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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 June 30, 2010

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

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

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

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 (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 51,097,659 shares of the registrant's common stock outstanding on August 3, 2010.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Revenue	$ 201,246	$ 332,080	$ 379,721	$ 583,102
Operating expenses:				
Compensation and related expenses	103,373	142,740	187,533	261,969
Selling, general and administrative	30,953	72,126	62,413	117,365
Amortization of intangible assets	8,044	9,592	16,138	18,528
Depreciation and other amortization	3,243	3,375	6,482	6,401
Other operating expenses	4,736	8,416	10,486	14,470
	150,349	236,249	283,052	418,733
Operating income	50,897	95,831	96,669	164,369
Non-operating (income) and expenses:				
Investment and other income	(7,191)	(723)	(6,950)	(3,545)
Income from equity method investments	(7,351)	(9,861)	(13,767)	(19,007)
Investment (income) loss from investments in partnerships	(14,947)	8,585	(11,152)	4,493
Interest expense	15,828	16,315	32,404	32,428
Imputed interest expense	3,365	6,374	6,737	10,112
	(10,296)	20,690	7,272	24,481
Income before income taxes	61,193	75,141	89,397	139,888
Income taxes	4,944	16,923	9,908	28,910
Net income	56,249	58,218	79,489	110,978
Net income (non-controlling interests)	(30,671)	(41,411)	(51,549)	(72,697)
Net (income) loss (non-controlling interests in partnerships)	(14,599)	8,397	(10,836)	4,386
Net Income (controlling interest)	$ 10,979	$ 25,204	$ 17,104	$ 42,667
Average shares outstanding—basic	41,450,659	44,610,506	40,740,486	43,491,622
Average shares outstanding—diluted	43,159,140	47,635,230	42,082,991	46,539,949
Earnings per share—basic	$ 0.26	$ 0.56	$ 0.42	$ 0.98
Earnings per share—diluted	$ 0.26	$ 0.53	$ 0.41	$ 0.92
Supplemental disclosure of total comprehensive income:				
Net income	$ 56,249	$ 58,218	$ 79,489	$ 110,978
Other comprehensive income (loss)	24,676	(24,189)	14,804	1,203
Comprehensive income	80,925	34,029	94,293	112,181
Comprehensive income (non-controlling interests)	(45,270)	(33,014)	(62,385)	(68,311)
Comprehensive income (loss) (controlling interest)	$ 35,655	$ 1,015	$ 31,908	$ 43,870

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

	December 31, 2009	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 259,487	$ 220,543
Investment advisory fees receivable	140,118	200,395
Investments in partnerships	93,809	89,554
Investments in marketable securities	56,690	62,802
Unsettled fund share receivables	—	55,817
Prepaid expenses and other current assets	35,478	30,007
Total current assets	585,582	659,118
Fixed assets, net	62,402	68,086
Equity investments in Affiliates	658,332	635,321
Acquired client relationships, net	571,573	1,397,034
Goodwill	1,413,217	1,983,468
Other assets	99,800	195,426
Total assets	$ 3,390,906	$ 4,938,453
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 117,227	$ 194,759
Unsettled fund share payables	—	50,446
Payables to related party	109,888	90,791
Total current liabilities	227,115	335,996
Senior debt	—	659,500
Senior convertible securities	456,976	415,856
Junior convertible trust preferred securities	507,358	508,588
Deferred income taxes	322,671	464,151
Other long-term liabilities	26,066	174,545
Total liabilities	1,540,186	2,558,636
Redeemable non-controlling interests	368,999	344,020
Equity:		
Common stock	458	508
Additional paid-in capital	612,091	880,729
Accumulated other comprehensive income	45,958	47,161
Retained earnings	873,137	915,804
	1,531,644	1,844,202
Less: treasury stock, at cost	(421,954)	(356,341)
Total stockholders' equity	1,109,690	1,487,861
Non-controlling interests	281,946	462,015
Non-controlling interests in partnerships	90,085	85,921
Total equity	1,481,721	2,035,797
Total liabilities and equity	$ 3,390,906	$ 4,938,453

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(dollars in thousands)

(unaudited)

	Total Stockholders' Equity							
	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Shares at Cost	Non-controlling interests	Non-controlling interests in partnerships	Total Equity
December 31, 2009	$ 458	$ 612,091	$ 45,958	$ 873,137	$ (421,954)	$ 281,946	$ 90,085	$ 1,481,721
Stock issued under option and other incentive plans	—	(41,202)	—	—	65,604	—	—	24,402
Tax benefit of option exercises	—	6,795	—	—	—	—	—	6,795
Issuance costs	—	(228)	—	—	—	—	—	(228)
Changes in Affiliate equity value	—	(1,774)	—	—	—	394	—	(1,380)
Settlement of forward equity sale agreement	24	99,980	—	—	—	—	—	100,004
Conversion of zero coupon convertible notes	9	47,449	—	—	9	—	—	47,467
Share-based payment arrangements	—	10,730	—	—	—	—	—	10,730
Distributions to non-controlling interests	—	—	—	—	—	(90,564)	—	(90,564)
Investments in Affiliates	17	146,888	—	—	—	197,542	—	344,447
Other changes in non-controlling interests in partnerships	—	—	—	—	—	—	222	222
Net Income	—	—	—	42,667	—	72,697	(4,386)	110,978
Other comprehensive income	—	—	1,203	—	—	—	—	1,203
June 30, 2010	$ 508	$ 880,729	$ 47,161	$ 915,804	$ (356,341)	$ 462,015	$ 85,921	$ 2,035,797

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2010
Cash flow from operating activities:				
Net Income	$ 56,249	$ 58,218	$ 79,489	$ 110,978
Adjustments to reconcile Net Income to net cash flow from operating activities:				
Amortization of intangible assets	8,044	9,592	16,138	18,528
Amortization of issuance costs	1,841	1,847	3,636	3,694
Depreciation and other amortization	3,243	3,375	6,482	6,401
Deferred income tax provision	4,866	8,997	16,828	17,655
Imputed Interest Expense	3,365	6,374	6,737	10,112
Income from equity method investments, net of amortization	(7,351)	(9,861)	(13,767)	(19,007)
Distributions received from equity method investments	9,879	13,577	28,820	36,764
Tax benefit from exercise of stock options	1,459	1,802	1,459	2,076
Stock option expense	1,958	3,159	3,135	6,803
Affiliate equity expense	3,469	3,432	6,719	6,800
Other adjustments	(21,189)	13,483	(18,580)	9,548
Changes in assets and liabilities:				
(Increase) decrease in investment advisory fees receivable	(11,447)	(24,391)	17,895	(25,329)
(Increase) decrease in investments in partnerships	(648)	(787)	331	(504)
(Increase) decrease in prepaids and other current assets	(9,470)	9,039	(9,213)	19,768
(Increase) decrease in other assets	1,085	2,987	2,915	(8,125)
(Increase) decrease in unsettled fund shares receivable	—	96,487	—	(2,224)
Increase (decrease) in unsettled fund shares payable	—	(106,089)	—	2,265
Increase (decrease) in accounts payable, accrued liabilities and other long-term liabilities	26,861	23,850	(61,119)	(13,092)
Cash flow from operating activities	72,214	115,091	87,905	183,111
Cash flow used in investing activities:				
Investments in Affiliates	(1,411)	(665,368)	(1,411)	(793,036)
Purchase of fixed assets	(663)	(2,002)	(1,215)	(3,107)
Purchase of investment securities	(2,911)	(15,484)	(11,747)	(30,403)
Sale of investment securities	—	—	5,720	11,784
Cash flow used in investing activities	(4,985)	(682,854)	(8,653)	(814,762)
Cash flow from (used in) financing activities:				
Borrowings of senior bank debt	—	782,500	—	1,017,500
Repayments of senior bank debt	—	(293,000)	(233,514)	(358,000)
Issuance of common stock	11,622	22,959	11,622	25,414
Issuance costs	—	(147)	(921)	(229)
Excess tax benefit from exercise of stock options	1,086	4,358	1,086	4,719
Settlement of forward equity sale agreement	—	100,004	144,258	100,004
Note payments	(2,932)	(520)	(4,479)	(25,891)
Distributions to non-controlling interests	(25,506)	(23,779)	(87,125)	(60,692)
Affiliate equity issuances and repurchases	(16,421)	(6,893)	(32,806)	(109,532)
Subscriptions (redemptions) of non-controlling interests in partnerships	508	787	(471)	503
Cash flow from (used in) financing activities	(31,643)	586,269	(202,350)	593,796
Effect of foreign exchange rate changes on cash and cash equivalents	1,492	(1,714)	1,036	(1,089)
Net increase (decrease) in cash and cash equivalents	37,078	16,792	(122,062)	(38,944)
Cash and cash equivalents at beginning of period	237,291	203,751	396,431	259,487
Cash and cash equivalents at end of period	$ 274,369	$ 220,543	$ 274,369	$ 220,543
Supplemental disclosure of non-cash financing activities:				
Notes received for Affiliate equity sales	$ 593	$ 1,893	$ 4,060	$ 7,642
Payables recorded for Affiliate equity purchases	671	—	671	15,284
Stock issued for conversion of zero coupon senior convertible note	—	47,457	—	47,457
Stock issued for Investments in Affiliates	—	146,906	—	146,906
Stock issued for settlement of forward equity sale agreement	—	44,450	—	44,450
Payables recorded under contingent payment arrangements	—	15,283	—	64,250

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

NOTES TO 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 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 accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America. 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. All dollar amounts in these notes (except information that is presented on a per share, per security, per note or per contract basis) are stated in thousands, unless otherwise indicated. 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 (as amended, the "Annual Report on Form 10-K") for the fiscal year ended December 31, 2009 includes additional information about AMG, its operations, its financial position and its accounting policies, and should be read in conjunction with this Quarterly Report on Form 10-Q.

2. Senior Bank Debt

The Company has a $770,000 revolving credit facility (the "Revolver") and pays interest on any outstanding obligations at specified rates (based either on the Eurodollar rate or the prime rate as in effect from time to time) that vary depending on the Company's credit rating. Subject to the agreement of lenders to provide additional commitments, the Company has the option to increase the Revolver by up to an additional $175,000.

The Revolver, which will mature in February 2012, contains financial covenants with respect to leverage and interest coverage. The Revolver also contains customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends and fundamental corporate changes. Borrowings under the Revolver are collateralized by pledges of the substantial majority of capital stock or other equity interests owned by the Company. At June 30, 2010, the Company had $659,500 of outstanding borrowings under the Revolver; and, on July 2, 2010, used the net proceeds from the settlement of sales under its forward equity program to pay down the balance of the Revolver to approximately $465,000.

3. Senior Convertible Securities

The carrying values of the senior convertible securities are as follows:

	December 31, 2009		June 30, 2010	
	Carrying Value	Principal amount at maturity	Carrying Value	Principal amount at maturity
2008 senior convertible notes	$ 409,594	$ 460,000	$ 415,856	$ 460,000
Zero coupon senior convertible notes	47,382	50,135	—	—
Total senior convertible securities	$ 456,976	$ 510,135	$ 415,856	$ 460,000

2008 Senior Convertible Notes

In August 2008, the Company issued $460,000 of senior convertible notes due 2038 ("2008 senior convertible notes"). The 2008 senior convertible notes bear interest at 3.95%, payable semi-annually in cash. The Company is accreting the carrying value to the principal amount at maturity using an interest rate of 7.4% (over its expected life of five years). Each security is convertible into 7.959 shares of the Company's common stock (at an initial conversion price of $125.65) upon the occurrence of certain events, as follows: (i) during any fiscal quarter, if the closing price of the Company's common stock, as measured over a specified time period during the preceding fiscal quarter, is equal to or greater than 130% of the conversion price of the notes on the last day of such preceding fiscal quarter; (ii) during a certain window of time, if the trading price per $1,000 principal amount of the notes for each day during a specified period is less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate of the notes on such day; (iii) upon the occurrence of specified corporate transactions; (iv) after the notes have been called for redemption; and (v) anytime after February 15, 2038. Upon conversion, the Company may elect to pay cash, deliver shares of its common stock, or a combination thereof. The holders of the 2008 senior convertible notes may require the Company to repurchase the notes in August of 2013, 2018, 2023, 2028 and 2033. The Company may redeem the notes for cash (subject to the holders' right to convert) at any time on or after August 15, 2013.

The 2008 senior convertible notes are considered contingent payment debt instruments under federal income tax regulations. These regulations require the Company to deduct interest in an amount greater than its reported interest expense, which will result in annual deferred tax liabilities of approximately $11.2 million. These deferred tax liabilities will be reclassified directly to stockholders' equity if the Company's common stock is trading above certain thresholds at the time of the conversion of the notes.

Zero Coupon Senior Convertible Notes

In the second quarter of 2010, the Company called the zero coupon senior convertible notes for redemption. In lieu of redemption, all of the holders elected to convert their notes into shares of the Company's common stock. The Company issued 873,626 shares of common stock to settle these conversions. All of the Company's zero coupon senior convertible notes have been cancelled and retired.

