partners" and each an "Additional Limited Partner") may be admitted to the Partnership and such Additional Limited Partners may be issued Partnership Points, upon receipt of a Majority Vote and the consent of the General Partner and upon such terms and conditions as may be established by the General Partner with a Majority Vote (including, without limitation, upon such Additional Limited Partner's execution of an instrument satisfactory to the General Partner whereby such Person becomes a party to this Agreement as a Limited Partner); provided, however, that upon a transfer pursuant to Section 6.1(ii) hereof, the General Partner may admit the transferee as an Additional Limited Partner without a Majority Vote.

(b) Existing Limited Partners may be issued additional Partnership Points (or other Partnership Interests) by the Partnership with the consent of, and upon such terms and conditions as may be established by, the General Partner with a Majority Vote (without including the Limited Partner to be issued additional Partnership Points). Except as provided in the last sentence of the definition of "Incentive Reserve" or "Executive Retention Reserve," the General Partner may only be issued additional Partnership Points (or other Partnership Interests) upon the receipt of a Majority Vote.

(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 4.2(d) hereof.

(d) In connection with the issuance of additional Partnership Interests, such issuances, except as set forth herein and in the Options, are not subject to the preemptive rights of any Person.

(e) Upon the issuance of additional Partnership Interests, the General Partner shall make the appropriate revisions to Schedule A hereto.

SECTION 5.7 REPRESENTATION OF PARTNERS. The General Partner and each Limited Partner (including each Additional Limited Partner) hereby represents and warrants to the Partnership and each other Partner, and acknowledges, that (a) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Partnership and making an informed investment decision with respect thereto, (b) it is able to bear the economic and financial risk of an investment in the Partnership for an indefinite period of time, (c) it is acquiring an interest in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, (d) the equity interests in the Partnership have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are

subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with, and (e) the execution, delivery and performance of this Agreement by such Partner do not require it to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any existing law or regulation applicable to it, any provision of its charter, by-laws or other governing documents or any agreement or instrument to which it is a party or by which it is bound.

ARTICLE VI - TRANSFER OF PARTNERSHIP INTEREST BY THE GENERAL PARTNER; REDEMPTION, REMOVAL AND WITHDRAWAL

SECTION 6.1 ASSIGNABILITY OF INTEREST. Without a Majority Vote, neither the General Partner's interest in the Partnership nor the stock of the General Partner may be sold or transferred; provided, however, (i) it is understood and agreed that, in connection with the operation of the business of AMG (including, without limitation, the financing of direct or indirect investments in additional investment management companies), the General Partner's interest in the Partnership and the stock of the General Partner may be pledged or encumbered pursuant to a bona fide pledge or encumbrance and under such circumstances, lien holders shall have and be able to exercise the rights of secured creditors with respect to such interest, (ii) the General Partner may sell some (but not all or substantially all) of its Partnership Interests to a person or entity who is not a Partner but who is an Officer of the Partnership or who becomes an Officer in connection with such issuance, or an entity wholly owned by any such person, and (iii) the General Partner may sell some (but not all or substantially all) of its Partnership Interests to existing Limited Partners. Notwithstanding anything else set forth herein, the General Partner may, with a Majority Vote, sell all its interests in the Partnership in a single transaction or a series of related transactions, and, in any such case, each of the Limited Partners of the Partnership shall be required to sell, in the same transaction or transactions, all their interest in the Partnership; provided, that the price to be received by all the Partners shall be allocated among the Partners as follows: (a) an amount equal to the sum of the positive balances, if any, in positive Capital Accounts shall be allocated among the Partners having such Capital Accounts in proportion to such positive balances, and (b) the excess, if any, shall be allocated among all Partners in accordance with their respective number of Partnership Points at the time of such sale.

SECTION 6.2 RESIGNATION, REDEMPTION, AND WITHDRAWAL. To the fullest extent permitted by law, except as set forth in the last sentence of Section 6.1, without a prior Majority Vote, the General Partner shall not have the right to resign or withdraw from the Partnership. Without a prior Majority Vote, the General Partner shall have no right to have all or any portion of its interest in the Partnership redeemed. Any resigned, withdrawn or removed General Partner shall retain its interest in the capital of the Partnership and its other economic rights under this Agreement.

ARTICLE VII - PUT/CALL OF PARTNERSHIP INTERESTS;
REGISTRATION RIGHTS

SECTION 7.1 MANDATORY PUTS.

(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").

(b) Each Limited Partner other than Lovell, Inc. may, subject to the terms and conditions set forth in this Partnership Agreement, cause AMG to purchase up to twelve and one-half percent (12.5%) of the Initial Partnership Points held by such Limited Partner, on the last business day in March (each, a "Purchase Date") on any five (5) separate occasions (but only up to an aggregate of fifty percent (50%) of such Limited Partner's Initial Partnership Points) starting with the last business day in March, 2001 and ending with the last business day in March, 2011. Notwithstanding any other provisions set forth herein, each Limited Partner may only exercise its rights under this Section 7.1(b) if the Limited Partner simultaneously causes AMG to purchase an equal number of U.S. Partnership Points in the U.S. Partnership pursuant to the provisions of Section 7.1(b) of the U.S. Partnership Agreement.

(c) Lovell, Inc. may, subject to the terms and conditions set forth in this Partnership Agreement, cause AMG to purchase up to twenty percent (20%) of the Initial Partnership Points held by Lovell, Inc., on each Purchase Date starting with the first Purchase Date in March, 2001. Notwithstanding any other provision set forth herein, Lovell, Inc. may only exercise its rights under this Section 7.1(c) if Lovell, Inc. simultaneously causes AMG to purchase an equal number of U.S. Partnership Points in the U.S. Partnership pursuant to the provisions of Section 7.1(c) of the U.S. Partnership Agreement.

(d) Each Limited Partner may, subject to the terms and conditions set forth in this Partnership Agreement, cause AMG to purchase a number of Partnership Points as is equal to up to twelve and one-half percent (12.5%) of the positive difference, if any, between (i) the Partnership Points issued to such Limited Partner pursuant to the Incentive Program or upon the exercise of any options issued pursuant thereto (each such issuance or issuance upon the exercise of an option, an "Option Exercise") and (ii) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof on any five (5) separate Purchase Dates (but only up to an aggregate of a number of Partnership Points as is equal to fifty percent (50%) of the positive difference, if any, between (x) the Partnership Points issued in such Option Exercise and (y) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof) starting on the first Purchase Date which is at least five (5) years following the date of such Option Exercise and ending on the first Purchase Date which is at least fifteen (15) years following the date of such Option Exercise. Notwithstanding any other provisions set forth herein, each Limited Partner may only exercise its rights under this Section 7.1(d) if the Limited Partner simultaneously causes AMG to purchase an equal number of Partnership Points in the Partnership pursuant to the

provisions of this Section 7.1(d) and U.S. Partnership Points in the U.S. Partnership pursuant to the provisions of Section 7.1(d) of the U.S. Partnership Agreement.

(e) If a Limited Partner desires to exercise its rights under Section 7.1(b), 7.1(c) or 7.1(d) above, it and its Employee Stockholder shall give AMG, each other Employee Stockholder, the General Partner and the Partnership irrevocable written notice (a "Put Notice") on or prior to the preceding November 30 (the "Notice Deadline") stating that it is electing to exercise such rights and the number of Partnership Points (the "Put Partnership Points") to be sold in the Put and whether or to what extent such Put is a Put of Initial Partnership Points (including, without limitation, a Put by Lovell, Inc. pursuant to Section 7.1(c) above) (the "Initial Put Partnership Points") or Partnership Points issued pursuant to an Option Exercise (together, the "Option Put Partnership Points"). Puts in any given calendar year for which Put Notices are received before the Notice Deadline for that calendar year shall be done as follows: AMG shall purchase from each Limited Partner that number of Put Partnership Points as is equal to the sum of (i) the number of Initial Put Partnership Points designated as such in the Put Notice, up to the maximum number permitted by Section 7.1(b) or Section 7.1(c) above with respect to that year and the aggregate number of Initial Partnership Points that may be Put by the Limited Partner, and (ii) the number of Option Put Partnership Points designated as such in the Put Notice, up to the maximum number permitted by Section 7.1(d) above with respect to the Option Exercise and that year and the aggregate number of Partnership Points that may be Put by the Limited Partner with respect to the Option Exercise; provided, however, that in no event shall the number of Partnership Points which AMG is required to purchase on any Purchase Date pursuant to Puts under this Section 7.1 exceed Two and Four-Tenths (2.4) Partnership Points; and, provided further, that if the number of Partnership Points for which Put Notices are received before the Notice Deadline for that calendar year exceeds two and four tenths (2.4) Partnership Points, then AMG shall purchase an aggregate of Two and Four-Tenths (2.4) Partnership Points among all Limited Partners as follows: AMG shall purchase from each Limited Partner that number of Partnership Points as is equal to (A) Two and Four-Tenths (2.4) Partnership Points multiplied by (B) a fraction, the numerator of which is the number of Partnership Points set forth in such Limited Partner's Put Notice (up to the maximum number of Partnership Points permitted by Sections 7.1(b), 7.1(c) and 7.1(d) above with respect to that Purchase Date and the aggregate number of Initial Put Partnership Points and Option Put Partnership Points which may be Put by that Limited Partner on that Purchase Date) and the denominator of which is the number of Partnership Points set forth in all the Put Notices (with respect to each such Put Notice, up to the maximum number of Partnership Points permitted by Sections 7.1(b), 7.1(c) and 7.1(d) above with respect to that Purchase Date) (provided, that in the case of the purchase of a number of Partnership Points that is less than the number of Partnership Points set forth in a Limited Partner's Put Notice, such Limited Partner may allocate the Partnership Points to be purchased among the Initial Put Partnership Points and Option Put Partnership Points set forth in its Put Notice).

(f) The purchase price for a Put (the "Put Price") shall be an amount equal to (i) six (6) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the calendar year prior to the date of the closing of such Put (determined by reference to the most recent financial statements supplied to AMG pursuant to Section 9.3) multiplied by (ii) a fraction, the numerator of which is the number of Partnership Points to be purchased from such Limited Partner on the Purchase Date and the denominator of which is the number of Partnership Points outstanding on the Purchase Date (including as outstanding Partnership Points, all the Partnership Points in the Executive Retention Reserve and the Incentive Reserve) before giving effect to any Puts or any issuances or redemptions of Partnership Points on such date.

The Put Price shall be paid by AMG (or, if AMG shall have assigned its obligation to the Partnership pursuant to paragraph (g) below, the Partnership in such proportions as may be determined by AMG with a Majority Vote) on the relevant Purchase Date by certified checks to such Limited Partner, in each case, against delivery of such documents or instruments of transfer as may reasonably be requested by AMG or the Partnership, as applicable; provided, however, that in the case of a Put by Lovell, Inc. under this Section 7.1, if after giving effect to the Put, Lovell, Inc. would hold less than one and five-tenths (1.5) Partnership Points, then the Put Price may, in AMG's sole discretion, be paid with a promissory note in the form attached hereto as Exhibit C, the principal of which promissory note would be paid in four (4) installments, the first installment would be paid on the Purchase Date, and the second, third and fourth installments would be paid twelve (12) months, twenty-four (24) months and thirty-six (36) months, respectively, after such Purchase Date.

(g) No purchase by AMG pursuant to this Section 7.1 (or, upon assignment of any of AMG's obligations to the Partnership pursuant to this paragraph (g) hereof, redemption by the Partnership) shall occur if it would result in AMG owning, directly or indirectly, in excess of eighty percent (80%) of the Partnership Points outstanding after giving effect to any such saleor redemption. If some, but not all, of the Partnership Points which Employee Stockholders have requested be purchased can be so purchased without AMG's ownership, directly or indirectly, exceeding eighty percent (80%) of the outstanding Partnership Points, then AMG shall purchase, or shall assign its obligations to the Partnership, and the Partnership shall redeem, Partnership Points from the Limited Partners having Put Partnership Interests in proportion to the Partnership Points then held by such Limited Partners up to the maximum extent that would not cause AMG to own, directly or indirectly, in excess of eighty percent (80%) of the outstanding Partnership Points (in each case, subject to the maximum amount set forth in Section 7.1(b), 7.1(c) and 7.1(d) hereof).

(h) AMG may, only with a Majority Vote, assign any or all of its rights and obligations to purchase Partnership Points under this Section 7.1, in one or more instances, to the General Partner or the Partnership; provided, however, that if AMG (with a Majority Vote) assigns any or all its rights and obligations to purchase Partnership Points under this Section 7.1 to the General Partner or the Partnership, then AMG shall assign the identical and proportional rights and obligations to purchase U.S. Partnership Points under Section 7.1 of the U.S. Partnership Agreement to the General Partner (in the case where rights or obligations to purchase Partnership Points were assigned to the General Partner) or the U.S. Partnership (in the case where rights or obligations to purchase Partnership Points were assigned to the Partnership).

SECTION 7.2 ELECTION RIGHTS OF LIMITED PARTNERS TO RECEIVE AMG STOCK.

(a) If AMG does not assign to the Partnership or the General Partner the right or obligation pursuant to Section 7.1(h) above to purchase Partnership Interests from a

Limited Partner, and AMG has, at that time, completed a registration of shares of its common stock for sale under the Securities Act (other than a registration on Form S-8 (or its then equivalent form) or a registration affected solely to implement an employee benefit plan, a transaction under Rule 145 or to which any other similar rule of the SEC under the Securities Act is applicable or registration on a form not available for registering securities for sale to the public) (a "Public Offering"), then such Limited Partner may elect to cause AMG to pay up to one-half of the Put Price (as such term is defined in Section 7.1(f) above) for the relevant Put in shares of AMG's Common Stock, $.01 par value per share (the "AMG Stock").

(b) An election under this Section 7.2 must be made by the Limited Partner at least sixty (60) days prior to the relevant Purchase Date, by giving written notice to the Partnership and AMG of such election, which election, once made, shall be irrevocable without the prior written consent of AMG.

(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:

$$\text{Number of Shares of AMG Stock} = OS \times \frac{F}{1-F}$$

where OS is the number of issued and outstanding shares of AMG Stock immediately prior to the closing of the Put, and F is a fraction, the numerator of which is the Put Price of a Put pursuant to Section 7.1(f) above, multiplied by .75, and the denominator of which is an amount equal to the sum of (A) six (6) times fifty percent (50%) of AMG's earnings before interest, amortization and taxes for the twenty-four (24) month period ending on the last day of the calendar year prior to the date of the closing of such Put (determined in accordance with generally accepted accounting principles, consistently applied) plus (B) the Put Price of a Put.

(d) If AMG completes a Public Offering, AMG shall, as soon as reasonably practicable, provide notice thereof to each Employee Stockholder.

SECTION 7.3 GENERAL PARTNER CALL OPTION.

(a) The General Partner may, subject to the terms and conditions set forth in this Section 7.3, purchase up to eight and twenty-four one-hundredths (8.24) Partnership Points from the Limited Partners (the "GP Call").

(b) The General Partner shall exercise its rights under this Section 7.3 if ten (10) Partnership Points have been made available to the Incentive Reserve (as such term is defined in the Incentive Program and not as such term is defined herein) pursuant to Section 3(f) of the Incentive Program; provided, however, that the General Partner may give the GP Call Notice (as such term is hereinafter defined) prior to the date such a determination is made. Simultaneously with the General Partner's exercise of its rights under this Section 7.3, the General Partner shall exercise its rights under Section 7.3(b) of the U.S. Partnership Agreement.

(c) If the General Partner exercises its rights under this Section 7.3, it shall give written notice (the "GP Call Notice") to the Chief Executive Officer and each Limited Partner stating its exercise of such rights. Within Five (5) days after delivery of the Call Notice, the General Partner shall allocate the GP Call among the Limited Partners in its sole discretion and shall so indicate the allocation in a writing delivered to the Chief Executive Officer and the Limited Partners; and, provided further, that any allocation by the General Partner shall only be effective if an equivalent allocation is made pursuant to Section 7.3(c) of the U.S. Partnership Agreement. The closing of a GP Call shall take place on a date which is fifteen (15) days after the date of the GP Call Notice.

