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# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, DC 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 2013**

**OR**

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

**For the transition period from to**

**Commission File Number 001-13459**

# Affiliated Managers Group, Inc.

(Exact name of registrant as specified in its charter)

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

**600 Hale Street, P.O. Box 1000, Prides Crossing, Massachusetts 01965**

(Address of principal executive offices)

**(617) 747-3300**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer ☒ | Accelerated filer o | Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

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

There were 52,978,842 shares of the registrant's common stock outstanding on November 5, 2013.

## PART I—FINANCIAL INFORMATION

**Item 1. Financial Statements**

## AFFILIATED MANAGERS GROUP, INC.

## CONSOLIDATED STATEMENTS OF INCOME

**(in millions, except per share data)**

**(unaudited)**

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| Revenue | $ 467.3 | $ 551.6 | $ 1,314.5 | $ 1,594.8 |
| Operating expenses: | | | | |
| Compensation and related expenses | 196.8 | 229.8 | 565.9 | 679.7 |
| Selling, general and administrative | 93.9 | 106.4 | 267.7 | 298.2 |
| Intangible amortization and impairments | 24.0 | 32.7 | 169.1 | 98.1 |
| Depreciation and other amortization | 3.5 | 3.4 | 10.6 | 10.3 |
| Other operating expenses | 9.4 | 10.2 | 27.7 | 27.5 |
| | 327.6 | 382.5 | 1,041.0 | 1,113.8 |
| Operating income | 139.7 | 169.1 | 273.5 | 481.0 |
| Income from equity method investments | 19.4 | 34.1 | 47.3 | 121.0 |
| Other non-operating (income) and expenses: | | | | |
| Investment and other income | (6.9) | (8.0) | (20.3) | (20.0) |
| Interest expense | 21.8 | 19.9 | 58.8 | 68.5 |
| Imputed interest and contingent payment arrangements | 6.7 | 3.9 | (35.7) | 26.5 |
| | 21.6 | 15.8 | 2.8 | 75.0 |
| Income before income taxes | 137.5 | 187.4 | 318.0 | 527.0 |
| Income taxes | 19.4 | 31.0 | 46.0 | 106.6 |
| Net income | 118.1 | 156.4 | 272.0 | 420.4 |
| Net income (non-controlling interests) | (63.2) | (81.2) | (173.1) | (218.1) |
| Net income (controlling interest) | $ 54.9 | $ 75.2 | $ 98.9 | $ 202.3 |
| Average shares outstanding—basic | 51.7 | 53.2 | 51.6 | 53.0 |
| Average shares outstanding—diluted | 53.0 | 56.9 | 52.9 | 54.7 |
| Earnings per share—basic | $ 1.06 | $ 1.41 | $ 1.92 | $ 3.82 |
| Earnings per share—diluted | $ 1.04 | $ 1.37 | $ 1.87 | $ 3.70 |

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

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(in millions)**

**(unaudited)**

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| Net income | $ 118.1 | $ 156.4 | $ 272.0 | $ 420.4 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment | 15.2 | 18.1 | 19.7 | (14.4) |
| Change in net realized and unrealized gain (loss) on derivative securities, net of tax | (0.3) | — | (0.9) | 0.8 |
| Change in net unrealized loss on investment securities, net of tax | 1.2 | 6.3 | (1.1) | (3.9) |
| Other comprehensive income (loss) | 16.1 | 24.4 | 17.7 | (17.5) |
| Comprehensive income | 134.2 | 180.8 | 289.7 | 402.9 |
| Comprehensive income (non-controlling interests) | (63.4) | (80.8) | (174.8) | (216.3) |
| Comprehensive income (controlling interest) | $ 70.8 | $ 100.0 | $ 114.9 | $ 186.6 |

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

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(in millions)**

**(unaudited)**

| | December 31, 2012 | September 30, 2013 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 430.4 | $ 522.4 |
| Investment advisory fees receivable | 255.5 | 269.9 |
| Investments in marketable securities | 128.9 | 132.9 |
| Unsettled fund shares receivable | 40.1 | 159.3 |
| Prepaid expenses and other current assets | 57.4 | 62.9 |
| Total current assets | 912.3 | 1,147.4 |
| Fixed assets, net | 81.5 | 88.1 |
| Equity method investments in Affiliates | 1,031.3 | 982.5 |
| Acquired client relationships, net | 1,585.5 | 1,485.4 |
| Goodwill | 2,355.2 | 2,345.9 |
| Other assets | 221.3 | 211.8 |
| Total assets | $ 6,187.1 | $ 6,261.1 |
| **Liabilities and Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 324.7 | $ 387.8 |
| Unsettled fund shares payable | 39.8 | 162.1 |
| Payables to related party | 11.3 | 32.9 |
| Total current liabilities | 375.8 | 582.8 |
| Senior bank debt | 325.0 | 575.0 |
| Senior notes | 340.0 | 340.0 |
| Senior convertible securities | 450.1 | — |
| Junior convertible trust preferred securities | 515.5 | 517.9 |
| Deferred income taxes | 497.1 | 461.4 |
| Other long-term liabilities | 164.7 | 167.3 |
| Total liabilities | 2,668.2 | 2,644.4 |
| Redeemable non-controlling interests | 477.5 | 614.1 |
| Equity: | | |
| Common stock | 0.5 | 0.5 |
| Additional paid-in capital | 868.5 | 548.0 |
| Accumulated other comprehensive income | 79.1 | 63.4 |
| Retained earnings | 1,350.7 | 1,553.0 |
| | 2,298.8 | 2,164.9 |
| Less treasury stock, at cost | (214.6) | (132.6) |
| Total stockholders' equity | 2,084.2 | 2,032.3 |
| Non-controlling interests | 957.2 | 970.3 |
| Total equity | 3,041.4 | 3,002.6 |
| Total liabilities and equity | $ 6,187.1 | $ 6,261.1 |

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

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**(in millions)**

**(unaudited)**

| | Total Stockholders' Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Common Stock** | **Additional Paid-In Capital** | **Accumulated Other Comprehensive Income (Loss)** | **Retained Earnings** | **Treasury Stock at Cost** | **Non-controlling interests** | **Total Equity** |
| **December 31, 2012** | $ 0.5 | $ 868.5 | $ 79.1 | $ 1,350.7 | $ (214.6) | $ 957.2 | $ 3,041.4 |
| Stock issued under option and other incentive plans | — | (52.5) | — | — | 97.7 | — | 45.2 |
| Tax benefit of option exercises | — | 17.9 | — | — | — | — | 17.9 |
| Changes in the value of Affiliate equity and other | — | (162.0) | — | — | — | 15.4 | (146.6) |
| Share-based payment arrangements | — | 29.3 | — | — | — | — | 29.3 |
| Settlement of senior convertible securities | — | (130.7) | — | — | — | — | (130.7) |
| Forward equity transactions | — | (22.5) | — | — | — | — | (22.5) |
| Share repurchases | — | — | — | — | (15.7) | — | (15.7) |
| Distributions to non-controlling interests | — | — | — | — | — | (218.6) | (218.6) |
| Net income | — | — | — | 202.3 | — | 218.1 | 420.4 |
| Other comprehensive loss | — | — | (15.7) | — | — | (1.8) | (17.5) |
| **September 30, 2013** | $ 0.5 | $ 548.0 | $ 63.4 | $ 1,553.0 | $ (132.6) | $ 970.3 | $ 3,002.6 |

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

## AFFILIATED MANAGERS GROUP, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

**(in millions)**

**(unaudited)**

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| **Cash flow from operating activities:** | | | | |
| Net income | $ 118.1 | $ 156.4 | $ 272.0 | $ 420.4 |
| Adjustments to reconcile Net income to net cash flow from operating activities: | | | | |
| Intangible amortization and impairments | 24.0 | 32.7 | 169.1 | 98.1 |
| Amortization of issuance costs | 2.0 | 2.1 | 5.7 | 7.8 |
| Depreciation and other amortization | 3.5 | 3.4 | 10.6 | 10.3 |
| Deferred income tax provision | 7.8 | (4.8) | 5.8 | 24.0 |
| Imputed interest and contingent payment arrangements | 6.7 | 3.9 | (35.7) | 26.5 |
| Income from equity method investments, net of amortization | (19.4) | (34.1) | (47.3) | (121.0) |
| Distributions received from equity method investments | 20.8 | 40.9 | 79.4 | 187.2 |
| Share-based compensation | 8.0 | 9.0 | 24.1 | 26.7 |
| Affiliate equity expense | 2.3 | 2.5 | 9.4 | 10.9 |
| Other adjustments | 2.6 | (1.6) | 2.7 | 7.6 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in investment advisory fees receivable | 2.4 | — | (21.3) | (14.2) |
| Increase in prepaids and other current assets | (3.8) | (3.4) | (12.9) | (10.0) |
| Increase in other assets | (1.6) | (0.4) | (2.5) | (0.3) |
| Increase in unsettled fund shares receivable | (5.6) | (48.3) | (15.3) | (114.8) |
| Increase in unsettled fund shares payable | 4.4 | 48.2 | 10.7 | 117.8 |
| Increase (decrease) in accounts payable, accrued liabilities and other long-term liabilities | 38.9 | 76.3 | (7.4) | 70.6 |
| Cash flow from operating activities | 211.1 | 282.8 | 447.1 | 747.6 |
| **Cash flow used in investing activities:** | | | | |
| Investments in Affiliates | (350.0) | (26.3) | (755.3) | (26.3) |
| Purchase of fixed assets | (4.9) | (7.1) | (9.9) | (15.9) |
| Purchase of investment securities | (2.7) | (1.7) | (13.8) | (6.3) |
| Sale of investment securities | 3.6 | 1.0 | 31.1 | 4.7 |
| Cash flow used in investing activities | (354.0) | (34.1) | (747.9) | (43.8) |
| **Cash flow from (used in) financing activities:** | | | | |
| Borrowings of senior bank debt | 360.0 | 475.0 | 555.0 | 595.0 |
| Repayments of senior bank debt | (360.0) | — | (360.0) | (345.0) |
| Issuance of senior notes | 200.0 | — | 200.0 | — |
| Settlement of senior convertible securities | — | (572.3) | — | (641.3) |
| Issuance of common stock | 23.3 | 11.7 | 45.7 | 47.7 |
| Repurchase of common stock | — | (15.7) | (60.9) | (15.7) |
| Issuance costs | (6.0) | (0.2) | (6.0) | (7.4) |
| Excess tax benefit from exercise of stock options | 6.9 | 7.0 | 11.6 | 17.1 |
| Note and contingent payments | (1.8) | (0.1) | (2.1) | (36.7) |
| Distributions to non-controlling interests | (18.0) | (39.2) | (137.7) | (218.6) |
| Affiliate equity issuances and repurchases | (2.2) | (11.7) | (25.1) | (6.7) |
| Cash flow from (used in) financing activities | 202.2 | (145.5) | 220.5 | (611.6) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 2.3 | 5.4 | 3.4 | (0.2) |
| Net increase (decrease) in cash and cash equivalents | 61.6 | 108.6 | (76.9) | 92.0 |
| Cash and cash equivalents at beginning of period | 311.0 | 413.8 | 449.5 | 430.4 |
| **Cash and cash equivalents at end of period** | $ 372.6 | $ 522.4 | $ 372.6 | $ 522.4 |
| Supplemental disclosure of non-cash financing activities: | | | | |
| Notes received for Affiliate equity sales | $ — | $ — | $ 3.0 | $ — |
| Payables recorded for Affiliate equity purchases | 0.9 | 21.5 | 14.5 | 30.5 |
| Payables recorded under contingent payment arrangements | — | — | 24.8 | — |
| Payables recorded for forward equity sale settlements | — | 22.5 | — | 22.5 |

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

## 1. Basis of Presentation

The consolidated financial statements of Affiliated Managers Group, Inc. ("AMG" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all of the disclosures required by GAAP. In the opinion of management, all adjustments considered necessary for a fair statement of the results have been included. All intercompany balances and transactions have been eliminated. Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation. Operating results for interim periods are not necessarily indicative of the results that may be expected for any other period or for the full year. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 includes additional information about AMG, its operations, financial position and accounting policies, and should be read in conjunction with this Quarterly Report on Form 10-Q.

All amounts in these notes, except per share data in the text and tables herein, are stated in millions unless otherwise indicated.

## 2. Recent Accounting Developments

In February 2013, the Financial Accounting Standards Board issued an update to the guidance for reporting reclassifications out of accumulated other comprehensive income. The new guidance requires companies to present the impact of significant amounts reclassified from accumulated other comprehensive income and the income statement line items affected by the reclassification. The new guidance is effective for interim and fiscal periods beginning after December 15, 2012. The Company adopted this guidance in the first quarter of 2013. Adoption of this new guidance did not have a significant impact on the Company's Consolidated Financial Statements.

In June 2013, the Financial Accounting Standards Board issued an update to the guidance for determining whether a public or private company is an investment company. The new guidance clarifies the characteristics of an investment company and amends certain disclosure and measurement requirements. The new guidance is effective for interim and fiscal periods beginning after December 15, 2013 (early application is prohibited). The Company is evaluating the impact of this guidance and does not expect it to have a significant impact on the Company's Consolidated Financial Statements.

## 3. Investments in Marketable Securities

Investments in marketable securities at December 31, 2012 and September 30, 2013 were $128.9 million and $132.9 million, respectively. These investments are comprised of the Company's investment in Value Partners Group Limited, a publicly-traded asset management firm based in Hong Kong, and investments held by Affiliates.