4. Junior Convertible Trust Preferred Securities

The carrying values of the Company's junior convertible trust preferred securities are as follows:

	December 31, 2009		June 30, 2010	
	Carrying Value	Principal amount at maturity	Carrying Value	Principal amount at maturity
2006 junior convertible trust preferred securities	$ 212,466	$ 300,000	$ 213,010	$ 300,000
2007 junior convertible trust preferred securities	294,892	430,820	295,578	430,820
Total junior convertible securities	$ 507,358	$ 730,820	$ 508,588	$ 730,820

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

The 2006 junior convertible trust preferred securities bear interest at a rate of 5.1% per annum, payable quarterly in cash. The Company is accreting the carrying value to the principal amount at maturity using an interest rate of 7.5% (over its expected life of 30 years). Each $50 security is convertible, at any time, into 0.333 shares of the Company's common stock, which represents a conversion price of $150 per share (or a 48% premium to the then prevailing share price of $101.45). Upon conversion, holders will receive cash or shares of the Company's common stock (or a combination of cash and common stock) at the election of the Company. The 2006 junior convertible trust preferred securities may not be redeemed by the Company prior to April 15, 2011. On or after April 15, 2011, they may be redeemed if the closing price of the Company's common stock exceeds $195 per share for a specified period of time. The trust's only assets are the junior convertible subordinated debentures. To the extent that the trust has available funds, the Company is obligated to ensure that holders of the 2006 junior convertible trust preferred securities receive all payments due from the trust.

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

The 2007 junior convertible trust preferred securities bear interest at 5.15% per annum, payable quarterly in cash. The Company is accreting the discounted amount to the principal amount at maturity using an interest rate of 8.0% (over its expected life of 30 years). Each $50 security is convertible, at any time, into 0.25 shares of the Company's common stock, which represents a conversion price of $200 per share (or a 53% premium to the then prevailing share price of $130.77). Upon conversion, holders will receive cash or shares of the Company's common stock (or a combination of cash and common stock) at the election of the Company. The 2007 junior convertible trust preferred securities may not be redeemed by the Company prior to October 15, 2012. On or after October 15, 2012, they may be redeemed if the closing price of the Company's common stock exceeds $260 per share for a specified period of time. The trust's only assets are the 2007 junior convertible subordinated debentures. To the extent that the trust has available funds, the Company is obligated to ensure that holders of the 2007 junior convertible trust preferred securities receive all payments due from the trust.

The 2006 and 2007 junior convertible trust preferred securities are considered contingent payment debt instruments under federal income tax regulations. These regulations require the Company to deduct interest in an amount greater than its reported interest expense, which will result in annual deferred tax liabilities of approximately $9.5 million. These deferred tax liabilities will be reclassified directly to stockholders' equity if the Company's common stock is trading above certain thresholds at the time of the conversion of the notes.

5. Forward Equity Sale Agreements

The Company has entered into three forward equity sale agreements with major securities firms to sell shares of its common stock (up to $200,000 under each agreement). Under the terms of these

agreements, the Company can settle forward sales at any time prior to December 31, 2010 by issuing shares in exchange for cash or, at the Company's option, by settling on a net stock or cash basis. As of June 30, 2010, the Company had $200,700 of forward sales outstanding, which were subsequently settled net of transaction costs on July 2, 2010 by issuing 3,193,072 shares. The Company may sell up to an additional $103,500 under an agreement entered into in July 2009.

6. Income Taxes

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Controlling Interests:				
Current Tax	$ (1,126)	$ 5,344	$ (9,171)	$ 7,852
Intangible related deferred taxes	9,544	14,310	19,115	25,050
Other Deferred Taxes	(4,678)	(4,852)	(2,287)	(6,935)
Total Controlling Interests	3,740	14,802	7,657	25,967
Non-Controlling Interests:				
Current Tax	$ 1,204	$ 2,581	$ 2,251	$ 3,403
Deferred Taxes	—	(460)	—	(460)
Total Non-Controlling Interests	1,204	2,121	2,251	2,943
Provision for income taxes	$ 4,944	$ 16,923	$ 9,908	$ 28,910
Income before income taxes (controlling interest)	$ 14,719	$ 40,006	$ 24,761	$ 68,634
Effective Tax rate attributable to controlling interests[1]	25.4%	37.0%	30.9%	37.8%

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Current:				
Federal	$ (4,640)	$ 544	$ (14,625)	$ (204)
State	2,516	2,264	3,926	3,453
Foreign	2,202	5,118	3,779	8,006
Total Current	78	7,926	(6,920)	11,255
Deferred:				
Federal	7,448	8,503	18,456	16,380
State	(2,149)	1,570	(891)	2,843
Foreign	(433)	(1,076)	(737)	(1,568)
Total Deferred	4,866	8,997	16,828	17,655
Provision for Income Taxes	$ 4,944	$ 16,923	$ 9,908	$ 28,910

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

	December 31, 2009	June 30, 2010
Deferred Tax Assets		
State net operating loss carryforwards	$ 28,694	$ 28,748
Foreign tax credit carryforwards	9,442	17,186
Capital loss carryforwards	1,808	1,472
Other	14,297	14,987
Total deferred tax assets	54,241	62,393
Valuation allowance	(25,294)	(25,434)
Deferred tax assets, net of valuation allowance	$ 28,947	$ 36,959
Deferred Tax Liabilities		
Intangible asset amortization	$ (188,872)	$ (194,979)
Convertible securities interest	(139,279)	(146,671)
Non-deductible intangible amortization	(19,745)	(149,706)
Other	(3,722)	(9,754)
Total deferred tax liabilities	(351,618)	(501,110)
Net deferred tax liability	$ (322,671)	$ (464,151)

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 junior convertible trust preferred securities and 2008 senior convertible notes also generate deferred taxes because the Company's tax deductions are higher than the interest expense recorded for financial statement purposes.

In the second quarter of 2010, in connection with the closing of the investments in Pantheon and Aston (discussed further in Note 17), the Company recorded deferred tax liabilities. As the Company's investment in Pantheon is deductible in the United States, but is not deductible outside the United States; the Company recorded a deferred tax liability of $51,917. As the Company's investment in Aston was tax-free for Highbury's shareholders, the Company only recorded a deferred tax liability of $13,171 because most of its acquired intangible assets were not deductible for tax purposes.

At June 30, 2010, the Company had state net operating loss carryforwards that expire over a 15-year period beginning in 2010. The Company also has foreign tax credit carryforwards that expire over a 10-year period beginning in 2010. The valuation allowances at December 31, 2009 and June 30, 2010 were principally related to the uncertainty of the realization of the foreign tax credits and the state net operating loss carryforwards, which realization depends upon the Company's generation of sufficient taxable income prior to their expiration.

At June 30, 2010, the Company's liability for uncertain tax positions was $22,150, including interest and related charges of $3,918. The Company does not anticipate that this liability will change significantly over the next twelve months.

7. Earnings Per Share

The calculation of basic earnings per share is based on the weighted average number of shares of the Company's common stock outstanding during the period. Diluted earnings per share is similar to basic earnings per share, but adjusts for the dilutive effect of the potential issuance of incremental shares of the Company's common stock. The following is a reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share available to common stockholders. Unlike all other dollar amounts in these Notes, the amounts in the numerator reconciliation are not presented in thousands.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Numerator:				
Net Income (controlling interest)	$ 10,979,000	$ 25,204,000	$ 17,104,000	$ 42,667,000
Interest expense on convertible securities, net of taxes	36,000	28,000	72,000	52,000
Net Income (controlling interest), as adjusted	$ 11,015,000	$ 25,232,000	$ 17,176,000	$ 42,719,000
Denominator:				
Average shares outstanding—basic	41,450,659	44,610,506	40,740,486	43,491,622
Effect of dilutive instruments:				
Stock options	557,275	987,830	324,501	951,364
Forward sale	277,403	1,375,840	144,201	1,329,622
Senior convertible securities	873,803	661,054	873,803	767,341
Average shares outstanding—diluted	43,159,140	47,635,230	42,082,991	46,539,949

As more fully discussed in Notes 3 and 4, the Company had certain convertible securities outstanding during the periods presented and is required to apply the if-converted method to these securities in its calculation of diluted earnings per share. Under the if-converted method, shares that are issuable upon conversion are deemed outstanding, regardless of whether the securities are

contractually convertible into the Company's common stock at that time. For this calculation, the interest expense (net of tax) attributable to these dilutive securities is added back to Net Income (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 calculation of diluted earnings per share for the three months ended June 30, 2009 and 2010 excludes the potential exercise of options to purchase 2.1 million and 0.8 million common shares, respectively, because the effect would be anti-dilutive. The calculation of diluted earnings per share for the six months ended June 30, 2009 and 2010 excludes the potential exercise of options to purchase 2.1 million and 1.2 million common shares, respectively, because the effect would be anti-dilutive.

As discussed further in Note 19, the Company may settle portions of its Affiliate equity purchases 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.

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 can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

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

In connection with its Pantheon investment (discussed further in Note 17), the Company has committed to co-invest in certain Pantheon investment partnerships where it serves as the general partner and Russell Investments is contractually obligated to reimburse the Company for these commitments when they are called. As of June 30, 2010, these commitments totaled approximately $97,000 and may be called in future periods.

9. Investments in Partnerships

The activity in the Affiliate investments in consolidated partnerships was as follows for the six months ended June 30, 2010:

December 31, 2009	$ 93,809
Gross subscriptions	6,399
Gross redemptions	(5,895)
Investment income	(4,759)
June 30, 2010	$ 89,554

Purchases and sales of investments (principally equity securities) were $189,878 and $189,374, respectively, for the six months ended June 30, 2010.

Management fees earned from these partnerships were $200 and $227 for the three months ended June 30, 2009 and 2010, respectively, and $362 and $469 for the six months ended June 30, 2009 and 2010, respectively.

As of December 31, 2009 and June 30, 2010, the Affiliates' investments in partnerships that are not consolidated were $17,631 and $94,656, respectively. These assets are reported within "Other assets" in the Consolidated Balance Sheets. The income or loss related to these investments is classified within "Investment and other (income) loss" in the Consolidated Statements of Income.

10. Investments in Marketable Securities

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

	December 31, 2009	June 30, 2010
Cost of investments in marketable securities	$ 50,631	$ 51,904
Gross unrealized gains	6,108	11,317
Gross unrealized losses	(49)	(419)

11. Unsettled Fund Share Receivables and Payables

Unsettled fund share receivables and payables are created by the normal settlement periods on transactions initiated by certain clients of Affiliate funds domiciled in the United Kingdom. The gross presentation of the receivable ($55,817) and offsetting payable ($50,446) reflects the legal relationship between the underlying investor and the Company.

12. Fair Value Measurements

The Company determines the fair value of certain investment securities and other financial and nonfinancial assets and liabilities. Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques:

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

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

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

The following table summarizes the Company's assets (principally equity securities) and liabilities that are measured at fair value on a quarterly basis.

	December 31, 2009	Fair Value Measurements		
		Level 1	Level 2	Level 3
Financial Assets				
Investments in partnerships	$ 111,440	$ 93,066	$ 14,365	$ 4,009
Investments in marketable securities	56,690	54,480	2,210	—
Financial Liabilities				
Contingent payment obligations	$ 27,074	$ —	$ —	$ 27,074
Obligations to related parties	78,653	—	—	78,653

	June 30, 2010	Fair Value Measurements		
		Level 1	Level 2	Level 3
Financial Assets				
Investments in partnerships	$ 184,210	$ 83,691	$ 36,829	$ 63,690
Investments in marketable securities	62,802	60,758	2,044	—
Financial Liabilities				
Contingent payment obligations	$ 66,239	$ —	$ —	$ 66,239
Obligations to related parties	48,950	—	—	48,950

During the three and six months ended June 30, 2010, there were no significant transfers of financial assets between Level 1 and Level 2. During the six months ended June 30, 2010, financial assets valued at $3,709 transferred from Level 3 to Level 2. The fair value of Level 2 assets was determined using quoted prices for similar instruments in active markets. The fair value of Level 3 assets and liabilities were determined using an income approach with assumptions made about future cash flows and discount rates.

Any change in the fair value of Affiliate investments in consolidated partnerships is presented as "Investment (income) loss from investments in partnerships" in the Consolidated Statements of Income. However, the portion of this income or loss that is attributable to investors that are unrelated to the Company, if any, is reported as "Net (income) loss (non-controlling interests in partnerships)."

The following table presents the changes in Level 3 assets and liabilities for the three and six months ended June 30, 2009 and 2010:

	Financial Assets			
	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
Balance, beginning of period	$ 4,185	$ 300	$ 4,185	$ 4,009
Realized and unrealized gains (losses) included in net income	—	(116)	—	(116)
Realized and unrealized gains (losses) included in other comprehensive income	—	—	—	—
New Investments		63,506		63,506
Purchases	—	—	—	—
Sales	—	—	—	—
Transfers in and/or out of Level 3	—	—	—	(3,709)
Balance, end of period	$ 4,185	$ 63,690	$ 4,185	$ 63,690
Amount of total gains (losses) included in net income attributable to unrealized gains (losses) from assets still held at end of period	$ —	$ —	$ —	$ —
Amount of total gains (losses) included in other comprehensive income	$ —	$ —	$ —	$ —

	Financial Liabilities			
	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010
Balance, beginning of period	$ 2,568	$ 64,388	$ 27,764	$ 105,727
Realized and unrealized (gains) losses included in net income	(232)	2,621	(232)	2,454
Realized and unrealized (gains) losses included in other comprehensive income	—	(769)	—	(769)
New Investments	—	48,950	—	98,054
Additions	672	—	672	15,284
Settlements	(1,693)	—	(26,889)	(105,560)
Transfers in and/or out of Level 3	—	—	—	—
Balance, end of period	$ 1,315	$ 115,190	$ 1,315	$ 115,190
Amount of total gains (losses) included in net income attributable to unrealized gains (losses) from unsettled liabilities at end of period	$ —	$ 2,621	$ —	$ 2,621
Amount of total gains (losses) included in other comprehensive income	$ —	$ (769)	$ —	$ (769)

The carrying amount of the Company's cash, cash equivalents and short-term investments approximates fair value because of the short-term nature of these instruments. The carrying value of

notes receivable approximates fair value because interest rates and other terms are at market rates. The carrying value of notes payable approximates fair value principally because of the short-term nature of the notes. The carrying value of senior bank debt approximates fair value because the debt is a credit facility with variable interest based on selected short-term rates. The fair market value of the 2008 senior convertible notes, and the 2006 and 2007 junior convertible trust preferred securities at June 30, 2010 was $448,500 and $509,224, respectively.