(d) The Purchase Price for a GP Call shall be an amount equal to (i) Four Hundred Twenty-Eight One Thousands (.428) of First Quadrant Limited's cumulative Revenues (as such term is defined in the Revenue Agreement) for the period beginning on the Effective Date and ending on December 31, 2000 for each Partnership Point for which the General Partner exercises its rights under this Section 7.3 (subject in any event, to any equitable adjustments which the General Partner may deem necessary or appropriate (in its sole discretion) if there is any change in the portion of Revenues which are allocated to the Partnership under the Revenue Agreement or the allocation or distribution of Free Cash Flow under this Agreement), minus (ii) the taxes incurred (calculated as set forth in this clause) by the General Partner in respect of such distributions, calculated on the assumption that such distributions are not less than one half of the highest marginal federal, state and foreign tax rates applicable to the General Partner are not more than the highest marginal federal, state and foreign tax rates applicable to the General Partner (with the taxes incurred within such range to be determined by the General Partner in its sole discretion), plus (iii) an amount equal to each cash distribution described in clause (i) above, net of any taxes attributable thereto (calculated as described in clause (ii) above) multiplied by the Prime Rate established by Chemical Bank (or any successor thereto) from time to time, as in effect on the date of each such cash distribution.

SECTION 7.4 AMG CALL OPTION.

(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"). 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.

(b) AMG may purchase up to five percent (5%) of the Initial

Partnership Points of any of the Limited Partners on the last business day in March (each a "Call Date") of each calendar year (but only up to an aggregate of twenty-five percent (25%) of the Initial Partnership Points issued to such Limited Partner) starting with the last business day in March of the calendar year 2002. Notwithstanding any other provision set forth herein, AMG may only exercise its rights under this Section 7.3(b) if it purchases an equal number of

Initial Partnership Points in the Partnership and Initial U.S. Partnership Points in the U.S. Partnership.

(c) AMG may purchase a number of Partnership Points as is equal to up to five percent (5%) of the positive difference, if any, between (i) the Partnership Points issued in an Option Exercise and (ii) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof, on a Call Date (but only up to an aggregate of a number of Partnership Points as is equal to twenty-five percent (25%) of the positive difference, if any, between (x) the Partnership Points issued in such Option Exercise and (y) any Partnership Points purchased from such Limited Partner pursuant to a GP Call under Section 7.3 hereof) starting with the first Call Date which is at least six (6) years following the date of such Option Exercise. Notwithstanding any other provision set forth herein, AMG may only exercise its rights under this Section 7.4(c) if it purchases an equal number of Partnership Points in the Partnership and U.S. Partnership Points in the U.S. Partnership.

(d) If AMG desires to exercise its rights under Section 7.4(b) or (c) above, it shall give irrevocable written notice (a "Call Notice") on or prior to the preceding November 30, to each Limited Partner, First Quadrant, and the Partnership, stating its election to exercise such rights, the Limited Partner(s) from whom it intends to purchase Partnership Points, and the number of Partnership Points to be purchased in the Call (the "Call Partnership Points"). The number of Partnership Points purchased from a given Limited Partner must be equal to the number of U.S. Partnership Points being purchased at the same time from such Limited Partner.

(e) The purchase price for Call Partnership Points purchased from a Limited Partner in a Call (each a "Call Price") shall be an amount equal to (i) six (6) times fifty percent (50%) of the Partnership's Free Cash Flow for the twenty-four (24) months ending on the last day of the month prior to the Call Date (determined by reference to the most recent financial statements supplied to AMG pursuant to Section 9.3 hereof) multiplied by (ii) a fraction, the numerator of which is the sum of the number of Partnership Points to be purchased from such Limited Partner and the denominator of which is the number of Partnership Points outstanding on the Call Date (including as outstanding Partnership Points, all the Partnership Points in the Executive Retention Reserve and in the Incentive Reserve, before giving effect to any issuances or redemptions of Partnership Points on such date.) The Call Price shall be paid by AMG (or, if AMG shall have assigned its rights to the Partnership pursuant to paragraph (f) below, the Partnership in such proportions as may be determined by AMG with a Majority Vote) on the relevant Call Date by certified checks, against delivery of such documents or instruments of transfer as may reasonably be requested by AMG and the Partnership, as applicable.

(f) AMG may, with a Majority Vote, assign any or all of its rights and obligations to purchase Partnership Points under this Section 7.4, in one or more instances, to the General Partner or the Partnership; provided, however, that if AMG (with a Majority Vote) assigns any or all its rights and obligations to purchase Partnership Points under this

Section 7.3 to the General Partner or the Partnership, then AMG shall assign the identical and proportional rights and obligations to purchase U.S. Partnership Points under this Section 7.3 of the U.S. Partnership Agreement to First Quadrant (in the case where rights or obligations to purchase Partnership Points were assigned to First Quadrant) or the U.S. Partnership (in the case where rights or obligations to purchase Partnership Points were assigned to the Partnership).

ARTICLE VIII - DISSOLUTION AND TERMINATION.

SECTION 8.1 EVENTS OF DISSOLUTION.

(a) The Partnership shall be dissolved and its affairs wound up:

(i) on a date designated in writing by the General Partner;

(ii) upon the occurrence of an event of withdrawal (as defined in the Partnership Act) with respect to the General Partner;

(iii) upon the sale or other disposition of all (or a substantial portion of) the Partnership's assets;

(iv) upon the effective date of the resignation or withdrawal of the General Partner pursuant to Section 6.2 hereof;

(v) upon a Repurchase Closing Date;

(vi) in any event, at midnight on December 31, 2095 unless the Partnership's term is extended pursuant to Section 2.5 hereof; or

(vii) upon the entry of a decree of judicial dissolution under Section 17-802 of the Partnership Act.

(b) Dissolution of the Partnership shall be effective at the close of business on the day on which the event occurs giving rise to the dissolution, whereupon the Partnership shall be wound up and liquidated in an orderly manner, as soon as reasonably practicable, but the Partnership shall not terminate until the assets of the Partnership shall have been distributed as provided herein. Notwithstanding the dissolution of the Partnership, prior to the termination of the Partnership, as aforesaid, the business of the Partnership and the affairs of the Partners, as such, shall continue to be governed by this Agreement. The General Partner or, if there be none, a liquidator approved by a Majority Vote, shall liquidate the assets of the Partnership and apply and distribute the proceeds thereof as contemplated by Section 4.4 hereof.

(c) Upon an event described in Section 8.1(a)(ii) or 8.1(a)(v) that would otherwise result in a dissolution of the Partnership, the Partnership shall not be dissolved if, with thirty (30) days after the event described in either of such Sections, the holders of more than fifty percent (50%) of the Partnership Points then outstanding (including the General Partner and including as outstanding Partnership Points held by the General Partner any Partnership Points in the Executive Retention Reserve or Incentive Reserve) (or such greater percentage in interest as may be required under applicable law) in writing agree to continue the business of the Partnership and to the selection, effective as of the date of such event, of a successor general partner (which, to the extent permitted by applicable law, may be the General Partner). In such event, the Partnership shall continue until dissolved in accordance with this Section 8.

(d) Within one hundred and eighty (180) days following an event described in Section 8.1(a)(v) that results in the dissolution of the Partnership, the General Partner and the holders of more than fifty percent (50%) of the Partnership Points then outstanding (including the General Partner) (or such greater percentage of holders of Partnership Interests as may then be required under applicable law) may elect in writing to reconstitute and continue the business of the Partnership by forming a new limited partnership on the same terms and provisions as are set forth in this Agreement. If such an election is timely made, all the Limited Partners of the Partnership shall continue as limited partners of the reconstituted partnership and the General Partner of the Partnership shall continue as general partner of the reconstituted partnership. Upon any such election by the holders of more than fifty percent (50%) of the Partnership Points then outstanding (or such greater percentage of holders of Partnership Interests as may then be required under applicable law), all holders of Partnership Interests shall be bound thereby and shall be deemed to have approved thereof. Upon any such election by the holders of more than fifty percent (50%) of the Partnership Points then outstanding (or such greater percentage of holders of Partnership Interests as may then be required under applicable law), all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership of the Partnership and to enter into a new partnership agreement (which is identical to this Agreement) and certificate of limited partnership of the reconstituted partnership, and the General Partner may for this purpose and all purposes stated in such agreement or certificate, exercise the power of attorney granted pursuant to Section 8.1(e) below.

(e) Each Limited Partner and each Employee Stockholder and each other Person who accepts Partnership Interests constitutes and appoints each of the General Partner (and any successor thereof by merger, transfer, election or otherwise), and each of the General Partner's authorized officers and attorneys-in-fact, with full power of substitution, as its, his or her true and lawful agents and attorneys-in-fact, with full power and authority in its, his or her name, place and stead to: execute, swear to, acknowledge, deliver, file and record in the appropriate public offices all certificates and other instruments including, at the option of the General Partner, this Agreement and the Certificate of Limited Partnership and all amendments and restatements thereof or any of the foregoing relating to the continuation of the Partnership as contemplated by paragraph (c) above or the reconstituted partnership, as contemplated by paragraph (d) above, that the General Partner deems appropriate or necessary to exercise any

powers of the General Partner or to carry out the purposes of this Agreement and to form, qualify, or continue the existence or qualification of the Partnership or the reconstituted partnership, as contemplated by paragraph (c) or paragraph (d) above, as a limited partnership in the State of Delaware and under the Delaware Act and in all jurisdictions in which the Partnership may or may wish to conduct business or own property.

The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and shall not be affected by, the subsequent death, incompetence, dissolution, disability, incapacity, bankruptcy or termination of any grantor and the transfer of all or any portion of his Partnership Interest and shall extend to such Person's heirs, successors and assigns. Each Person who accepts Partnership Interests is deemed to consent to be bound by any representations made by the General Partner or the authorized officers and attorneys-in-fact thereof, acting in good faith pursuant to such power of attorney. Each Person who accepts Partnership Interests is deemed to consent to and waive any and all defenses that may be available to contest, negate or disaffirm any action of the General Partner or the authorized officers and attorneys-in-fact thereof, taken in good faith under such power of attorney. Each Limited Partner shall execute and deliver to the General Partner within fifteen (15) days after receipt of the General Partner's request therefor, such further designations, powers of attorney and other instruments as the General Partner deems necessary to effectuate this Section 8.1(e).

ARTICLE IX - RECORDS AND REPORTS

SECTION 9.1 BOOKS AND RECORDS. The Officers of the Partnership and the General Partner shall cause the Partnership to keep complete and accurate books of account with respect to the operations of the Partnership, prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied. Such books shall reflect that the interests in the Partnership have not been registered under the Securities Act, and that the interests may not be sold or transferred without registration under the Securities Act or exemption therefrom and without compliance with Article V or Article VI of this Agreement. Such books shall be maintained at the principal office of the Partnership in Pasadena, California or at such other place as the General Partner shall determine.

SECTION 9.2 ACCOUNTING. The Partnership's books of account shall be kept on the accrual method of accounting, or on such other method of accounting as the General Partner may from time to time determine, with the advice of the Independent Public Accountants, and shall be closed and balanced at the end of each Partnership fiscal year. The taxable year of the Partnership shall be the twelve months ending December 31 or such other taxable year as the General Partner may designate, with the written advice of the Independent Public Accountants.

SECTION 9.3 FINANCIAL REPORTS. The Partnership shall furnish to the General Partner and AMG each of the following:

(a) Within twenty-five (25) days after the end of each month and each fiscal quarter, an unaudited financial report of Partnership, which report shall be prepared in accordance with generally accepted accounting principles using the accrual method of accounting, consistently applied (except that the financial report may (i) be subject to normal year-end audit adjustments which are neither individually nor in the aggregate material and (ii) not contain all notes thereto which may be required in accordance with generally accepted accounting principles) and shall be certified by the most senior financial officer of the Partnership to have been so prepared, and which shall include the following:

(i) Statements of operations, changes in partners' capital and cash flows for such month or quarter, together with a cumulative income statement from the first day of the then-current fiscal year to the last day of such month or quarter;

(ii) a balance sheet as of the last day of such month or quarter; and

(iii) with respect to the quarterly financial report, a detailed computation of Partnership Share and Free Cash Flow for such quarter.

(b) Within sixty (60) days after the end of each fiscal year of the Partnership, audited financial statements of the Partnership, which shall include statements of operations, changes in partners' capital and cash flows for such year and a balance sheet as of the last day thereof, each prepared in accordance with generally accepted accounting principles, using the accrual method of accounting, consistently applied, certified by Independent Public Accountants satisfactory to the General Partner.

(c) As promptly as is reasonably possible following request by the General Partner from time to time, such operations and/or performance data as may be requested, in each case certified by the most senior financial officer of the Partnership if such a certification is requested by the General Partner.

(d) Any other financial or other information available to the Officers as the General Partner shall have reasonably requested on a timely basis.

SECTION 9.4 [RESERVED].

SECTION 9.5 TAX MATTERS.

(a) The General Partner shall cause to be prepared and filed on or before the due date (or any extension thereof) Federal, state, local and foreign tax or information returns required to be filed by the Partnership. The General Partner, to the extent that Partnership

funds are available, shall cause the Partnership to pay any taxes payable by the Partnership; provided that the General Partner shall not be required to cause the Partnership to pay any tax so long as the General Partner or the Partnership is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Partnership and adequate reserves therefor have been set aside by the Partnership.

(b) The General Partner shall be the tax matters partner for the Partnership pursuant to Sections 6221 through 6233 of the Code.

ARTICLE X - MISCELLANEOUS.

SECTION 10.1 NOTICES. All notices, requests, elections, consents or demands permitted or required to be made under this Agreement shall be in writing, signed by the Partner or Partners giving such notice, request, election, consent or demand and shall be delivered personally or by confirmed facsimile, or sent by registered or certified mail, or by commercial courier to the other Partners, at their addresses set forth on the signature pages hereof or on Schedule A hereto, or at such other addresses as may be supplied by written notice given in conformity with the terms of this Section 10.1. The date of any such personal or facsimile delivery or the date of delivery by an overnight courier or the date five (5) days after the date of mailing by registered or certified mail, as the case may be, shall be the date of such notice.

SECTION 10.2 SUCCESSORS AND ASSIGNS. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Partners, their respective successors, successors-in-title, heirs and assigns, and each and every successors-in-interest to any Partners, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, and each shall hold such interest subject to all of the terms and provisions of this Agreement.

SECTION 10.3 AMENDMENTS. No amendments may be made to this Agreement without the prior written consent of (i) the General Partner and (ii) a Majority Vote of the Limited Partners and, with respect to Section 3.9 hereof, AMG; provided, however, that the General Partner shall make such amendments and additions to Schedule A hereto as are required by the provisions hereof; and, provided further, that the General Partner may amend this Agreement to correct any printing, stenographic or clerical errors or omissions. Except as otherwise provided for herein, no amendment may be made to this Agreement which materially and adversely affects a Limited Partner in a manner different from all the other Limited Partners, without the prior written consent of the Limited Partner which would be so affected.

SECTION 10.4 NO PARTITION. No Partner nor any successors-in-interest to any Partner, shall have the right while this Agreement remains in effect to have the property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Partnership partitioned, and each Partner, on behalf of himself, his

successors, representatives, heirs and assigns, hereby waives any such right. It is the intent of the Partners that during the term of this Agreement, the rights of the Partners and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Partner or successors-in-interest to assign, transfer, sell or otherwise dispose of his interest in the Partnership shall be subject to the limitations and restrictions of this Agreement.

SECTION 10.5 NO WAIVER. The failure of any Partner to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Partner's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

SECTION 10.6 DISPUTE RESOLUTION. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the applicable rules of the American Arbitration Association. The arbitration shall be held in Delaware before a single arbitrator selected in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry, and shall otherwise be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules.

SECTION 10.7 PRIOR AGREEMENTS SUPERSEDED. This Agreement, (including without limitation, the schedules and exhibits hereto), supersedes the prior understandings and agreements among the parties with respect to the subject matter hereof.

SECTION 10.8 CAPTIONS. Titles or captions of Articles or Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 10.9 COUNTERPARTS. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Partners notwithstanding that all Partners have not signed the same counterpart.

SECTION 10.10 APPLICABLE LAW; JURISDICTION. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without applying the choice of law provisions thereof.

SECTION 10.11 SINGULAR AND PLURAL. All terms herein using the singular shall include the plural; all terms using the plural shall include the singular; in each case, the term shall be as appropriate to the context of each sentence.

SECTION 10.12 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of (i) any Partner, (ii) any Employee Stockholder or (iii) the Partnership, other than a Partner who is also a creditor of the Partnership.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the General Partner and the Limited Partners have executed and delivered this Limited Partnership Agreement as of the day and year first above written.