The following is a summary of the cost, gross unrealized gains and losses and fair value of investments classified as available-for-sale and trading at December 31, 2012 and September 30, 2013:

| | Available-for-Sale | | Trading | |
|---|---|---|---|---|
| | December 31, 2012 | September 30, 2013 | December 31, 2012 | September 30, 2013 |
| Cost | $ 103.2 | $ 104.0 | $ 10.3 | $ 18.2 |
| Unrealized Gains | 15.3 | 9.5 | 6.5 | 3.7 |
| Unrealized Losses | (3.2) | (2.5) | (3.2) | — |
| Fair Value | $ 115.3 | $ 111.0 | $ 13.6 | $ 21.9 |

The following is a summary of the Company's realized gains and losses on investments classified as available-for-sale and trading:

| | Available-for-Sale | | | | Trading | | | |
|---|---|---|---|---|---|---|---|---|
| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Gains | $ 0.1 | $ — | $ 0.1 | $ 2.1 | $ 0.2 | $ 0.2 | $ 0.8 | $ 0.6 |
| Losses | — | — | — | — | 0.0 | — | (0.3) | — |
| Net realized gains | $ 0.1 | $ — | $ 0.1 | $ 2.1 | $ 0.2 | $ 0.2 | $ 0.5 | $ 0.6 |

## 4. Variable Interest Entities

*Sponsored Investment Funds*

The Company's Affiliates act as the investment manager for certain investment funds that are considered variable interest entities ("VIEs"). Affiliates are entitled to receive management fees and may be eligible, under certain circumstances, to receive performance fees. The Affiliates' exposure to risk in these entities is generally limited to any equity investment and any uncollected management or performance fees, neither of which were material at September 30, 2013. The Affiliates do not have any investment performance guarantees to these VIEs.

The Affiliates are not the primary beneficiary of any of these VIEs as their involvement is limited to that of a service provider and their investment, if any, represents an insignificant interest in the fund's assets under management. Since the Affiliates' variable interests will not absorb the majority of the variability of the entity's net assets, these entities are not consolidated.

*Trust Preferred Vehicles*

The Company established wholly-owned trusts in connection with the 2006 and 2007 issuances of junior convertible trust preferred securities. These entities are considered VIEs and the Company is not the primary beneficiary, therefore these entities are not consolidated in the Company's financial statements.

The net assets and liabilities of the Company's unconsolidated VIEs and its maximum risk of loss related thereto are as follows:

| | December 31, 2012 | | September 30, 2013 | |
|---|---|---|---|---|
| Category of Investment | Unconsolidated VIE Net Assets | Carrying Value and Maximum Exposure to Loss | Unconsolidated VIE Net Assets | Carrying Value and Maximum Exposure to Loss |
| Sponsored investment funds | $ 7,186.9 | $ 0.8 | $ 7,994.4 | $ 1.6 |
| Trust preferred vehicles | 9.0 | 9.0 | 9.0 | 9.0 |

## 5. Long-Term Debt

*Senior Bank Debt*

The Company entered into a $1.25 billion senior unsecured revolving credit facility in April 2013 (the "credit facility") which matures in April 2018. As of September 30, 2013, the current outstanding balance under the credit facility is $575.0 million.

The credit facility is unsecured and contains financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends, asset dispositions and fundamental corporate changes.

*Convertible Securities*

In the second and third quarters of 2013, the Company repurchased $79.5 million principal amount outstanding of its 3.95% senior convertible notes due 2038 (“2008 senior convertible notes”). Subsequent to the repurchases, the Company called the remaining 2008 senior convertible notes ($380.5 million principal amount) for redemption on August 15, 2013 at their principal amount. In lieu of redemption, holders of the 2008 senior convertible notes elected to convert their securities. The Company elected to settle such conversions in cash. In connection with its call and prior repurchases, the Company paid an aggregate of $641.3 million. All of the Company's 2008 senior convertible notes have been canceled and retired.

## 6. Forward Equity Sales

In 2012, the Company amended its forward equity agreement with its counterparties to increase the amount of shares of common stock it may sell to an aggregate of $400.0 million. During 2012, the Company entered into contracts to sell a notional amount of $147.2 million at an average share price of $121.37. The Company has the ability to settle the contracts either by delivering shares of common stock and receiving cash or net settling for cash or shares of common stock. During the three months ended September 30, 2013, the Company agreed to net settle $37.6 million notional amount of forward equity contracts for cash at an average share price of $185.13 and, in October 2013, agreed to net settle an additional $39.4 million notional amount at an average share price of $185.98. In total, the Company has agreed to net settle $77.0 million notional amount of forward equity contracts for cash at an average share price of $185.56.

## 7. Derivative Financial Instruments

From time to time, the Company seeks to offset its exposure to changing interest rates under its debt financing arrangements by entering into interest rate hedging contracts.

The following summarizes the amount of derivative instrument gains and losses reported in the Consolidated Statements of Comprehensive Income:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Cash Flow Hedges** | **2012** | **2013** | **2012** | **2013** |
| Interest rate swaps | $ (0.5) | $ (0.0) | $ (1.4) | $ 1.3 |

The following summarizes the location and fair values of derivative instruments on the Consolidated Balance Sheets:

| **Cash Flow Hedges** | **December 31, 2012** | **September 30, 2013** |
|---|---|---|
| Interest rate swaps[(1)] | $ (4.0) | $ (2.7) |

(1) Presented within Other long-term liabilities.

The Company's derivative contracts contain provisions that may require the Company or the counterparties to post collateral based upon the current fair value of the derivative contracts. As of September 30, 2013, the Company had posted collateral of $3.6 million related to its interest rate swap contracts.

The Company does not generally hold or issue derivative financial instruments for trading purposes. Interest rate swaps are intended to enable the Company to achieve a level of variable-rate and fixed-rate debt that limits interest rate exposure.

## 8. Commitments and Contingencies

The Company and its Affiliates are subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved in a manner unfavorable to the Company or its Affiliates. The Company and its Affiliates establish accruals for matters for which the outcome is probable and the amount of the liability 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 Company.

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

In connection with a past acquisition agreement, the Company has committed to co-invest in certain investment partnerships where it serves as the general partner. As of September 30, 2013, these commitments totaled approximately $71.6 million and may be called in future periods. The Company is contractually entitled to reimbursement from the prior owner for $33.8 million of these commitments if they are called.

Under past acquisition agreements, the Company is contingently liable, upon achievement by Affiliates of specified financial targets, to make payments of up to $474.0 million through 2017. As of September 30, 2013, the Company expects to make payments of $226.0 million (none in 2013) to settle these contingent obligations, including $151.0 million related to the Company's equity method investments. The net present value of the expected payments for consolidated Affiliates totals $46.1 million as of September 30, 2013.

## 9. Fair Value Measurements

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

| | December 31, 2012 | Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Cash equivalents | $ 13.5 | $ 13.5 | $ — | $ — |
| Investments in marketable securities[1] | | | | |
| Trading securities | 13.6 | 13.6 | — | — |
| Available-for-sale securities | 115.3 | 115.3 | — | — |
| Other investments[2] | 155.4 | 15.7 | 20.8 | 118.9 |
| **Financial Liabilities** | | | | |
| Contingent payment arrangements[3] | $ 31.0 | $ — | $ — | $ 31.0 |
| Obligations to related parties[4] | 77.8 | — | — | 77.8 |
| Interest rate derivatives[5] | 4.0 | — | 4.0 | — |

| | September 30, 2013 | Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Cash equivalents | $ 32.1 | $ 32.1 | $ — | $ — |
| Investments in marketable securities[1] | | | | |
| Trading securities | 21.9 | 21.9 | — | — |
| Available-for-sale securities | 111.0 | 111.0 | — | — |
| Other investments[2] | 157.9 | 13.1 | 18.5 | 126.3 |
| **Financial Liabilities** | | | | |
| Contingent payment arrangements[3] | $ 46.1 | $ — | $ — | $ 46.1 |
| Obligations to related parties[4] | 98.7 | — | — | 98.7 |
| Interest rate derivatives[5] | 2.7 | — | 2.7 | — |

(1) Principally investments in equity securities.

(2) Other investments are reported within Prepaid expenses and other current assets and Other assets.

(3) Net present value of expected payments under contingent payment arrangements are reported in Accounts payable and accrued liabilities and Other long-term liabilities.

(4) Obligations to related parties are presented within Payables to related party and Other long-term liabilities.

(5) Interest rate derivatives are presented within Other long-term liabilities.

The following is a description of the significant financial assets and liabilities measured at fair value and the fair value methodologies used.

*Cash equivalents* consist primarily of highly liquid investments in money market funds. Cash investments in daily redeeming money market funds are classified as Level 1.

*Investments in marketable securities* consist primarily of investments in publicly traded securities and in funds advised by Affiliates which are valued using net asset value ("NAV"). Publicly traded securities and investments in daily redeeming funds that calculate NAVs are classified as Level 1.

*Other investments* consist primarily of funds advised by Affiliates and are valued using NAV. Investments in daily redeeming funds that calculate NAVs are classified as Level 1. Investments in funds that permit redemptions monthly or quarterly are classified as Level 2. Investments in funds that are subject to longer redemption restrictions are classified as Level 3. The fair value of Level 3 assets is determined using NAV one quarter in arrears (adjusted for current period calls and distributions).

*Contingent payment arrangements* represent the present value of the expected future settlement of contingent payment arrangements related to the Company's investments in Affiliates. The significant unobservable inputs that are used in the fair value measurement of these obligations are growth and discount rates. Increases in the growth rate result in a higher obligation while an increase in the discount rate results in a lower obligation.

*Obligations to related parties* include agreements to repurchase Affiliate equity and liabilities offsetting certain investments which are held by the Company but economically attributable to a related party. The significant unobservable inputs that are used in the fair value measurement for the repurchase of Affiliate equity are growth and discount rates. Increases in the growth rate result in a higher obligation while an increase in the discount rate results in a lower obligation. The liability to a related party is measured based upon certain investments held by the Company, the fair value of which is determined using NAV one quarter in arrears.

*Interest rate derivatives* include interest rate swaps. The fair value of these assets is determined by model-derived valuations in which all significant inputs are observable in active markets.

It is the Company's policy to value financial assets or liabilities transferred as of the beginning of the period in which the transfer occurs. There were no significant transfers of financial assets or liabilities from Level 1 to Level 2 in the three and nine months ended September 30, 2013. During the three months ended September 30, 2012, no financial assets were transferred from Level 1 to Level 2. During the nine months ended September 30, 2012, financial assets valued at $2.0 million were transferred from Level 1 to Level 2.

*Level 3 Financial Assets and Liabilities*

The following table presents the changes in Level 3 financial assets and liabilities for the three and nine months ended September 30, 2012 and 2013:

| | For the Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2012 | | | September 30, 2013 | | |
| | Other Investments | Contingent Payment Arrangements | Obligations to Related Parties | Other Investments | Contingent Payment Arrangements | Obligations to Related Parties |
| Balance, beginning of period | $ 113.0 | $ 62.5 | $ 79.5 | $ 124.4 | $ 44.3 | $ 96.6 |
| Net realized gains/losses | (0.1) (1) | — | 0.5 (3) | (0.5) (1) | — | 1.1 (3) |
| Net unrealized gains/losses relating to instruments still held at the reporting date | 1.6 (1) | 3.5 (2) | 0.2 (3) | 4.7 (1) | 1.8 (2) | (0.1) (3) |
| Purchases and issuances | 3.5 | — | 1.7 | 2.2 | — | 23.1 |
| Settlements and reductions | (1.3) | — | (6.1) | (4.5) | — | (22.0) |
| Net transfers in and/or out of Level 3 | — | — | — | — | — | — |
| Balance, end of period | $ 116.7 | $ 66.0 | $ 75.8 | $ 126.3 | $ 46.1 | $ 98.7 |

| | For the Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2012 | | | September 30, 2013 | | |
| | Other Investments | Contingent Payment Arrangements | Obligations to related parties | Other Investments | Contingent Payment Arrangements | Obligations to related parties |
| Balance, beginning of period | $ 103.4 | $ 87.1 | $ 92.0 | $ 118.9 | $ 31.0 | $ 77.8 |
| Net realized gains/losses | (1.7) (1) | — | 0.9 (3) | (1.9) (1) | — | 3.1 (3) |
| Net unrealized gains/losses relating to instruments still held at the reporting date | 7.7 (1) | (45.9) (2) | 0.9 (3) | 11.1 (1) | 15.1 (2) | 0.1 (3) |
| Purchases and issuances | 13.4 | 24.8 | 22.1 | 9.9 | — | 55.1 |
| Settlements and reductions | (6.1) | — | (40.1) | (11.7) | — | (37.4) |
| Net transfers in and/or out of Level 3 | — | — | — | — | — | — |
| Balance, end of period | $ 116.7 | $ 66.0 | $ 75.8 | $ 126.3 | $ 46.1 | $ 98.7 |

(1) Gains and losses on Other investments are recorded in Investment and other income.

(2) Accretion and changes to payment estimates under the Company's contingent payment arrangements are recorded in Imputed interest and contingent payment arrangements and foreign currency translation adjustments related to such arrangements are recorded as Other comprehensive income.

(3) Gains and losses associated with agreements to repurchase Affiliate equity are recorded in Imputed interest and contingent payment arrangements. Gains and losses related to liabilities offsetting certain investments are recorded in Investment and other income.

The following table presents certain quantitative information about the significant unobservable inputs used in valuing our Level 3 financial liabilities:

| | Quantitative Information about Level 3 Fair Value Measurements | | | | | |
|---|---|---|---|---|---|---|
| | Valuation Techniques | Unobservable Input | Fair Value at December 31, 2012 | Range at December 31, 2012 | Fair Value at September 30, 2013 | Range at September 30, 2013 |
| Contingent payment arrangements | Discounted cash flow | Growth rates | $ 31.0 | 6.0% – 12.0% | $ 46.1 | 0.4% - 10.5% |
| | | Discount rates | | 14.0% – 18.0% | | 14.0% – 18.0% |
| Affiliate equity repurchase obligations | Discounted cash flow | Growth rates | 9.4 | (10.0)% – 17.0% | 30.5 | 4.2% - 12.3% |
| | | Discount rates | | 15.0% – 24.0% | | 16.0% - 18.0% |

*Investments in Certain Entities that Calculate Net Asset Value*

The Company relies on the NAV of certain investments as their fair value. The NAVs that have been provided by the investees have been derived from the fair values of the underlying investments. The following table summarizes, as of December 31, 2012 and September 30, 2013, the nature of these investments and any related liquidation restrictions or other factors which may impact the ultimate value realized:

| | December 31, 2012 | | September 30, 2013 | |
|---|---|---|---|---|
| Category of Investment | Fair Value | Unfunded Commitments | Fair Value | Unfunded Commitments |
| Private equity fund-of-funds(1) | $ 118.9 | $ 75.4 | $ 126.3 | $ 71.6 |
| Other funds(2) | 68.9 | — | 79.9 | — |
| | $ 187.8 | $ 75.4 | $ 206.2 | $ 71.6 |

(1) These funds primarily invest in a broad range of private equity funds, as well as making direct investments. Distributions will be received as the underlying assets are liquidated over the life of the funds.