13. Related Party Transactions

The Company periodically records amounts receivable and payable to Affiliate partners in connection with the transfer of Affiliate equity interests. As of December 31, 2009 and June 30, 2010, the total receivable (reported in "Other assets") was $45,253 and $40,945, respectively. The total payable as of December 31, 2009 was $109,888, which is included in current liabilities. The total payable as of June 30, 2010 was $153,527, of which $90,791 is included in current liabilities.

In certain cases, Affiliate management owners and Company officers may serve as trustees or directors of certain mutual funds from which the Affiliate earns advisory fee revenue.

14. Stock Option and Incentive Plans

The following summarizes the transactions of the Company's stock option and incentive plans for the six months ended June 30, 2010:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Unexercised options outstanding—January 1, 2010	5,166,344	$ 54.29	
Options granted	3,125	71.13	
Options exercised	(584,956)	43.79	
Options forfeited	(3,043)	48.79	
Unexercised options outstanding—June 30, 2010	4,581,470	55.64	4.6
Exercisable at June 30, 2010	2,734,354	53.21	4.4

The Company's Net Income (controlling interest) for the three and six months ended June 30, 2010 includes compensation expense of $1,943 and $4,184, respectively (net of income tax benefits of $1,216 and $2,619, respectively, related to the Company's share-based compensation arrangements). As of June 30, 2010, the deferred compensation expense related to share-based compensation arrangements was $40,622 which is expected to be recognized over a weighted average period of approximately four years (assuming no forfeitures). As of June 30, 2010, 0.5 million options have expiration dates prior to the end of 2010.

15. Segment Information

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

Revenue in the Mutual Fund distribution channel is earned from advisory and sub-advisory relationships with all domestically-registered investment products as well as non-institutional investment

products that are registered abroad. Revenue in the Institutional distribution channel is earned from relationships with foundations and endowments, defined benefit and defined contribution plans and Taft-Hartley plans. Revenue in the High Net Worth distribution channel is earned from relationships with high net worth individuals, family trusts and managed account programs.

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

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

	For the Three Months Ended June 30, 2009			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$ 72,360	$ 101,491	$ 27,395	$ 201,246
Operating expenses:				
Depreciation and other amortization	1,011	7,476	2,800	11,287
Other operating expenses	49,660	70,638	18,764	139,062
	50,671	78,114	21,564	150,349
Operating income	21,689	23,377	5,831	50,897
Non-operating (income) and expenses:				
Investment and other income	(5,025)	(1,560)	(606)	(7,191)
Income from equity method investments	(139)	(6,835)	(377)	(7,351)
Investment income from investments in partnerships	—	(385)	(14,562)	(14,947)
Interest expense	5,198	11,441	2,554	19,193
	34	2,661	(12,991)	(10,296)
Income before income taxes	21,655	20,716	18,822	61,193
Income taxes	2,688	1,950	306	4,944
Net income	18,967	18,766	18,516	56,249
Net income (non-controlling interests)	(12,994)	(14,130)	(3,547)	(30,671)
Net income (non-controlling interests in partnerships)	—	(385)	(14,214)	(14,599)
Net Income (controlling interest)	$ 5,973	$ 4,251	$ 755	$ 10,979

	For the Three Months Ended June 30, 2010			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$ 147,993	$ 152,301	$ 31,786	$ 332,080
Operating expenses:				
Depreciation and other amortization	2,596	8,258	2,113	12,967
Other operating expenses	102,719	99,574	20,989	223,282
	105,315	107,832	23,102	236,249
Operating income	42,678	44,469	8,684	95,831
Non-operating (income) and expenses:				
Investment and other (income) loss	1,351	(1,283)	(791)	(723)
Income from equity method investments	(408)	(8,521)	(932)	(9,861)
Investment loss from investments in partnerships	126	351	8,108	8,585
Interest expense	9,156	11,331	2,202	22,689
	10,225	1,878	8,587	20,690
Income before income taxes	32,453	42,591	97	75,141
Income taxes	7,565	7,862	1,496	16,923
Net income	24,888	34,729	(1,399)	58,218
Net income (non-controlling interests)	(14,755)	(22,736)	(3,920)	(41,411)
Net loss (non-controlling interests in partnerships)	125	351	7,921	8,397
Net Income (controlling interest)	$ 10,258	$ 12,344	$ 2,602	$ 25,204

	For the Six Months Ended June 30, 2009			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$ 140,698	$ 183,729	$ 55,294	$ 379,721
Operating expenses:				
Depreciation and other amortization	2,089	14,900	5,631	22,620
Other operating expenses	94,229	127,872	38,331	260,432
	96,318	142,772	43,962	283,052
Operating income	44,380	40,957	11,332	96,669
Non-operating (income) and expenses:				
Investment and other income	(4,399)	(1,727)	(824)	(6,950)
Income from equity method investments	(209)	(12,946)	(612)	(13,767)
Investment income from investments in partnerships	(3)	(316)	(10,833)	(11,152)
Interest expense	11,247	22,538	5,356	39,141
	6,636	7,549	(6,913)	7,272
Income before income taxes	37,744	33,408	18,245	89,397
Income taxes	6,215	3,171	522	9,908
Net income	31,529	30,237	17,723	79,489
Net income (non-controlling interests)	(20,930)	(24,430)	(6,189)	(51,549)
Net income (non-controlling interests in partnerships)	(3)	(316)	(10,517)	(10,836)
Net Income (controlling interest)	$ 10,596	$ 5,491	$ 1,017	$ 17,104

	For the Six Months Ended June 30, 2010			
	Mutual Fund	Institutional	High Net Worth	Total
Revenue	$ 245,919	$ 274,073	$ 63,110	$ 583,102
Operating expenses:				
Depreciation and other amortization	4,832	15,709	4,388	24,929
Other operating expenses	169,452	182,836	41,516	393,804
	174,284	198,545	45,904	418,733
Operating income	71,635	75,528	17,206	164,369
Non-operating (income) and expenses:				
Investment and other (income) loss	581	(2,624)	(1,502)	(3,545)
Income from equity method investments	(767)	(16,344)	(1,896)	(19,007)
Investment loss from investments in partnerships	73	195	4,225	4,493
Interest expense	15,226	22,422	4,892	42,540
	15,113	3,649	5,719	24,481
Income before income taxes	56,522	71,879	11,487	139,888
Income taxes	13,030	12,896	2,984	28,910
Net income	43,492	58,983	8,503	110,978
Net income (non-controlling interests)	(25,750)	(39,179)	(7,768)	(72,697)
Net loss (non-controlling interests in partnerships)	74	196	4,116	4,386
Net Income (controlling interest)	$ 17,816	$ 20,000	$ 4,851	$ 42,667
Balance Sheet Information				
Total assets as of December 31, 2009	$ 1,182,940	$ 1,702,983	$ 504,983	$ 3,390,906
Total assets as of June 30, 2010	1,752,409	2,676,571	509,473	4,938,453

16. Goodwill and Acquired Client Relationships

The Company periodically makes new investments in asset management firms and acquires interests from, makes additional purchase payments to and transfers interests to Affiliate management partners. The Company incurred $10,445 and $194 of acquisition-related costs which were recognized as selling, general and administrative expenses during the six months ended June 30, 2010 and June 30, 2009, respectively.

The following table presents the change in goodwill during the six months ended June 30, 2010:

	Mutual Fund	Institutional	High Net Worth	Total
Balance, as of December 31, 2009	$ 561,753	$ 602,962	$ 248,502	$ 1,413,217
Goodwill acquired, net	210,383	358,110	4,757	573,250
Foreign currency translation	(244)	(1,315)	(1,440)	(2,999)
Balance, as of June 30, 2010	$ 771,892	$ 959,757	$ 251,819	$ 1,983,468

The following table reflects the components of intangible assets of the Company's Affiliates that are consolidated as of December 31, 2009 and June 30, 2010:

	December 31, 2009		June 30, 2010	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Acquired client relationships	$ 389,312	$ 168,538	$ 924,796	$ 187,067
Non-amortized intangible assets:				
Acquired client relationships—mutual fund management contracts	350,799	—	659,305	—
Goodwill	1,413,217	—	1,983,468	—

For the Company's Affiliates that are consolidated, definite-lived acquired client relationships are amortized over their expected useful lives. As of June 30, 2010, these relationships were being amortized over a weighted average life of approximately 10 years. The Company estimates that its consolidated annual amortization expense will be approximately $82,000 for the next five years, assuming no additional investments in new or existing Affiliates.

The definite-lived acquired client relationships attributable to the Company's equity method investments are amortized over their expected useful lives. As of June 30, 2010, these relationships were being amortized over approximately seven years. Amortization expense for these relationships was $16,136 for the six months ended June 30, 2010. The Company estimates that the annual amortization expense attributable to its current equity-method Affiliates will be approximately $32,000 for the next five years, assuming no additional investments in new or existing Affiliates.

17. Business Combinations

During the quarter ended June 30, 2010, the Company completed its acquisition of Pantheon Ventures Inc., Pantheon Holdings Limited and Pantheon Capital (Asia) Limited (collectively, "Pantheon") from Russell Investments, a subsidiary of Northwestern Mutual Life Insurance Company.

Pantheon is a global private equity fund-of-funds manager, with over 25 years of private equity investment experience. Pantheon manages regional funds-of-funds in Europe, the United States and

Asia, as well as global secondary funds-of-funds, global infrastructure fund-of-funds and customized separate account programs.

During the quarter, the Company also completed its investment in Aston Asset Management LLC ("Aston") through the acquisition of Highbury Financial Inc., Aston's parent company. Based in Chicago, Aston offers sub-advised investment products to the mutual fund and managed accounts markets. Aston is the principal advisor to the Aston Funds, a fund family of 24 sub-advised, no-load mutual funds.

Pantheon Purchase Price Allocation

The Company has not yet completed its valuation of Pantheon and, therefore, the Company's purchase price allocation is provisional. These provisional amounts may be revised upon completion of the valuation. The excess of the enterprise value over the net assets acquired was recorded as goodwill, of which 91%, 8% and 1% was attributed to the Company's Institutional, Mutual Fund and High Net Worth segments, respectively. The goodwill and acquired client relationships are deductible for U.S. tax purposes over a 15-year life. The provisional allocation of the purchase price is as follows:

	Controlling Interest	Non-Controlling Interest	Total
Purchase price	$ 762,294	$ 10,700	$ 772,994
Retained Non-Controlling interest	—	106,027	106,027
Contingent payment obligation	15,283	—	15,283
Enterprise Value	777,577	116,727	894,304
Acquired client relationships	431,744	81,382	513,126
Tangible assets, net	13,034	32,295	45,329
Deferred income taxes	(51,917)	—	(51,917)
Goodwill	384,716	3,050	387,766
	$ 777,577	$ 116,727	$ 894,304

As part of this investment, the Company is contingently liable to make payments totaling between zero and $225,000 over the next three to five years upon the achievement of specified revenue targets. The Company measured the provisional fair value of the contingent payment obligation using a financial model that included assumptions of expected market performance and net client cash flows. Based on these assumptions, the Company projects contingent payments totaling $26,300. As of June 30, 2010, the present value of these payments was $15,300. This amount is reported in "Other long-term liabilities."

Aston Purchase Price Allocation

The Company has not yet completed its valuation of Aston and, therefore, the Company's purchase price allocation is provisional. These provisional amounts may be revised upon completion of the valuation. The excess of the enterprise value over the net assets acquired was recorded as goodwill, of which 98% and 2% was attributed to the Company's Mutual Fund and High Net Worth segments,

respectively. Most of the acquired intangible assets are not deductible for U.S. tax purposes. The provisional allocation of the purchase price is as follows:

	Controlling Interest	Non-Controlling Interest	Total
Purchase Price	$ 146,906	$ —	$ 146,906
Retained Non-Controlling interest	—	21,287	21,287
Enterprise Value	146,906	21,287	168,193
Acquired client relationships	81,175	14,494	95,669
Tangible assets	4,000	—	4,000
Deferred income taxes	(13,171)	—	(13,171)
Goodwill	74,902	6,793	81,695
	$ 146,906	$ 21,287	$ 168,193

Unaudited pro forma financial results are set forth below, giving consideration to the Artemis (closed during the first quarter of 2010), Pantheon and Aston investments, as if such transactions occurred as of the beginning of 2009, assuming the revenue sharing arrangement had been in effect for the entire period and after making certain other pro forma adjustments.

	For the Six Months Ended June 30,	
	2009	2010
Revenue	$ 572,376	$ 722,167
Net Income (controlling interest)	35,020	56,684
Earnings per share—basic	0.79	1.22
Earnings per share—diluted	0.77	1.16

Pantheon and Aston's contribution to the Company's revenue and earnings in the quarter ended June 30, 2010 was not material.