GENERAL PARTNER

Name and Signature	Address
FIRST QUADRANT CORP. By:/s/ William J. Nutt --- William J. Nutt President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101

LIMITED PARTNERS

Name and Signature	Address
R.D. ARNOTT CORPORATION By:/s/ Robert D. Arnott --- Robert D. Arnott President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101
CULONBOIS CORPORATION By:/s/ Curtis J. Ketterer --- Curtis J. Ketterer President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101
LUCK MONSTER CORPORATION By:/s/ Christopher G. Luck --- Christopher G. Luck President	800 East Colorado Blvd. Suite 900 Pasadena, CA 91101

AYPWIP CORPORATION

800 East Colorado Blvd.
Suite 900
Pasadena, CA 91101

By:/s/ David J. Leinweber

David J. Leinweber
President

R.M. DARNELL CORPORATION

800 East Colorado Blvd.
Suite 900
Pasadena, CA 91101

By:/s/ R. Max Darnell

R. Max Darnell
President

T.S. MECKEL RUHESTANDS CORPORATION

56 Ledgeways
Wellesley, MA 02181

By:/s/ Timothy S. Meckel

Timothy S. Meckel
President

LOVELL, INC.

P.O. Box 561
Featherbed Lane
Mt. Vernon, NJ 07976

By:/s/ Robert M. Lovell, Jr.

Robert M. Lovell, Jr.
President

WILLIAM A.R. GOODSALL

17 Old Park Lane
London W1Y 3LG
United Kingdom

/s/ William A.R. Goodsall

ROBERT H. BROWN

17 Old Park Lane
London W1Y 3LG
United Kingdom

/s/ Robert H. Brown

ACKNOWLEDGMENT

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned hereby acknowledges the provisions of this Agreement, agrees that he constitutes an Employee Stockholder hereunder and agrees to fulfill all of the rights and duties of an Employee Stockholder hereunder.

/s/ Robert D. Arnott
- ------------------------------
Robert D. Arnott

/s/ Curtis J. Ketterer
- ------------------------------
Curtis J. Ketterer

/s/ Christopher G. Luck
- ------------------------------
Christopher G. Luck

/s/ David J. Leinweber
- ------------------------------
David J. Leinweber

/s/ R. Max Darnell
- ------------------------------
R. Max Darnell

/s/ Timothy S. Meckel
- ------------------------------
Timothy S. Meckel

/s/ Robert M. Lovell, Jr.
- ------------------------------
Robert M. Lovell, Jr.

The undersigned is executing this Agreement solely to acknowledge and agree to be bound by the provisions of Section 3.9, the relevant provisions of Article VII, and Section 10.6 hereof.

AFFILIATED MANAGERS GROUP, INC.

By:/s/ William J. Nutt

   Name: William J. Nutt
   Title: President and
          Chief Executive Officer

Address

Two International Place
23rd Floor
Boston, MA 02110

SCHEDULE A
ATTACHED TO AND MADE A PART OF
THE LIMITED PARTNERSHIP AGREEMENT OF
FIRST QUADRANT U.K., L.P.
(A DELAWARE LIMITED PARTNERSHIP)

PARTNER/ REGISTERED OWNER	PARTNERSHIP POINTS	INITIAL CAPITAL ACCOUNT
First Quadrant Corp.	47.62	$169,468
R.D. Arnott Corporation	2.94	0
William A.R. Goodsall	2.94	0
AYPWIP Corporation	2.94	0
Lovell, Inc.	2.94	0
T.S. Meckel Ruhestands Corporation	2.94	0
R.M. Darnell Corporation	1.18	0
Culonbois Corporation	1.18	0
Robert H. Brown	.59	0
Luck Monster Corporation	.59	0
Issued and Vested	65.86	
Incentive Reserve*	24.14	
Executive Retention Reserve**	10.00	
Total	100.00	$169,468

* Deemed to be outstanding Partnership Points held by First Quadrant Corp. for all purposes of this Agreement.

** Deemed to be outstanding Partnership Points held by First Quadrant Corp. for all purposes of this Agreement other than the determination of Majority Vote.

EXHIBIT 10.8

SKYLINE ASSET MANAGEMENT, L.P.
(A DELAWARE LIMITED PARTNERSHIP)

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

AUGUST 31, 1995

SKYLINE ASSET MANAGEMENT, L.P.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT

TABLE OF CONTENTS

SCHEDULES AND EXHIBITS

SKYLINE ASSET MANAGEMENT, L.P.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

This Amended and Restated Limited Partnership Agreement (the "Agreement") is made and entered into as of _____, 1995 (the "Effective Date"), by and among Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), as general partner, and the limited partners named on Exhibit A hereto. AMG and any Person who succeeds AMG as general partner of the partnership is sometimes referred to herein as the "General Partner." The General Partner and the Limited Partners are sometimes herein referred to collectively as the "Partners" and individually as a "Partner."

This Agreement amends and completely restates that certain Limited Partnership Agreement of Skyline Asset Management, L.P. entered into as of June 6, 1995 by and among the Initial Limited Partners and Mesirow Asset Management, Inc.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual agreements hereinafter set forth, including, but not limited to, their capital contributions, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS.

SECTION 1.1 DEFINITIONS. For purposes of this Agreement:

"Additional Limited Partner" shall have the meaning specified in Section 6.5.

"Advisers Act" shall mean the Investment Advisers Act of 1940, as it may be amended from time to time, and any successor to such Act.

"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 or indirectly, of the power to (a) vote twenty-five percent (25%) 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. Notwithstanding the foregoing, no Limited Partner or Employee Stockholder shall be an Affiliate of the Partnership for purposes of this Agreement.

"Agreement" shall mean this Amended and Restated Limited Partnership Agreement, as it may from time to time be amended, supplemented or restated.

"AMG Stock" shall have the meaning specified in Section 3.10(a).

"Annual Put Limit" shall have the meaning specified in Section 3.9(b)(A).

"Asset Transfers" shall have the meaning specified in the Partnership Interest Purchase Agreement.

"Average Free Cash Flow" shall mean fifty percent (50%) of the Partnership's Free Cash Flow (net of Free Cash Flow Expenditures) for the twenty-four (24) month period ending on a date specified as the ending date for the calculation of Average Free Cash Flow; provided, however, that if any portion of such twenty-four (24) month period would precede the effective date of the Asset Transfers, then "Average Free Cash Flow" shall mean fifty percent (50%) of (a) the Partnership's Free Cash Flow for the period from the effective date of the Asset Transfers to the last day of such twenty-four (24) month period, plus (b) forty-eight percent (48%) of the revenues of the Institutional Business from investment management and advisory fees (determined on an accrual basis in accordance with generally accepted accounting principles, consistently applied) from the start of such twenty-four (24) month period to the effective date of the Asset Transfers.

"Bankruptcy Event" shall have the meaning specified in Section 3.8 hereof.

"Capital Account" shall mean the capital account maintained by the Partnership with respect to each Partner in accordance with the capital accounting rules described in Section 5.2 hereof.

"Capital Contribution" shall mean, as to each Partner, the amount of money and/or the agreed fair market value of any property (net of any liabilities encumbering such property that the Partnership is considered to assume or take subject to) contributed to the capital of the Partnership by such Partner.

"Carry-Over Put Limit" shall have the meaning specified in Section 3.9(b)(B) hereof.

"CEO" shall have the meaning specified in Section 3.2(a) hereof.

"Certificate of Limited Partnership"shall mean the certificate of limited partnership for the Partnership required under the Partnership Act, as such Certificate may be amended or restated from time to time.

"Code" or "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as from time to time amended, and any successor thereto, together with all regulations promulgated thereunder.

"Effective Date" shall have the meaning specified in the preamble of this Agreement.

"Employee Stockholder" shall mean that certain Officer and/or employee of the Partnership who is the owner of the issued and outstanding capital stock of a Limited Partner, and listed as such on Exhibit A hereto; provided, however, that if a Limited Partner is a natural person, the term Employee Stockholder shall refer to such natural person.

"Exercise Period" shall mean, with respect to any fiscal year, the period of thirty (30) calendar days following the last day on which the Partnership distributes to its Partners (promptly after receipt thereof from the Independent Public Accountants) the audited financial statements of the Partnership for such fiscal year; provided however that if AMG has completed a Registration and is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act of 1934, as amended, the period shall instead be the period of thirty (30) calendar days following the date on which the audited financial statements of AMG for such fiscal year are filed with the Securities and Exchange Commission pursuant to such reporting requirements.

"Fair Market Value" shall mean the fair market value as reasonably determined in good faith by the Board of Directors of the General Partner.

"For Cause" shall mean, with respect to the termination of an Employee Stockholder, any of the following:

(a) the Employee Stockholder either has committed an act of embezzlement or misappropriation against the Partnership or has (i) been convicted by a court of competent jurisdiction, (ii) pleaded nolo contendere or (iii) entered into a settlement with, or consented to the issuance of an order to be issued by, any Governmental Authority, which settlement or order involves any penalty, fine, admission of guilt or liability or other sanction, and which, in the case of (i), (ii) or (iii), occurs in connection with any proceeding involving (A) a violation of federal or state securities laws or (B) a theft or other crime involving dishonesty;

(b) the Employee Stockholder has persistently and willfully neglected his duties or has failed to spend sufficient amounts of his working time, energy and skills so as to perform diligently and faithfully his responsibilities and duties to the Partnership, after the Partnership has given the Employee Stockholder written notice specifying such conduct by the Employee Stockholder and giving the Employee Stockholder a reasonable period of time (not less than thirty (30) days), to conform his conduct to such duties; or

(c) The Employee Stockholder has engaged in Prohibited Competition Activity or violated or breached any material provision of his Non-Solicitation Agreement or engaged in any of the activities prohibited by Section 3.6 hereof, other than an isolated, insubstantial and inadvertent action which the Employee Stockholder does not take in bad faith and does remedy promptly (and, in any event, in not more than thirty (30) days) after receipt of notice of such action given by the Partnership.

"Free Cash Flow" shall mean, for any period, forty-eight percent (48%) of the Revenues From Operations of the Partnership for such period, provided that if the compensation arrangements with respect to Skyline Fund, a registered investment company for which the Partnership serves as investment adviser are changed to reduce the expenses of the Fund borne by the Partnership, then the percentage of Revenues from Operations that constitutes Free Cash Flow shall be increased so that after such became expenses, the net result for the Parties is unchanged.

"Free Cash Flow Expenditures" shall have the meaning specified in Section 3.3(c).

"General Partner" shall have the meaning specified in the preamble of this Agreement.

"Good Reason" with respect to any Employee Stockholder shall mean any action by the General Partner that results in a breach by the Partnership or the General Partner (x) of Section 2.4(c)(i) (change in principal office of the Partnership), Section 2.9 (indemnification) or Section 7.1(a)(iv) (certain transfers to Affiliates of the General Partner), (y) of the obligation to obtain a Majority Vote under any of the following Sections: 2.3(c), 2.7(c), 3.1(a) (only with respect to the last full sentence thereof), 5.3(b), 6.5(a), 6.5(b), 6.5(d), 7.1(a), 7.1(c), 7.2, 8.1(a)(i) or 10.3, or (z) of the obligation under either of the last two sentences of Section 10.3 to obtain the consent of the Limited Partner controlled by such Employee Stockholder; provided, however, that if (a) such breach is not the result of bad faith of the General Partner, (b) the General Partner in good faith investigates and, to the extent necessary to satisfy the provisions of clause (c) of this definition, remedies such breach reasonably promptly after receipt of notice of such breach given by such Employee Stockholder, and (c) either (i) such breach (after the effects of any remedy in accordance with the foregoing clause (b)) does not have a material adverse effect on the Employee Stockholder or the Partnership, or (ii) a Majority Vote (or, if applicable, consent of such Limited

Partner) is obtained where such breach resulted from the failure to obtain such vote or consent, then such breach shall not constitute Good Reason hereunder.

"Governmental Authority" shall mean any foreign, federal, state or local court, governmental authority, agency or regulatory body.

"Holders" shall have the meaning specified in Section 4.1.

"Immediate Family" shall mean the spouse, parents, grandparents, children and siblings of an individual.

"Independent Public Accountants" shall mean any independent certified public accountant satisfactory to the General Partner and retained by the Partnership.

"Initial Limited Partners" shall mean those Persons who are Limited Partners on the Effective Date.

"Institutional Business" shall have the meaning specified in Section 2.6 of the Partnership Interest Purchase Agreement.

"Investment Company Act" shall mean the Investment Company Act of 1940, as it may be amended from time to time, and any successor to such Act.

"Investment Management Services" shall mean any services which involve (a) the management, for a fee or other remuneration, of an investment account or fund (or portions thereof or a group of investment accounts or funds), or (b) the giving of advice, for a fee or other remuneration, with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds).

"IRS" shall mean the Internal Revenue Service of the United States Department of the Treasury.

"Limited Partner" shall mean any Person who is or becomes a Limited Partner pursuant to the terms hereof.

"Majority Vote" shall mean the affirmative approval by vote or written consent of Limited Partners holding a majority of the outstanding Vested Partnership Points then held by all Limited Partners (other than the General Partner and its Affiliates).

"Mandatory Retirement" shall mean, with respect to an Employee Stockholder, when that Employee Stockholder reaches age sixty-five (65); provided, however, that with the consent of the General Partner and a Majority Vote, Mandatory Retirement may be extended up to age sixty-eight (68) with respect to any particular Employee Stockholder.

"NASD" shall have the meaning specified in Section 4.4.

"Non Solicitation Agreement" shall mean a Non Solicitation/Non Disclosure Agreement in form of Exhibit B hereto or in such other form and substance as is satisfactory to the General Partner.

"Operating Cash Flow" shall mean, for any period, an amount equal to the difference between Revenues From Operations of the Partnership for such period and Free Cash Flow for such period.

"Partners" shall mean the General Partner and the Limited Partners, unless otherwise indicated.

"Partnership" shall mean the partnership organized under the Predecessor Agreement and continued under this Agreement, as the same may be amended and/or restated from time to time.

"Partnership Act" shall mean the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 17-101 et seq.), as it may be amended from time to time, and any successor to such Act.

"Partnership Interests" shall mean the interests (including Capital Accounts and Partnership Points) of all the Partners in the Partnership.

"Partnership Interest Purchase Agreement" shall mean that certain Partnership Interest Purchase Agreement dated as of June 6, 1995, by and among the General Partner, the Partnership, Mesirow Asset Management, Inc., Mesirow Financial Holdings, Inc., certain managers of Mesirow Asset Management, Inc. and certain manager-owned corporations, as the same has been amended from time to time prior to the date hereof.

"Partnership Points" shall mean as of any date, with respect to a Partner, the aggregate number of Partnership Points (representing the right to receive certain distributions after the Effective Date) of such Partner (including both Vested Partnership Points and unvested Partnership Points) as set forth on Exhibit A hereto, as amended from time to time in accordance with its terms and the terms hereof, and as in effect on such date.

"Percentage Exchanged" shall have the meaning specified in Section 3.10(a).

"Permanent Incapacity" shall mean, with respect to an Employee Stockholder, (a) the inability of the Employee Stockholder, by reason of injury, illness or other similar cause, to have performed his duties and responsibilities, for a continuous period of one hundred eighty (180) days (as determined by a licensed physician agreed upon for the purpose by the General Partner and such Employee Stockholder or his representative, or failing selection of such physician within ten (10) days of a written request thereof by either party to the other, then designated by an independent representative of the American Medical Association) or (b) the incompetence, metal incapacity or insanity of such Person (as determined by a licensed physician agreed upon for the purpose by the General Partner and such Employee Stockholder or his representative, or failing selection of such physician within ten (10) days of a written request thereof by either party to the other, then designated by an independent representative of the American Medical Association).

If an Employee Stockholder's employment with the Partnership is terminated because of the Permanent Incapacity of such Employee Stockholder, the date of such termination shall be deemed to be the later of (x) the date such Permanent Incapacity is finally determined, or (y) the date such Employee Stockholder's employment with the Partnership is terminated.

"Person" shall mean any individual, partnership (general or limited), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

"Predecessor Agreement" shall mean that certain Limited Partnership Agreement of Skyline Asset Management, L.P. entered into on June 6, 1995 by and among the Initial Limited Partners and Mesirow Asset Management, Inc., pursuant to which this Partnership was formed, which partnership agreement is being amended and restated by this Agreement.