(2) These are multi-disciplinary funds that invest across various asset classes and strategies, including long/short equity, credit and real estate. Investments are generally redeemable on a daily or quarterly basis.

There are no current plans to sell any of these investments.

*Other Financial Assets and Liabilities Not Carried at Fair Value*

The carrying amount of cash, cash equivalents, advisory fees receivable, short-term investments, unsettled fund shares receivable and payable, accounts payable and accrued liabilities approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable approximates fair value because interest rates and other terms are at market rates. The carrying value of senior bank debt approximates fair value because the debt is a credit facility with variable interest based on selected short-term rates. The following table summarizes the Company's other financial liabilities not carried at fair value:

| | December 31, 2012 | | September 30, 2013 | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Fair Market Value** | **Carrying Value** | **Fair Market Value** | **Fair Value Hierarchy** |
| Senior notes | $ 340.0 | $ 351.8 | $ 340.0 | $ 324.2 | Level 2 |
| Senior convertible securities | 450.1 | 510.6 | — | — | Level 2 |
| Junior convertible trust preferred securities | 515.5 | 719.9 | 517.9 | 870.2 | Level 2 |

## 10. Intangible Assets

*Consolidated Affiliates*

The intangible assets of our consolidated Affiliates consist of definite and indefinite-lived acquired client relationships and goodwill. Definite-lived acquired client relationships are amortized over their expected useful lives. As of September 30, 2013, these relationships were being amortized over a weighted average life of approximately eleven years. The Company recognized amortization expense and a reduction in the carrying value of an indefinite-lived asset at one of its Affiliates of $24.0 million and $169.1 million, respectively, for the three and nine months ended September 30, 2012. The Company recognized amortization expense of $32.7 million and $98.1 million, respectively, for the three and nine months ended September 30, 2013. The Company estimates that its consolidated annual amortization expense will be approximately $100.0 million for each of the next five years, assuming no additional investments in new or existing Affiliates. Other than changes related to foreign currency translation, there were no significant changes to goodwill or indefinite-lived acquired client relationships during the three and nine months ended September 30, 2013.

The Company performed its annual goodwill assessment as of September 30, 2013 and no impairments were identified.

*Equity Method Investments in Affiliates*

The intangible assets at our equity method Affiliates consist of definite-lived acquired client relationships and goodwill. Definite-lived acquired client relationships are amortized over their expected useful lives. As of September 30, 2013, these relationships were being amortized over a weighted average life of approximately nine years. The Company recognized amortization expense for these relationships of $10.2 million and $26.5 million, respectively, for three and nine months ended September 30, 2012 as compared to $10.4 million and $31.1 million, respectively, for the three and nine months ended September 30, 2013. Assuming no additional investments in new or existing Affiliates, the Company estimates the annual amortization expense for the next five years will be approximately $42.0 million in 2013, $20.0 million in 2014 and $10.0 million in each of 2015, 2016 and 2017. There were no significant changes to goodwill during the three and nine months ended September 30, 2013.

## 11. Share-Based Compensation

Net income (controlling interest) for the three and nine months ended September 30, 2012 includes compensation expense of $5.0 million and $14.9 million, respectively (net of income tax benefits of $3.1 million and $9.2 million, respectively), related to the Company's Stock Option and Incentive, Executive Incentive, Long-Term Equity Interests and Deferred Compensation Plans as compared to compensation expense of $5.5 million and $16.4 million, respectively (net of income tax benefits of $3.5 million and $10.3 million, respectively), for the three and nine months ended September 30, 2013.

As of September 30, 2013, the Company expects to recognize compensation expense related to these share-based compensation arrangements of $53.4 million over a period of approximately three years (assuming no forfeitures).

*Stock Options*

The following table summarizes the transactions of the Company's stock options:

| | Stock Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (years) |
|---|---|---|---|
| Unexercised options outstanding—December 31, 2012 | 3.8 | $ 74.04 | |
| Options granted | 0.0 | 175.28 | |
| Options exercised | (0.8) | 62.45 | |
| Unexercised options outstanding—September 30, 2013 | 3.0 | 77.38 | 3.7 |
| Exercisable at September 30, 2013 | 1.8 | 71.69 | 3.3 |

*Restricted Stock*

The following table summarizes the transactions of the Company's restricted stock units:

| | Restricted Stock | Weighted Average Grant Date Value |
|---|---|---|
| Unvested units—December 31, 2012 | 0.4 | $ 84.53 |
| Units granted | 0.0 | 174.91 |
| Units issued | (0.1) | 85.63 |
| Unvested units—September 30, 2013 | 0.3 | 86.31 |

*Long-Term Equity Interests Plan*

During the nine months ended September 30, 2013, the Company repurchased $3.2 million of these awards, and no awards were granted or forfeited.

## 12. Affiliate Equity

The Company recognized compensation expense related to Affiliate equity of $6.5 million and $21.6 million, respectively ($2.3 million and $9.4 million attributable to the controlling interest), for the three and nine months ended September 30, 2012 as compared to $4.7 million and $22.2 million, respectively ($2.5 million and $10.9 million attributable to the controlling interest), for the three and nine months ended September 30, 2013.

The Company has a conditional right to call and holders of non-controlling interests have a conditional right to put their equity interests at certain intervals. The current redemption value of these interests has been presented as Redeemable non-controlling interests on the Consolidated Balance Sheets. Changes in the current redemption value are recorded to Additional paid-in capital. The following table presents the changes in Redeemable non-controlling interests during the period:

| | |
|---|---|
| Balance, as of December 31, 2012 | $ 477.5 |
| Transactions in Redeemable non-controlling interests | (40.0) |
| Changes in redemption value | 176.6 |
| Balance, as of September 30, 2013 | $ 614.1 |

During the three and nine months ended September 30, 2012 and 2013, the Company acquired interests from, and transferred interests to, Affiliate management partners. The following schedule discloses the effect of changes in the Company's ownership interest in its Affiliates on the controlling interest's equity:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| Net income (controlling interest) | $ 54.9 | $ 75.2 | $ 98.9 | $ 202.3 |
| Increase (decrease) in controlling interest paid-in capital from purchases and sales of Affiliate equity | 1.1 | 0.9 | (7.5) | (23.1) |
| Change from Net income (controlling interest) and net transfers with non-controlling interests | $ 56.0 | $ 76.1 | $ 91.4 | $ 179.2 |

**13. Income Taxes**

The consolidated income tax provision includes taxes attributable to the controlling interest and, to a lesser extent, taxes attributable to non-controlling interests as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| Controlling Interests: | | | | |
| Current tax | $ 8.8 | $ 32.7 | $ 31.1 | $ 73.6 |
| Intangible-related deferred taxes | 11.7 | 5.2 | 0.1 | 29.4 |
| Other deferred taxes | (1.2) | (6.3) | 4.9 | (1.4) |
| Total controlling interests | 19.3 | 31.6 | 36.1 | 101.6 |
| Non-controlling Interests: | | | | |
| Current tax | $ 2.8 | $ 3.1 | $ 9.1 | $ 9.0 |
| Deferred taxes | (2.7) | (3.7) | 0.8 | (4.0) |
| Total non-controlling interests | 0.1 | (0.6) | 9.9 | 5.0 |
| Provision for income taxes | $ 19.4 | $ 31.0 | $ 46.0 | $ 106.6 |
| Income before income taxes (controlling interest) | $ 74.2 | $ 106.8 | $ 135.0 | $ 303.9 |
| Effective tax rate attributable to controlling interests[1] | 26.0% | 29.6% | 26.7% | 33.4% |

(1) Taxes attributable to the controlling interest divided by Income before income taxes (controlling interest).

During the three and nine months ended September 30, 2012, the Company recognized a deferred tax benefit of $7.2 million ($4.8 million attributable to the controlling interest) from the revaluation of its deferred taxes as a result of a reduction of corporate tax rates in the United Kingdom and reduced its deferred tax valuation allowance by $3.1 million and $8.3 million, respectively, primarily related to indirect tax benefits from foreign tax positions.

During the three and nine months ended September 30, 2013, the Company recognized a deferred tax benefit of $11.1 million ($7.5 million attributable to the controlling interest) from the revaluation of its deferred taxes as a result of a reduction of corporate tax rates in the United Kingdom. The Company also reduced its deferred tax valuation allowance by $1.6 million in the nine months ended September 30, 2013, primarily related to indirect tax benefits from foreign tax positions.

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

| | December 31, 2012 | September 30, 2013 |
|---|---|---|
| Deferred Tax Assets | | |
| State net operating loss carryforwards | $ 23.9 | $ 27.5 |
| Deferred compensation | 23.9 | 27.2 |
| Foreign tax credit carryforwards | 20.1 | 10.2 |
| Tax benefit of uncertain tax positions | 17.6 | 16.3 |
| Accrued expenses | 6.0 | 11.3 |
| Capital loss carryforwards | 1.5 | 1.5 |
| Total deferred tax assets | 93.0 | 94.0 |
| Valuation allowance | (21.3) | (24.9) |
| Deferred tax assets, net of valuation allowance | 71.7 | 69.1 |
| Deferred Tax Liabilities | | |
| Intangible asset amortization | $ (238.2) | $ (265.4) |
| Convertible securities interest | (189.2) | (142.1) |
| Non-deductible intangible amortization | (120.1) | (103.1) |
| Deferred revenue | (18.5) | (17.1) |
| Other | (2.8) | (2.8) |
| Total deferred tax liabilities | (568.8) | (530.5) |
| Net deferred tax liability | $ (497.1) | $ (461.4) |

Deferred tax liabilities are primarily the result of tax deductions for the Company's intangible assets and convertible securities. The Company amortizes most of its intangible assets for tax purposes only, reducing its tax basis below its carrying value for financial statement purposes and generating deferred taxes each reporting period. The Company's 2008 senior convertible notes and junior convertible trust preferred securities also generate deferred taxes because the Company's tax deductions are higher than the interest expense recorded for financial statement purposes. In the nine months ended September 30, 2013, $50.6 million of deferred tax liabilities were reclassified to stockholders' equity related to the settlement of the 2008 senior convertible notes.

At September 30, 2013, the Company has state net operating loss carryforwards that expire over a 15-year period beginning in 2013. The Company also has foreign tax credit carryforwards that expire over a 10-year period beginning in 2013. The valuation allowances at December 31, 2012 and September 30, 2013 were principally related to the Company's projections of taxable income prior to the expiration of these state and federal carryforwards.

As of September 30, 2013, the Company carried a liability for uncertain tax positions of $20.9 million, including $2.1 million for interest and related charges. At September 30, 2013 this liability also included $17.7 million for tax positions that, if recognized, would affect the Company's effective tax rate.

The Company periodically has tax examinations in the United States and foreign jurisdictions. Examination outcomes, and any related settlements, are subject to significant uncertainty. The completion of examinations may result in the payment of additional taxes and/or the recognition of tax benefits.

**14. Earnings Per Share**

The calculation of basic earnings per share is based on the weighted average number of shares of the Company's common stock outstanding during the period. Diluted earnings per share is similar to basic earnings per share, but adjusts for the dilutive effect of the potential issuance of incremental shares of the Company's common stock. The following is a reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share available to common stockholders.

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| **Numerator** | | | | |
| Net income (controlling interest) | $ 54.9 | $ 75.2 | $ 98.9 | $ 202.3 |
| Convertible securities interest expense, net | — | 2.6 | — | — |
| Net income (controlling interest), as adjusted | $ 54.9 | $ 77.8 | $ 98.9 | $ 202.3 |
| **Denominator** | | | | |
| Average shares outstanding—basic | 51.7 | 53.2 | 51.6 | 53.0 |
| Effect of dilutive instruments: | | | | |
| Contingently convertible securities | — | 2.0 | — | — |
| Stock options and restricted stock | 1.3 | 1.3 | 1.3 | 1.4 |
| Forward equity sales | — | 0.4 | — | 0.3 |
| Average shares outstanding—diluted | 53.0 | 56.9 | 52.9 | 54.7 |

The diluted earnings per share calculations in the table above exclude the anti-dilutive effect of the following shares:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 |
| Stock options and restricted stock | 0.6 | 0.0 | 0.6 | 0.0 |
| Senior convertible securities | 3.7 | 1.3 | 3.7 | 2.9 |
| Junior convertible trust preferred securities | 4.2 | 2.2 | 4.2 | 4.2 |
| Forward equity sales | 0.3 | — | 0.3 | — |

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

The Company may settle portions of its Affiliate equity and Long-Term Equity Interests Plan awards in shares of its common stock. Because it is the Company's intent to settle these potential repurchases in cash, the calculation of diluted earnings per share excludes any potential dilutive effect from possible share settlements.

## 15. Comprehensive Income

The following table shows the tax effects allocated to each component of Other comprehensive income:

| | For the Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2012 | | | September 30, 2013 | | |
| | Pre-Tax | Tax Benefit (Expense) | Net of Tax | Pre-Tax | Tax Benefit (Expense) | Net of Tax |
| Foreign currency translation adjustment | $ 15.2 | $ — | $ 15.2 | $ 18.1 | $ — | $ 18.1 |
| Change in net realized and unrealized loss on derivative securities | (0.5) | 0.2 | (0.3) | — | — | — |
| Change in net unrealized gain on investment securities | 1.9 | (0.7) | 1.2 | 10.2 | (3.9) | 6.3 |
| Other comprehensive income | $ 16.6 | $ (0.5) | $ 16.1 | $ 28.3 | $ (3.9) | $ 24.4 |

| | For the Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2012 | | | September 30, 2013 | | |
| | Pre-Tax | Tax Benefit (Expense) | Net of Tax | Pre-Tax | Tax Benefit (Expense) | Net of Tax |
| Foreign currency translation adjustment | $ 19.7 | $ — | $ 19.7 | $ (14.4) | $ — | $ (14.4) |
| Change in net realized and unrealized gain (loss) on derivative securities | (1.4) | 0.5 | (0.9) | 1.3 | (0.5) | 0.8 |
| Change in net unrealized loss on investment securities | (1.8) | 0.7 | (1.1) | (5.6) | 1.7 | (3.9) |
| Other comprehensive income (loss) | $ 16.5 | $ 1.2 | $ 17.7 | $ (18.7) | $ 1.2 | $ (17.5) |

The components of Accumulated other comprehensive income, net of taxes, are as follows:

| | Foreign Currency Translation Adjustment | Realized and Unrealized Losses on Derivative Securities | Unrealized Gain (Loss) on Investment Securities | Total |
|---|---|---|---|---|
| Balance, as of December 31, 2012 | $ 76.2 | $ (2.9) | $ 8.0 | $ 81.3 |
| Other comprehensive income before reclassifications | (14.4) | 0.8 | (2.4) | (16.0) |
| Amounts reclassified from other comprehensive income | — | — | (1.5) | (1.5) |
| Net other comprehensive income | (14.4) | 0.8 | (3.9) | (17.5) |
| Balance, as of September 30, 2013 | $ 61.8 | $ (2.1) | $ 4.1 | $ 63.8 |

## 16. Segment Information

Management has assessed and determined that the Company operates in three business segments representing the Company's three principal distribution channels: Institutional, Mutual Fund and High Net Worth, each of which has different client relationships.