18. Recent Accounting Developments

During the first quarter of 2010, the Company adopted a new standard that requires an enterprise to perform a qualitative analysis to determine whether its variable interests give it a controlling financial interest in a variable interest entity ("VIE"). Under the standard, an enterprise has a controlling financial interest when it has (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. An enterprise that holds a controlling financial interest is deemed to be the primary beneficiary and is required to consolidate the VIE. This new standard has been deferred for certain entities that utilize the specialized accounting guidance for investment companies or that have the attributes of investment companies. The adoption of the portions of this new standard that were not deferred did not have a material impact on the Company's Consolidated Financial Statements.

During the first quarter of 2010, the Company adopted a new standard that eliminated the concept of a qualifying special-purpose entity ("QSPE"), changed the requirements for derecognizing financial assets, and required additional disclosures to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including an entity's

continuing involvement in and exposure to the risks related to transferred financial assets. The standard also clarified the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. The adoption of this new standard did not have a material impact on the Company's Consolidated Financial Statements.

19. Affiliate Equity

Many of the Company's operating agreements provide Affiliate managers a conditional right to require the Company to purchase their retained equity interests at certain intervals. Certain agreements also provide the Company a conditional right to require Affiliate managers to sell their retained equity interests to the Company upon their death, permanent incapacity or termination of employment and provide Affiliate managers a conditional right to require the Company to purchase such retained equity interests upon the occurrence of specified events. The purchase price of these conditional purchases are generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. Affiliate management partners are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to the Company's approval or other restrictions.

The Company may pay for Affiliate equity purchases in cash, shares of its common stock or other forms of consideration and can consent to the transfer of these interests to other individuals or entities. The Company's cumulative redemption obligation for these interests has been presented as "Redeemable non-controlling interests" on the Company's Consolidated Balance Sheets. Changes in the value of the Company's cumulative redemption obligation are recorded to Additional paid-in capital. The following table presents the changes in Redeemable non-controlling interests during the period:

Balance as of January 1, 2010	$ 368,999
Issuance of Redeemable non-controlling interest	8,352
Repurchase of Redeemable non-controlling interest	(20,512)
Changes in redemption value	(12,819)
Balance as of June 30, 2010	$ 344,020

Although the timing and amounts of these purchases are difficult to predict, the Company expects to repurchase approximately $100,000 of Affiliate equity during the next twelve months, and, in such event, will own the cash flow associated with any equity repurchased.

During the three and six months ended June 30, 2009 and 2010, 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 June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Net Income (controlling interest)	$ 10,979	$ 25,204	$ 17,104	$ 42,667
Decrease in controlling interest paid-in capital from purchases and sales of Affiliate equity	(5,789)	(3,710)	(5,111)	(23,420)
Change from Net Income (controlling interest) and net transfers with non-controlling interests	$ 5,190	$ 21,494	$ 11,993	$ 19,247

20. Comprehensive Income

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Net income	$ 56,249	$ 58,218	$ 79,489	$ 110,978
Foreign currency translation adjustment	24,672	(16,899)	14,955	(4,818)
Change in net unrealized gain (loss) on investment securities	4	(7,290)	(151)	6,021
Comprehensive income	80,925	34,029	94,293	112,181
Comprehensive income (non-controlling interests)	(45,270)	(33,014)	(62,385)	(68,311)
Comprehensive income (controlling interest)	$ 35,655	$ 1,015	$ 31,908	$ 43,870

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

	December 31, 2009	June 30, 2010
Foreign currency translation adjustments	$ 43,055	$ 38,237
Unrealized gain on investment securities	2,903	8,924
Accumulated other comprehensive income	$ 45,958	$ 47,161

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 finding or investing in additional investment management firms on favorable terms, that we will be able to consummate announced investments in new investment management firms, or that existing and new Affiliates will have favorable operating results;

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

- those certain other factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009, 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.

Overview

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

As of June 30, 2010, we manage approximately $249 billion in assets through our Affiliates in more than 350 investment products across a broad range of asset classes and investment styles in three principal distribution channels: Mutual Fund, Institutional and High Net Worth. We believe that our diversification across asset classes, investment styles and distribution channels helps to mitigate our exposure to the risks created by changing market environments. The following summarizes our operations in our three principal distribution channels.

- In the Mutual Fund distribution channel, our Affiliates provide advisory or sub-advisory services to more than 200 mutual funds. These funds are distributed to retail and institutional clients

directly and through intermediaries, including independent investment advisors, retirement plan sponsors, broker/dealers, major fund marketplaces and bank trust departments.

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

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

New Investments

On June 30, 2010, we completed our investment in Pantheon Ventures Inc., Pantheon Holdings Limited and Pantheon Capital (Asia) Limited (collectively, "Pantheon"). Pantheon manages regional funds-of-funds in Europe, the United States and Asia, as well as global secondary funds-of-funds, global infrastructure fund-of-funds and customized separate account programs.

On April 15, 2010, we completed our investment in Aston Asset Management LLC ("Aston") through the acquisition of Highbury Financial Inc., Aston's parent company. Based in Chicago, Aston offers sub-advised investment products to the mutual fund and managed accounts markets. Aston is the principal advisor to the Aston Funds, a fund family of 24 sub-advised, no-load mutual funds.

On March 15, 2010, we completed our investment in Artemis Investment Management Ltd ("Artemis") in combination with the management team of Artemis. Artemis specializes in active investment management for retail and institutional investors in the UK, as well as Europe and the Middle East, across a range of mutual funds and segregated institutional accounts.

Our Structure and Relationship with Affiliates

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

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

In most cases, we own a majority of the equity interests of a firm and structure a revenue sharing arrangement, in which a percentage of revenue is allocated for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses. We call this the "Operating Allocation." The portion of the Affiliate's revenue that is allocated to the owners of that Affiliate (including us) is called the "Owners' Allocation." Each Affiliate allocates its Owners' Allocation to its managers and to us generally in proportion to their and our respective ownership interests in that Affiliate. However, should actual operating expenses exceed the Operating Allocation, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's managers until that portion is eliminated, before reducing the portion allocated to us. Any such reduction in our portion of the Owners' Allocation is required to be paid back to us out of the portion of future Owners' Allocation allocated to the Affiliate's managers.

One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for Affiliate managers by allowing them to participate in the growth of their firm's revenue, which may increase their compensation from both the Operating Allocation and the Owners' Allocation. These arrangements also provide incentives to control operating expenses, thereby increasing the portion of the Operating Allocation that is available for growth initiatives and compensation.

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

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

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

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

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

In addition, over 50 Affiliate alternative investment and equity products, representing approximately $32 billion of assets under management (as of June 30, 2010), also bill on the basis of absolute or relative investment performance ("performance fees"). These products, which are primarily in the Institutional distribution channel, are often structured to have returns that are not directly correlated to changes in broader equity indices and, if earned, the performance fee component is typically billed less frequently than an asset-based fee. Although performance fees inherently depend on investment results and will vary from period to period, we anticipate performance fees to be a recurring component of our revenue. We also anticipate that, within any calendar year, the majority of any performance fees will typically be realized in the fourth quarter.

For certain of our Affiliates, generally where we own a non-controlling interest, we are required to use the equity method of accounting. Consistent with this method, we have not consolidated the operating results of these firms (including their revenue) in our Consolidated Statements of Income. Our share of these firms' profits (net of intangible amortization) is reported in "Income from equity method investments," and is therefore reflected in our Net Income (controlling interest) and EBITDA. As a consequence, increases or decreases in these firms' assets under management (which totaled $55.4 billion as of June 30, 2010) will not affect reported revenue in the same manner as changes in assets under management at our other Affiliates.

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

- our expenses, including the operating expenses of our consolidated Affiliates; and

- the profits allocated to managers of our consolidated Affiliates (i.e., income attributable to non-controlling interests).

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

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

- those affecting the global financial markets generally and the equity markets particularly, which could potentially result in considerable increases or decreases in the assets under management at our Affiliates;

- the level of Affiliate revenue, which is dependent on the ability of our existing and future Affiliates to maintain or increase assets under management by maintaining their existing investment advisory relationships and fee structures, marketing their services successfully to new clients and obtaining favorable investment results;

- our receipt of Owners' Allocation from Affiliates with revenue sharing arrangements, which depends on the ability of our existing and future Affiliates to maintain certain levels of operating profit margins;

- the increases or decreases in the revenue and expenses of Affiliates that operate on a profit-based model;

- the availability and cost of the capital with which we finance our existing and new investments;

- our success in making new investments and the terms upon which such transactions are completed;

- the level of intangible assets and the associated amortization expense resulting from our investments;

- the level of our expenses, including compensation for our employees; and

- the level of taxation to which we are subject.

Diversification of Assets under Management

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

	December 31, 2009		June 30, 2010	
(in billions)	Assets under Management	Percentage of Total	Assets under Management	Percentage of Total
Asset Class:				
Equity[1]	$ 153.2	74%	$ 159.3	64%
Alternative[2]	31.3	15%	59.7	24%
Fixed Income	23.5	11%	30.0	12%
Total	$ 208.0	100%	$ 249.0	100%
Geography:[3]				
Domestic	$ 89.7	43%	$ 97.8	39%
Global/International	93.2	45%	126.5	51%
Emerging Markets	25.1	12%	24.7	10%
Total	$ 208.0	100%	$ 249.0	100%

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

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

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

Our investments in Pantheon and Artemis (in the second and first quarters of 2010, respectively) further diversified our business by increasing our exposure to alternative product offerings that we anticipate will be uncorrelated to equity markets (in the case of Pantheon) and global/international product offerings (in the case of Pantheon and Artemis). Our investment in Pantheon also provides a

stable revenue stream because Pantheon charges management fees on the capital committed to its funds, not the value of the funds. Our investment in Aston which closed in the second quarter of 2010 increased our domestic equity product offerings.

In addition, positive investment returns during the six months ended June 30, 2010 in our alternative and fixed income asset classes increased assets under management in those strategies. Through positive investment returns, several of our Affiliates produced performance fees in this period ($33.6 million included in our consolidated revenue).

Results of Operations

The following table presents our Affiliates' reported assets under management by operating segment (which are also referred to as distribution channels in this Quarterly Report on Form 10-Q).

Assets under Management

Statement of Changes—Quarter to Date *(in billions)*	**Mutual Fund**	**Institutional**	**High Net Worth**	**Total**
Assets under management, March 31, 2010	$ 60.5	$ 140.6	$ 31.0	$ 232.1
New Investments[1]	9.9	23.9	0.4	34.2
Adjusted Assets under management, March 31, 2010	70.4	164.5	31.4	266.3
Client cash inflows	4.6	5.3	1.9	11.8
Client cash outflows	(4.4)	(5.2)	(1.9)	(11.5)
Net client cash flows	0.2	0.1	—	0.3
Investment performance	(6.2)	(9.4)	(1.9)	(17.5)
Other[2]	(0.1)	—	—	(0.1)
Assets under management, June 30, 2010	$ 64.3	$ 155.2	$ 29.5	$ 249.0

Statement of Changes—Year to Date *(in billions)*	**Mutual Fund**	**Institutional**	**High Net Worth**	**Total**
Assets under management, December 31, 2009	$ 44.5	$ 133.9	$ 29.6	$ 208.0
New Investments[1]	22.9	26.1	0.4	49.4
Adjusted Assets under management, December 31, 2009	67.4	160.0	30.0	257.4
Client cash inflows	8.9	12.3	3.6	24.8
Client cash outflows	(7.9)	(14.2)	(3.4)	(25.5)
Net client cash flows	1.0	(1.9)	0.2	(0.7)
Investment performance	(4.0)	(2.8)	(0.7)	(7.5)
Other[2]	(0.1)	(0.1)	—	(0.2)
Assets under management, June 30, 2010	$ 64.3	$ 155.2	$ 29.5	$ 249.0

(1) We completed our investment in Artemis during the first quarter of 2010; and we completed our investments in Pantheon and Aston during the second quarter of 2010. Our presentation of assets under management activity is pro forma assuming these investments closed at the beginning of each period presented.

(2) Represents certain Affiliate products that we elected to close; these transactions are not material to our ongoing financial results.

As shown in the assets under management table above, client cash inflows totaled $24.8 billion while client cash outflows totaled $25.5 billion for the six months ended June 30, 2010. The net flows for the six months ended June 30, 2010 occurred across a broad range of product offerings in each of our distribution channels, with no individual cash inflow or outflow having a material 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 takes into consideration the billing patterns of

particular client accounts. For example, assets under management for an account that bills in advance is included in the table using beginning of period assets under management while an account that bills in arrears uses end of period assets under management. 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.

(dollars in millions, except as noted)	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2010	% Change	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	% Change
Average assets under management (in billions)[1]						
Mutual Fund	$ 33.8	$ 63.8	89%	$ 33.1	$ 55.5	68%
Institutional	105.1	134.4	28%	106.6	136.3	28%
High Net Worth	25.3	29.7	17%	25.5	30.0	18%
Total	$ 164.2	$ 227.9	39%	$ 165.2	$ 221.8	34%
Revenue						
Mutual Fund	$ 72.3	$ 148.0	105%	$ 140.7	$ 245.9	75%
Institutional	101.5	152.3	50%	183.7	274.1	49%
High Net Worth	27.4	31.8	16%	55.3	63.1	14%
Total	$ 201.2	$ 332.1	65%	$ 379.7	$ 583.1	54%
Net Income						
Mutual Fund	$ 6.0	$ 10.3	72%	$ 10.6	$ 17.8	68%
Institutional	4.2	12.3	193%	5.5	20.0	264%
High Net Worth	0.8	2.6	225%	1.0	4.9	390%
Total	$ 11.0	$ 25.2	129%	$ 17.1	$ 42.7	150%
EBITDA[2]						
Mutual Fund	$ 14.4	$ 27.0	88%	$ 29.3	$ 47.9	63%
Institutional	31.7	45.8	44%	59.1	83.9	42%
High Net Worth	7.1	8.9	25%	14.0	18.2	30%
Total	$ 53.2	$ 81.7	54%	$ 102.4	$ 150.0	46%

(1) As described above, our average assets under management considers balances used to bill revenue during the reporting period. These amounts also include assets managed by firms whose financial results are not consolidated ($42.9 billion and $55.1 billion for the three months ended June 30, 2009 and 2010, respectively, and $43.3 billion and $56.3 billion for the six months ended June 30, 2009 and 2010, respectively). Assets under management attributable to any investments in new Affiliates are included on a weighted average basis for the period from the closing date of the respective investment.