"Prohibited Competitive Activity" shall mean any of the following activities:

(a) directly or indirectly, whether as owner, part owner, shareholder, partner, director, officer, trustee, employee, agent or consultant for or on behalf of any Person, firm, corporation or other entity other than the Partnership or an Affiliate of the Partnership, (i) providing Investment Management Services with respect to any funds or investments with respect to which the Partnership is performing Investment Management Services, or (ii) soliciting any person or entity for the purpose of causing any funds or investments with respect to which the Partnership provides Investment Management Services to be withdrawn from such management; or

(b) directly or indirectly, whether as owner, part owner, shareholder, partner, director, officer, trustee, employee, agent or consultant for or on behalf of any Person, firm, corporation or other entity other than the Partnership or an Affiliate of the Partnership, performing any Investment Management Services.

"Purchase Date" shall have the meaning specified in Section 3.9(d).

"Put" shall have the meaning specified in Section 3.9(a).

"Put Price" shall have the meaning specified in Section 3.9(e).

"Registrable Securities" shall have the meaning specified in Section 4.2.

"Registration" shall have the meaning specified in Section 3.10(a).

"Registration Expenses" shall have the meaning specified in Section 4.4.

"Repurchase" shall mean a purchase or repurchase of Partnership Interests made pursuant to Section 3.8(a).

"Repurchase Closing Date" shall mean the date upon which payment is made with respect to a Repurchase, or if payment is made in more than one installment, the date upon which the first such installment is paid.

"Repurchased Partner" shall have the meaning specified in Section 3.8(a).

"Repurchase Price" shall have the meaning specified in Section 3.8(c).

"Retirement" shall mean, with respect to an Employee Stockholder, the permanent cessation of such Employee Stockholder's active employment performing Investment Management Services, after the earlier of (a) the date such Employee Stockholder shall reach fifty-five (55) years of age, and (b) the date such Employee Stockholder shall have been continuously employed, counting both employment with the Partnership and prior employment by Mesirow Asset Management, Inc., an Illinois corporation, for a period of twenty (20) years; provided, however, that such retirement shall in no event be before the twelfth anniversary of the Effective Date.

"Revenues From Operations" shall mean, for any period, the gross revenues of the Partnership (except as set forth herein), determined on an accrual basis in accordance with generally accepted accounting principles consistently applied; provided, however, that Revenues From Operations shall be determined without regard to (a) revenues from the sale, exchange or other disposition of all, or a substantial portion of, the assets of the Partnership, (b) revenues from the issuance by the Partnership of additional Partnership Points, other Partnership Interests or other securities, and (c) payments received pursuant to any insurance policies.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act " shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor to such Act.

"Selling Partner" shall have the meaning specified in Section 3.9(a).

"Suspension Period" shall have the meaning specified in Section 4.6(c).

"Transfer" shall have the meaning specified in Section 6.1.

"Treasury Regulations" shall mean the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Vested Partnership Points" shall mean, at any time and with respect to any Partner, the number of Partnership Points held by such Partner which have vested at such time, as determined in accordance with the provisions of the Agreement, including Exhibit A hereto, or which were fully vested when issued. The number of Vested Partnership Points held by each Partner and the vesting schedule with respect to any Partnership Points which are not vested, shall be indicated

on Exhibit A hereto, which Exhibit shall be updated by the General Partner as additional Partnership Points are issued and/or vest from time to time in accordance with the Agreement, including without limitation Exhibit A hereto.

In addition to the foregoing, other capitalized terms used in this Agreement shall have the meaning ascribed thereto in the text of this Agreement.

ARTICLE II - ORGANIZATION AND GENERAL PROVISIONS.

SECTION 2.1 CONTINUATION OF PARTNERSHIP. The parties hereby continue the partnership formed under the Predecessor Agreement, under and pursuant to the Partnership Act and the terms of this Agreement. The rights, duties, liabilities and obligations of the Partners, and the administration and termination of this Partnership, shall be governed by the Partnership Act, except as otherwise provided in this Agreement. The General Partner shall cause the Partnership to comply with all requirements of the Partnership Act and to qualify to do business as a limited partnership in any jurisdiction where the General Partner shall deem it necessary, appropriate or desirable.

SECTION 2.2 NAME OF THE PARTNERSHIP. The name of the Partnership shall be "Skyline Asset Management, L.P." or such other name as the General Partner may from time to time determine. The General Partner shall cause to be filed on behalf of the Partnership such partnership or assumed or fictitious name certificates as the General Partner shall deem necessary, appropriate or desirable.

SECTION 2.3 PURPOSES OF THE PARTNERSHIP. The Partnership was organized and is continued for the following purposes:

(a) to engage in the business of providing Investment Management Services and any and all activities reasonably related thereto;

(b) to make and perform all contracts and engage in all activities and transactions and to do any and all things necessary or advisable to carry out the foregoing purposes; and

(c) to engage in any other act or activity which is lawful for partnerships organized under the Partnership Act and which is approved by the General Partner and by a Majority Vote.

SECTION 2.4 PLACE OF BUSINESS; REGISTERED AGENT.

(a) The principal place of business of the Partnership shall be 311 South Wacker Drive, Suite 4500, Chicago, Illinois 60606.

(b) The Partnership's resident agent for service of process in Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, and its registered office in Delaware shall be in care of such resident agent.

(c) The General Partner may, at any time and from time to time: (i) change the location of the Partnership's principal place of business and establish such additional place or places of business of the Partnership as it may determine, provided that if the principal place of business is to be located outside of Chicago, Illinois, then such action may not be taken without a Majority Vote, (ii) change the Partnership's registered office in Delaware, and (iii) change the Partnership's resident agent for service of process in Delaware; provided, however, that the General Partner shall promptly after any such change give each Limited Partner notice of such change.

SECTION 2.5 DURATION OF THE PARTNERSHIP. The Partnership term shall continue until December 31, 2095, unless extended or terminated earlier in accordance with the provisions hereof. The Partnership's term may be extended by the General Partner at any time and from time to time.

SECTION 2.6 TITLE TO PROPERTY. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have any ownership of such property.

SECTION 2.7 LIABILITY OF PARTNERS; NO DEFICIT RESTORATION OBLIGATION.

(a) The General Partner shall have such liability for the repayment, satisfaction and discharge of the debts, liabilities and obligations of the Partnership as is provided by the Partnership Act for the general partner of a limited partnership.

(b) A Limited Partner which receives the return of any part of its Capital Contribution shall be liable to the Partnership for the amount of its Capital Contribution so returned to the extent, and only to the extent, provided by the Partnership Act. No Limited Partner shall otherwise be liable to the Partnership, another Partner or any third party for the repayment, satisfaction, or discharge of the Partnership's debts, liabilities, and obligations or otherwise have any obligation to contribute money or any other asset to or in respect of the Partnership, other than payment of such Limited Partner's Capital Contribution and as otherwise specifically provided in this Agreement.

(c) No Limited Partner with a deficit balance in its Capital Account shall have any obligation to restore such deficit (or make any contribution to the capital of the Partnership, or otherwise pay any amount, with respect to such deficit), and such deficit shall not be considered as a debt of such Limited Partner to the Partnership or to any other Partner for any purpose whatsoever; provided, however, that such Limited Partner will be required to eliminate such deficit to the extent that all or any part of any such deficit is attributable to the allocation to such

Limited Partner of any extraordinary cost or expense incurred by the Partnership (as determined by the General Partner) with the concurrence of a Majority Vote.

SECTION 2.8 EXCULPATION OF LIABILITY. Neither the General Partner nor any Limited Partner nor their respective agents or officers shall be liable to the Partnership or the Partners except for material breaches of this Agreement, gross negligence, willful malfeasance, fraud, and actions not taken in good faith in the reasonable belief that such Person is acting in the best interests of the Partnership.

SECTION 2.9 INDEMNIFICATION.

(a) The Partnership shall indemnify the Partners and their agents and officers and agents and Officers of the Partnership, including any such agents or officers who serve at the request of the Partnership as either directors, officers or trustees of another organization in which the Partnership has any interest as a security holder, creditor or otherwise (each an "Indemnified Person") against all liabilities, losses and expenses, including, but not limited to, amounts paid in satisfaction of judgments, in compromise settlements, and fines, penalties and counsel fees, reasonably incurred in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, before any court or administrative or legislative body, in which such Indemnified Person may be or may have been involved as a party or otherwise or with which it or they may be or may have been threatened, while in office or thereafter by reason of being or having been such Indemnified Person or acting on behalf of the Partnership, including, without limitation, acting as a partner or shareholder of another organization in which the Partnership has any interest, or serving or having served at the request of the Partnership as such director, officer or trustee; provided, however, that indemnification shall not be paid hereunder with respect to any matter as to which such Indemnified Person shall have been finally adjudicated in any such action, suit or other proceeding, or otherwise by a court of competent jurisdiction, to have committed an action of gross negligence, willful malfeasance, or fraud in the conduct of its or their office or actions not taken in good faith in the reasonable belief that such Indemnified Person is acting in the best interests of the Partnership.

(b) Expenses, including reasonable fees and disbursements of counsel, so incurred by the Indemnified Person shall be paid by the Partnership in advance of the final disposition of any such action, suit or proceeding on the condition that the amounts so paid shall be repaid to the Partnership if it is ultimately determined that indemnification of such expenses is not authorized hereunder. The Partnership may, if it deems appropriate, require any person for whom such expenses are paid in advance of final disposition to deliver adequate security to the Partnership for his obligation to repay such indemnification.

(c) The right of indemnification hereby provided shall not be exclusive of or affect any other rights to which the Indemnified Person may be entitled. Nothing contained in this Section 2.9 shall limit any lawful rights to indemnification existing independently of this Section. The right of indemnification provided by this Section 2.9 shall not be construed to increase the liability of the Limited Partners as set forth in Section 2.7.

(d) The provisions of this Section 2.9 are intended for the benefit of and shall be enforceable by the respective Indemnified Persons.

SECTION 2.10 FISCAL YEAR. The fiscal year of the Partnership shall be the twelve-month period ending on December 31 unless otherwise determined by the General Partner.

ARTICLE III - MANAGEMENT OF THE PARTNERSHIP.

SECTION 3.1 MANAGEMENT IN GENERAL

(a) The management and control of the business of the Partnership shall be vested in the General Partner. Except to the extent otherwise provided in Section 3.3 hereof (recognizing expressly that the General Partner has delegated only specific responsibilities pursuant to Sections 3.3(a), 3.3(b) and 3.3(c) hereof, and acknowledging that the General Partner will have all such rights, duties, obligations and liabilities under Delaware law as derive from being the general partner of a Delaware limited partnership, and under the provisions of this Agreement), the General Partner, acting alone with no other approval or authorization of the Partners (except to the extent that any specific provision of this Agreement requires a Majority Vote), shall have the power and authority, in the name of and on behalf of the Partnership, to perform all acts and do all things which, in its sole discretion, it deems necessary or desirable to conduct the business of the Partnership, including, without limitation, (i) to enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, leases or other instruments for the operation of the Partnership's business; and (ii) in general to do all things and execute all documents necessary or appropriate to conduct the business of the Partnership as set forth in Section 2.3 hereof, or to protect and preserve the Partnership's assets. Notwithstanding any other provision of law or of this Agreement, the General Partner shall not, without a Majority Vote, cause the Partnership to:

(i) sell, lease, exchange, transfer or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or series of related transactions;

(ii) pledge all or substantially all of the Partnership's assets (provided, however, that nothing herein shall limit the General Partner's right to pledge or otherwise encumber any Partnership Interests it holds);

(iii) guarantee the debts or obligations of any other entity;

(iv) directly or indirectly, merge, consolidate or engage in any similar reorganization;

(v) amend or modify or repeal any provision of the Certificate of Limited Partnership;

(vi) purchase, lease, exchange or otherwise acquire assets (including securities), directly or indirectly, in a single transaction or series of released transactions having a value in excess of $100,000;

(vii) incur indebtedness for borrowed money in excess of $250,000; or

(viii) enter into any transaction with a Partner or any Affiliate of a Partner.

(b) The Limited Partners, as such, shall not participate in the control of the business of the Partnership within the meaning of Section 17-303(a) of the Partnership Act. Notwithstanding the foregoing, a Limited Partner may consult with and advise the General Partner with respect to any matter, including the business of the Partnership, and do all other acts contemplated by Section 17-303(b) of the Partnership Act. An Employee Stockholder may serve as an employee of the Partnership, and, as an employee may be given the generic name "Officer."

SECTION 3.2 OFFICERS OF THE PARTNERSHIP AND MANDATORY RETIREMENT.

(a) The Officers of the Partnership shall consist of a President/Chief Executive Officer (the "CEO"), who may be appointed and removed only by the General Partner, and such other subordinate officers as the General Partner and the CEO, acting jointly, may determine are necessary or appropriate. William M. Dutton is hereby appointed as the CEO of the Partnership.

(b) No employee or Officer of the Partnership shall be held personally liable, by virtue of his status as an employee or Officer, for any losses, debts or obligations of the Partnership.

(c) When an Employee Stockholder reaches Mandatory Retirement, his employment by the Partnership shall terminate.

SECTION 3.3 OPERATION OF THE BUSINESS OF THE PARTNERSHIP.

(a) The General Partner hereby delegates to the Officers of the Partnership authority to manage the day-to-day operations and activities of the Partnership with respect to the provision of Investment Management Services and the general administration of the Partnership, including the power, in the name and on behalf of the Partnership, to:

(i) determine the use of the Operating Cash Flow as set forth in Section 3.3(c) below;

(ii) execute such documents and do such acts as are necessary to register or qualify the Partnership or any fund for which it provides Investment Management Services, or the offering of interests in such a fund, under applicable Federal and state securities laws;

(iii) open, maintain and close bank accounts and draw checks or other orders for the payment of monies;

(iv) enter into contracts and other agreements with respect to the provision of Investment Management Services and execute other instruments, documents or reports on behalf of the Partnership in connection therewith;

(v) execute, or cause the execution of, transactions in, and hold and exercise all rights, powers and privileges with respect to, securities and other instruments on behalf of clients of the Partnership; and

(vi) act for and on behalf of the Partnership in all matters incidental to the foregoing;

provided, however, that without the prior written consent of the General Partner (which consent expressly references this Section of this Agreement), the Officers shall not cause the Partnership (x) to incur expenses or obligations (including, without limitation, salaries and bonuses) that exceed its ability to pay or provide for them out of its Operating Cash Flow on a current basis or (y) to enter into any contract or agreement which, at the time entered into, can reasonably be foreseen (including taking into account current, long-term, contingent and all other obligations of the Partnership at such time) to render it impossible for the Partnership, in any future period, to operate in the ordinary course, consistent with past practice, with its aggregate expenses funded entirely out of Operating Cash Flow.

(b) Subject to the limitations set forth in the proviso set forth in the last clause of Section 3.3(a) above, in addition to general authority as an Officer as described in Section 3.3(a) above and the authority with respect to Operating Cash Flow as described in Section 3.3(c) below, the CEO shall have the specific authority necessary to:

(i) make all decisions relating to the hiring and termination of any employees (including Officers) or personnel of, and consultants to, the Partnership;

(ii) make all decisions regarding the determination and negotiation of the compensation and benefits arrangements of all consultants, employees, Officers and personnel (including the CEO) of the Partnership, including the determination as to (A) base salary and bonuses of such consultants, employees, Officers and personnel (including the CEO), and (B) the terms of employee benefit plans or similar arrangements to be established or maintained by the Partnership, provided that in making all decisions, the CEO will give fair and reasonable consideration to such individual's responsibilities and position with the Partnership as well as his or her overall contribution to the business and financial results of the Partnership;

(iii) make all decisions relating to the overall portfolio management and marketing strategy relating to the investment advisory and investment management business and activities of the Partnership; and

(iv) arrange for the audit of the Partnership and distribution of reports with respect thereto and of financial statements to the Partners.

(c) 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 CEO of the Partnership. In furtherance and not in limitation of the foregoing, it is expressly agreed that the Operating Cash Flow of the Partnership for any period shall be used as determined by the CEO of the Partnership in his sole discretion to provide for compensation and benefits to employees of the Partnership, including the Officers of the Partnership. Free Cash Flow may be used to provide for and pay the business expenses and expenditures of the Partnership to the extent specified in Section 3.3(d) with respect to key-man insurance and in Section 9.5(c) with respect to unincorporated business taxes 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").

(d) The Partnership will maintain, in full force and effect, such insurance as is customarily maintained by companies of similar size in the same or similar business (including, without limitation, errors and omissions liability insurance), the premiums on which will be paid out of Operating Cash Flow. The Partnership will also maintain such key-man life insurance policies on each Employee Stockholder as the General Partner may deem necessary or desirable, from time to time. The Partnership will receive the proceeds of these key-man policies, and the Partners agree with each other and the Partnership that the Partnership will pay the premiums on any such key-man policies out of Free Cash Flow.