Revenue in the Institutional distribution channel is earned from relationships with public and private client entities, including pension plans, foundations, endowments and sovereign wealth funds. Revenue in the Mutual Fund distribution channel is earned from advisory and sub-advisory relationships with all domestically-registered investment products as well as non-institutional investment products that are registered abroad. Revenue in the High Net Worth distribution channel is earned from relationships with ultra-high net worth individuals, families and charitable foundations.

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

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

**Statements of Income**

| | Three Months Ended September 30, 2012 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 210.7 | $ 208.3 | $ 48.3 | $ 467.3 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 19.0 | 5.4 | 3.1 | 27.5 |
| Other operating expenses | 131.5 | 139.1 | 29.5 | 300.1 |
| | 150.5 | 144.5 | 32.6 | 327.6 |
| Operating income | 60.2 | 63.8 | 15.7 | 139.7 |
| Income from equity method investments | 14.8 | 3.2 | 1.4 | 19.4 |
| Other non-operating (income) and expenses: | | | | |
| Investment and other income | (2.8) | (3.2) | (0.9) | (6.9) |
| Interest expense | 12.0 | 7.5 | 2.3 | 21.8 |
| Imputed interest and contingent payment arrangements | 3.0 | 3.2 | 0.5 | 6.7 |
| | 12.2 | 7.5 | 1.9 | 21.6 |
| Income before income taxes | 62.8 | 59.5 | 15.2 | 137.5 |
| Income taxes | 9.4 | 7.5 | 2.5 | 19.4 |
| Net income | 53.4 | 52.0 | 12.7 | 118.1 |
| Net income (non-controlling interests) | (28.5) | (27.3) | (7.4) | (63.2) |
| Net income (controlling interest) | $ 24.9 | $ 24.7 | $ 5.3 | $ 54.9 |

| | Three Months Ended September 30, 2013 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 229.1 | $ 268.0 | $ 54.5 | $ 551.6 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 17.6 | 15.6 | 2.9 | 36.1 |
| Other operating expenses | 140.3 | 174.7 | 31.4 | 346.4 |
| | 157.9 | 190.3 | 34.3 | 382.5 |
| Operating income | 71.2 | 77.7 | 20.2 | 169.1 |
| Income from equity method investments | 27.7 | 4.0 | 2.4 | 34.1 |
| Other non-operating (income) and expenses: | | | | |
| Investment and other income | (3.9) | (3.8) | (0.3) | (8.0) |
| Interest expense | 10.6 | 7.3 | 2.0 | 19.9 |
| Imputed interest and contingent payment arrangements | 1.2 | 2.5 | 0.2 | 3.9 |
| | 7.9 | 6.0 | 1.9 | 15.8 |
| Income before income taxes | 91.0 | 75.7 | 20.7 | 187.4 |
| Income taxes | 17.9 | 8.8 | 4.3 | 31.0 |
| Net income | 73.1 | 66.9 | 16.4 | 156.4 |
| Net income (non-controlling interests) | (33.3) | (39.1) | (8.8) | (81.2) |
| Net income (controlling interest) | $ 39.8 | $ 27.8 | $ 7.6 | $ 75.2 |

| | Nine Months Ended September 30, 2012 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 636.8 | $ 557.4 | $ 120.3 | $ 1,314.5 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 57.8 | 115.1 | 6.8 | 179.7 |
| Other operating expenses | 400.9 | 385.2 | 75.2 | 861.3 |
| | 458.7 | 500.3 | 82.0 | 1,041.0 |
| Operating income | 178.1 | 57.1 | 38.3 | 273.5 |
| Income from equity method investments | 34.6 | 8.5 | 4.2 | 47.3 |
| Other non-operating (income) and expenses: | | | | |
| Investment and other income | (10.9) | (7.5) | (1.9) | (20.3) |
| Interest expense | 33.7 | 19.5 | 5.6 | 58.8 |
| Imputed interest and contingent payment arrangements | (12.1) | (24.7) | 1.1 | (35.7) |
| | 10.7 | (12.7) | 4.8 | 2.8 |
| Income before income taxes | 202.0 | 78.3 | 37.7 | 318.0 |
| Income taxes | 39.2 | — | 6.8 | 46.0 |
| Net income | 162.8 | 78.3 | 30.9 | 272.0 |
| Net income (non-controlling interests) | (85.8) | (70.0) | (17.3) | (173.1) |
| Net income (controlling interest) | $ 77.0 | $ 8.3 | $ 13.6 | $ 98.9 |

| | Nine Months Ended September 30, 2013 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 694.6 | $ 741.5 | $ 158.7 | $ 1,594.8 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 57.1 | 42.0 | 9.3 | 108.4 |
| Other operating expenses | 429.8 | 483.2 | 92.4 | 1,005.4 |
| | 486.9 | 525.2 | 101.7 | 1,113.8 |
| Operating income | 207.7 | 216.3 | 57.0 | 481.0 |
| Income from equity method investments | 102.1 | 11.7 | 7.2 | 121.0 |
| Other non-operating (income) and expenses: | | | | |
| Investment and other income | (9.8) | (9.2) | (1.0) | (20.0) |
| Interest expense | 38.4 | 23.5 | 6.6 | 68.5 |
| Imputed interest and contingent payment arrangements | 8.2 | 16.7 | 1.6 | 26.5 |
| | 36.8 | 31.0 | 7.2 | 75.0 |
| Income before income taxes | 273.0 | 197.0 | 57.0 | 527.0 |
| Income taxes | 60.6 | 34.6 | 11.4 | 106.6 |
| Net income | 212.4 | 162.4 | 45.6 | 420.4 |
| Net income (non-controlling interests) | (97.8) | (95.2) | (25.1) | (218.1) |
| Net income (controlling interest) | $ 114.6 | $ 67.2 | $ 20.5 | $ 202.3 |
| Total assets as of December 31, 2012 | 3,176.5 | 2,354.8 | 655.8 | 6,187.1 |
| Total assets as of September 30, 2013 | 2,964.6 | 2,633.5 | 663.0 | 6,261.1 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

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

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

- *we cannot be certain that we will be successful in investing in additional investment management firms or that existing and new Affiliates will have favorable operating results;*

- *we may need to raise capital by making long-term or short-term borrowings or by selling shares of our common stock or other securities in order to finance investments in additional investment management firms or additional investments in our existing Affiliates, and such financing activities could increase our interest expense, decrease our Net income and/or dilute the interests of our existing stockholders; and*

- *those certain other factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, and in any other filings we make with the Securities and Exchange Commission from time to time.*

*These factors (among others) could affect our financial performance and cause actual results to differ materially from historical earnings and those presently anticipated and projected. We will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of events, whether or not anticipated. In that respect, we wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.*

Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements of AMG and its subsidiaries (collectively, the "Company" or "AMG") and the notes thereto contained elsewhere in this Quarterly Report on Form 10-Q.

### Executive Overview

We are a global asset management company with equity investments in a diverse group of boutique investment management firms (our "Affiliates"). Our innovative partnership approach allows each Affiliate's management team to own significant equity in their firm while maintaining operational autonomy. Our strategy is to generate growth through the internal growth of existing Affiliates, as well as through investments in new Affiliates. In addition, we provide assistance to our Affiliates in distribution, marketing, product development, operations and strategic matters.

As of September 30, 2013, we manage $508.4 billion in assets through our Affiliates across a broad range of asset classes and investment styles in three principal distribution channels: Institutional, Mutual Fund and High Net Worth. The following summarizes our operations in our three principal distribution channels.

- In the Institutional distribution channel, we manage assets for large institutional investors world-wide, including sovereign wealth funds, foundations, endowments, and retirement plans for corporations and municipalities.

- In the Mutual Fund distribution channel, we provide advisory or sub-advisory services to mutual funds or other retail-oriented products. These funds are distributed to retail and institutional clients directly and through intermediaries, including independent investment advisors, retirement plan sponsors, broker-dealers, major fund marketplaces and bank trust departments.

- Through the High Net Worth distribution channel, we provide advisory services to ultra-high net worth individuals, families and charitable foundations. Direct services to these clients include customized investment counseling, investment management and fiduciary services.

*Our Structure and Relationship with Affiliates*

We establish and maintain long-term partnerships with our Affiliates, believing that Affiliate management equity ownership (along with AMG's ownership) aligns our interests and provides Affiliates with a powerful incentive to continue to grow their business. We partner with the highest quality firms in the industry, with outstanding management teams, strong long-term performance records and a demonstrated commitment to continued growth and success. Our partnership approach ensures that Affiliates maintain operational autonomy in managing their business, thereby preserving their entrepreneurial culture and independence.

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

We generally have contractual arrangements ("revenue sharing arrangements") with our Affiliates. In many cases, a percentage of revenue is allocable to fund operating expenses, including compensation (the "Operating Allocation"), while the remaining revenue (the "Owners' Allocation") is allocable to us and Affiliate management, generally with a priority to us. In other revenue sharing arrangements, we own a minority interest that allocates to us a percentage of the Affiliate's revenue, with the remaining revenue available to the Affiliate to pay operating expenses and profit distributions to the other owners. Certain of our Affiliates operate under profit-based arrangements through which we receive a share of profits as cash flow, rather than a percentage of revenue. As a result, we participate fully in any increase or decrease in the revenue or expenses of such firms. From time to time, we may consider changes to the structure of our relationship with an Affiliate in order to better support the firm's growth strategy.

*Financial Results*

For the three and nine months ended September 30, 2013, Net income (controlling interest) was $75.2 million and $202.3 million, respectively, while Earnings per share—diluted was $1.37 and $3.70, respectively, representing a 32% and 98% increase over the prior year, and Cash flow from operations was $282.8 million and $747.6 million, respectively. For the three and nine months ended September 30, 2012, Net income (controlling interest) was $54.9 million and $98.9 million, respectively, Earnings per share—diluted was $1.04 and $1.87, respectively, and Cash flow from operations was $211.1 million and $447.1 million, respectively.

For the three and nine months ended September 30, 2013, Economic net income was $121.8 million and $367.2 million, respectively, while Economic earnings per share was $2.19 and $6.63, respectively, representing a 15% and 29% increase over the prior year, and EBITDA was $170.4 million and $518.4 million, respectively. For the three and nine months ended September 30, 2012, Economic net income was $101.2 million and $272.3 million, respectively, Economic earnings per share was $1.91 and $5.15, respectively, and EBITDA was $133.5 million and $361.2 million, respectively. Reconciliations of Net income to Economic net income and Cash flow from operations to EBITDA are included on pages 30 and 32, respectively.

For the twelve months ended September 30, 2013, our assets under management increased 22% to $508.4 billion. The increase was primarily the result of $50.2 billion from investment performance and $40.3 billion from organic growth from net client cash flows.

The table below summarizes our financial highlights:

| (in millions, except as noted and per share data) | As of and for the Three Months Ended September 30, 2012 | 2013 | % Change | As of and for the Nine Months Ended September 30, 2012 | 2013 | % Change |
|---|---|---|---|---|---|---|
| Assets under Management *(in billions)* | $ 416.1 | $ 508.4 | 22% | $ 416.1 | $ 508.4 | 22% |
| Average assets under Management *(in billions)* | 399.6 | 493.7 | 24% | 368.0 | 470.4 | 28% |
| Revenue | 467.3 | 551.6 | 18% | 1,314.5 | 1,594.8 | 21% |
| EBITDA(1) | 133.5 | 170.4 | 28% | 361.2 | 518.4 | 44% |
| Net income (controlling interest)(2) | 54.9 | 75.2 | 37% | 98.9 | 202.3 | 105% |
| Earnings per share—diluted | 1.04 | 1.37 | 32% | 1.87 | 3.70 | 98% |
| Economic net income(3) | 101.2 | 121.8 | 20% | 272.3 | 367.2 | 35% |
| Economic earnings per share(3) | 1.91 | 2.19 | 15% | 5.15 | 6.63 | 29% |

(1) EBITDA, including a reconciliation to Cash flow from operations, is discussed in greater detail in "Supplemental Liquidity Measure" on page 31.

(2) During the first half of 2012, we recognized gains related to certain of our contingent payment arrangements and reduced the carrying value of an indefinite-lived intangible asset at one of our Affiliates as described in footnotes 1 and 2 on page 25.

(3) Economic net income and Economic earnings per share, including a reconciliation of Economic net income to Net income, are discussed in "Supplemental Performance Measures" on page 29.

*Diversification of Assets under Management*

The following table provides information regarding the composition of our assets under management:

| (in billions) | December 31, 2012 Assets under Management | December 31, 2012 Percentage of Total | September 30, 2013 Assets under Management | September 30, 2013 Percentage of Total |
|---|---|---|---|---|
| **Asset Class** | | | | |
| Equity(1) | $ 279.5 | 65% | $ 333.5 | 66% |
| Alternative(2) | 105.1 | 24% | 121.3 | 24% |
| Fixed Income(3)(4) | 47.2 | 11% | 53.6 | 10% |
| Total | $ 431.8 | 100% | $ 508.4 | 100% |
| **Geography(5)** | | | | |
| Global | $ 228.0 | 53% | $ 264.6 | 52% |
| Domestic | 152.5 | 35% | 188.8 | 37% |
| Emerging Markets | 51.3 | 12% | 55.0 | 11% |
| Total | $ 431.8 | 100% | $ 508.4 | 100% |

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

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

(3) Our Affiliates sponsor money market funds with fund assets representing less than 0.05% of our assets under management.