(2) EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. Our use of EBITDA, including reconciliation to cash flow from operations, is described in greater detail in "Liquidity and Capital Resources—Supplemental Liquidity Measure." For purposes of our distribution channel operating results, expenses not incurred directly by Affiliates have been allocated based on the proportion of aggregate cash flow distributions reported by each Affiliate in the particular distribution channel.

Revenue

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

recognition of any performance fees. As described in the "Overview" section above, 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 total assets under management.

Our total revenue increased $130.9 million (or 65%) in the three months ended June 30, 2010, as compared to the three months ended June 30, 2009, primarily from a 39% increase in average assets under management. This increase in average assets under management resulted principally from our new Affiliate investments and investment performance. Unrelated to the change in assets under management, performance fees increased $21.2 million (or 221%) in the three months ended June 30, 2010, as compared to the three months ended June 30, 2009.

Our total revenue increased $203.4 million (or 54%) in the six months ended June 30, 2010, as compared to the six months ended June 30, 2009, primarily from a 34% increase in average assets under management. This increase in average assets under management resulted principally from our new Affiliate investments and investment performance. Unrelated to the change in assets under management, performance fees increased $22.0 million (or 191%) in the six months ended June 30, 2010, as compared to the six months ended June 30, 2009.

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

Mutual Fund Distribution Channel

Our revenue in the Mutual Fund distribution channel increased $75.7 million (or 105%) in the three months ended June 30, 2010 as compared to the three months ended June 30, 2009, while average assets under management increased 89%, and revenue increased $105.2 million (or 75%) in the six months ended June 30, 2010 as compared to the six months ended June 30, 2009, while average assets under management increased 68%. These increases in average assets under management resulted principally from investment performance and our 2009 and 2010 investments in new Affiliates.

Institutional Distribution Channel

Our revenue in the Institutional distribution channel increased $50.8 million (or 50%) in the three months ended June 30, 2010 as compared to the three months ended June 30, 2009, while average assets under management increased 28%, and revenue increased $90.4 million (or 49%) in the six months ended June 30, 2010 as compared to the six months ended June 30, 2009, while average assets under management increased 28%. These increases in average assets under management resulted principally from investment performance, partially offset by negative net client cash flows. Unrelated to the change in assets under management, performance fees increased $21.7 million (or 235%) in the three months ended June 30, 2010, as compared to the three months ended June 30, 2009, and increased $22.8 (or 210%) in the six months ended June 30, 2010. The increase in revenue was proportionately greater than the increase in average assets under management as a result of an increase in assets under management at Affiliates that realize comparatively higher fee rates.

High Net Worth Distribution Channel

Our revenue in the High Net Worth distribution channel increased $4.4 million (or 16%) in the three months ended June 30, 2010 as compared to the three months ended June 30, 2009, while average assets under management increased 17%, and revenue increased $7.8 million (or 14%) in the six months ended June 30, 2010 as compared to the six months ended June 30, 2009, while average assets under management increased 18%. These increases in average assets under management resulted principally from investment performance.

Operating Expenses

The following table summarizes our consolidated operating expenses:

(dollars in millions)	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2010	% Change	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	% Change
Compensation and related expenses	$ 103.4	$ 142.7	38%	$ 187.5	$ 261.9	40%
Selling, general and administrative	31.0	72.1	133%	62.4	117.4	88%
Amortization of intangible assets	8.1	9.6	19%	16.1	18.5	15%
Depreciation and other amortization	3.2	3.4	6%	6.5	6.4	(2)%
Other operating expenses	4.7	8.4	79%	10.5	14.5	38%
Total operating expenses	$ 150.4	$ 236.2	57%	$ 283.0	$ 418.7	48%

The substantial portion of our operating expenses is incurred by our Affiliates, the majority of which is incurred by Affiliates with revenue sharing arrangements. For Affiliates with revenue sharing arrangements, an Affiliate's Operating Allocation percentage generally determines its operating expenses. Accordingly, our compensation expense is impacted by increases or decreases in each Affiliate's revenue and the corresponding increases or decreases in each Affiliate's respective Operating Allocation. During the three and six months ended June 30, 2010, approximately $69.6 million and $125.6 million (or 49% and 48%), respectively, of our consolidated compensation expense was attributable to our Affiliate management partners. The percentage of revenue allocated to operating expenses varies from one Affiliate to another and may also vary within an Affiliate depending on the source or amount of revenue. As a result, changes in our aggregate revenue may not impact our consolidated operating expenses to the same degree.

Compensation and related expenses increased 38% and 40% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, primarily as a result of the relationship between revenue and operating expenses at extant Affiliates, which experienced increases in revenue, and accordingly, reported higher compensation expenses. These increases were also attributable to increases in aggregate Affiliate expenses of $16.1 million and $21.2 million in the three and six months ended June 30, 2010 from new Affiliate investments, as compared to the three and six months ended June 30, 2009, respectively, as well as increases in holding company incentive and stock-based compensation of $8.6 million and $13.5 million in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively. These increases were partially offset by decreases in aggregate Affiliate expenses from the transfer of our interests in certain Affiliates of $2.1 million and $2.6 million in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively.

Selling, general and administrative expenses increased 133% and 88% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively. These increases resulted principally from increases in aggregate Affiliate expenses of $32.4 million and $41.0 million from new Affiliate investments in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively. These increases also resulted from increases in professional fees principally related to recent investment closings of $5.5 million and $9.9 million in the three and six months ended June 30, 2010 as compared to the three and six months ended June 30, 2009, respectively.

Amortization of intangible assets increased 19% and 15% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively. These increases were principally attributable to increases in definite-lived intangible assets resulting from new Affiliate investments.

Depreciation and other amortization increased 6% in the three months ended June 30, 2010, as compared to the three months ended June 30, 2009, principally attributable to a $0.3 million increase in aggregate Affiliate expenses from new Affiliate investments, partially offset by a decrease in spending on depreciable assets in recent periods. Depreciation and other amortization decreased 2% in the six months ended June 30, 2010, as compared to the six months ended June 30, 2009, principally attributable to a decrease in spending on depreciable assets in recent periods, partially offset by an increase of $0.4 million in aggregate Affiliate expenses from new Affiliate investments.

Other operating expenses increased 79% and 38% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, principally attributable to a loss realized on the transfer of Affiliate interests in the second quarter of 2010, as well as increases in aggregate Affiliate expenses of $1.0 million and $1.2 million from new Affiliate investments in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively.

Other Income Statement Data

The following table summarizes other income statement data:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(dollars in millions)	2009	2010	% Change	2009	2010	% Change
Income from equity method investments	$ 7.4	$ 9.9	34%	$ 13.8	$ 19.0	38%
Investment and other income	7.2	0.7	(90)%	6.9	3.5	(49)%
Investment income (loss) from investments in partnerships	14.9	(8.6)	(158)%	11.2	(4.5)	(140)%
Interest expense	15.8	16.3	3%	32.4	32.4	0%
Imputed interest expense	3.4	6.4	88%	6.7	10.1	51%
Income tax expense	4.9	16.9	245%	9.9	28.9	192%

Income from equity method investments consists of our share of income from Affiliates that are accounted for under the equity method of accounting, net of any related intangible amortization. Income from equity method investments increased 34% and 38% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, principally as a result of increases in assets under management at Affiliates that we account for under the equity method of accounting.

Investment and other income decreased 90% and 49% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, principally as a result of a decrease in Affiliate investment earnings.

Investment income (loss) from Affiliate investments in partnerships relates to the consolidation of certain investment partnerships in which our Affiliates are the general partner. For the three months ended June 30, 2009 and 2010, the income (loss) from Affiliate investments in partnerships was $14.9 million and $(8.6) million, respectively. For the six months ended June 30, 2009 and 2010, the income (loss) from Affiliate investments in partnerships was $11.2 million and $(4.5) million, respectively. This income (loss) was principally attributable to investors who are unrelated to us.

Interest expense increased slightly in the three months ended June 30, 2010, as compared to the three months ended June 30, 2009, principally as a result of an increase in cost of our senior bank debt, which resulted from an increase in borrowings. Interest expense was flat in the six months ended June 30, 2010, as compared to the six months ended June 30, 2009.

Imputed interest expense consists of interest accretion on our senior convertible securities and our junior convertible trust preferred securities as well as the accretion of our projected contingent payment arrangements. Imputed interest expense increased 88% and 51% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, principally as a result of a $2.6 million increase in accretion related to our contingent payment arrangements, as well as increases in the interest accretion on our convertible securities.

Income taxes increased 245% and 192% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, primarily as the result of increases in Income before income taxes attributable to controlling interests, and a one-time $3.0 million benefit in 2009 from the reversal of a valuation allowance on Massachusetts net operating losses.

Net Income

The following table summarizes Net Income:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(dollars in millions)	**2009**	**2010**	**% Change**	**2009**	**2010**	**% Change**
Net income (non-controlling interests)	$ 30.7	$ 41.4	35%	$ 51.5	$ 72.7	41%
Net income (loss) (non-controlling interests in partnerships)	14.6	(8.4)	(158)%	10.8	(4.4)	(141)%
Net Income (controlling interest)	11.0	25.2	129%	17.1	42.7	150%

Net income attributable to non-controlling interests increased 35% and 41% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, principally as a result of the previously discussed changes in revenue partially offset by the previously discussed decreases in investment and other income.

Net income (loss) (non-controlling interest in partnerships) relates to the consolidation of certain investment partnerships in which our Affiliates are the general partner. For the three months ended June 30, 2009 and 2010, the net income (loss) from Affiliate investment partnerships attributable to the non-controlling interests was $14.6 million and $(8.4) million, respectively. For the six months ended June 30, 2009 and 2010, the net income (loss) from Affiliate investment partnerships attributable to the non-controlling interests was $10.8 million and $(4.4) million, respectively.

Net Income (controlling interest) increased 129% and 150% in the three and six months ended June 30, 2010, as compared to the three and six months ended June 30, 2009, respectively, as a result of the previously discussed increases in revenue, partially offset by increases in reported operating and income tax expenses.

Supplemental Performance Measures

In reporting our financial and operating results during the second quarter, we renamed our non-GAAP performance measures to Economic Net Income and Economic earnings per share (formerly known as Cash Net Income and Cash 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 investment management firms. 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 GAAP. These measures facilitate comparisons to other asset management firms that have not engaged in significant acquisitions or issued convertible debt.

Under our Economic Net Income definition, we add to Net Income (controlling interest) amortization (including equity method amortization), deferred taxes related to intangible assets, Affiliate depreciation and Affiliate equity expense, and exclude the non-cash effect of APB 14-1 (principally imputed interest on convertible securities) and non-cash expenses related to contingent payment arrangements. We add back amortization attributable to acquired client relationships because this expense does not correspond to the changes in value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) that we no longer amortize but which continues to generate tax deductions is added back, because we believe it is unlikely these accruals will be used to settle material tax obligations. Since our acquired assets do not generally depreciate or require replacement by us, and since they generate deferred tax expenses that are unlikely to reverse, we add back these non-cash expenses to Net Income to measure operating performance. We add back non-cash expenses relating to certain transfers of equity between Affiliate management partners, when these transfers have no dilutive effect to our shareholders. We add back the portion of consolidated depreciation expense incurred by our Affiliates because under our Affiliates' operating agreements we are generally not required to replenish these depreciating assets.

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.

In connection with recent investments in Affiliates, in the first quarter of 2010 we modified our Economic Net Income definition to exclude non-cash imputed interest and revaluation adjustments related to contingent payment arrangements from Net Income (controlling interest). The modification of the Economic Net Income definition did not have an impact on the prior periods reported.

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

(in millions, except shares and per share data)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Net Income (controlling interest)	$ 11.0	$ 25.2	$ 17.1	$ 42.7
Intangible amortization[(1)(2)]	16.0	17.0	32.0	33.7
Intangible-related deferred taxes	9.5	14.3	19.1	25.0
Imputed interest and contingent payment adjustments[(3)]	2.0	3.2	4.1	5.5
Affiliate equity expense	1.9	1.8	3.9	3.5
Affiliate depreciation	2.0	2.3	3.9	4.2
Economic Net Income	$ 42.4	$ 63.8	$ 80.1	$ 114.6

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Average shares outstanding—diluted	43,159,140	47,635,230	42,082,991	46,539,949
Assumed issuance of senior convertible securities shares	(873,803)	(661,054)	(873,803)	(767,341)
Assumed issuance of junior convertible securities shares	—	—	—	—
Dilutive impact of senior convertible securities shares	1,163	185,589	581	197,651
Dilutive impact of junior convertible securities shares	—	—	—	—
Average shares outstanding—adjusted diluted	42,286,500	47,159,765	41,209,769	45,970,259
Economic earnings per share	$ 1.00	$ 1.35	$ 1.94	$ 2.49

(1) We are required to use the equity method of accounting for certain of our investments and, as such, do not separately report these Affiliates' revenues or expenses (including intangible amortization) in our income statement. Our share of these investments' amortization, $8.1 million and $16.1 million for the three and six months ended June 30, 2010, respectively, is reported in "Income from equity method investments."