SECTION 3.4 COMPENSATION AND EXPENSES OF THE PARTNERS. Stockholders, officers, directors, partners and agents of Partners (including, without limitation, any Employee Stockholder) may serve as employees and/or Officers of the Partnership and be compensated therefor as determined pursuant to Section 3.3(c). The Partnership shall pay and/or reimburse the General Partner out of Operating Cash Flow for all reasonable expenses incurred by the General Partner in connection with the operation of the Partnership; provided, however, that the General Partner's regular overhead expenses shall not be reimbursed by the Partnership.

SECTION 3.5 OTHER BUSINESS OF THE GENERAL PARTNER AND ITS AFFILIATES. The General Partner and its Affiliates may engage, independently or with others, in other business ventures of every nature and description, including the acquisition, creation, financing, trading in, and operation and disposition of interests in investment managers and other businesses that may be competitive with the Partnership's business. Neither the Partnership nor any of the Limited Partners shall have any right in or to any other such ventures by virtue of this Agreement or the Partnership created hereby, nor shall any such activity be deemed wrongful or improper by the General Partner or such Affiliates. The General Partner shall not be obligated to present any opportunity to the Partnership even if such opportunity is of such a character which, if presented to the Partnership, would be suitable for the Partnership.

SECTION 3.6 NON SOLICITATION AND NON DISCLOSURE BY LIMITED PARTNERS AND EMPLOYEE STOCKHOLDERS.

(a) As a condition to the admission of each Limited Partner to the Partnership, each such Limited Partner and each Employee Stockholder thereof has executed and delivered a Non Solicitation Agreement. In furtherance of the purposes thereof, each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and each other Partner, to observe the provisions of this Section 3.6. This provisions of this Section 3.6 shall not be deemed to limit any of the rights of the Partnership under the applicable Non Solicitation Agreement. The provisions of this Section 3.6 shall not prevent any Employee Stockholder from (i) making passive investments in a competitive enterprise the shares of which are publicly traded provided his holdings therein, together with any holdings of his Affiliates and his Immediate Family, do not exceed five percent (5%) of the outstanding shares or comparable interests in such entity, or (ii) providing Investment Management Services to members of his Immediate Family.

(b) Each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and each other Partner, not to engage in any Prohibited Competitive Activity while employed by the Partnership or any of its Affiliates.

(c) In furtherance and not in limitation of the provisions of Section 3.6(b), each Limited Partner and each Employee Stockholder agrees, for the benefit of the Partnership and each other Partner, that such Limited Partner or Employee Stockholder shall not, without the express written consent of the General Partner, during the period beginning on the date such Limited Partner becomes a Limited Partner, and until the date which is two (2) years after the termination of such Employee Stockholder's employment with the Partnership and its Affiliates (or, such shorter period as may be determined pursuant to Section 3.6(e)): (A) engage in any Prohibited Competitive Activity of the type described in clause (a) of the definition thereof (provided that, except as described in clause (B) hereof, during such period the Employee Stockholder may engage in activity of the type described in clause (b) of the definition of Prohibited Competitive Activity); (B) with respect to any person or entity that is a client of the Partnership (for this purpose, any clients of the Partnership at the date of termination of the Employee Stockholder's employment or at any time during the six (6) months immediately preceding the date of termination shall be deemed a "client of the Partnership") or any person or entity with whom the Partnership was actively attempting to develop an investment advisory or investment management relationship at any time during the six (6) months immediately preceding the date of termination, engage in any Prohibited Competitive Activity of the type described in clause (b) of the definition thereof; or (C) solicit or induce any employee or former employee of the Partnership or any of its Affiliates to terminate his relationship therewith, or hire any such employee who was employed by the Partnership or its Affiliates at any time during the six (6) months immediately preceding the termination of the Employee Stockholder's employment.

(d) Each Limited Partner and each Employee Stockholder agrees that any and all presently existing investment advisory business of the Partnership and its Affiliates and the Institutional Business and all business developed by the Partnership and its Affiliates, or any other employee of the Partnership, including without limitation, all investment advisory contracts, fees,

commissions, compensation records, client lists, agreements, and any other incident of any business developed by the Partnership or earned or carried on by the Employee Stockholder for the Partnership shall be the exclusive property of the Partnership or such Affiliate as applicable, for its or their sole use, and (where applicable) shall be payable directly to the Partnership or such Affiliate and all trade names, trademarks and service marks under which the Partnership does business, and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Partnership. Each Limited Partner and each Employee Stockholder acknowledges that, in the course of performing services hereunder and otherwise, the Employee Stockholder has had, and will from time to time have, access to confidential records, data, client lists, trade secrets and similar confidential information owned or used in the course of business by the Partnership or its Affiliates. Each Limited Partner and each Employee Stockholder agrees always to keep secret and not ever publish, divulge, furnish, use or make accessible to anyone (otherwise than (i) in the regular business of the Partnership or any Affiliate thereof at the Partnership's request or (ii) upon notice to the Partnership, as otherwise required under applicable securities laws in the opinion of counsel to the Partnership (which counsel shall be experienced in securities laws) or pursuant to a deposition, interrogatory, subpoena, civil investigation demand or similar process) any knowledge or information of a confidential or proprietary nature with respect to any trade secrets, proprietary plans, clients, client requirements, service providers, business operations or techniques of the Partnership or any Affiliate thereof. At the termination of the Employee Stockholder's services to the Partnership, all data, memoranda, client lists, notes, programs and other papers, items and tangible media, and reproductions thereof relating to the foregoing matters in the possession or control of the Employer Stockholder (or any Limited Partner in which he holds an interest) shall be returned to the Partnership and remain in its possession (except where the return of such items shall be unreasonable or impractical in relation to the importance or confidentiality of such items).

(e) In the event that an Employee Stockholder and the General Partner are in good faith disputing whether the termination of the Employee Stockholder by the Partnership, with the consent of the General Partner, is For Cause, then the term of the obligation of the applicable Limited Partner and such Employee Stockholder under Section 3.6(c) shall be reduced so that such term expires on the date that is the earliest of (i) one year after such termination, (ii) the date on which a court of competent jurisdiction has rendered a final determination that such termination is not For Cause hereunder, or (iii) a date mutually agreed upon by the Employee Stockholder and the General Partner.

(f) Unless Section 3.6(e) is applicable, in the event that the employment of an Employee Stockholder with the Partnership is terminated by the Partnership, with the consent of the General Partner, for no reason or for any reason other than For Cause, then such Employee Stockholder and the Limited Partner controlled by such Employee Stockholder shall have no obligation pursuant to Section 3.6(c) after such termination.

SECTION 3.7 REMEDIES UPON BREACH. Each Limited Partner and each Employee Stockholder agrees that any breach of the provisions of Section 3.6 or of the Non Solicitation Agreement by such Limited Partner or Employee Stockholder could cause irreparable damage to the Partnership and the other Partners. The Partnership and any of the Partners shall have the

right to an injunction or other equitable relief (in addition to other legal remedies) to prevent any violation of a Limited Partner's or Employee Stockholder's obligations hereunder or thereunder.

SECTION 3.8 REPURCHASE UPON TERMINATION OF EMPLOYMENT.

(a) (i) In the event that the employment by the Partnership of any Employee Stockholder terminates for any reason, the General Partner shall purchase all the Vested Partnership Interests held by the Limited Partner of which such employee was the Employee Stockholder pursuant to the terms of this Section 3.8 and (ii) in the event that a Limited Partner has filed a petition under the United States Bankruptcy Code, or sixty (60) days after the filing by another person against such Limited Partner of a petition under the United States Bankruptcy Code which petition is not dismissed, or if such Limited Partner has ceased to carry on a business because of a voluntary liquidation (such date of filing, sixtieth day or effective date of liquidation, the "Bankruptcy Event"), the General Partner shall purchase all the Vested Partnership Interests held by such Limited Partner pursuant to the terms of this Section 3.8 (a Limited Partner under either (i) or (ii), the "Repurchased Partner"); provided, however, that if the termination of the Employee Stockholder pursuant to (i) above occurs because of the death of such Employee Stockholder, the Partnership shall first apply the proceeds of any key-man life insurance policies maintained by the Partnership on the life of such Employee Stockholder to effect such Repurchase and the General Partner shall purchase any remaining portion of such Partnership Interest. If a Repurchased Partner holds any Partnership Points that, upon either (x) the termination of employment with the Partnership of the Employee Stockholder that controls such Repurchased Partner or (y) a Bankruptcy Event, have not become Vested Partnership Points hereunder, then such unvested Partnership Points shall terminate, with no further liability or obligation of the Partnership with respect thereto (provided however that certain terminated Partnership Points may be reissued in accordance with the provisions of Exhibit A and, to the extent applicable, Section 6.5(e)).

(b) Payment with respect to a Repurchase shall be made in cash in a single installment on a date specified by the General Partner not more than ninety (90) days after the termination of employment of the relevant Employee Stockholder or the Bankruptcy Event, as applicable; provided, however, that (i) if such Employee Stockholder's employment with the Partnership is terminated because of the death of such Employee Stockholder, then, at the election of the General Partner, the Repurchase Closing Date may be a later date that is as soon as reasonably practicable after the Partnership has received the proceeds of any key-man life insurance policy maintained by the Partnership on the life of such Employee Stockholder, and (ii) if an Employee Stockholder's employment with the Partnership is terminated because of such Employee Stockholder's Permanent Incapacity, then the Repurchase Price shall be paid in three (3) equal installments as follows: (A) the first such installment shall be paid on the later of the date such Employee Stockholder's Permanent Incapacity is finally determined or the date such Employee Stockholder's employment with the Partnership is terminated, (B) the second installment shall be paid one (1) calendar year after such date, and (C) the third installment shall be paid two (2) calendar years after such date.

(c) The purchase price for the Repurchase (the "Repurchase Price") shall be calculated as of the date of termination of the Employee Stockholder's employment with the Partnership in accordance with the following provisions:

(i) If the Employee Stockholder's employment with the Partnership is terminated because of the death, Permanent Incapacity or Retirement of such Employee Stockholder, or if such Employee Stockholder is terminated by the Partnership other than For Cause or if the Employee Stockholder terminates his employment with the Partnership for Good Reason, then the Repurchase Price shall be the sum of (A) a fraction whose numerator is the number of Vested Partnership Points held by the Limited Partner of which such terminated employee was the Employee Stockholder and whose denominator is the total Vested Partnership Points outstanding multiplied by five and five-tenths (5.5) times Average Free Cash Flow for the twenty-four (24) months period ending on the last day of the calendar month which is two (2) calendar months prior to the date of calculation, plus (B) any positive Capital Account balance of such Limited Partner resulting 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. In the event that any Limited Partner has received payment of the Repurchase Price in connection with the Permanent Incapacity of its Employee Stockholder and such Employee Stockholder resumes his active employment performing Investment Management Services at a subsequent date, then such Limited Partner and its Employee Stockholder, jointly and severally, shall be liable for the return of an amount equal to the difference between the Repurchase Price actually paid and the amount that would have been paid in accordance with paragraph (iv) below.

(ii) If the Employee Stockholder is terminated For Cause, then the Repurchase Price shall be the lesser of (A) the aggregate balance of the Capital Account of the Limited Partner of which such employee was the Employee Stockholder on the date of termination of the Employee Stockholder's employment with the Partnership For Cause or (B) the amount determined pursuant to paragraph (iv) below.

(iii) If the Limited Partner has experienced a Bankruptcy Event, then the Repurchase Price shall be the lesser of (A) the aggregate balance of such Limited Partner's Capital Account on the date of the Bankruptcy Event or (B) the amount determined pursuant to paragraph (iv) below.

(iv) In all other cases (including, without limitation, the resignation of an Employee Stockholder other than for Good Reason), the Repurchase Price shall be the sum of (A) a fraction whose numerator is the number of Vested Partnership Points held by the Limited Partner of which such terminated employee was the Employee Stockholder and whose denominator is the total Vested Partnership Points outstanding multiplied by five and five-tenths (5.5) times Average Free Cash Flow for the twenty-four (24) months period ending on the last day of the calendar month which is two (2) calendar months prior to the date of calculation, plus (B) any positive Capital Account balance of such Limited Partner resulting 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.

(d) The rights of the General Partner, the Partnership and their assigns hereunder are in addition to and shall not affect any other rights which the General Partner, the Partnership or their assigns may have to repurchase Partnership Interests (including, without limitation, pursuant to any Vesting Agreement).

(e) As of the Repurchase Closing Date, the Limited Partner shall cease to hold any Partnership Interests, shall no longer have any rights with respect to the Partnership Interests previously held, and such Limited Partner shall be deemed to have withdrawn from the Partnership and shall cease to be a Partner of the Partnership and shall no longer have any rights hereunder.

(f) The General Partner may, with a Majority Vote, assign any or all the General Partner's rights and obligations under this Section 3.8, in one or more instances, to the Partnership; provided, however, that no approval of Limited Partners shall be needed in connection with a Repurchase using the proceeds of a key-man life insurance policy in accordance with Section 3.8(a).

(g) Each Partner hereby agrees for the benefit of each other Partner and the Partnership that when the Employee Stockholder of such Partner, if any, reaches Mandatory Retirement the General Partner shall purchase all Partnership Interests held by the Limited Partner of which such employee was the Employee Stockholder, pursuant to the provisions of this Section 3.8 as if such Employee Stockholder had elected Retirement regardless of whether such Employee Stockholder's employment is actually terminated.

SECTION 3.9 PUTS.

(a) Each Initial Limited Partner (a "Selling Partner") may, subject to the terms and conditions set forth in this Section 3.9, cause the General Partner to purchase portions of the vested Partnership Interests held by such Limited Partner (each, a "Put").

(b) On any five (5) separate annual occasions starting with the Exercise Period for the fiscal year ending December 31, 2000 and continuing in each subsequent annual Exercise Period, through and including the Exercise Period for the fiscal year ending December 31, 2009, each Selling Partner may cause the General Partner to purchase, and the General Partner agrees to buy, all or any portion of the Partnership Interests then held by such Selling Partner that are Vested Partnership Points as of December 31 of the fiscal year preceding the applicable Exercise Period; provided, however, that the amount subject to repurchase upon the first such occasion shall not exceed the sum of (A) one-fith (1/5) of the aggregate Vested Partnership Points held by such Selling Partner (and a proportionate share of such Partner's Capital Account) on the Effective Date plus the aggregate Vested Partnership Points (and a proportionate share of such Partner's Capital Account) issued to such Limited Partner after the Effective Date pursuant to Section 6.5(e) (the "Annual Put Limit") plus (B) three-twentieths (3/20) of the aggregate Vested Partnership Points held by such Selling Partner (and a proportionate share of such Partner's Capital Account) on the Effective Date plus the aggregate Vested Partnership Points (and a proportionate share of such Partner's Capital Account) issued to such Limited Partner after the Effective Date pursuant to Section 6.5(e) (the "Carry-Over Put Limit"). If the Selling Partner makes a Put of less than the total Carry-Over Put Limit that he is permitted to Put on any occasion, then the remainder of that Carry-Over Put Limit may be carried forward and Put at any subsequent occasion under this Section 3.9(b) or under Section 3.9(c), provided that the amount subject to repurchase on any Put after the first Put shall not exceed the sum of (X) the Annual Put

Limit, plus (Y) any portion of the Carry-Over Put Limit that has not previously been Put by such Partner.

(c) On any five (5) separate annual occasions starting with the Exercise Period for the fiscal year ending December 31, 2010 and continuing in each subsequent annual Exercise Period, through and including the Exercise Period for the fiscal year ending December 31, 2020, each Selling Partner may cause the General Partner to purchase and the General Partner agrees to buy, all or any portion of the Partnership Interests then held by such Selling Partner (and a proportionate share of such Partner's Capital Account) that are Vested Partnership Points as of December 31 of the fiscal year preceding the applicable Exercise Period; provided, however, that the amount subject to repurchase upon any such occasion shall not exceed the greater of (i) the Annual Put Limit or (ii) one-fifth (1/5) of the Partnership Points held by such Selling Partner (and a proportionate share of such Partner's Capital Account) on December 31, 2010 plus the aggregate Vested Partnership Points (and a proportionate share of such Partner's Capital Account) issued to such Limited Partner after the Effective Date pursuant to Section 6.5(e).