(4) Investments in sovereign and non-sovereign debt of European countries represent less than 1% of our assets under management.

(5) The Geography of a particular investment product describes the general location of its investment holdings.

During the nine months ended September 30, 2013, on an asset class basis, we experienced organic growth from net client cash flows which totaled $35.2 billion and positive investment performance across all asset classes, with no significant change in asset composition. On a geographic basis, strong investment performance in the Domestic region, relative to International and Emerging Markets, resulted in a relative increase in assets under management in that region in 2013.

*Assets under Management by Operating Segment*

The following table presents changes in our Affiliates' reported assets under management by operating segment (which are also referred to as distribution channels).

**Statement of Changes-Quarter to Date**

| *(in billions)* | Institutional | Mutual Fund | High Net Worth | Total |
|---|---|---|---|---|
| June 30, 2013 | $ 267.5 | $ 142.8 | $ 59.2 | $ 469.5 |
| Client cash inflows | 11.2 | 12.0 | 2.6 | 25.8 |
| Client cash outflows | (6.3) | (7.1) | (2.3) | (15.7) |
| Net client cash flows | 4.9 | 4.9 | 0.3 | 10.1 |
| New Investments | — | — | 3.0 | 3.0 |
| Investment performance | 14.7 | 8.4 | 2.7 | 25.8 |
| September 30, 2013 | $ 287.1 | $ 156.1 | $ 65.2 | $ 508.4 |

**Statement of Changes-Year to Date**

| *(in billions)* | Institutional | Mutual Fund | High Net Worth | Total |
|---|---|---|---|---|
| December 31, 2012 | $ 254.3 | $ 121.9 | $ 55.6 | $ 431.8 |
| Client cash inflows | 33.5 | 40.6 | 8.4 | 82.5 |
| Client cash outflows | (18.1) | (22.6) | (6.6) | (47.3) |
| Net client cash flows | 15.4 | 18.0 | 1.8 | 35.2 |
| New Investments | — | — | 3.0 | 3.0 |
| Investment performance | 18.6 | 16.2 | 4.8 | 39.6 |
| Other[(1)] | (1.2) | — | — | (1.2) |
| September 30, 2013 | $ 287.1 | $ 156.1 | $ 65.2 | $ 508.4 |

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(1) Includes assets under management attributable to Affiliate product transitions, new investment client transitions and transfers of our interest in certain Affiliated investment management firms, the financial effects of which are not material to our ongoing results.

The net flows for the nine months ended September 30, 2013 occurred across a broad range of product offerings in each of our distribution channels, with no individual cash inflow or outflow having a significant impact on our revenue or expenses.

The operating segment analysis presented in the following table is based on average assets under management. For the Mutual Fund distribution channel, average assets under management represent an average of the daily net assets under management. For the Institutional and High Net Worth distribution channels, average assets under management reflect the billing patterns of particular client accounts. For example, assets under management for an account that bills in advance is presented in the table on the basis of beginning of period assets under management while an account that bills in arrears is reflected on the basis of end of period assets under management. Assets under management attributable to any investment in new Affiliates are included on a weighted average basis for the period from the closing date of the respective investment. We believe that this analysis more closely correlates to the billing cycle of each distribution channel and, as such, provides a more meaningful relationship to revenue.

| (in millions, except as noted) | For the Three Months Ended September 30, 2012 | 2013 | % Change | For the Nine Months Ended September 30, 2012 | 2013 | % Change |
|---|---|---|---|---|---|---|
| **Average Assets under Management (in billions)** | | | | | | |
| ***Including equity method Affiliates*** | | | | | | |
| Institutional | $ 234.2 | $ 280.5 | 20% | $ 225.4 | $ 270.7 | 20% |
| Mutual Fund | 112.0 | 151.2 | 35% | 98.4 | 140.0 | 42% |
| High Net Worth | 53.4 | 62.0 | 16% | 44.2 | 59.7 | 35% |
| Total | $ 399.6 | $ 493.7 | 24% | $ 368.0 | $ 470.4 | 28% |
| ***Consolidated Affiliates*** | | | | | | |
| Institutional | $ 154.0 | $ 168.6 | 9% | $ 152.2 | $ 166.5 | 9% |
| Mutual Fund | 92.3 | 120.2 | 30% | 81.2 | 111.9 | 38% |
| High Net Worth | 43.9 | 49.3 | 12% | 34.4 | 48.3 | 40% |
| Total | $ 290.2 | $ 338.1 | 17% | $ 267.8 | $ 326.7 | 22% |
| **Revenue** | | | | | | |
| Institutional | $ 210.7 | $ 229.1 | 9% | $ 636.8 | $ 694.6 | 9% |
| Mutual Fund | 208.3 | 268.0 | 29% | 557.4 | 741.5 | 33% |
| High Net Worth | 48.3 | 54.5 | 13% | 120.3 | 158.7 | 32% |
| Total | $ 467.3 | $ 551.6 | 18% | $ 1,314.5 | $ 1,594.8 | 21% |
| **Net income (controlling interest)[(1)]** | | | | | | |
| Institutional | $ 24.9 | $ 39.8 | 60% | $ 77.0 | $ 114.6 | 49% |
| Mutual Fund[(2)] | 24.7 | 27.8 | 13% | 8.3 | 67.2 | n.m. [(3)] |
| High Net Worth | 5.3 | 7.6 | 43% | 13.6 | 20.5 | 51% |
| Total | $ 54.9 | $ 75.2 | 37% | $ 98.9 | $ 202.3 | 105% |
| **EBITDA[(4)]** | | | | | | |
| Institutional | $ 73.3 | $ 90.9 | 24% | $ 207.0 | $ 291.3 | 41% |
| Mutual Fund | 46.4 | 62.4 | 34% | 119.9 | 177.8 | 48% |
| High Net Worth | 13.8 | 17.1 | 24% | 34.3 | 49.3 | 44% |
| Total | $ 133.5 | $ 170.4 | 28% | $ 361.2 | $ 518.4 | 44% |

(1) During the first half of 2012, we recognized a gain totaling $57.3 million ($39.6 million attributable to the controlling interest) related to certain of our contingent payment arrangements. The controlling interest portion of the gain was allocated $20.2 million, $19.1 million and $0.3 million to our Institutional, Mutual Fund and High Net Worth channels, respectively. During the first half of 2013, we recognized a loss totaling $10.3 million (all of which was attributable to the controlling interest) related to certain of our contingent payment arrangements. The loss was allocated $9.6 million and $0.7 million to our Mutual Fund and High Net Worth channels, respectively.

(2) During the first half of 2012, we reduced the carrying value of an indefinite-lived intangible asset at one of our Affiliates and, accordingly, recorded pre-tax expenses of $102.2 million.

(3) Percentage change is not meaningful.

(4) EBITDA, including a reconciliation to cash flow from operations, is discussed in "Supplemental Liquidity Measure" on page 31.

**Results of Operations**

Our Affiliate investments are generally structured as revenue sharing arrangements. When we own a controlling interest, we consolidate the Affiliates' results. Our discussion of revenue and operating expenses relates to our consolidated Affiliates.

When we hold a minority investment and are required to use the equity method of accounting, we do not consolidate the operating results of these firms (including their revenue). Our share of these firms' earnings (net of intangible amortization) is reported in Income from equity method investments and is discussed on page 27.

*Revenue*

Our revenue is generally determined by the level of our average assets under management and the composition of our assets across our operating segments and products within our operating segments, which realize different fee rates. Our ratio of revenue to average assets under management (in total and by channel) is calculated as revenue divided by average assets under management and may change as a result of new investments, net client cash flows, performance and, to a lesser extent, changes in contractual fees. Therefore, changes in this ratio should not necessarily be viewed as an indicator of changes in contractual fee rates billed by our Affiliates to their clients.

Our revenue is also determined by the level of performance fees recognized. Performance fees are generally measured on absolute or relative investment performance against a benchmark. As a result, the level of performance fees earned can vary significantly from period to period and these fees may not necessarily be correlated to changes in assets under management.

Our revenue increased $84.3 million (or 18%) in the three months ended September 30, 2013 as compared to the three months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from investment performance and net client cash flows.

Our revenue increased $280.3 million (or 21%) in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from investment performance, net client cash flows and our new Affiliate investments in 2012.

Neither changes in the composition of our assets under management between or within operating segments nor changes to our contractual fee rates had a significant impact on our results.

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

*Institutional Distribution Channel*

Our revenue in the Institutional distribution channel increased $18.4 million (or 9%) in the three months ended September 30, 2013 as compared to the three months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from investment performance and net client cash flows.

Our revenue in the Institutional distribution channel increased $57.8 million (or 9%) in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from investment performance and net client cash flows.

*Mutual Fund Distribution Channel*

Our revenue in the Mutual Fund distribution channel increased $59.7 million (or 29%) in the three months ended September 30, 2013 as compared to the three months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from net client cash flows and investment performance.

Our revenue in the Mutual Fund distribution channel increased $184.1 million (or 33%) in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates, partially offset by a decline in our ratio of revenue to average assets under management. The increase in average assets under management resulted principally from net client cash flows, investment performance and our new Affiliate investments in 2012. The decline in our ratio of revenue to average assets under management was primarily the result of our new Affiliate investments in 2012 that have comparatively lower fee rates.

*High Net Worth Distribution Channel*

Our revenue in the High Net Worth distribution channel increased $6.2 million (or 13%) in the three months ended September 30, 2013 as compared to the three months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from investment performance and net client cash flows.

Our revenue in the High Net Worth distribution channel increased $38.4 million (or 32%) in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, primarily from an increase in average assets under management from our consolidated Affiliates, partially offset by a decline in our ratio of revenue to average assets under management. The increase in average assets under management resulted principally from our new Affiliate investments in 2012, investment performance and net client cash flows. The decline in our ratio of revenue to average assets under management was primarily the result of our new Affiliate investments in 2012 that have comparatively lower fee rates.

*Operating Expenses*

The following table summarizes our consolidated operating expenses:

| | For the Three Months Ended September 30, | | | For the Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions)* | **2012** | **2013** | **% Change** | **2012** | **2013** | **% Change** |
| Compensation and related expenses | $ 196.8 | $ 229.8 | 17 % | $ 565.9 | $ 679.7 | 20 % |
| Selling, general and administrative | 93.9 | 106.4 | 13 % | 267.7 | 298.2 | 11 % |
| Intangible amortization and impairments | 24.0 | 32.7 | 36 % | 169.1 | 98.1 | (42)% |
| Depreciation and other amortization | 3.5 | 3.4 | (3)% | 10.6 | 10.3 | (3)% |
| Other operating expenses | 9.4 | 10.2 | 9 % | 27.7 | 27.5 | (1)% |
| Total operating expenses | $ 327.6 | $ 382.5 | 17 % | $ 1,041.0 | $ 1,113.8 | 7 % |

A substantial portion of our operating expenses was incurred by our Affiliates, the majority of which was incurred by Affiliates with revenue sharing arrangements. For Affiliates with revenue sharing arrangements, an Affiliate's Operating Allocation percentage generally determined its operating expenses. Accordingly, our compensation expense was generally impacted by increases or decreases in each Affiliate's revenue and the corresponding increases or decreases in their respective Operating Allocation.

Compensation and related expenses increased $33.0 million (or 17%) and $113.8 million (or 20%) in the three and nine months ended September 30, 2013, as compared to the three and nine months ended September 30, 2012, respectively. These increases were primarily a result of the relationship between revenue and operating expenses at extant Affiliates, which experienced increases in revenue, and accordingly, reported higher compensation expenses. In the nine months ended September 30, 2013, the increase was also a result of an increase in Affiliate expenses from our new Affiliate investments in 2012 of $38.0 million.

Selling, general and administrative expenses increased $12.5 million (or 13%) and $30.5 million (or 11%) in the three and nine months ended September 30, 2013, as compared to the three and nine months ended September 30, 2012, respectively. These increases resulted primarily from increases in sub-advisory and distribution expenses attributable to increases in assets under management at our Affiliates in the Mutual Fund distribution channel. In the nine months ended September 30, 2013, the increase was also a result of increases in Affiliate expenses from new Affiliate investments in 2012 of $11.9 million.

Intangible amortization and impairments increased $8.7 million (or 36%) in the three months ended September 30, 2013, as compared to the three months ended September 30, 2012. This increase was primarily related to an increase in amortization attributable to a definite-lived asset in 2013. Intangible amortization and impairments decreased $71.0 million (or 42%) in the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012. This decrease was primarily the result of a reduction in the carrying value of an indefinite-lived asset at one of our Affiliates in 2012 which did not reoccur in 2013.

*Income from Equity Method Investments*

When we own a minority investment and are required to use the equity method of accounting, we only recognize our share of these Affiliates' earnings (generally calculated as a fixed percentage of revenue) net of intangible amortization.

Accordingly, we have not consolidated these Affiliates' operating results (including their revenue). The following table summarizes our share of the profits from our equity method investments:

| | For the Three Months Ended September 30, | | | For the Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions)* | 2012 | 2013 | % Change | 2012 | 2013 | % Change |
| Equity method earnings | $ 29.6 | $ 44.5 | 50% | $ 73.8 | $ 152.1 | 106% |
| Equity method amortization | 10.2 | 10.4 | 2% | 26.5 | 31.1 | 17% |
| Income from equity method investments | $ 19.4 | $ 34.1 | 76% | $ 47.3 | $ 121.0 | 156% |

Equity method earnings increased $14.9 million (or 50%) and $78.3 million (or 106%) in the three and nine months ended September 30, 2013, as compared to the three and nine months ended September 30, 2012, respectively. These increases were the result of increases in revenue, including higher performance fees, as well as our additional investment in an existing Affiliate during 2012. The increase in our equity method amortization was primarily the result of our additional investment in an existing Affiliate during 2012.

*Other Income Statement Data*

The following table summarizes other income statement data:

| | For the Three Months Ended September 30, | | | For the Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions)* | 2012 | 2013 | % Change | 2012 | 2013 | % Change |
| Investment and other income | $ 6.9 | $ 8.0 | 16 % | $ 20.3 | $ 20.0 | (1)% |
| Interest expense | 21.8 | 19.9 | (9)% | 58.8 | 68.5 | 16 % |
| Imputed interest and contingent payment arrangements | 6.7 | 3.9 | (42)% | (35.7) | 26.5 | n.m. (1) |
| Income tax expense | 19.4 | 31.0 | 60 % | 46.0 | 106.6 | 132 % |

(1) Percentage change is not meaningful.