(2) Our reported intangible amortization, $9.6 million and $18.5 million for the three and six months ended June 30, 2010, respectively, includes $0.7 million and $1.0 million, respectively, of amortization attributable to our non-controlling interests, amounts not added back to Net Income (controlling interest) to measure our Economic Net Income.

(3) Our reported imputed interest expense, $6.4 million and $10.1 million for the three and six months ended June 30, 2010, respectively, includes $1.3 million of imputed interest attributable to our non-controlling interests, amounts not added back to Net Income (controlling interest) to measure our Economic Net Income.

Economic Net Income increased 50% and 43% in the three and six months ended June 30, 2010 as compared to the three and six months ended June 30, 2009, primarily as a result of the previously-described factors that caused an increase in Net Income as well as increases in amortization and intangible-related deferred tax expenses.

Liquidity and Capital Resources

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

(in millions)	December 31, 2009	June 30, 2010
Balance Sheet Data		
Cash and cash equivalents	$ 259.5	$ 220.5
Senior bank debt	—	659.5
2008 senior convertible notes	409.6	415.9
Zero coupon convertible notes	47.4	—
Junior convertible trust preferred securities	507.4	508.6

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2010	2009	2010
Cash Flow Data				
Operating cash flow	$ 72.2	$ 115.1	$ 87.9	$ 183.1
Investing cash flow	(5.0)	(682.9)	(8.7)	(814.8)
Financing cash flow	(31.6)	586.3	(202.4)	593.8
EBITDA[(1)]	53.2	81.7	102.4	150.0

(1) The definition of EBITDA is presented in Note 2 on page 34 and below under Supplemental Liquidity Measure.

We view our ratio of debt to EBITDA (our "internal leverage ratio") as an important gauge of our ability to service debt, make new investments and access additional capital. Consistent with industry practice, we do not consider junior trust preferred securities as debt for the purpose of determining our internal leverage ratio. We also view our leverage on a "net debt" basis by deducting from our debt balance holding company cash (including prospective proceeds from the settlement of our forward equity sale agreements). At June 30, 2010, our internal leverage ratio was 2.2:1.

Under the terms of our credit facility we are required to meet two financial ratio covenants. The first of these covenants is a maximum ratio of debt to EBITDA (the "bank leverage ratio") of 3.5. The calculation of our bank leverage ratio is generally consistent with our internal leverage ratio approach. The second covenant is a minimum EBITDA to cash interest expense ratio of 3.0 (our "bank interest coverage ratio"). For the purposes of calculating these ratios, share-based compensation expense is added back to EBITDA. As of June 30, 2010, our actual bank leverage and bank interest coverage ratios were 2.7 and 5.7, respectively, and we were in full compliance with all terms of our credit facility. Following the July 2 settlement of the outstanding forward equity sales and the use of these funds to pay down senior bank debt, our pro forma bank leverage ratio was 2.3. Following this repayment, we have $305.2 million of remaining capacity under our $770 million credit facility, of which we could borrow a total of $305.2 million without violating credit facility covenants.

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

Supplemental Liquidity Measure

As supplemental information in this Quarterly Report on Form 10-Q, we have provided information regarding our EBITDA, a non-GAAP liquidity measure. This measure is provided in addition to, but not as a substitute for, cash flow from operations. EBITDA represents earnings before

interest expense, income taxes, depreciation and amortization. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. As a measure of liquidity, we believe that EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. We further believe that many investors use this information when analyzing the financial position of companies in the investment management industry.

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

(in millions)	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2010
Cash flow from operations	$ 72.2	$ 115.1	$ 87.9	$ 183.1
Interest expense, net of non-cash items(1)	13.9	14.4	28.7	28.6
Current tax provision	(1.1)	5.3	(9.2)	7.9
Income from equity method investments, net of distributions(2)	5.4	4.4	0.8	(1.6)
Changes in assets and liabilities				
and other adjustments(3)	(37.2)	(57.5)	(5.8)	(68.0)
EBITDA	$ 53.2	$ 81.7	$ 102.4	$ 150.0

(1) Non-cash items represent amortization of issuance costs and imputed interest ($5.2 million and $8.2 million for the three months ended June 30, 2009 and 2010, respectively, and $10.4 million and $13.8 million for the six months ended June 30, 2009 and 2010, respectively).

(2) Distributions from equity method investments were $9.9 million and $13.6 million for the three months ended June 30, 2009 and 2010, respectively, and $28.8 million and $36.8 million for the six months ended June 30, 2009 and 2010, respectively.

(3) Other adjustments include stock option expenses, tax benefits from stock options, net income attributable to non-controlling interests and other adjustments to reconcile Net Income (controlling interest) to net cash flow from operating activities.

In the six months ended June 30, 2010, we met our operating cash requirements primarily through cash generated by operating activities. Our principal uses of cash in the three and six months ended June 30, 2010 were to make distributions to Affiliate managers and repay our senior bank debt. We expect that our principal uses of cash for the foreseeable future will be for investments in new and existing Affiliates, distributions to Affiliate managers, payment of interest on outstanding debt, the repurchase of debt securities, and the repurchase of shares of our common stock and for working capital purposes.

The following table summarizes the principal amount due at maturity of our debt obligations and convertible securities as of June 30, 2010:

(in millions)	Amount	Maturity Date	Form of Repayment
Senior Bank Debt	$ 465.0(1)	2012	(2)
2008 Senior Convertibles Notes	460.0	2038	(3)
Junior Convertible Trust Preferred Securities	730.8	2036/2037	(4)

(1) Pro forma for the July 2, 2010 settlement of our forward equity sales.

(2) Settled in cash.

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

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

Senior Bank Debt

We have a $770 million revolving credit facility (the "Revolver") under which we pay interest at specified rates (based either on the LIBOR rate or the prime rate as in effect from time to time) that vary depending on our credit rating. Subject to the agreement of lenders to provide additional commitments, we have the option to increase the Revolver by up to $175 million. The Revolver contains financial covenants with respect to leverage and interest coverage and customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends and fundamental corporate changes. Borrowings under the Revolver are collateralized by pledges of the substantial majority of our capital stock or other equity interests owned by us. As of June 30, 2010, we had $660 million outstanding under the Revolver; and, on July 2, 2010 used the net proceeds from the settlement of sales under our forward equity program to pay down the balance outstanding under the Revolver to approximately $465 million.

Senior Convertible Securities

We have one senior convertible security outstanding at June 30, 2010. The principal terms of these notes are summarized below.

	2008 Convertible Notes
Issue Date	August 2008
Maturity Date	August 2038
Par Value	$460.0
Carrying Value	415.9(1)
Note Denomination	1,000
Current Conversion Rate	7.959
Current Conversion Price	125.65
Stated Coupon	3.95%
Tax Deduction Rate	9.38%(2)

(1) The carrying value is accreted to the principal amount at maturity using an interest rate of 7.4%.

(2) The 2008 convertible notes are considered contingent payment debt instruments under tax regulations that require us to deduct interest in an amount greater than our cash coupon rate.

The 2008 convertible notes are convertible into a defined number of shares of our common stock upon the occurrence of certain events. Upon conversion, we may elect to pay or deliver cash, shares of common stock, or some combination thereof. The holders of the 2008 convertible notes may put these securities to us in August of 2013, 2018, 2023, 2028 and 2033. We may call the notes for cash at any time on or after August 15, 2013.

In the second quarter of 2010, we called our Zero Coupon Senior Convertible Notes due May 7, 2021 ("zero coupon senior convertible notes") for redemption at their principal amount plus any original issue discount accrued thereon. In lieu of redemption, all of the holders elected to convert their zero coupon senior convertible notes into shares of our common stock. We issued 873,626 shares of common stock to settle these conversions. All of our zero coupon senior convertible notes have been cancelled and retired as of June 14, 2010.

Junior Convertible Trust Preferred Securities

We have two junior convertible trust preferred securities outstanding at June 30, 2010, 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	2007 Junior Convertible Trust Preferred Securities
Issue Date	April 2006	October 2007
Maturity Date	April 2036	October 2037
Par Value	$300.0	$430.8
Carrying Value	213.0(1)	295.6(2)
Note Denomination	50	50
Current Conversion Rate	0.333	0.250
Current Conversion Price	150.00	200.00
Stated Coupon	5.10%	5.15%
Tax Deduction Rate	7.50%(3)	8.00%(3)

(1) The carrying value is accreted to the principal amount at maturity using an interest rate of 7.5% (over its expected life of 30 years).

(2) The carrying value is accreted to the principal amount at maturity using an interest rate of 8.0% (over its expected life of 30 years).

(3) The 2006 and 2007 junior convertible trust preferred securities are considered contingent payment debt instruments under the federal income tax regulations. We are required to deduct interest in an amount greater than our cash coupon rate.

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 on or after April 2011 if the closing price of our common stock exceeds $195 per share for a specified period of time.

We can call the 2007 junior convertible trust preferred securities on or after October 2012 if the closing price of our common stock exceeds $260 per share for a specified period of time. Holders of the 2006 and 2007 junior trust preferred securities have no rights to put these securities to us.

Forward Equity Sale Agreement

We have entered into three forward equity sale agreements with major securities firms to sell shares of our common stock (up to $200 million under each agreement). Under the terms of these agreements, we can settle forward sales at any time prior to December 31, 2010 by issuing shares in exchange for cash. Alternatively, we may choose to settle forward sales on a net stock or cash basis. Through June 30, 2010, we have completed $496.5 million of forward sales. In March 2009, we settled $147.2 million of forward equity sales by issuing 1.8 million shares of our common stock. In May 2010, we settled $46.6 million of forward equity sales by issuing 0.5 million shares of our common stock. In

June 2010, we settled $102.0 million of forward equity sales by issuing 1.8 million shares of our common stock. In July 2010, we settled the remaining $200.7 million of outstanding forward equity sales through the issuance of 3.2 million shares of our common stock. We have the additional capacity to sell up to $103.5 million under an agreement entered into in July 2009.

Share Repurchase Program

In the second quarter of 2010, we did not purchase any shares of common stock under our share repurchase programs. In July 2010, our Board of Directors authorized an additional 500,000 shares of common stock for repurchase under our share repurchase programs. There are currently 1,584,706 shares that could be purchased under our share repurchase program.

Affiliate Equity

Many of our operating agreements provide Affiliate managers a conditional right to require us to purchase their retained equity interests at certain intervals. Certain agreements also provide us a conditional right to require Affiliate managers to sell their retained equity interests to us upon their death, permanent incapacity or termination of employment and provide Affiliate managers a conditional right to require us to purchase such retained equity interests upon the occurrence of specified events. 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.

We may pay for Affiliate equity purchases in cash, shares of our common stock or other forms of consideration and can consent to the transfer of these interests to other individuals or entities. Our cumulative redemption obligation 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 $100 million of Affiliate equity during the next twelve months, 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 plus non-cash charges for amortization, deferred taxes, equity-based compensation and depreciation, as well as increases and decreases in our consolidated working capital.

The increase in cash flows from operations for the six months ended June 30, 2010 as compared to the six months ended June 30, 2009, resulted principally from increased Net Income of $31.5 million, a decrease in settlements of accounts payable and accrued liabilities of $48.0 million and purchases of prepaids and other current assets of $29.0 million, partially offset by a decrease in collections of investment advisory fees receivable of $43.2 million.

We consolidated $93.8 million and $89.6 million of client assets held in partnerships controlled by our Affiliates as of December 31, 2009 and June 30, 2010, respectively. Sales of $0.3 million increased operating cash flow in the six months ended June 30, 2009. Purchases of $0.5 million decreased operating cash flow in the six months ended June 30, 2010.

Investing Cash Flow

The net cash flow used in investing activities increased $806.1 million for the six months ended June 30, 2010 as compared to the six months ended June 30, 2009. This was primarily the result of an increase of $791.6 million relating to our investments in Pantheon and Aston during the second quarter of 2010.

Financing Cash Flow

Net cash flows from financing activities increased $796.1 million for the six months ended June 30, 2010, as compared to the six months ended June 30, 2009. This was primarily a result of an increase in net borrowings of senior bank debt of $893.0 million, partially offset by an increase in repurchases of Affiliate equity of $76.7 million. In addition, we received $144.3 million and $100.0 million of proceeds from the settlement of forward equity sales in the six months ended June 30, 2009 and June 30, 2010, respectively. In July 2010, we settled our remaining forward sales with the issuance of 3.2 million shares for $194.7 million.

Our investment in Artemis was financed through borrowings under our Revolver, and our investment in Aston was financed through the issuance of approximately 1.7 million shares of our common stock. Our investment in Pantheon was financed with borrowings under our Revolver and proceeds from the partial settlement of forward equity sales.

Under past acquisition agreements, we are contingently liable, upon achievement of specified financial targets, to make payments of up to $601 million through 2015. In the remainder of 2010, we do not expect to make any significant payments to settle portions of these contingent obligations.

Proceeds available under our Revolver are sufficient to support our cash flow needs for the foreseeable future.