(d) If a Selling Partner elects to cause the General Partner to purchase Partnership Interests pursuant to paragraph (b) or (c) above, during the Exercise Period such Selling Partner and its Employee Stockholder shall provide the Partnership and the General Partner with a written notice to the effect that it is electing to exercise the Put and stating the number of Partnership Points included in the Partnership Interest to be sold in the Put. Each Put shall close on the first business day which is at least sixty (60) days after the receipt of the Partnership's audited financial statements for the applicable fiscal year or such earlier closing date as is agreed to in writing by the General Partner (each, a "Purchase Date").

(e) The purchase price for a Put (the "Put Price") shall be (i) the product of (A) a fraction, 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 outstanding, times five and five-tenths (5.5) times Average Free Cash Flow for the twenty-four (24) month period ending on the last day of the most recently completed fiscal year, plus a fraction of any Positive Capital Account 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. The Put Price shall be paid by the General Partner on the Purchase Date by certified check to the Selling Partner, against delivery of such documents or instruments of transfer as may reasonably be requested by the General Partner.

(f) The General Partner may, with a Majority Vote, assign any or all the General Partner's rights and obligations under this Section 3.9, in one or more instances, to the Partnership.

(g) As of any Purchase Date, the Limited Partner shall cease to hold the Partnership Interests to be purchased on the Purchase Date pursuant to the Put and shall no longer have any rights with respect to such Partnership Interests previously held.

(h) In the event that any Additional Limited Partner is admitted to the Partnership under the circumstances contemplated by Section 6.5(e), each such Additional Limited Partner may be granted the right, by the CEO in his sole discretion, to Put his vested Partnership Interests subject to the terms and conditions set forth in this Section 3.9; provided, however, that

(i) the five separate annual occasions on which such Additional Limited Partner may cause Partnership Interests to be purchased in accordance with Section 3.9(b) shall start with the Exercise Period for the fiscal year (ending December 31) during which occurs the fifth anniversary of the admission of such Limited Partner to the Partnership and shall continue in each subsequent annual Exercise Period through (and including) the Exercise Period for the fiscal year (ending December 31) during which occurs the fourteenth anniversary of the admission of such Limited Partner to the Partnership; and (ii) the five separate annual occasions on which such Additional Limited Partner may cause Partnership Interests to be purchased in accordance with Section 3.9(c) shall start with the Exercise Period for the fiscal year (ending December 31) during which occurs the fifteenth anniversary of the admission of such Limited Partner to the Partnership and shall continue in each subsequent annual Exercise Period through (and including) the Exercise Period for the fiscal year (ending December 31) during which occurs the twenty-fifth anniversary of the admission of such Limited Partner to the Partnership.

SECTION 3.10 EXCHANGE RIGHTS OF LIMITED PARTNERS OF THE PARTNERSHIP.

(a) If (i) AMG, as General Partner, has the obligation to purchase Partnership Interests pursuant to Section 3.9 from a Selling Partner which is an Initial Limited Partner, and (ii) AMG has completed a registration of shares of its common stock ("AMG Stock") for sale under the Securities Act (other than a registration on Form S-8 (or its then equivalent form) or a registration effected solely to implement an employee benefit plan or registration on a form not available for registering securities for sale to the public) (a "Registration"), then such Selling Partner may elect to cause AMG to pay up to one-half of the Put Price in shares of AMG Stock. The percentage of the Put Price paid in shares of AMG Stock is referred to as the "Percentage Exchanged."

(b) An election under this Section 3.10 must be made by the Selling Partner in the written notice contemplated by Section 3.9(d), which election, once made, shall be irrevocable without the prior written consent of AMG.

(c) The number of shares of AMG Stock which may be exchanged shall be equal to the number of shares of AMG Stock that represents a percentage interest in AMG's earnings (after giving effect to such issuance or exchange) before depreciation, amortization and taxes that is equal to (i) the Put Price, multiplied by the product of (A) the Percentage Exchanged times (B) seventy-five one-hundredths (.75), divided by (ii) an amount equal to the sum of (A) fifty percent (50%) of five and five-tenths (5.5) times AMG's earnings before depreciation, amortization and taxes for the twenty-four (24) month period ending on the last day of the most recently completed fiscal year (determined in accordance with generally accepted accounting principles, consistently applied) plus (B) the product of the Put Price times the Percentage Exchanged.

(d) If AMG completes a Registration, AMG shall, as soon as reasonably practicable, provide notice thereof to each Limited Partner.

SECTION 3.11 NO EMPLOYMENT OBLIGATION. Each Limited Partner and each Employee Stockholder acknowledges that neither this Agreement nor the provisions of the Non Solicitation

Agreement create an obligation on the part of the Partnership to continue the employment of an Employee Stockholder with the Partnership.

SECTION 3.12 MISCELLANEOUS. Each Limited Partner and each Employee Stockholder agrees that the enforcement of the provisions of Sections 3.6, 3.7, 3.8 and 3.11, and the provisions of the Non Solicitation Agreements is necessary to ensure the protection and continuity of the business of the Partnership for the benefit of each of the Partners. Each Limited Partner and each Employee Stockholder agrees that, due to the proprietary nature of the Company's business, the restrictions set forth in Section 3.6 hereof and in the Non Solicitation Agreements are reasonable as to duration and scope. Each Limited Partner and each Employee Stockholder acknowledges that the obligations and rights under this Article III shall survive the termination of the employment of an Employee Stockholder with the Partnership and/or the withdrawal or removal of a Limited Partner from the Partnership, regardless of the manner of such termination in accordance with the provisions hereof and of the relevant Non Solicitation Agreement.

ARTICLE IV - REGISTRATION RIGHTS.

SECTION 4.1. PIGGY-BACK REGISTRATIONS. If at any time or times following the completion of its initial public offering, AMG shall determine to complete a Registration (which, as defined in Section 3.10(a), excludes a registration on Form S-8 (or its then equivalent form) or a registration effected solely to implement an employee benefit plan or registration on a form not available for registering securities for sale to the public) other than on Form S-4 (or its then equivalent form) and other than with respect to securities to be issued solely in connection with any acquisition of any securities or assets of any entity or business, then AMG will promptly (and in no event less than twelve (12) days prior to the filing of a registration statement with the SEC with respect to such Registration) give written notice thereof to the Selling Partners which are holders of Registrable Securities (as hereinafter defined) then outstanding (the "Holders"), and, subject to the terms and conditions of this Article IV, will use all commercially reasonable efforts to effect the Registration under the Securities Act of all Registrable Securities which the Holders request in a writing delivered to AMG within ten (10) days after the notice given by AMG. AMG shall have the right to postpone or withdraw any Registration without any obligation to any Holder.

SECTION 4.2. REGISTRABLE SECURITIES. For the purposes of this Article IV, the term "Registrable Securities" shall mean any AMG Stock held by a Selling Partner which was acquired by such Selling Partner pursuant to the terms of Section 3.10(a), and any equity securities issued or issuable with respect to such AMG Stock by way of a stock dividend or stock split or in connection with a combination of shares.

SECTION 4.3. FURTHER OBLIGATIONS OF AMG. Whenever under the preceding sections of this Article IV AMG is required hereunder to register Registrable Securities, AMG agrees that it shall also do the following:

(a) use all commercially reasonable efforts to prepare diligently for filing with the SEC a registration statement and such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary for the duration of such Registration;

(b) use all commercially reasonable efforts to maintain the effectiveness of any registration statement pursuant to which any of the Registrable Securities are being sold on a delayed or continuous basis under Rule 415 (or any successor or similar rule) under the Securities Act (other than a registration statement in connection with an underwritten offering) until the earlier of (i) the completion of the distribution of all Registrable Securities offered pursuant thereto or (ii) ninety (90) days after the effective date of such registration statement, provided that if a Suspension Period has occurred during the pendency of a Registration, AMG shall in good faith use reasonable efforts to extend the effectiveness of such Registration so that there are ninety (90) days during which such Registration is effective and a Suspension Period is not in effect.

(c) furnish to each selling Holder such 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 in accordance with customary practices; and

(d) use all commercially reasonable efforts to register or qualify its Registrable 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 AMG shall not be required to register in any jurisdiction which requires it to qualify to do business (unless it is otherwise so qualified) or subject itself to general service of process (unless it is otherwise so subject).

SECTION 4.4. REGISTRATION EXPENSES. Reasonable expenses incident to AMG's performance of or compliance with this Article IV, including SEC and securities exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, fees and disbursements of counsel for AMG and its independent certified public accountants incurred in connection with each registration hereunder (but not including any fees or disbursements of counsel for the Holders, or any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities) (all such included expenses being herein called "Registration Expenses") will be borne by AMG.

SECTION 4.5. INDEMNIFICATION; CONTRIBUTION.

(a) Indemnification. Incident to any registration statement referred to in this Article IV, and subject to applicable law, AMG will indemnify each underwriter, each Holder of Registrable Securities so registered, and each person controlling any of them ("Controlling Person") against all claims, losses, damages and liabilities, including legal and other expenses reasonably incurred in investigating or defending against the same, arising out of any untrue

statement of a material fact contained therein, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any violation by AMG of the Securities Act, any other federal securities laws, any state securities or "blue-sky" laws or any rule or regulation thereunder in connection with such registration, except insofar as the same may have been caused by an untrue statement or omission based upon information furnished in writing to AMG by or on behalf of such underwriter, Holder or Controlling Person expressly for use therein, and with respect to such untrue statement or omission in the information furnished in writing to AMG by or on behalf of such underwriter, Holder or Controlling Person, such underwriter, Holder or Controlling Person so providing such information to AMG (or on whose behalf such information was so provided) will indemnify AMG, its directors and officers, and the other underwriters, Holders and Controlling Persons against any losses, claims, damages, expenses or liabilities to which any of them may become subject to the same extent.

(b) Contribution. If the indemnification provided for in this Section 4.5 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any reasonable legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 4.5(b) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 4.5(b), no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Holder were offered to the public exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue 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.

If indemnification is available under this Section 4.5, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 4.5(a) without regard to

the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 4.5(b).

SECTION 4.6. LIMITATIONS. Notwithstanding anything herein to the contrary, the parties agree as follows:

(a) In the event that in connection with an underwritten public offering, the managing underwriter(s) shall in good faith impose a limitation on the number of securities which may be included in such Registration for marketing purposes, AMG shall not be required to register Registrable Securities in excess of such limitation, provided that the reduction in the number of securities included in such Registration to comply with such limitation is imposed pro rata (based on the relative number of securities sought to be included in such Registration) with respect to all securities the holders of which have a contractual, incidental right ("piggy-back right") to include such securities in the Registration and as to which registration has been requested pursuant to such right (it being understood that such limitation may be imposed as to all securities the holders of which have a piggy-back right prior to the imposition of any limitation on securities the holders of which have a right to cause the Company to effect a Registration ("demand right")).

(b) If requested in writing by the managing underwriter(s), if any, of any underwritten public offering of AMG Stock, each Limited Partner and Employee Stockholder agrees not to offer, sell, contract to sell or otherwise dispose of any shares of AMG Stock except as part of such underwritten public offering within thirty (30) days before or one hundred and eighty (180) days after the effective date of the registration statement filed with respect to said offering.

(c) Following the effectiveness of a Registration (including, without limitation a Registration for sale on a delayed or continuous basis under Rule 415 under the Securities Act), each Limited Partner and Employee Stockholder agrees not to effect any sales of AMG Stock after they have received notice from the Company to suspend sales as a result of the commencement any Suspension Period (as defined below). Each Limited Partner and Employee Stockholder may recommence effecting sales of AMG Stock following further notice to such effect from the Company, which notice shall be given by the Company not later than five (5) business days after the conclusion of any such Suspension Period. For purposes hereof, a "Suspension Period" shall mean the pendency or occurrence of an event that would make it impractical or inadvisable (i) to cause a registration statement to remain in effect or (ii) to permit the sale of AMG Stock by Limited Partners or Management Employees of the Partnership and by limited partners and employee stockholders of other partnerships of which AMG is the general partner generally (without prejudice to any particular Limited Partner or Management Employee), and shall include, without limitation, pending negotiations relating to, or consummation of, a transaction or the pendency or occurrence of any other event that would require additional disclosure of material information by AMG in a registration statement, as to which AMG has a bona fide business purpose for preserving confidentiality or which renders the AMG unable to comply with applicable legal requirements.

SECTION 4.7. LIMITATION OF REGISTRATION RIGHTS. Notwithstanding the foregoing, AMG shall not be required to effect a Registration of Registrable Securities under this Article IV if, in the opinion of counsel for AMG, which counsel and opinion shall be reasonably acceptable to the Holders of a majority of the Registrable Securities, such Holders of Registrable Securities may then sell all Registrable Securities proposed to be sold without registration under the Securities Act.

ARTICLE V - CAPITAL CONTRIBUTIONS; DISTRIBUTIONS CAPITAL ACCOUNTS AND ALLOCATIONS

SECTION 5.1 CAPITAL CONTRIBUTIONS.

(a) Prior to the effectiveness of this Agreement, Mesirow Asset Management, Inc., an Illinois corporation, contributed to the Partnership certain of its assets, as set forth on Schedule 5.1(a). Schedule 5.1(a) also sets forth (i) the tax basis of Mesirow Asset Management, Inc. in each such asset, (ii) the tax basis of the Partnership in each asset held as of the Effective Date, and (iii) the amount which each of the Partners acknowledge and agree is the fair market value of each such asset. Except as may be agreed to in connection with the issuance of additional Partnership Points, as specifically set forth herein, and as may be required under applicable law, the Partners shall not be required to make any further contributions to the Partnership.

(b) No Partner shall have the right to withdraw any part of the capital it contributed to the Partnership until the termination, dissolution and winding up of the Partnership, except as distributions pursuant to this Article V may represent returns of capital, in whole or in part. No Partner shall be entitled to receive any interest on any Capital Contribution to the Partnership.

SECTION 5.2 CAPITAL ACCOUNTS; ALLOCATIONS.

(a) Establishment of Capital Accounts. There shall be established for each Partner a Capital Account which initially shall be in an amount equal to the Fair Market Value of the Capital Contribution of such Partner.

(b) Adjustments to Capital Accounts. The Capital Account of each Partner shall be adjusted in the following manner. Each Capital Account shall be increased by such Partner's allocable share of income and gain of the Partnership and shall be decreased by such Partner's allocable share of losses, if any, of the Partnership and by the amount of all distributions made to such Partner. The amount of any distribution of assets other than cash shall be deemed to be the Fair Market Value of such assets. Capital Accounts shall also be adjusted upon the issuance of additional Partnership Interests as set forth in Section 6.5(c).

(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, all remaining 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.

(d) ALLOCATION OF LOSSES AND DEDUCTIONS. Subject to Section 5.2(f) and Sections 5.4 and 5.5, all items of Partnership loss and deduction shall be allocated among the Partners' Capital Accounts at the end of every month as follows:

(i) first, all deductions for such month with respect to the amortization or depreciation of property contributed to the Partnership by a Partner shall be allocated to the contributing Partner;

(ii) second, all items of Partnership deduction and loss for such month (other than items allocated under Section 5.2(d)(i)) shall be allocated among the Limited Partners in

proportion to each Limited Partner's respective number of Vested Partnership Points for such month, PROVIDED, that the total amount of items of deduction and loss allocated to the Limited Partners for such month under this Section 5.2(d)(ii) shall not exceed the sum of (x) the total amount of the items of income and gain allocated to the Limited Partners for such month under Sections 5.2(c)(iii) and 5.2(c)(iv), and (y) the items of income and gain allocated to the Limited Partners for the prior months during such fiscal year under Section 5.2(c)(iii) and Section 5.2(c)(iv), less the items of deduction and loss allocated to the Limited Partners for such prior months under this Section 5.2(d)(ii); and

(iii) thereafter, all items of loss and deduction not allocated to the Partners under Sections 5.2(d)(i) and 5.2(d)(ii) shall be allocated to the General Partner.

(e) ALLOCATION OF GAIN FROM THE SALE OF ASSETS. All items of Partnership gain from any sale, exchange or disposition of all, or substantially all, of the assets of the Partnership shall be allocated among the Partners as follows:

(i) first, gain shall be allocated to the Partners who have been allocated items of deduction and loss under Section 5.2(d)(i) until the amount of gain allocated to such Partners under this Section 5.2(e)(i) is equal to the amount of loss previously allocated to such Partners under section 5.2(d)(i);

(ii) second, gain shall be allocated to the Limited Partners (in proportion to their Vested Partnership Points) until the ratio of the Capital Accounts of the Limited Partners to the Capital Accounts of the General Partner is equal to the ratio of the Vested Partnership Points of the Limited Partners to the Vested Partnership Points of the General Partner; and

(iii) thereafter, gain shall be allocated to the Partners in accordance with their Vested Partnership Points.