Interest expense decreased $1.9 million (or 9%) in the three months ended September 30, 2013, as compared to the three months ended September 30, 2012, principally as a result of the settlement of our 2008 senior convertible notes ($3.6 million) and decreases in revolver borrowing costs. These decreases were partially offset by an increase of $3.2 million related to the issuance of senior notes in August and October 2012. Interest expense increased $9.7 million (or 16%) in the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012, primarily as a result of an increase of $13.2 million related to the issuance of senior notes in August and October 2012, partially offset by the settlement of our 2008 senior convertible notes.

Imputed interest and contingent payment arrangements decreased $2.8 million (or 42%) in the three months ended September 30, 2013, as compared to the three months ended September 30, 2012. This decrease was primarily a result of the settlement of our 2008 senior convertible notes in the three months ended September 30, 2013. Imputed interest and contingent payment arrangements increased $62.2 million in the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012. The increase was primarily a result of a $10.3 million loss on the revaluation of our contingent payment arrangements in the first half of 2013 as compared to a $57.3 million gain on the revaluation of our contingent payment arrangements in the first half of 2012.

Income taxes increased $11.6 million (or 60%) in the three months ended September 30, 2013, as compared to the three months ended September 30, 2012 from an increase in pre-tax earnings and a 2012 decrease of $3.1 million in our deferred tax valuation allowance, which did not reoccur in 2013. The 2012 decrease was primarily related to indirect tax benefits from foreign tax positions. Income taxes increased $60.6 million (or 132%) in the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012, principally from an increase in pre-tax earnings.

*Net Income*

The following table summarizes Net income:

| (in millions) | For the Three Months Ended September 30, 2012 | 2013 | % Change | For the Nine Months Ended September 30, 2012 | 2013 | % Change |
|---|---|---|---|---|---|---|
| Net income | $ 118.1 | $ 156.4 | 32% | $ 272.0 | $ 420.4 | 55% |
| Net income (non-controlling interests) | 63.2 | 81.2 | 28% | 173.1 | 218.1 | 26% |
| Net income (controlling interest) | 54.9 | 75.2 | 37% | 98.9 | 202.3 | 105% |

Net income (non-controlling interests) increased $18.0 million (or 28%) and $45.0 million (or 26%) in the three and nine months ended September 30, 2013, as compared to the three and nine months ended September 30, 2012, respectively, primarily as a result of the previously discussed changes in revenue and expenses.

Net income (controlling interest) increased $20.3 million (or 37%) and $103.4 million (or 105%) in the three and nine months ended September 30, 2013, as compared to the three and nine months ended September 30, 2012, respectively, primarily as a result of the previously discussed changes in revenue and expenses.

***Supplemental Performance Measures***

As supplemental information, we provide non-GAAP performance measures that we refer to as Economic net income and Economic earnings per share. We consider Economic net income an important measure of our financial performance, as we believe it best represents our operating performance before non-cash expenses relating to our acquisition of interests in our Affiliates. Economic net income and Economic earnings per share are used by our management and Board of Directors as our principal performance benchmarks, including as measures for aligning executive compensation with stockholder value. These measures are provided in addition to, but not as a substitute for, Net income (controlling interest) and Earnings per share. Economic net income and Economic earnings per share are not liquidity measures and should not be used in place of any liquidity measure calculated under accounting principles generally accepted in the U.S. ("GAAP").

Under our Economic net income definition, we add to Net income (controlling interest) amortization (including equity method amortization) and impairments, deferred taxes related to intangible assets, non-cash imputed interest expense (principally related to the accounting for convertible securities and contingent payment arrangements) and certain Affiliate equity expense. We add back amortization and impairments attributable to acquired client relationships because these expenses do not correspond to the changes in value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) is added back because we believe it is unlikely these accruals will be used to settle material tax obligations. We add back non-cash imputed interest expense and contingent payment arrangements because it better reflects our contractual interest obligations. We add back non-cash expenses relating to certain transfers of equity between Affiliate partners when these transfers have no dilutive effect to shareholders.

Economic earnings per share represents Economic net income divided by the adjusted diluted average shares outstanding, which measures the potential share issuance from our senior convertible securities and junior convertible securities (each further described in Liquidity and Capital Resources) using a "treasury stock" method. Under this method, only the net number of shares of common stock equal to the value of these securities in excess of par, if any, are deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion.

The following table provides a reconciliation of Net income (controlling interest) to Economic net income:

| (in millions, except per share data) | For the Three Months Ended September 30, 2012 | For the Three Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 |
|---|---|---|---|---|
| Net income (controlling interest) | $ 54.9 | $ 75.2 | $ 98.9 | $ 202.3 |
| Intangible amortization and impairments[(1)] | 29.9 | 38.2 | 184.1 | 114.7 |
| Intangible-related deferred taxes | 11.7 | 5.2 | 0.1 | 29.4 |
| Imputed interest and contingent payment arrangements[(2)] | 4.0 | 2.5 | (12.7) | 17.0 |
| Affiliate equity expense | 0.7 | 0.7 | 1.9 | 3.8 |
| Economic net income | $ 101.2 | $ 121.8 | $ 272.3 | $ 367.2 |
| Average shares outstanding—diluted | 53.0 | 56.9 | 52.9 | 54.7 |
| Assumed issuance of trust preferred shares | — | (2.0) | — | — |
| Dilutive impact of senior convertible securities shares | — | 0.4 | — | 0.5 |
| Dilutive impact of trust preferred shares | — | 0.3 | — | 0.2 |
| Average shares outstanding—adjusted diluted | 53.0 | 55.6 | 52.9 | 55.4 |
| Economic earnings per share | $ 1.91 | $ 2.19 | $ 5.15 | $ 6.63 |

(1) Our reported intangible amortization includes amortization attributable to our non-controlling interests, amounts not added back to Net income (controlling interest) to measure our Economic net income. Further, for our equity method Affiliates, we do not separately report revenue or expenses (including intangible amortization) in our income statement. Our share of these Affiliates' amortization is reported in Income from equity method investments.

The following table summarizes the Intangible amortization and impairments shown above:

| (in millions) | For the Three Months Ended September 30, 2012 | For the Three Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 |
|---|---|---|---|---|
| Reported Intangible amortization and impairments | $ 24.0 | $ 32.7 | $ 169.1 | $ 98.1 |
| Intangible amortization—non-controlling interests | (4.3) | (4.9) | (11.5) | (14.5) |
| Equity method amortization | 10.2 | 10.4 | 26.5 | 31.1 |
| | $ 29.9 | $ 38.2 | $ 184.1 | $ 114.7 |

(2) Our reported Imputed interest and contingent payment arrangements was $6.7 million and $3.9 million for the three months ended September 30, 2012 and 2013, respectively, and $(35.7) million and $26.5 million for the nine months ended September 30, 2012 and 2013, respectively. Included in our Imputed interest and contingent payment arrangements for the three and nine months ended September 30, 2012 was $0.7 million and $(14.6) million, respectively, of imputed interest attributable to the non-controlling interests, an amount not added back to Net income (controlling interest) to measure our Economic net income. There was no Imputed interest attributable to the non-controlling interests for the three and nine months ended September 30, 2013.

**Liquidity and Capital Resources**

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

| (in millions) | December 31, 2012 | September 30, 2013 |
|---|---|---|
| **Balance Sheet Data** | | |
| Cash and cash equivalents | $ 430.4 | $ 522.4 |
| Senior bank debt | 325.0 | 575.0 |
| Senior notes | 340.0 | 340.0 |
| Senior convertible securities[1] | 450.1 | — |
| Junior convertible trust preferred securities | 515.5 | 517.9 |

(1) In July, we called all of our outstanding 2008 senior convertible notes as described on page 33.

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in millions) | 2012 | 2013 | 2012 | 2013 |
| **Cash Flow Data** | | | | |
| Operating cash flow | $ 211.1 | $ 282.8 | $ 447.1 | $ 747.6 |
| Investing cash flow | (354.0) | (34.1) | (747.9) | (43.8) |
| Financing cash flow | 202.2 | (145.5) | 220.5 | (611.6) |
| EBITDA[1] | 133.5 | 170.4 | 361.2 | 518.4 |

(1) The definition of EBITDA is presented under "Supplemental Liquidity Measure."

Under the terms of our credit facility we are required to meet two financial ratio covenants. The first of these covenants is a maximum ratio of debt to EBITDA (the "bank leverage ratio") of 3.0. The second covenant is a minimum EBITDA to cash interest expense ratio of 3.0 (our "bank interest coverage ratio"). For purposes of calculating these ratios, share-based compensation expense is added back to EBITDA. As of September 30, 2013, our bank leverage and bank interest coverage ratios were 1.3 and 9.4, respectively, and we were in compliance with all terms of our credit facility. We have $675.0 million of remaining capacity under our credit facility, and could borrow all such capacity and remain in compliance with our credit facility.

During the first half of 2013, we were upgraded to BBB by both Standard & Poor's and Fitch rating agencies. With the exception of a modest increase in the borrowing rate under our credit facility (0.25%), a downgrade of our credit rating would have no direct financial effect on any of our agreements or securities (or otherwise trigger a default).

***Supplemental Liquidity Measure***

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

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

| (in millions) | For the Three Months Ended September 30, 2012 | For the Three Months Ended September 30, 2013 | For the Nine Months Ended September 30, 2012 | For the Nine Months Ended September 30, 2013 |
|---|---|---|---|---|
| Cash flow from operating activities | $ 211.1 | $ 282.8 | $ 447.1 | $ 747.6 |
| Interest expense, net of non-cash items[1] | 19.7 | 17.8 | 53.1 | 60.7 |
| Current tax provision | 8.8 | 32.7 | 31.1 | 73.6 |
| Income from equity method investments, net of distributions[2] | 8.8 | 3.7 | (5.5) | (35.1) |
| Net income (non-controlling interests) | (63.2) | (81.2) | (173.1) | (218.1) |
| Changes in assets and liabilities | (34.7) | (72.4) | 48.6 | (49.1) |
| Other non-cash adjustments[3] | (17.0) | (13.0) | (40.1) | (61.2) |
| EBITDA | $ 133.5 | $ 170.4 | $ 361.2 | $ 518.4 |

(1) Non-cash items include Amortization of issuance costs and Imputed interest and contingent payment arrangements of $8.7 million and $6.0 million for the three months ended September 30, 2012 and 2013, respectively, and $(30.0) million and $34.3 million for the nine months ended September 30, 2012 and 2013, respectively.

(2) Distributions from equity method investments were $20.8 million and $40.9 million for the three months ended September 30, 2012 and 2013, respectively, and $79.2 million and $187.5 million for the nine months ended September 30, 2012 and 2013, respectively.

(3) Other non-cash adjustments include share-based compensation expense and other adjustments to reconcile Net income (controlling interest) to net cash flow from operating activities.

In the nine months ended September 30, 2013, we met our cash requirements primarily through cash generated by operating activities. Our principal uses of cash were to settle our 2008 senior convertible notes, repay senior bank debt, make distributions to Affiliate partners, settle contingent payment obligations and repay our other liabilities. We expect that our principal uses of cash for the foreseeable future will be for investments in new and existing Affiliates, distributions to Affiliate partners, payment of principal and interest on outstanding debt, and for working capital purposes.

The following table summarizes the principal amount due at maturity of our debt obligations and convertible securities as of September 30, 2013:

| (in millions) | Amount | Maturity Date | Form of Repayment |
|---|---|---|---|
| Senior bank debt | $ 575.0 | 2018 | (1) |
| Senior notes | 340.0 | 2022/2042 | (2) |
| Junior convertible trust preferred securities | 730.8 | 2036/2037 | (3) |

(1) Settled in cash.

(2) Settled in cash on or after October 15, 2015 for the 2022 senior notes and August 15, 2017 for the 2042 senior notes.

(3) Settled in cash or common stock (or a combination thereof) at our election if the holders exercise their conversion rights.

***Senior Bank Debt***

We entered into a $1.25 billion senior unsecured revolving credit facility in April 2013 (the "credit facility"). The credit facility matures in April 2018. As of September 30, 2013, the current outstanding balance under the credit facility is $575.0 million.

The credit facility is unsecured and contains financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends, asset dispositions and fundamental corporate changes.

***Senior Notes***

At September 30, 2013, we have two senior notes outstanding. The principal terms of these notes are summarized below.

| | 2022 Senior Notes | 2042 Senior Notes |
|---|---|---|
| Issue date | October 2012 | August 2012 |
| Maturity date | October 2022 | August 2042 |
| Potential Call Date | October 2015 | August 2017 |
| Par value *(in millions)* | $ 140.0 | $ 200.0 |
| Call Price | At Par | At Par |
| Stated coupon | 5.25% | 6.375% |
| Coupon frequency | Quarterly | Quarterly |

***Convertible Securities***

In the second and third quarters of 2013, we repurchased $79.5 million principal amount outstanding of the 3.95% senior convertible notes due 2038 (“2008 senior convertible notes”). Subsequent to the repurchases, we called the remaining 2008 senior convertible notes ($380.5 million principal amount) for redemption on August 15, 2013 at their principal amount. In lieu of redemption, holders of the 2008 senior convertible notes elected to convert their securities. We elected to settle such conversions in cash. In connection with our call and prior repurchases, we paid an aggregate of $641.3 million. All of our 2008 senior convertible notes have been canceled and retired.

At September 30, 2013, we have two junior convertible trust preferred securities outstanding, one issued in 2006 (the "2006 junior convertible trust preferred securities") and a second issued in 2007 (the "2007 junior convertible trust preferred securities"). The principal terms of these securities are summarized below.

| | 2006 Junior Convertible Trust Preferred Securities(1) | 2007 Junior Convertible Trust Preferred Securities(2) |
|---|---|---|
| Issue date | April 2006 | October 2007 |
| Maturity date | April 2036 | October 2037 |
| Next potential put date | N/A | N/A |
| Par value *(in millions)* | $ 300.0 | $ 430.8 |
| Carrying value *(in millions)*(3) | 217.1 | 300.8 |
| Denomination | 50 | 50 |
| Current conversion rate | 0.333 | 0.250 |
| Current conversion price | $ 150.00 | $ 200.00 |
| Stated coupon | 5.10% | 5.15% |
| Coupon frequency | Quarterly | Quarterly |
| Tax deduction rate(4) | 7.50% | 8.00% |

(1) We may redeem the 2006 junior convertible trust preferred securities if the closing price of our common stock exceeds $195 per share for 20 trading days in a period of 30 consecutive trading days.