Contractual Obligations

The following table summarizes our contractual obligations as of June 30, 2010:

Contractual Obligations	Total	Payments Due			
		Remainder of 2010	2011-2012	2013-2014	Thereafter
(in millions)					
Senior bank debt	$ 659.5	$ —	$ 659.5	$ —	$ —
Senior convertible securities[1]	977.8	9.1	36.3	36.3	896.1
Junior convertible trust preferred securities[2]	1,717.9	18.5	74.1	74.1	1,551.2
Leases	82.4	10.6	33.8	23.8	14.2
Other liabilities[3]	155.6	21.6	134.0	—	—
Total Contractual Obligations	$ 3,593.2	$ 59.8	$ 937.7	$ 134.2	$ 2,461.5
Contingent Obligations					
Contingent payment obligations[4]	$ 106.6	$ —	$ 80.3	$ 24.2	$ 2.1

(1) The timing of debt payments assumes that outstanding debt is settled for cash or common stock at the applicable maturity dates. The amounts include the cash payment of fixed interest. Holders of the 2008 convertible notes may put their interests to us for $460 million in 2013.

(2) As more fully discussed on page 41, consistent with industry practice, we do not consider our junior convertible trust preferred securities as debt for the purpose of determining our leverage ratio.

(3) Other liabilities reflect amounts payable to Affiliate managers related to our purchase of additional Affiliate equity interests and deferred purchase price. This table does not include liabilities for uncertain tax positions or commitments to co-invest in certain investment partnerships (of $22.2 million and $97 million as of June 30, 2010, respectively) as we cannot predict when such obligations will be paid.

(4) The amount of contingent payments related to business acquisitions disclosed in the table represents our expected settlement amounts. While the table above reflects our current estimates, the maximum settlement amount is $167 million for the remainder of 2010 and $434 million in periods after 2010.

Recent Accounting Developments

During the first quarter of 2010, we adopted a new standard that requires an enterprise to perform a qualitative analysis to determine whether its variable interests give it a controlling financial interest in a variable interest entity ("VIE"). Under the standard, an enterprise has a controlling financial interest when it has (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. An enterprise that holds a controlling financial interest is deemed to be the primary beneficiary and is required to consolidate the VIE. This new standard has been deferred for certain entities that utilize the specialized accounting guidance for investment companies or that have the attributes of investment companies. The adoption of the portions of this new standard that were not deferred did not have a material impact on our Consolidated Financial Statements.

During the first quarter of 2010, we adopted a new standard that eliminated the concept of a qualifying special-purpose entity ("QSPE"), changed the requirements for derecognizing financial assets, and required additional disclosures to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including an entity's continuing involvement in and exposure to the risks related to transferred financial assets. The standard also clarified the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. The adoption of this new standard did not have a material 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 and six months ended June 30, 2010. Please refer to Item 7A in our 2009 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 officers 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 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.
(Registrant)

August 9, 2010

/s/ DARRELL W. CRATE

Darrell W. Crate
on behalf of the Registrant as Executive Vice President, Chief Financial Officer and Treasurer (and also as Principal Financial and Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
2.1	Amendment No. 1 to Purchase and Sale Agreement, dated as of June 30, 2010, by and among Frank Russell Company, Affiliated Managers Group, Inc., and, solely in respect of Sections 4.18, 4.19 and 8.8 of the Purchase and Sale Agreement between the parties dated as of February 10, 2010 (as amended hereby), The Northwestern Mutual Life Insurance Company.
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 June 30, 2010 are furnished herewith, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the three and six month periods ended June 30, 2010 and 2009, (ii) the Consolidated Balance Sheets at June 30, 2010 and December 31, 2009, (iii) the Consolidated Statement of Equity for the six month period ended June 30, 2010, (iv) the Consolidated Statements of Cash Flows for the three and six month periods ended June 30, 2010 and 2009, and (v) the Notes to the Consolidated Financial Statements.

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Exhibit 2.1

AMENDMENT NO. 1 TO PURCHASE AND SALE AGREEMENT

This AMENDMENT NO. 1 TO PURCHASE AND SALE AGREEMENT, dated as of June 30, 2010 (this "Amendment"), by and among Frank Russell Company ("Seller"), Affiliated Managers Group, Inc. ("Buyer"), and, solely in respect of Sections 4.18, 4.19 and 8.8 of the Purchase Agreement (as defined below, but as amended hereby), The Northwestern Mutual Life Insurance Company ("Northwestern").

RECITALS

WHEREAS, the Buyer, the Seller and Northwestern are parties to that certain Purchase and Sale Agreement, dated as of February 10, 2010 (the "Purchase Agreement"); and

WHEREAS, pursuant to Section 9.1 of the Purchase Agreement, the Buyer, the Seller and Northwestern now wish to amend the Purchase Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement.

ARTICLE II

AMENDMENTS TO PURCHASE AGREEMENT

Section 2.1 References to Northwestern. Each reference in the Purchase Agreement "solely in respect of Section 4.18 and Section 4.19" or "solely with respect to Section 4.18 and Section 4.19" is hereby deleted and replaced with "solely in respect of Sections 4.18, 4.19 and 8.8".

Section 2.2 Amendment to Section 1.4(a). Section 1.4(a) of the Purchase Agreement is hereby amended by deleting the text of such Section in its entirety and replacing it with the following:

"(a) Seller shall prepare (or cause to be prepared) an estimated unaudited balance sheet of each of the Transferred Entities as of the close of business on the Closing Date (but pro forma for the Closing (excluding, for the avoidance of doubt, the Restructuring Transactions) and the Pre-Closing Dividend), each of which balance sheet shall be prepared in accordance with the Closing Balance Sheet Principles (each, an "Estimated Closing Balance Sheet"), together with a schedule calculating each Estimated Net Working Capital Adjustment Amount and the Estimated Aggregate Net Working Capital Adjustment Amount (collectively, the "Estimated Closing Balance Sheet Documents"). The Estimated Closing Balance Sheet Documents shall be delivered to Buyer at least five (5) Business Days prior to the Closing Date."

Section 2.3 Amendment to Section 1.4(b). Section 1.4(b) of the Purchase Agreement is hereby amended by deleting the text of such Section in its entirety and replacing it with the following:

"(b) As soon as reasonably practicable following the Closing Date, and in no event more than sixty (60) days thereafter, Buyer shall prepare and deliver to Seller an unaudited balance sheet of each of the Transferred Entities as of the close of business on the Closing Date (but pro forma for the Closing (excluding, for the avoidance of doubt, the Restructuring Transactions) and the Pre-Closing Dividend), which balance sheet shall be prepared in accordance with the Closing Balance Sheet Principles (each, a "Final Closing Balance Sheet"), together with a schedule calculating each Final Net Working Capital Adjustment Amount and the Final Aggregate Net Working Capital Adjustment Amount (collectively, the "Final Closing Balance Sheet Documents")."

Section 2.4 Addition of Section 1.8. Section 1.8 of the Purchase Agreement is hereby added to the Purchase Agreement as follows:

"Section 1.8 Certain Post-Closing Payments.

(a) No later than ten (10) Business Days following the end of any calendar month in which any portion of the "PIP receivable" set forth on the Final Closing Balance Sheet (as finally determined in accordance with Section 1.4) (the "PIP Receivable") is collected by the Company Group, Buyer shall pay to Seller an amount (which amount, to the extent such portion was paid in a combination of cash and securities, shall be paid in the same combination of cash and securities, in the same proportion so received, with such securities attributed with the same value as applicable in their payment to the Company Group) equal to the product of (i) the aggregate amount of the PIP Receivable collected during the applicable calendar month reduced by the amount of any income Taxes imposed on the Buyer solely as a result of the receipt of such portion of the PIP Receivable (determined after taking into account any deduction, credit, loss or other Tax benefit realized by Buyer under Applicable Law including as a result of the payment made under this Section 1.8(a) or the write-off of any portion of the PIP Receivable) and (ii) 25%. Buyer shall provide a calculation, in reasonable detail, of any deduction for income Taxes contemplated by this Section 1.8(a).

(b) Any payment under this Section 1.8 shall be treated as an adjustment to the Purchase Price for any Tax purposes, except as otherwise required by Applicable Law."

Section 2.5 Amendment to Section 2.12(f). Section 2.12(f) of the Purchase Agreement is hereby amended by deleting footnote 1 therein in its entirety.

Section 2.6 Amendment to Section 4.4. Section 4.4 of the Purchase Agreement is hereby amended by deleting the text of such Section in its entirety and replacing it with the following:

"Section 4.4 Post-Closing Access; Post-Closing Retention of Records; Etc.

(a) For a period of seven (7) years following the Closing (or, if later, until conclusion of any Proceeding pending at such date), Buyer and Seller shall, and shall cause their respective Affiliates to, upon reasonable notice by Seller or Buyer (either party, in such capacity the "Requesting Party") or their respective Affiliates to the other party (the "Providing Party"):

(i) (A) provide to the Requesting Party and its Affiliates and their respective representatives reasonable access to their properties, information, data, books, records, employees and (subject to the terms of any required agreements with the applicable auditor) auditors, to the extent relating to the business and operations of the Company Group with respect to any pre-Closing period or matter occurring prior to the Closing (including in connection with any Proceeding arising out of any business or operations of the Company Group in which the Requesting Party or any of its Affiliates may from time to time be involved, other than with respect to (x) Proceedings involving disputes between Buyer or its Affiliates, on the one hand, and Seller or its Affiliates, on the other hand, and (y) the preparation and audit of any financial statements or Tax Returns (which, for the avoidance of doubt, shall be governed by the provisions in Article VII)) and (B) subject to Sections 4.5(b) and 4.5(c), permit the Requesting Party and its Affiliates and their respective representatives to make such copies and inspections of any such information, data, books and records as any of them may reasonably request; and

(ii) (A) make available to the Requesting Party and its Affiliates and their respective representatives, the officers, employees and representatives of the Providing Party (and, in the case where the Providing Party is Buyer, the Company Group) to provide reasonable assistance and co-operation in the review of information described in this Section 4.4(a) and (B) cooperate with the Requesting Party and its Affiliates and their respective representatives, including by furnishing such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals and make available their respective employees as witnesses, to the extent reasonably necessary in connection with any Proceeding arising out of any business or operations of the Company Group in which the Requesting Party or any of its Affiliates are or may

from time to time be involved, other than with respect to Proceedings involving disputes between Buyer or its Affiliates, on the one hand, and Seller or its Affiliates, on the other hand;

provided that any access or cooperation pursuant to this Section 4.4(a) shall not unreasonably interfere with the conduct of the business of the Company Group or the Providing Party and shall occur only during normal business hours upon reasonable advance notice by the Requesting Party to the Providing Party, under the supervision of the Providing Party's personnel. Notwithstanding the obligations contained in this Section 4.4(a), the Providing Party shall not be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client or similar legal privilege of it or its Affiliates or contravene any Applicable Law, fiduciary duty or binding agreement. All information provided or accessed under this Section 4.4 shall be subject to the terms of Section 4.5. The Requesting Party shall bear any reasonable out-of-pocket costs incurred by the Providing Party or the Company Group in providing the access and cooperation required by this Section 4.4(a).

(b) Following the Closing, each party shall, and shall cause its Affiliates to, retain true and complete originals or copies of the books and records and other information and data, including personnel records, of the Company Group and its business and operations with respect to pre-Closing periods in accordance with the document retention policies of such party and its Affiliates, but in no event for less than so long as required by Applicable Law. If, following the expiration of the period during which Seller and its Affiliates are required to retain books, records and other information and data pursuant to this Section 4.4(b), Seller or its Affiliate determines to dispose of any such materials, Seller or such Affiliate shall first provide written notice to Buyer and provide Buyer with a reasonable opportunity to take possession of, or make copies of, such materials prior to such disposal; provided, that the provision of such materials shall be subject to the same limitations, and the same expense reimbursement obligations, as would be applicable if such materials were accessed pursuant to Section 4.4(a)."

Section 2.7 Addition of Section 4.16(d). Section 4.16(d) of the Purchase Agreement is hereby added to the Purchase Agreement as follows:

"(d) Buyer shall not permit any renewal or extension of the SF Lease, unless in connection with such renewal or extension the SF Lease Guaranty is terminated and Seller is released from all liabilities and obligations thereunder. Seller shall execute and deliver any documents reasonably necessary to give effect to the foregoing."

Section 2.8 Amendment to Section 4.20. Section 4.20 of the Purchase Agreement is hereby amended by deleting the text of such Section in its entirety and replacing it with the following:

"Section 4.20 EQT. In the event that the transfer of the Sale Partnership Interest (as defined in the EQT Purchase Agreement) has not been completed prior to Closing, until the consummation of such transfer, the rights and obligations in respect of the Sale Partnership Interest of PV (Guernsey) as owner of the Sale Partnership Interest shall be

treated in the same manner as Schedule 1.6(b) so that capital calls and distributions in respect of the Sale Partnership Interest shall be accomplished via the Aggregate Contributions and Aggregate Distributions. In addition, notwithstanding the Estimated Closing Balance Sheet Documents, the parties agree that any cash received by PV (Guernsey) from RSL or PGIF in respect of their purchases of their respective portions of the EQT Interest shall, to the extent not distributed to Seller or one of its Subsidiaries, be treated as cash for purposes of the Final Closing Balance Sheet Documents."