(f) ALLOCATION OF LOSS FROM THE SALE OF ASSETS. All items of loss from any sale, exchange or other disposition of all, or substantially all, of the assets of the Partnership shall be allocated to the Partners in proportion to the positive balances in their respective Capital Accounts as of the date of such transaction.

(g) Dispute Resolution. Any dispute or disagreement among the Partners with respect to determination of Capital Account balances or otherwise with respect to the manner or method of accounting by the Partnership may be submitted by any Partner to, and resolved by, the Independent Public Accountants, whose determinations as so made shall be conclusive and binding upon the Partners.

(h) Interim Closing. In the event that during any calendar month (or any fiscal year) there is any change of Partners or Partnership Points (whether as a result of the admission of an Additional Limited Partner, the redemption by the Partnership of any Partnership Points, a transfer of any Partnership Points or otherwise, but not as a result of vesting in accordance with the provisions of Exhibit A of Partnership Points issued upon execution of the agreement or in accordance with Section 6.5(e), the following shall apply: (i) the books of account of the Partnership shall be closed effective as of the close of business on the date of any such change and such month (or fiscal year) shall thereupon be divided into two or more portions, (ii) each item of income, gain, loss and deduction shall be determined (on the closing of the books basis) for the portion of such month (or fiscal year) ending with the date on which the books of account of the Partnership are so closed, and (iii) each such item for such portion of such month (or fiscal year)

shall be allocated to those persons who were Partners during such portion of such month (or fiscal year) in accordance with the provisions of Section 5.2(c) hereof.

SECTION 5.3 DISTRIBUTIONS.

(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) 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.

(d) Notwithstanding any other provision herein to the contrary, if any Limited Partner has received a distribution under Section 5.3(a) 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) 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(d) with respect to any fiscal year shall be limited to the aggregate amount of distributions received by such Limited Partner under Section 5.3(a) with respect to such fiscal year.

SECTION 5.4 DISTRIBUTIONS UPON LIQUIDATION; ESTABLISHMENT OF A RESERVE UPON LIQUIDATION.

(a) Upon the liquidation of the Partnership, after payment of all liabilities of the Partnership owing to creditors, the General Partner shall set up such reserves as it deems reasonably necessary for any future liabilities or obligations of the Partnership including, without limitation, any specified or unspecified contingent liabilities. Such reserves may be paid over by the General Partner to a bank (or other third party), to be held in escrow for the purpose of paying any such future liabilities or obligations. At the expiration of such period(s) as the General Partner may deem advisable in its sole discretion, any remaining reserves and any other assets available for distribution (or a portion thereof specified by the General Partner) shall be distributed to the Partners in accordance with Section 5.3(c) hereof.

(b) The General Partner may elect to make any distributions pursuant to this Section 5.4 through in-kind distributions of Partnership property. The decisions of the General Partner with respect to in-kind payments, including decisions with respect to selection and apportionment, shall be conclusive and binding upon all Partners; provided, however, that all in-kind distributions of Partnership property shall be made on the basis of the Fair Market Value of such property, net of any liabilities encumbering such property. Immediately prior to the effectiveness of any such distribution in-kind, each item of gain and loss that would have been recognized by the Partnership had the property being distributed been sold at Fair Market Value shall be determined and allocated to those persons who were Partners immediately prior to the effectiveness of such distribution in accordance with Sections 5.2(e) and 5.2(f) hereof.

SECTION 5.5 PROCEEDS FROM THE SALE OF SECURITIES; INSURANCE PROCEEDS; CERTAIN SPECIAL ALLOCATIONS.

(a) Capital Contributions made by any Partner after the date hereof, and other proceeds from the issuance of securities by the Partnership may, in the sole discretion of the General Partner, be used for the benefit of the Partnership (including, without limitation, the repurchase or redemption of Partnership Interests), or may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with their respective Vested Partnership Points immediately prior to the date of such contribution.

(b) In the event of the death of an Employee Stockholder covered by key-man life insurance, the proceeds of such policy shall first be used by the Partnership to Repurchase the Partnership Interests from the Limited Partner through which such Employee Stockholder held his interest in the Partnership in accordance with Section 3.8 hereof. If the proceeds of any such

insurance exceed the amounts so required to effect such redemption, then such excess proceeds may, in the sole discretion of the General Partner, be used for the benefit of the Partnership (including, without limitation, the repurchase or redemption of Partnership Interests held by other Limited Partners), or may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with their respective Vested Partnership Points immediately following the Repurchase of the Partnership Interests from such Limited Partner.

SECTION 5.6 FEDERAL TAX ALLOCATIONS. The General Partner shall, in its sole discretion, allocate the ordinary income and losses and capital gains and losses of the Partnership as determined for U.S. Federal income tax purposes (and each item of income, gain, loss, deduction or credit entering into the computation thereof), as the case may be, among the Partners for tax purposes in a manner that, to the greatest extent possible (i) reflects the economic arrangement of the Partners under this Agreement (determined after taking into account the allocation provisions of Section 5.2 hereof and the distributions provisions of Section 5.3 and 5.4 hereof) and (ii) is consistent with the principles of Sections 704(b) and 704(c) of the Code. The Partners understand and agree that, with respect to any item of property (other than cash) contributed by a Partner to the capital of the Partnership, the initial tax basis of such property in the hands of the Partnership will be the same as the tax basis of such property in the hands of such Partner at the time so contributed. The Partners further understand and agree that the taxable income and taxable loss of the Partnership is to be computed for Federal income tax purposes by reference to the initial tax basis to the Partnership of any assets and properties contributed by the Partners (and not by reference to the fair market value of such assets and properties at the time contributed). The Partners also understand that, pursuant to Section 704(c) of the Code, all taxable items of income, gain, loss and deduction with respect to such assets and properties shall be allocated among the Partners for Federal income tax purposes so as to take account of any difference between the initial tax basis of such assets and properties to the Partnership and their fair market values at the time contributed, using any method authorized by the Federal regulations under Section 704(c) of the Internal Revenue Code, and selected by the General Partner in its sole discretion. For purposes of maintaining the Capital Accounts of the Partners, items of income, gain, loss and deduction relating to any asset or property contributed to the Partnership that are required to be allocated pursuant to Section 704(c) of the Code shall not be reflected in the Capital Accounts of the Partners. Without limiting the generality of the foregoing, all deductions with respect to the amortization or depreciation of property contributed to the Partnership by a Partner shall be allocated to the contributing Partner for U.S. Federal income tax purposes.

ARTICLE VI - TRANSFER OF PARTNERSHIP INTERESTS BY LIMITED PARTNERS, ADMISSION OF ADDITIONAL PARTNERS, REDEMPTION AND WITHDRAWAL

SECTION 6.1 ASSIGNABILITY OF INTERESTS.

(a) Except with the written consent of the General Partner, which the General Partner may withhold in its sole discretion, or in accordance with Section 6.1(b) or 6.1(c), no

Limited Partner shall sell, assign, transfer, pledge, hypothecate, gift, exchange, option or encumber, or otherwise dispose of (any such disposition being referred to herein as a "Transfer"), or offer to Transfer, all or any portion of such Partner's Partnership Interest or in the case of a Limited Partner that is not an individual, any direct or indirect beneficial ownership in such Limited Partner (whether voluntarily or involuntarily) to any Person other than the General Partner or the Partnership.

(b) In the event that any Employee Stockholder or Limited Partner, as applicable, shall die or shall be declared incompetent or insane or shall be adjudicated a bankrupt, the legal representative of such Employee Stockholder or Limited Partner shall, upon written notice to the General Partner of the occurrence of any such event, become an assignee of such Employee Stockholder's interest in the Limited Partner or of such Limited Partner's Partnership Interests, subject to all of the terms of this Agreement as then in effect, provided that (i) such legal representative shall not be permitted to exercise any rights as a Partner or become a Substitute Limited Partner unless and until such representative is admitted as a Substitute Limited Partner in accordance with the provisions of Section 6.2 and (ii) the provisions of Section 3.8 shall be applied to effect a Repurchase either of the Partnership Interest so Transferred or of the Partnership Interest held by the Limited Partner the beneficial interests in which have been so Transferred.

(c) A Limited Partner may, upon prior written notice to the General Partner, transfer a portion (but not all) of its Partnership Interest to its Employee Stockholder or to one or more trusts of which its Employee Stockholder is the sole trustee, with sole power and authority to direct the disposition of, and voting with respect to, the assets thereof, and of which the sole beneficiaries are such Employee Stockholder and/or his lineal descendants, provided that such Transfer shall satisfy the conditions set forth in Section 6.2(b), and provided, further, that the recipient of such Transfer, if a trust, shall agree not to permit the Transfer of interests therein or the addition of beneficiaries thereto without prior written notice to the General Partner and satisfaction of the conditions set forth in Section 6.2(b).

(d) Any Transfer by any Limited Partner of any interest in the Partnership or a Limited Partner thereof in contravention of this Agreement shall be void ab initio and ineffectual and shall not bind or be recognized by the General Partner, the Partnership or any other party. No purported assignee pursuant to such a Transfer shall have any right to any profits, losses or distributions of the Partnership.

(e) Any Limited Partner who shall Transfer all of such Limited Partner's Partnership Interest shall cease to be a Partner of the Partnership and shall no longer have any rights or privileges of a Partner except that, unless and until the recipient of the Transfer of such Limited Partner is admitted as a Substitute Limited Partner in accordance with the provisions of Section 6.2, said transferring Limited Partner shall retain the statutory rights and obligations of a transferring partner under applicable law.

(f) Any Person who acquires in any manner whatsoever any Partnership Interest, irrespective of whether such Person has accepted and adopted in writing the terms and

provisions of this Agreement, shall be deemed by the acceptance of the benefits of the acquisition thereof to have agreed to be subject to and bound by all the terms and conditions of this Agreement that any predecessor in such Partnership Interest of such Person was subject to or by which such predecessor was bound to the same extent as such predecessor was bound as if there had been no such Transfer.

SECTION 6.2 SUBSTITUTE LIMITED PARTNERS.

(a) No recipient of a Transfer of limited partner interests in the Partnership shall become a Limited Partner except in accordance with this Section 6.2. The General Partner may, with a Majority Vote, admit as a Substitute Limited Partner any Person that acquires a Partnership Interest by Transfer from another Limited Partner in accordance with the provisions of Section 6.1.

(b) As additional conditions to the validity of any Transfer of a Limited Partner's interest in the Partnership (or, in the case of a Limited Partner which is not an individual, the interests of the direct and indirect beneficial owners of such Limited Partner), regardless of whether the recipient of a Transfer becomes a Limited Partner, such Transfer shall not: (i) violate the registration provisions of the Securities Act or the securities laws of any applicable jurisdiction, (ii) cause the Partnership to become subject to regulation as an "investment company" under the Investment Company Act, and the rules and regulations of the Securities and Exchange Commission thereunder or to fail to satisfy an exemption from registration thereunder, including by causing there to be more than one hundred (100) beneficial owners of interest in the Partnership as determined in accordance with Section 3(c)(1) of the Investment Company Act, (iii) result in the termination of any contract(s) to which the Partnership is a party and which individually or in the aggregate are material (it being understood and agreed that any contract pursuant to which the Partnership provides investment management or advisory services is material), or (iv) result in the treatment of the Partnership as an association taxable as a corporation or as a "publicly traded limited partnership" for Federal income tax purposes. The General Partner may require reasonable evidence as to the foregoing, including, without limitation, a favorable opinion of counsel.

(c) Upon the admission of a substitute Limited Partner, the General Partner shall make the appropriate revisions to Exhibit A hereto.

SECTION 6.3 ALLOCATION OF DISTRIBUTIONS BETWEEN ASSIGNOR AND ASSIGNEE. Upon the assignment of a Partnership Interest pursuant to this Article VI, distributions pursuant to Article V 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.

SECTION 6.4 REDEMPTIONS AND WITHDRAWALS. Except as expressly provided in Article III, no Limited Partner shall have the right to redeem its interest in the Partnership, in whole or in part, or to withdraw from the Partnership, except upon receipt of a Majority Vote and with the

consent of the General Partner. Upon the redemption or withdrawal, in whole or in part, by a Limited Partner, the General Partner shall make the appropriate revisions to Exhibit A hereto.

SECTION 6.5 ISSUANCE OF ADDITIONAL LIMITED PARTNERSHIP INTERESTS; NO PREEMPTIVE RIGHTS.

(a) Additional Limited Partners (the "Additional Partners" and each an "Additional Partner") may be admitted to the Partnership and be issued Partnership Interests under the circumstances contemplated by Section 6.2, Section 6.5(d) and Sections 6.5(e). Under other circumstances, Additional Limited Partners may be admitted to the Partnership and such Additional Partners may be issued Partnership Interests, upon receipt of a Majority Vote and the consent of the General Partner and upon such terms and conditions as may be established by the General Partner in its sole discretion. As a condition to admission to the Partnership, each Additional Limited Partner (and any Employee Stockholder thereof) shall first execute and deliver (i) an instrument satisfactory to the General Partner whereby such Additional Limited Partner becomes a party to this Agreement as a Limited Partner and (ii) a Non Solicitation Agreement. Upon the admission of any Additional Limited Partner, the General Partner shall make the appropriate revisions to Exhibit A hereto.

(b) Existing Limited Partners may be issued additional Partnership Interests by the Partnership either (i) upon receipt of a Majority Vote (without including the Limited Partner to be issued additional Partnership Points) with the consent of, and upon such terms and conditions as may be established by, the General Partner in its sole discretion or (ii) in accordance with Section 6.5(d) or Section 6.5(e).

(c) Each time additional Partnership Interests are issued (other than in accordance with Section 6.5(e)), prior to such issuance, 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, 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 in accordance with Sections 5.2(e) and (f) hereof; provided, however, that the vesting of previously granted Partnership Points shall not constitute the issuance of additional Partnership Interests for purposes of this Section 6.5(c). Capital Accounts for Partners receiving additional Partnership Interests shall be increased by, and Capital Accounts for new Partners shall be established in, an amount equal to the fair market value (as determined by the General Partner) of such Partner's contributions to the capital of the Partnership, if any, in consideration of the issuance of such Partnership Interests.

(d) The General Partner, with a Majority Vote, shall have the right to cause the Partnership to issue or sell (i) additional interests in the Partnership (including other classes or series of interests having different rights), (ii) obligations, evidences of indebtedness or other securities convertible or exchangeable into interests in the Partnership and (iii) warrants, options or other rights to purchase or otherwise acquire interests in the Partnership; provided, however, that no Majority Vote shall be required for (i) the issuance of Partnership Points pursuant to

Section 6.5(e) hereof and (ii) the issuance of interests in the Partnership pursuant to (A) obligations, evidences of indebtedness or other securities convertible or exchangeable into interests in the Partnership previously issued in accordance with this Section 6.5(d) or (B) warrants, options or other rights to purchase or otherwise acquire interests in the Partnership previously issued in accordance with this Section 6.5(d). No Partner shall have any pre-emptive rights in any of the foregoing.

(e) Existing Limited Partners may be issued additional Partnership Points and Additional Limited Partners may be admitted to the Partnership and issued Partnership Points by the CEO acting on behalf of the Partnership in his sole discretion subject only to the provisions set forth on Exhibit A and to the following conditions: (i) the maximum number of Partnership Points issuable pursuant to this Section 6.5(e) is nine (9) (provided that if any of such nine (9) Partnership Points terminate unvested, they may be reissued in accordance with the provisions of this Section 6.5(e) and Exhibit A); (ii) Partnership Points shall not be issued or vested in an initial increment of less than one-half of one Partnership Point; and (iii) without the consent of the General Partner, no Partnership Points may be issued pursuant to this Section 6.5(e) to the CEO, any member of the Immediate Family of the CEO or any Affiliate of the CEO or his Immediate Family.

SECTION 6.6 REPRESENTATION OF PARTNERS. Each Partner (including each Additional Partner) hereby represents and warrants to the Partnership and each other Partner, and acknowledges, that (a) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Partnership and making an informed investment decision with respect thereto, (b) it is able to bear the economic and financial risk of an investment in the Partnership for an indefinite period of time, (c) it is acquiring an interest in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, (d) the equity interests in the Partnership have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with, and (e) the execution, delivery and performance of this Agreement do not require it to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any existing law or regulation applicable to it, any provision of its charter, by-laws or other governing documents or any agreement or instrument to which it is a party or by which it is bound.