(2) We may redeem the 2007 junior convertible trust preferred securities if the closing price of our common stock exceeds $260 per share for 20 trading days in a period of 30 consecutive trading days.

(3) The carrying value is accreted to the principal amount at maturity over an expected life of 30 years for each of the junior convertible trust preferred securities.

(4) These convertible securities are considered contingent payment debt instruments under federal income tax regulations, which require us to deduct interest in an amount greater than our reported Interest expense. These deductions result in annual deferred tax liabilities of approximately $12.0 million. These deferred tax liabilities will be reclassified directly to

stockholders' equity if our common stock is trading above certain thresholds at the time of the conversion of the securities. In the nine months ended September 30, 2013, $50.6 million was reclassified to stockholders' equity related to the settlement of the 2008 senior convertible notes.

Both the 2006 and 2007 junior convertible trust preferred securities are convertible, at any time, into a defined number of shares. Upon conversion, holders will receive cash or shares of our common stock, or a combination thereof. We can call the 2006 junior convertible trust preferred securities if the closing price of our common stock exceeds $195 per share for 20 trading days in a period of 30 consecutive trading days. We can call the 2007 junior convertible trust preferred securities if the closing price of our common stock exceeds $260 per share for 20 trading days in a period of 30 consecutive trading days. Holders of the 2006 and 2007 junior convertible trust preferred securities have no rights to put these securities to us.

***Derivative Instruments***

From time to time, we seek to offset our exposure to changing interest rates under our debt financing arrangements by entering into interest rate hedging contracts. We have entered into interest rate swap contracts to exchange a fixed rate for the variable rate on a portion of our credit facility. These contracts expire between 2015 and 2017. Under these contracts, we will pay a weighted average fixed rate of 1.76% on a notional amount of $100.0 million through October 2015. Thereafter, through October 2017, we will pay a weighted average fixed rate of 2.14% on a remaining notional amount of $25.0 million. As of September 30, 2013, the unrealized loss on these contracts was $2.7 million.

***Forward Equity Sale Agreement***

In 2012, we amended our forward equity agreement with our counterparties to increase the amount of shares of common stock we may sell to an aggregate of $400.0 million. During 2012, we entered into contracts to sell a notional amount of $147.2 million at an average share price of $121.37. We have the ability to settle the contracts either by delivering shares of common stock and receiving cash or net settling for cash or shares of common stock. During the three months ended September 30, 2013, we agreed to net settle $37.6 million notional amount of forward equity contracts for cash at an average share price of $185.13 and, in October 2013, agreed to net settle an additional $39.4 million notional amount at an average share price of $185.98. In total, we have agreed to net settle $77.0 million notional amount of forward equity contracts for cash at an average share price of $185.56.

***Affiliate Equity***

Many of our operating agreements provide us a conditional right to call and Affiliate partners the conditional right to put their retained equity interests at certain intervals. The purchase price of these conditional purchases are generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. Affiliate management partners are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to our approval or other restrictions.

Our current redemption value for these interests has been presented as Redeemable non-controlling interests on our Consolidated Balance Sheets. Although the timing and amounts of these purchases are difficult to predict, we expect to repurchase approximately $50.0 million of Affiliate equity during 2013, and, in such event, will own the cash flow associated with any equity repurchased.

***Operating Cash Flow***

Cash flow from operations generally represents Net income adjusted for cash distributions from equity method investments, non-cash charges for intangible amortization and impairments, deferred taxes, imputed interest and contingent payment arrangements, share-based compensation, as well as increases and decreases in our consolidated working capital.

The increase in cash flows from operations in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012 resulted principally from an increase in net income as adjusted for distributions from equity method investments and non-cash charges ($202.7 million), as well as decreases in the settlements of accounts payable and accrued liabilities ($78.0 million).

***Investing Cash Flow***

Net cash flow used in investing activities decreased $704.1 million in the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012. The decrease was due to a decrease in investments in Affiliates ($729.0 million). This change was partially offset by lower sales of investment securities in the nine months ended September 30, 2012 ($26.4 million).

***Financing Cash Flow***

Net cash flow used in financing activities increased $832.1 million in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. This was primarily a result of the settlement of 2008 senior convertible notes in the nine months ended September 30, 2013 ($641.3 million) and the issuance of senior debt in the nine months ended September 30, 2012 ($200.0 million), which did not reoccur in 2013.

Under past acquisition agreements, we are contingently liable, upon achievement of specified financial targets, to make payments of up to $474.0 million through 2017. In 2013, we do not expect to make any payments to settle portions of these contingent arrangements. We expect to repurchase approximately $50.0 million of Affiliate equity during 2013.

Our Board of Directors has periodically authorized share repurchase programs (most recently October 2011). The maximum number of shares that may be repurchased under outstanding programs is approximately 2.2 million. The timing and amount of repurchases are determined at the discretion of management. There were 0.1 million shares repurchased during the nine months ended September 30, 2013 at an average price paid per share of $184.89.

We anticipate that borrowings under the credit facility and proceeds from the settlement of any forward equity sales, together with cash flows from operations will be sufficient to support our cash flow needs for the foreseeable future.

***Contractual Obligations***

The following table summarizes our contractual obligations as of September 30, 2013. Contractual debt obligations include the cash payment of fixed interest.

| | | Payments Due | | | |
|---|---|---|---|---|---|
| *(in millions)* | **Total** | **Remainder of 2013** | **2014-2015** | **2016-2017** | **Thereafter** |
| **Contractual Obligations** | | | | | |
| Senior bank debt | $ 575.0 | $ — | $ — | $ — | $ 575.0 |
| Junior convertible trust preferred securities | 1,606.5 | 9.2 | 74.1 | 74.1 | 1,449.1 |
| Senior notes | 780.9 | 5.0 | 40.2 | 40.2 | 695.5 |
| Leases | 162.4 | 7.4 | 52.9 | 36.8 | 65.3 |
| Other liabilities[(1)] | 38.6 | 32.9 | — | — | 5.7 |
| Derivative instruments | 4.5 | 0.4 | 3.2 | 0.9 | — |
| Total contractual obligations | $ 3,167.9 | $ 54.9 | $ 170.4 | $ 152.0 | $ 2,790.6 |
| **Contingent Obligations** | | | | | |
| Contingent payment obligations[(2)] | $ 226.0 | $ — | $ 69.3 | $ 156.7 | $ — |

(1) Other liabilities reflect amounts payable to Affiliate managers related to our purchase of Affiliate equity interests. This table does not include liabilities for uncertain tax positions or commitments to co-invest in certain investment partnerships (of $20.9 million and $71.6 million as of September 30, 2013, respectively), as we cannot predict when such obligations will be paid.

(2) The contingent payment obligations disclosed in the table represent our expected settlement amounts. The maximum settlement amount through 2013 is approximately $161.5 million and $312.5 million in periods thereafter.

**Recent Accounting Developments**

In February 2013, the Financial Accounting Standards Board issued an update to the guidance for reporting reclassifications out of accumulated other comprehensive income. The new guidance requires companies to present the impact of significant amounts reclassified from accumulated other comprehensive income and the income statement line items affected by the reclassification. The new guidance is effective for interim and fiscal periods beginning after December 15, 2012. We adopted this guidance in the first quarter of 2013. Adoption of this new guidance did not have a significant impact on our Consolidated Financial Statements.

In June 2013, the Financial Accounting Standards Board issued an update to the guidance for determining whether a public or private company is an investment company. The new guidance clarifies the characteristics of an investment company and amends certain disclosure and measurement requirements. The new guidance is effective for interim and fiscal periods beginning after December 15, 2013 (early application is prohibited). We are evaluating the impact of this guidance, however we do not expect it to have a significant impact on our Consolidated Financial Statements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no significant changes to our Quantitative and Qualitative Disclosures About Market Risk in the three months ended September 30, 2013. Please refer to Item 7A in our 2012 Annual Report on Form 10-K.

**Item 4. Controls and Procedures**

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures during the quarter covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the quarter covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective in ensuring that (i) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Our disclosure controls and procedures were designed to provide reasonable assurance of achieving their stated objectives and our principal executive officer and principal financial officers concluded that our disclosure controls and procedures are effective at the reasonable assurance level. We review on an ongoing basis and document our disclosure controls and procedures, and our internal control over financial reporting, and we may from time to time make changes in an effort to enhance their effectiveness and ensure that our systems evolve with our business.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(a) None.

(b) None.

(c) Purchases of Equity Securities by the Issuer.

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under Outstanding Plans or Programs(1) |
|---|---|---|---|---|
| July 1-31, 2013 | — | $ — | — | 2,288,749 |
| August 1-31, 2013 | 85,000 | 184.89 | 85,000 | 2,203,749 |
| September 1-30, 2013 | — | — | — | 2,203,749 |
| Total | 85,000 | $ 184.89 | 85,000 | |

(1) In July 2010 and October 2011, the Board of Directors approved share repurchase programs authorizing us to repurchase up to 0.5 million and 2.0 million shares, respectively, of our common stock. As of September 30, 2013, approximately 2.2 million shares remain available for repurchase under these programs, which do not expire. Purchases may be made from time to time, at management's discretion.

**Item 6. Exhibits**

The exhibits are listed on the Exhibit Index and are included elsewhere in this Quarterly Report on Form 10-Q.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | |
|---|---|
| | AFFILIATED MANAGERS GROUP, INC.<br>(Registrant) |
| November 12, 2013 | /s/ JAY C. HORGEN |
| | Jay C. Horgen<br>*on behalf of the Registrant as Chief Financial Officer and Treasurer*<br>*(and also as Principal Financial and Principal Accounting Officer)* |

## EXHIBIT INDEX

| Exhibit No. | Description |
|---|---|
| 10.1 | Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan (incorporated by reference to the Company's Proxy Statement on Schedule 14A (No. 001-13459), filed April 30, 2013). |
| 10.2 | Form of Restricted Stock Award Agreement pursuant to Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan. |
| 10.3 | Form of Confirmation Letter Agreement, dated as of August 6, 2013 (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed August 6, 2013). |
| 10.4 | Form of Distribution Agency Agreement, dated as of August 6, 2013 (incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed August 6, 2013). |
| 31.1 | Certification of Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Registrant's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Registrant's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | The following financial statements from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 are furnished herewith, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the three and nine month periods ended September 30, 2013 and 2012, (ii) the Consolidated Balance Sheets at September 30, 2013 and December 31, 2012, (iii) the Consolidated Statement of Equity for the nine month period ended September 30, 2013, (iv) the Consolidated Statements of Cash Flows for the three and nine month periods ended September 30, 2013 and 2012, and (v) the Notes to the Consolidated Financial Statements. |

QuickLinks

**Exhibit 10.2**

**RESTRICTED STOCK AWARD AGREEMENT**
**PURSUANT TO AFFILIATED MANAGERS GROUP, INC.**
**2013 INCENTIVE STOCK AWARD PLAN**

Name of Grantee: [*Insert Name of Grantee*]

Pursuant to the Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan, as amended and/or restated from time to time (the "Plan"), and subject to the terms of this agreement (the "Agreement"), Affiliated Managers Group, Inc. (the "Company") hereby grants to the Grantee named above a restricted stock award (the "Award") consisting of the number of shares of common stock, par value $0.01 per share (the "Shares") of the Company specified on Exhibit A, subject to the terms and conditions set forth herein and in the Plan.

1. Vesting and Performance Measure.

(a) Vesting. Subject to the discretion of the Administrator to accelerate the vesting schedule, this Award shall vest in the amounts and on the dates indicated on Exhibit A; provided that the Grantee remains in continuous Employment through the applicable vesting date. In addition, if this award is subject to a Performance Measure (but not otherwise), Section 1(b) shall apply.

(b) Performance Measure. This Award, if subject to a Performance Measure (as defined herein), shall be eligible to vest in accordance with Section 1(a) only if the Compensation Committee has certified the attainment of the Performance Measure (unless the Performance Measure is of no further force or effect, as provided in Sections 1(c) and 3(a) hereof). If such Performance Measure remains in effect and is not attained, this Award shall terminate immediately and be of no further force or effect.

(c) Change of Control. Notwithstanding anything to the contrary herein or in the Plan, in the event of termination of Grantee's Employment (i) by the Company without Cause or (ii) by the Grantee for Good Reason, in either case occurring within the two-year period following a Change of Control, this Award shall automatically fully vest at the time of such termination; provided, that, if subject to a Performance Measure, this Award shall only vest pursuant to this Section 1(c) if (i) the Compensation Committee has certified that the Performance Measure has been attained on or before the date of termination or (ii) the attainment of the Performance Measure is not yet determinable as of such date (in which case such Performance Measure shall be of no further force or effect). (For the avoidance of doubt, if this Award is subject to a Performance Measure that the Compensation Committee (on or before the occurrence of a Change of Control) has certified has *not* been attained, this Award shall terminate in accordance with Section 1(b) hereof.)

2. Meanings of Certain Terms. Except as otherwise expressly provided, all terms used herein shall have the same meaning as in the Plan. For purposes of this Agreement, as applicable, the following terms shall have the following meanings:

(a) "Cause" means any of the following:

(i) the Grantee's engagement in any criminal act which is or involves a serious felony offense, a violation of federal or state securities laws (or equivalent laws of any country or political subdivision thereof), embezzlement, fraud, wrongful taking or misappropriation of property, or theft or any other crime involving dishonesty;

(ii) the Grantee's willful or grossly negligent failure to perform duties owed to the Company or an Affiliate;

(iii) the Grantee's willful violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its subsidiaries or Affiliates is a member; or

(iv) the Grantee's willful violation of any Company policy or any applicable policy of any of its Affiliates concerning confidential or proprietary information, or material violation of any other Company or applicable Affiliate policy or written agreement as in effect from time to time.

The determination as to whether "Cause" has occurred shall be made by the Administrator. The Administrator shall also have the authority to waive the consequences under the Plan of the existence or occurrence of any of the events, acts or omissions constituting "Cause". If, subsequent to the Grantee's termination of Employment for other than Cause, it is determined that the Grantee's Employment could have been terminated for Cause, the Grantee's Employment shall be deemed to have been terminated for Cause retroactively to the date the events giving rise to such Cause occurred. Notwithstanding the foregoing, if Grantee is party to an employment, severance-benefit, change in control or similar agreement with the Company that contains a definition of "Cause" (or a correlative term), such definition will apply (in the case of such Grantee) in lieu of the definition set forth above during the term of such agreement.

(b) "*Good Reason*" shall mean any of the following events or conditions occurring without the Grantee's express written consent, provided that the Grantee shall have given notice of such event or condition within 90 days of the initial existence of such event or condition and the Company shall not have remedied such event or condition within 30 days after receipt of such notice:

(i) a materially adverse alteration in the nature or status of the Grantee's duties or responsibilities;

(ii) a material reduction in the Grantee's annual base salary or any target bonus, other than an across-the-board reduction that applies to the Grantee and similarly-situated employees; or

(iii) a change of 50 miles or more in the Grantee's principal place of Employment, except for required travel on business to an extent substantially consistent with the Grantee's business travel obligations.

Notwithstanding the foregoing, if the Grantee is party to an employment, severance-benefit, change in control or similar agreement with the Company that contains a definition of "Good Reason" (or a correlative term), such definition will apply (in the case of such Grantee for purposes of this Agreement) in lieu of the definition set forth in the preceding sentence during the term of such agreement.

(c) "*Performance Measure*" (a Performance Criteria under the Plan) shall mean the target for the Performance Period (each as set forth on <u>Exhibit A</u>), as established by the Compensation Committee.

3. <u>Termination of Service</u>. If the Grantee's Employment terminates, this Award may be subject to earlier termination or accelerated vesting as set forth below. The Grantee hereby (i) appoints the Company as his/her

attorney-in-fact to take such actions as may be necessary or appropriate to transfer ownership of any Shares that are unvested and forfeited hereunder and (ii) agrees to sign such stock or other powers and take such other actions as may be requested to accomplish the foregoing.

(a) Termination by Reason of Death or Disability. If the Grantee's Employment terminates by reason of death or disability, this Award shall become fully vested at the time of such termination provided, that, if subject to a Performance Measure, this Award shall only vest pursuant to this Section 3(a) if (i) the Compensation Committee has certified that the Performance Measure has been attained as of the date of termination or (ii) the attainment of the Performance Measure is not yet determinable as of such date (in which case such Performance Measure shall be of no further force or effect). (For the avoidance of doubt, if this Award is subject to a Performance Measure that the Compensation Committee (on or before the date of such termination) has certified has *not* been attained, this Award shall terminate in accordance with Section 1(b) hereof.)

(b) Other Termination. If the Grantee's Employment terminates for any reason other than death or disability, this Award shall, to the extent not already vested pursuant to Section 1(a), terminate immediately and be of no further force or effect.

The Administrator's determination of the reason that the Grantee's Employment has terminated shall be conclusive and binding on the Grantee and his or her representatives, legal guardians or legatees.

4. Retention and Delivery of Certificates. Any certificates representing unvested Shares shall be held by the Company and shall contain a legend setting forth the restrictions to which such Shares are subject. If unvested Shares are held in book entry form, the Grantee agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof or otherwise take such steps as it deems necessary or appropriate to record and manifest the restrictions applicable to such Shares. The Company will, (i) if the vested Shares are held in book-entry form, take such steps as it deems necessary or appropriate to record such Shares for the account of the Grantee or (ii) cause a certificate or certificates covering such Shares, without the aforesaid legend, to be issued and delivered to the Grantee.

5. Dividends; Other Rights. The Grantee's rights to any cash (including without limitation any regular cash dividends) and any stock or other property (including without limitation any stock dividend) distributable to the Grantee with respect to an unvested Share (i) shall be treated as unvested so long as such Share remains unvested (the "Restricted Period"), and (ii) shall be forfeited if and when such unvested Share is forfeited. Any cash amounts that would otherwise have been paid with respect to an unvested Share during the Restricted Period shall instead be accumulated and paid to the Grantee, without interest, only upon, or within thirty (30) days following, the date on which such Share is determined by the Company to have vested (the "Vesting Date"), and any other property distributable with respect to an unvested Share during the Restricted Period shall vest on the Vesting Date. The Compensation Committee may require that any cash or property described in this Section 5 be placed in escrow or otherwise made subject to such restrictions as the Compensation Committee deems appropriate to carry out the intent of this Section 5. References in this Agreement to Shares shall, as appropriate, include any restricted rights to cash or restricted property described in this Section 5.

6. Noncompetition, Intellectual Property and Confidentiality.

(a) Noncompetition. During the term of the Grantee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates and for two (2) years thereafter, the Grantee: (i) will not, directly or indirectly, whether as owner, partner, shareholder, member, consultant, agent, employee, co-venturer or otherwise, engage, participate or invest in any Competing Business (as hereinafter defined) (provided, however, that nothing in this clause (i) shall prohibit the Grantee from acting as an agent for a Competing Business in the course of his or her Employment (or other applicable service relationship) for a business which is not a

Competing Business); (ii) will not, directly or indirectly, take any action to negotiate or discuss with any person or entity or solicit or entertain from any person or entity, any investment, purchase, proposal, offer or indication of interest regarding (A) any investment in any entity in which the Company or any of its subsidiaries or Affiliates holds any securities or other investment interests or (B) any investment in any other entity with whom the Company or any of its subsidiaries or Affiliates is or was discussing or negotiating any possible investment therein at any time during the one (1) year preceding the termination (if any) of the Grantee's Employment (or other applicable service relationship) with the Company or any of its subsidiaries or Affiliates; (iii) will refrain from directly or indirectly employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave Employment with the Company and its subsidiaries or Affiliates (other than terminations of Employment of subordinate employees undertaken in the course of the Grantee's Employment with the Company or any of its subsidiaries or Affiliates); and (iv) will refrain from soliciting or encouraging any client or other person or entity to terminate or otherwise modify adversely its business relationship with the Company and its subsidiaries and Affiliates. The Grantee understands that the restrictions set forth in this Section 6(a) are intended to protect the Company's and its subsidiaries' and Affiliates' interest in its confidential information and established employee and client relationships and goodwill, and agrees that such restrictions are reasonable and appropriate for this purpose. For purposes of this Agreement, the term "Competing Business" shall mean a business or a division of a business, conducted anywhere in the United States of America which, as a primary or substantial part of its business, invests in or undertakes other similar and related activities with respect to, investment managers and advisers. Notwithstanding the foregoing, the Grantee may own up to five percent (5%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with a Competing Business.

(b) Confidentiality. The Grantee agrees and acknowledges that any and all presently existing business of the Company and its subsidiaries and Affiliates and all business developed by the Company, any of its subsidiaries or Affiliates, the Grantee and/or any other employee (or other service provider) of the Company and its subsidiaries and Affiliates, including without limitation all client lists, the Company's deal structures (as represented by the transactions it has completed, attempted or actually proposed), compensation records, agreements, and any other incident of any business developed by the Company or carried on by the Company and all trade names, service marks and logos under which the Company, its subsidiaries and its and their Affiliates do business, including without limitation "Affiliated Managers Group" and any combinations or variations thereof and all related logos, are and shall be the exclusive property of the Company or such subsidiary or Affiliate, as applicable, for its or their sole use, and (where applicable) amounts received in respect of the foregoing shall be payable directly to the Company or such subsidiary or Affiliate. The Grantee acknowledges that, in the course of performing services for the Company and otherwise, the Grantee will from time to time have access to information concerning the Company's, its subsidiaries' or its Affiliates' current or proposed businesses, technologies, business relationships, clients, personnel, processes, operations, strategies, plans, methods, investment recommendations, investment processes, investment methodologies, products, confidential records, manuals data, client and contact lists, trade secrets or financial, corporate, marketing or personnel affairs, which the Company or such subsidiary or Affiliate has not released to the general public and all memoranda, notes, papers, items and tangible media related to thereto (collectively, "Proprietary Information"). The Grantee agrees that Proprietary Information of the Company or any subsidiary or Affiliate thereof is and will be the exclusive property of the Company or such subsidiary or Affiliate, as the case may be, and further agrees to always keep secret and never (during the term of this Agreement or thereafter) publish, divulge, furnish, use or make accessible to anyone (other than in the regular business of the Company or any subsidiary or Affiliate thereof or otherwise at the Company's request) such Proprietary Information. Anything contained herein to the contrary notwithstanding, this Section 6(b) shall not apply to any knowledge, information or property which (i) is generally known or available to the public or in the public domain, (ii) has been previously disclosed or made available to the public, unless the Grantee knows or has reason to know that such disclosure or availability was the direct or indirect result of the violation or breach of a confidentiality or non-disclosure obligation, or (iii) is required to be disclosed or delivered by any court, agency or other governmental authority or is otherwise required to be disclosed by law.

(c) The Grantee will make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets and other works of authorship (collectively, "Developments"), whether or not patentable or copyrightable, that are created, made, conceived or reduced to practice by the Grantee (alone or jointly with others) or under Grantee's direction during Grantee's Employment. The Grantee acknowledges and confirms that the Grantee hereby assigns and transfers, and will assign and transfer, to the Company and its successors and assigns all the Grantee's right, title and interest in all Developments that (i) relate to the business of the Company, any subsidiary or Affiliate or any customer of or supplier to the Company or any of the products or services being researched, developed, manufactured, serviced, licensed or sold by the Company or which may be used with such products or services; or (ii) result from tasks assigned to the Grantee by the Company, a subsidiary or an Affiliate; or (iii) result from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, a subsidiary or an Affiliate ("Company-Related Developments"), and all related patents, patent applications, trademarks and trademark applications, copyrights and copyright applications, and other intellectual property rights in all countries and territories worldwide and under any international conventions ("Intellectual Property Rights").

(d) Upon termination of the Grantee's Employment for any reason, all Proprietary Information in the Grantee's possession or control shall be returned to the Company and remain in its possession. The Grantee will cooperate fully with the Company and its subsidiaries and Affiliates, both during Employment and following termination of Employment for any reason, in order for the Company and its subsidiaries and Affiliates to enforce and protect any of their rights and interests with respect to Proprietary Information, Company-Related Developments, and Intellectual Property Rights in Company-Related Developments, including without limitation whatsoever, signing all papers, copyright applications, patent applications, declarations, oaths, assignments of priority rights, and powers of attorney which the Company may deem necessary or desirable in order to protect such rights and interests.

7. Third-Party Agreements and Rights. The Grantee hereby confirms that he or she is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Grantee's use or disclosure of information or the Grantee's engagement in any business. In the Grantee's work for the Company or any of its subsidiaries or Affiliates, the Grantee will not disclose or use any information in violation of any rights of any such previous employer or other party.

8. Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution or as permitted by the Administrator. The Grantee may transfer, without consideration for the transfer, the Award to members of his or her immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee (and, as required by the Administrator, the beneficiaries or members of such transferee) agrees in writing with the Company to be bound by all of the terms and conditions of the Plan and this Agreement.

9. Certain Tax Matters.

(a) If, after speaking with his/her professional tax advisor, the Grantee is interested in making a so-called "83(b) election" with respect to the Shares, such election, to be effective, must be made in accordance with applicable regulations and within thirty (30) days following the Grant Date (as set forth on Exhibit A) of this Award. The Company has made no recommendation to the Grantee with respect to the advisability of making such an election.

(b) The award or vesting of the Shares acquired hereunder, and the payment of dividends with respect to such Shares, may give rise to "wages" subject to withholding. The Grantee expressly acknowledges and agrees that his or her rights hereunder are subject to his or her promptly paying to the Company in cash (or by such other means as may be acceptable to the Company in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Stock or shares of Stock acquired hereunder or by the withholding of amounts from any payment hereunder) all taxes required to be withheld in connection with such award, vesting or payment. Such payment by the Grantee shall be made no later than the date as of which any Shares or other amounts provided hereunder first become includable in the gross income of the Grantee for U.S. federal income tax purposes.

10. Miscellaneous.

(a) The Grantee acknowledges and agrees that the Company will exercise voting rights and take all other corporate actions for the Shares granted pursuant to this Award for such time as the Shares (whether vested or unvested) may be held by the Company on behalf of the Grantee, unless the Grantee provides written notice to Pam Price, Vice President of Human Resources, to the contrary.

(b) Notice hereunder shall be given (i) to the Company at its principal place of business, and (ii) to the Grantee at the address on file in the Company's records, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(c) This Award does not confer upon the Grantee any rights with respect to continuance as an employee (or other service provider) of the Company or any of its subsidiaries or Affiliates.

(d) Pursuant to Section 10 of the Plan, the Administrator may at any time amend or cancel any outstanding portion of this Award for any purpose that may at the time be permitted by law, but no such action may be taken that materially and adversely affects the Grantee's rights under this Agreement without the Grantee's consent.

(e) Notwithstanding anything herein to the contrary, this Award shall be, and the Grantee hereby acknowledges that it is, subject to and governed by all the terms and conditions of the Plan.

[*Remainder of the page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement pursuant to the 2013 Incentive Stock Award Plan as of the Grant Date listed on the attached Exhibit A.

AFFILIATED MANAGERS GROUP, INC.

By: __

Name:

Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the Grant Date listed on the attached Exhibit A.

By:____

Grantee's Signature

____

Grantee's Printed Name

RESTRICTED STOCK AWARD AGREEMENT
PURSUANT TO AFFILIATED MANAGERS GROUP, INC.
2013 INCENTIVE STOCK AWARD PLAN

**Exhibit A**

To be completed at time of grant.

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Exhibit 10.2

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**Exhibit 31.1**

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

I, Sean M. Healey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

/s/ SEAN M. HEALEY

Sean M. Healey
*Chief Executive Officer*

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Exhibit 31.1

**Exhibit 31.2**

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

I, Jay C. Horgen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

/s/ JAY C. HORGEN

Jay C. Horgen
*Chief Financial Officer and Treasurer*

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**Exhibit 32.1**

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sean M. Healey, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2013

/s/ SEAN M. HEALEY

Sean M. Healey
*Chief Executive Officer*

QuickLinks

Exhibit 32.1

**Exhibit 32.2**

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jay C. Horgen, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2013

/s/ JAY C. HORGEN

Jay C. Horgen
*Chief Financial Officer and Treasurer*