ARTICLE VII - TRANSFER OF PARTNERSHIP INTEREST BY GENERAL PARTNER; REDEMPTION, REMOVAL AND WITHDRAWAL

SECTION 7.1 ASSIGNABILITY OF INTEREST.

(a) Without a Majority Vote, the General Partner's interest in the Partnership may not be Transferred; provided, however, that subject to the provision of Section 7.1(b), (i) the General Partner's interest in the Partnership may be pledged or encumbered in connection with the operation of the business of AMG (including, without limitation, the financing of the

acquisition of additional investment management companies) and that under such circumstances, lien holders shall have the rights of secured creditors with respect to such interest; (ii) the General Partner may Transfer a portion of its Partnership Interest to a person or entity which is not a Partner but which is either an officer or employee of the Partnership or which becomes an officer or employee in connection with such issuance, or an entity wholly owned by any such person; (iii) the General Partner may Transfer a portion of its Partnership Interest to existing Limited Partners; and (iv) the General Partner may Transfer all but not less than all of its Partnership Interest in a single transaction or series of related transactions to a Person or Persons that are Affiliates of the General Partner, provided that such Person or Persons shall have net worth that is sufficient to enable it to satisfy the obligations of the General Partner hereunder.

(b) As a condition to certain Transfers described in Section 7.1(a), (i) upon any Transfer contemplated by the foregoing clauses (ii) and (iii), the Partnership Interest subject to the Transfer shall be a limited partnership interest in the hands of the transferee and the transferee shall have the rights and obligations of a Limited Partner hereunder; and (ii) each Person who acquires a Partnership Interest as a result of a Transfer pursuant to Section 7.1(a)(iv) shall execute a counterpart of this Agreement and agree to be bound as the General Partner hereunder and the General Partner shall thereupon be permitted to withdraw from the Partnership.

(c) Notwithstanding anything else set forth herein, the General Partner may, with a Majority Vote, sell all of its interests and all other interests in the Partnership in a single transaction or a series of related transactions, and, in any such case, each of the Limited Partners of the Partnership may be required to sell, in the same transaction or transactions, all of their interests in the Partnership, provided, that if the Limited Partners are required to sell their interests pursuant to this Section 7.1(c), each Limited Partner shall be entitled to receive the value of its Partnership Interests determined by multiplying the amount to be paid for the interests of all of the Partners by the fraction the numerator of which is the number of Vested Partnership Points held by such Limited Partner and the denominator of which is the aggregate number of Vested Partnership Points outstanding.

SECTION 7.2 RESIGNATION, REDEMPTION, AND WITHDRAWAL. Except as described in Section 7.1(a)(iv), without a Majority Vote, the General Partner shall not have the right (a) to resign or withdraw from the Partnership or (b) to have all or any portion of its interest in the Partnership redeemed. Any resigned, withdrawn or removed General Partner shall, unless otherwise agreed with its successor, retain its interest in the capital of the Partnership and its other economic rights under this Agreement.

ARTICLE VIII - DISSOLUTION AND TERMINATION.

SECTION 8.1 EVENTS OF DISSOLUTION.

(a) The Partnership shall only be dissolved:

(i) on a date designated in writing by the General Partner and approved by Majority Vote;

(ii) upon bankruptcy of, or the occurrence of an event of withdrawal (as defined in the Partnership Act) with respect to, the General Partner;

(iii) upon the sale or other disposition of all (or a substantial portion of) the Partnership's assets;

(iv) upon the effective date of the resignation or withdrawal of the General Partner pursuant to Section 7.2 hereof;

(v) upon the entry of a decree of judicial dissolution under Section 17-802 of the Partnership Act; or

(vi) in any event, at midnight on December 31, 2095 unless the Partnership's term is extended pursuant to Section 2.5 hereof.

(b) Dissolution of the Partnership shall be effective at the close of business on the day on which the event occurs giving rise to the dissolution, whereupon the Partnership shall be liquidated in an orderly manner, as soon as reasonably practicable, but the Partnership shall not terminate until the assets of the Partnership shall have been distributed as provided herein. Notwithstanding the dissolution of the Partnership, prior to the termination of the Partnership, as aforesaid, the business of the Partnership and the affairs of the Partners, as such, shall continue to be governed by this Agreement. The General Partner shall liquidate the assets of the Partnership and apply and distribute the proceeds thereof in accordance with Section 5.4 hereof. If the General Partner is unwilling or unable to carry out the duties contemplated by this Article VIII, another Person shall be designated to perform such duties by a Majority Vote. Under such circumstances references to the General Partner in Section 5.4 and in this Article VIII shall be deemed to refer to the Person so designated.

ARTICLE IX - RECORDS AND REPORTS

SECTION 9.1 BOOKS AND RECORDS. The General Partner (or, at the direction of the General Partner, the Officers of the Partnership) shall keep complete and accurate books of account with respect to the operations of the Partnership, prepared in accordance with generally accepted accounting principles using the accrual method of accounting, consistently applied. Such books shall reflect that the interests in the Partnership have not been registered under the Securities Act, and that the interests may not be sold or transferred without registration under the Securities Act or exemption therefrom and without compliance with Article VI or Article VII of this Agreement. Such books shall be maintained at the principal office of the Partnership, or at such other place as the General Partner shall determine with the approval of a Majority Vote. All Partners, and their duly authorized representatives, shall at all reasonable times have access to such books.

SECTION 9.2 ACCOUNTING. The Partnership's books of account shall be kept on the accrual method of accounting, or on such other method of accounting as the General Partner may from time to time determine, with the advice of the Independent Public Accountants, and shall be closed and balanced at the end of each Partnership fiscal year. The taxable year of the Partnership shall be the twelve months ending December 31 or such other taxable year as the General Partner may designate, with the written advice of the Independent Public Accountants.

SECTION 9.3 FINANCIAL REPORTS. The Partnership shall furnish to each Partner each of the following, which shall be prepared and distributed or caused to be prepared and distributed by the Officers of the Partnership:

(a) Within twenty-five (25) days after the end of each month and each fiscal quarter, an unaudited financial report of Partnership, which report shall be prepared in accordance with generally accepted accounting principles using the accrual method of accounting, consistently applied (except that the financial report may (i) be subject to normal year-end audit adjustments which are neither individually nor in the aggregate material and (ii) not contain all notes thereto which may be required in accordance with generally accepted accounting principles) and shall be certified by the Partnership's chief executive officer or the most senior financial officer of the Partnership involved in the preparation of such report, and which shall include the following:

(i) statements of operations, changes in Partners' capital and cash flows for such month or quarter, together with a cumulative income statement from the first day of the then-current fiscal year to the last day of such month or quarter;

(ii) a balance sheet as of the last day of such month or quarter; and

(iii) with respect to each quarterly financial report, a detailed computation of Free Cash Flow for such quarter.

(b) Within sixty (60) days after the end of each fiscal year of the Partnership, audited financial statements of the Partnership, which shall include statements of operations, changes in partners' capital and cash flows for such year and a balance sheet as of the last day thereof, each prepared in accordance with generally accepted accounting principles using the accrual method of accounting, consistently applied, certified by Independent Public Accountants.

(c) Within twenty-five (25) days after the end of each calendar quarter, the Partnership's operating budget for each of the next four (4) fiscal quarters, in such form and containing such estimates as may be required by the General Partner from time to time, certified by the most senior financial officer of the Partnership.

(d) Copies of all financial statements, reports, notices, press releases and other documents released to the public.

(e) Any other financial or other information available to the Officers as the General Partner shall have reasonably requested on a timely basis.

SECTION 9.4 BUDGET MEETINGS.

(a) The Partnership shall hold regular quarterly budget meetings within ten (10) days after the distribution of each operating budget required by Section 9.3(c) hereof. Each budget meeting shall be attended (either in person or by telephone) by the Partnership's chief executive officer, most senior financial officer, such representative or representatives of the General Partner as the General Partner may designate from time to time, and such other persons as the General Partner or the Partnership's chief executive officer may deem necessary or appropriate. The Partnership and the CEO shall give each such Person notice of the time and place of each budget meeting at least five (5) days prior to the occurrence thereof. The Partnership will reimburse the reasonable travel expenses of any representative of the General Partner who attends each budget meeting.

(b) At each budget meeting, the most senior financial officer of the Partnership shall make a presentation, comparing the budget for the most recently completed calendar quarter which was presented at the previous budget meeting with the Partnership's results for the most recently completed calendar quarter and explaining the preparation of the most recently distributed budgets pursuant to Section 9.3(a) hereof. Each of the attendees (whether in person or by telephone) at such meeting shall have the right to submit proposals and suggestions regarding the operations of the Partnership, and the attendees at the meeting shall discuss and consider such proposals and suggestions.

SECTION 9.5 TAX MATTERS.

(a) The General Partner shall cause to be prepared and filed on or before the due date (or any extension thereof) Federal, state and local tax or information returns required to be filed by the Partnership. The General Partner, to the extent that Partnership funds are available, shall cause the Partnership to pay any taxes payable by the Partnership (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes, are to be treated as operating expenses of the Partnership); provided that the General Partner shall not be required to cause the Partnership to pay any tax so long as the General Partner or the Partnership is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Partnership and adequate reserves therefor have been set aside by the Partnership.

(b) The General Partner shall be the tax matters partner for the Partnership pursuant to Sections 6221 through 6233 of the Code.

(c) The Partnership will pay out of its Free Cash Flow the amounts of any unincorporated business tax attributable to the Partnership.

ARTICLE X - MISCELLANEOUS.

SECTION 10.1 NOTICES. All notices, requests, elections, consents or demands permitted or required to be made under this Agreement shall be in writing, signed by the Partner or Partners giving such notice, request, election, consent or demand and shall be delivered personally, or sent by registered or certified mail, or by overnight courier to the other Partners, at their addresses set forth on the signature pages hereof or on Exhibit A hereto, or at such other addresses as may be supplied by written notice given in conformity with the terms of this Section 10.1. The date of any such personal delivery or the date of delivery by an overnight courier or of the registered or certified mail, as the case may be, shall be the date of such notice.

SECTION 10.2 SUCCESSORS AND ASSIGNS. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Partners, their respective successors, successors-in-title, heirs and assigns, and each and every successors-in-interest to any Partners, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, and each shall hold such interest subject to all of the terms and provisions of this Agreement.

SECTION 10.3 AMENDMENTS. No amendments may be made to this Agreement without the written consent of (a) the General Partner and (b) a Majority Vote of the Limited Partners; provided, however, that the General Partner shall make such amendments and additions to Exhibit A hereto as are required by the provisions hereof; and, provided further, that the General Partner may amend this Agreement to correct any printing, stenographic or clerical errors or omissions. Except as otherwise provided for herein, no amendment may be made to this Agreement which materially and adversely affects a Limited Partner in a manner different from all the other Limited Partners, without the written consent of the Limited Partner which would be so affected. Notwithstanding anything contained herein to the contrary, no amendment may be made to reduce the Partnership Points of any Partner without the written consent of such Partner.

SECTION 10.4 NO PARTITION. No Partner nor any successors-in-interest to any Partner, shall have the right while this Agreement remains in effect to have the property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Partnership partitioned, and each Partner, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intent of the Partners that during the term of this Agreement, the rights of the Partners and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Partner or successors-in-interest to Transfer his Partnership Interest shall be subject to the limitations and restrictions of this Agreement.

SECTION 10.5 NO WAIVER. The failure of any Partner to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Partner's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

SECTION 10.6 PRIOR AGREEMENTS SUPERSEDED. This Agreement, (including without limitation, the schedules and exhibits hereto), supersedes the Predecessor Agreement and all other prior understandings and agreements among the parties with respect to the subject matter hereof.

SECTION 10.7 CAPTIONS. Titles or captions of Articles or Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 10.8 COUNTERPARTS. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Partners notwithstanding that all Partners have not signed the same counterpart.

SECTION 10.9 APPLICABLE LAW. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without applying the choice of law provisions thereof.

SECTION 10.10 SINGULAR AND PLURAL. All terms herein using the singular shall include the plural; all terms using the plural shall include the singular; in each case, the term shall be as appropriate to the context of each sentence.

SECTION 10.11 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of (a) any Partner, (b) any Employee Stockholder or (c) the Partnership, other than a Partner who is also a creditor of the Partnership.

[Intentionally Left Blank]

IN WITNESS WHEREOF the General Partner and the Limited Partners have executed and delivered this Limited Partnership Agreement as of the day and year first above written.

GENERAL PARTNER

Name and Signature	Address
AFFILIATED MANAGERS GROUP, INC. By:/s/ Sean M. Healey --- Name: Sean M. Healey Title: Executive Vice President	Affiliated Managers Group, Inc. One International Place Boston, Massachusetts 02110

LIMITED PARTNERS

Name and Signature	Address
WMD CORP. By:/s/ William M. Dutton --- William M. Dutton, President	311 South Wacker Drive, Suite 4500 Chicago, IL 60606
KSK CORP. By:/s/ Kenneth S. Kailin --- Kenneth S. Kailin, President	311 South Wacker Drive, Suite 4500 Chicago, IL 60606
GXL CORP. By:/s/ Geoffrey P. Lutz --- Geoffrey P. Lutz, President	311 South Wacker Drive, Suite 4500 Chicago, IL 60606
MXM CORP. By:/s/ Michael Maloney --- Michael Maloney, President	311 South Wacker Drive, Suite 4500 Chicago, IL 60606

ACKNOWLEDGMENT

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned hereby acknowledges the provisions of this Agreement, agrees that he constitutes an Employee Stockholder hereunder and agrees to fulfill all of the rights and duties of an Employee Stockholder hereunder.

Name and Signature	Employee Stockholder of:
/s/ William M. Dutton - ---------- William M. Dutton	WMD Corp.
/s/ Kenneth S. Kailin - ---------- Kenneth S. Kailin	KSK Corp.
/s/ Geoffrey P. Lutz - ---------- Geoffrey P. Lutz	GXL Corp.
/s/ Michael Maloney - ---------- Michael Maloney	MXM Corp.

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	

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(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 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") 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 New Mid-Cap Revenues annualized based on the assets under management as of any Vesting Test Date 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 New Mid-Cap Revenues annualized based on the assets under management as of any Vesting Test Date 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 New Mid-Cap Revenues annualized based on the assets under management as of any Vesting Test Date 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 assets under management that have come under management by the Partnership since the Effective Date by reason of additional contributions by existing clients or from new clients (without regard to any appreciation or depreciation of assets under management and without regard to assets withdrawn from management since the Effective Date) 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.

(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 11.1

(Dollars and shares in 000s, except per share amounts)

Affiliated Managers Group, Inc.
Statement Regarding Computation of Primary and
Fully Diluted Per Share Earnings

	Historical			Pro Forma, as adjusted	
	Year Ended December 31,			Year Ended December 31,	Nine Months Ended September 30,
	1994	1995	1996	1996	1997
Net (loss) attributable to common stock	$ (206)	$(2,936)	$(2,372)		
Pro forma net income attributable to common stock				$ 1,078	$ 3,970
Actual weighted average shares outstanding	3,044	1,439	942	942	1,079
Weighted average cheap stock outstanding during the period(1)	103	103	103	103	103
Assumed conversion of preferred stock	1,331	3,513	5,586	5,586	5,586
Shares issued subsequent to January 1, 1996(2)				9,371	9,371
Weighted average shares outstanding	4,478	5,055	6,631	16,002	16,139
Net (loss) attributable to common stockholders per share	$(0.05)	$ (0.58)	$ (0.36)		
Pro forma net income attributable to common stockholders per share				$ 0.07	$ 0.25

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(1) In accordance with the Securities and Exchange Commission staff accounting Bulletin No. 83, issuances of Common Stock and Common Stock equivalents within one year prior to the initial filing date of the registration statement, at share prices less than the assumed initial public offering price of $21.50 per share (cheap stock), are considered to have been made in anticipation of the Offerings. Accordingly, these equity issuances are treated as if issued and outstanding, using the treasury stock method, for all periods presented.

(2) Includes (i) shares issued in connection with the Prior Investments and the Recent Financing, (ii) shares issued to shareholders of an Affiliate upon consummation of the Offerings, and (iii) shares issued in the Offerings.

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in Pre-Effective Amendment No. 6 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 19, 1997

EXHIBIT 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in Pre-Effective Amendment No. 6 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 19, 1997

EXHIBIT 23.4

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in Pre-Effective Amendment No. 6 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 19, 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 19, 1997