Section 2.9 Amendment to Section 7.10(a). Section 7.10(a) of the Purchase Agreement is hereby amended by deleting the text of such Section in its entirety and replacing it with the following:

"(a) On or before the Closing Date, the parties shall agree to a percentage apportionment of the Closing Purchase Price among the Transferred Entities, which percentage and associated allocations of the Closing Purchase Price shall be set forth on Schedule 7.10(a). The amount by which the Final Net Working Capital Adjustment Amount of each Transferred Entity exceeds or falls short of the Estimated Net Working Capital Adjustment Amount for such Transferred Entity shall be allocated to the shares of such Transferred Entity (so as to increase the purchase price for the shares of the relevant Transferred Entity, if positive, or reduce such purchase price, if negative). The amount of the Post-Closing True-Up Payment (if any) shall also be allocated to the shares of such Transferred Entity (so as to increase the purchase price for the shares of the relevant Transferred Entity). The amount of any payment pursuant to Schedule 1.6, any Contingent Payments made pursuant to Section 1.7 and any Subsequent Payments shall be allocated among the Transferred Entities in the same percentage as the Closing Purchase Price was allocated. Each of Buyer and Seller and their respective Affiliates shall use the purchase price determined for each set of shares in the Transferred Entities in accordance with the provisions of this Section 7.10(a) for purposes of all relevant Tax Returns, reports and filings and neither Buyer nor Seller shall take any position that is inconsistent therewith unless otherwise required by Applicable Law."

Section 2.10 Amendment to Section 8.2(b). Section 8.2(b) of the Purchase Agreement is hereby amended by deleting the text of such Section in its entirety and replacing it with the following:

"(b) Following the Closing, and subject to the other terms of this Article VIII, Buyer shall indemnify, defend and hold harmless Seller and its Affiliates and each of their respective directors, officers, employees, stockholders, representatives and agents from and against any and all Losses directly arising out of or resulting from (i) any failure of any representation or warranty made by Buyer in Article III to be true, (ii) any breach of any covenant or agreement of Buyer under this Agreement, (iii) the performance by RSL of its obligations under Section 4 or Schedule 3 of the Licenses to Assign (including any payment of rent or other payment required thereunder) arising after the Closing or (iv) the performance by Seller of its obligations under the SF Guaranty (including any payment of rent or other payment required thereunder) arising after the Closing."

Section 2.11 Amendment to Section 8.8. Section 8.8 of the Purchase Agreement is hereby amended by adding the following at the end of such Section:

"Seller hereby agrees and acknowledges, on behalf of its Subsidiaries and their successors and assigns, and Northwestern hereby agrees and acknowledges, for itself and on behalf of its Subsidiaries and its and their successors and assigns, (i) that in the event that Seller (or its applicable Subsidiary) transfers any Retained Carried Interest or a Retained Capital Interest to (A) a Subsidiary of the Seller or (B) Northwestern or a Subsidiary of Northwestern (it being understood that any such transfer shall be subject to the terms of the applicable Retained Carried Interest or Retained Capital Interest), then Buyer and its related Indemnified Parties shall be entitled to off-set or set-off any payment due pursuant to Article VII, Annex B or this Article VIII against any payment in respect of such transferred Retained Carried Interest or Retained Capital Interest to the same extent as if such Retained Carried Interest or Retained Capital Interest were held by Seller and subject to the provisions of the first sentence of this Section 8.8, (ii) to the extent any holder or beneficial owner of such Retained Carried Interest or Retained Capital Interest incurs Losses as a result of such off-set or set-off effected in accordance with this Section 8.8, such holder shall look solely to Seller for reimbursement of such Losses, and (iii) to the extent Buyer or its Affiliates incur any Losses arising out of or resulting from the exercise in accordance with this Section 8.8 of Buyer's rights hereunder against any holder or beneficial owner of such Retained Carried Interest or Retained Capital Interest, Seller shall indemnify, defend and hold harmless Buyer and its related Indemnified Parties from and against any such Loss."

Section 2.12 Amendment to Section 9.6. Section 9.6 of the Purchase Agreement is hereby amended by deleting the reference to "Terry Berland".

Section 2.13 Amendment to Annex A (Definitions). Annex A of the Purchase Agreement is hereby amended as follows:

(a) The following definitions shall be added:

""Applicable Distribution Statement" shall have the meaning set forth in Schedule 1.6(d)(i)."

""Carry Override Agreement" shall have the meaning given to such term in the Organizational Documents of the applicable "Carry Recipient" identified on Schedule 1.5(a) of the Seller Disclosure Schedule."

""Distribution Statement" shall mean, with respect to a distribution with respect to a Retained Carry Interest or Retained Capital Interest, the schedule accompanying such distribution which sets forth a calculation, in reasonable detail, of the components of such distribution (including any reduction or offset for Taxes or a Carry Override Agreement)."

""EQT Interest" means the limited partner interest in EQT owned by PV (Guernsey) prior to acquisition thereof by RSL and PGIF."

""EQT Purchase Agreement" means the Sale and Purchase Agreement, dated as of June 30, 2010, between PV (Guernsey), Seller and RSL."

““Licenses to Assign” shall mean those certain Licenses to Assign entered into by RSL, Sateria Investments Limited, Norfolk House Management Limited, Plymouth UK and Pantheon Ventures (UK) LLP relating to the ground floor, 5th floor and 6th floor of Norfolk House.”

““PIP IMA” shall mean the Management Agreement, dated February 25, 2004, between the Registered Fund and Pantheon Ventures Limited (and any successor thereto), as supplement by the Supplemental Agreements thereto dated August 9, 2004 and January 30, 2007, as may be further amended or supplemented from time to time, and any successor agreement thereto.”

““Providing Party” shall have the meaning set forth in Section 4.4(a).”

““Requesting Party” shall have the meaning set forth in Section 4.4(a).”

““RSL” shall mean Russell Systems Limited or any successor thereto.”

““SF Landlord” shall mean Transamerica Pyramid Properties, LLC.”

““SF Lease” shall mean the Transamerica Pyramid Office Lease by and between Transamerica Insurance Corporation, predecessor in interest to the SF Landlord, and Plymouth USA dated December 4, 2001, as amended by that certain First Amendment to Office Lease between the SF Landlord and Plymouth USA dated August 6, 2007, as assigned (to the extent such lease is so assigned) by Plymouth USA to Pantheon Ventures (US) LLP pursuant to the Restructuring Transactions.”

““SF Lease Guaranty” shall mean the Guaranty of the SF Lease by Seller as guarantor for the benefit of the SF Landlord dated August 6, 2007.”

(b) The following definitions shall be deleted in their entirety:

““EQT Commitment” shall have the meaning set forth in Section 4.20(a).”

““EQT Transfer Date” shall have the meaning set forth in Section 4.20(a).”

““PGIF Assumed Funded Amount” shall have the meaning set forth in Section 4.20(a).”

““Retained EQT Commitment” shall have the meaning set forth in Section 4.20(a).”

““Transferred EQT Commitment” shall have the meaning set forth in Section 4.20(a).”

(c) The following definitions shall be amended by deleting the text of each such definition in its entirety and replacing it with the following:

““Aggregate Contributions” shall mean, for a particular calendar quarter, the aggregate amount of (a) contributions made by the Company Group during such calendar quarter in respect of its capital commitments (or, if applicable, loan commitments) to every Client as of the date of this Agreement (excluding PGIF, PGSF IV KSA and PGSF IV but including those identified in Schedule 1.6(a)(iii) of the Seller Disclosure Schedule) plus (b) the aggregate amount of any unsatisfied clawback or similar obligation in respect of any Retained Carried Interest or Retained Capital Interest that is due and payable during such calendar quarter but not satisfied during such calendar quarter (it being understood that any amount included in Aggregate Contributions pursuant to this clause (b) shall be applied by the Company Group against the obligation of the applicable Russell Member in respect of the applicable Retained Carried Interest or Retained Capital Interest) plus (c) the aggregate amount of any clawback or similar obligation that is due and payable during such calendar quarter in respect of (x) any amounts distributed to the Company Group prior to Closing by the Non-Registered Funds identified on Schedule 1.6(a)(ii) of the Seller Disclosure Schedule or Schedule 1.6(a)(iii) of the Seller Disclosure Schedule representing a return of capital and/or any applicable profit thereon (whether in respect of capital commitments or loan commitments), (y) the Performance Fees set forth on Schedule 1.6(a)(i) of the Seller Disclosure Schedule received from or in respect of any Non-Registered Fund/Registered Fund/Separate Account Client identified on such schedule prior to the Closing or (z) any amounts included in the calculation of “Aggregate Distribution” with respect to such calendar quarter or any prior calendar quarter following the Closing.”

““Aggregate Distributions” shall mean, for a particular calendar quarter, the sum (which may be a negative amount) of (a) (i) the aggregate amounts distributed by the Non-Registered Funds identified on Schedule 1.6(a)(ii) of the Seller Disclosure Schedule and Schedule 1.6(a)(iii) of the Seller Disclosure Schedule to the Company Group during such calendar quarter (other than, for the avoidance of doubt, any such distributions in respect of the Retained Capital Interests) representing a return of capital and/or any applicable profit thereon (whether in respect of capital commitments or loan commitments) minus (ii) the aggregate Tax Amount, if any, in respect of any such profit plus (b) (i) the Performance Fees set forth on Schedule 1.6(a)(i) of the Seller Disclosure Schedule received from or in respect of any Non-Registered Fund/Registered Fund/Separate Account Client identified on such schedule during such calendar quarter minus (ii) the aggregate Tax Amount, if any, in respect of such Performance Fees. For the avoidance of doubt, to the extent such sum results in a negative number, such amount shall be paid by Seller to Buyer.”

““Applicable Working Capital Target” shall mean (a) in the case of Plymouth USA, $3,915,308, (b) in the case of Plymouth UK, $6,000,000 and (c) in the case of Plymouth Asia, $1,000,000; provided that (i) if cash and cash equivalents of any Transferred Entity is less than the Minimum Cash Amount for such Transferred Entity, in each case as determined in accordance with the Closing Balance Sheet Principles, the Applicable Working Capital Target for such Transferred Entity shall be increased by the

amount of such shortfall and (ii) if Estimated Regulatory Capital or Final Regulatory Capital (as applicable) for a Transferred Entity is less than the Required Regulatory Capital for such Transferred Entity, such shortfall shall be treated as a Current Liability of such Transferred Entity for purposes of calculating the Estimated Net Working Capital Adjustment Amount and the Final Net Working Capital Adjustment Amount.”

““Applicable Post-Closing Excluded Advisory Agreement Value” shall mean the aggregate Advisory Agreement Values of Applicable Closing Excluded Advisory Agreements (calculated as of the applicable Post-Closing True-Up Date); provided that the Applicable Post-Closing Excluded Advisory Agreement Value shall also include the Advisory Agreement Value attributable to any capital commitments made to PGSF IV, PGIF , PASIA VI, PUSA IX, PEURO VII or CIC following the Closing and prior to a Post-Closing True-Up Date by any bona fide potential investor who has made a “hard circle” (meaning such investor has given a written or verbal commitment to invest, subject to documentation and closing) capital commitment in an identified amount to any such Non-Registered Fund following the date hereof and identified in writing to Buyer at least two (2) Business Days prior to the Closing Date, and who are admitted to such Non-Registered Fund at the first closing of such Non-Registered Fund to occur after the Closing Date) (and the Advisory Agreements in respect of PGSF IV, PGIF, PASIA VI, PUSA IX, PEURO VII or CIC shall be treated as Applicable Closing Excluded Advisory Agreements to the extent of any such new capital commitments that were closed upon prior to the referenced closing of the applicable Non-Registered Fund and prior to an applicable Post-Closing True-Up Date), but for the avoidance of doubt, without duplication on any Post-Closing True-Up Date to the extent counted with respect to a prior Post-Closing True-Up Date).”

““EQT” means EQT Infrastructure (No. 1) Limited Partnership.”

““PGIF” shall mean Pantheon Global Infrastructure Fund “A”, L.P., together with any parallel funds operating in parallel thereto.”

““PIP Receivable” shall have the meaning set forth in Section 1.8(a).”

Section 2.14 Amendment to Annex B (Tax Deed). Annex A of the Purchase Agreement is hereby amended by replacing the reference to “Instalment Payments” with “Installment Payments” in the definition of “CTSA Regulations”.

Section 2.15 [Intentionally Omitted]..

Section 2.16 [Intentionally Omitted]

Section 2.17 Amendments to Seller Disclosure Schedules.

(a) Schedule 7.10(a) to the Seller Disclosure Schedule is hereby amended and restated in its entirety by Annex B hereto.

(b) [Intentionally Omitted].

ARTICLE III

CERTAIN ADDITIONAL MATTERS

Section 3.1 Current Assets; Gilt Purchase,

The parties hereto acknowledge and agree, and set forth herein for confirmatory purposes, that by e-mail correspondence on May 18, 2010 and May 19, 2010, Kenneth Willman for Seller and Jay Horgen for Buyer amended the Purchase Agreement to provide that, for the avoidance of doubt, the amount contributed by Pantheon Ventures Limited to Pantheon Ventures (UK) LLP (referred to as “UK LLP2” in Annex C to the Purchase Agreement) prior to the Closing to acquire U.K. gilt securities shall be treated as a Current Asset of Plymouth UK, shall be included in the Minimum Cash Amount of Plymouth UK and shall not exceed £102,000 in the aggregate. Such e-mail is incorporated by reference into the Purchase Agreement with the same force as if restated herein and the parties hereto hereby ratify such amendment.

Section 3.2 Termination and Reformation of UK LLP2. The parties hereto acknowledge and agree, and set forth herein for confirmatory purposes, that by e-mail correspondence on May 27, 2010, Kenneth Willman for Seller and Jay Horgen for Buyer amended the Purchase Agreement to provide that, for the avoidance of doubt, (i) with respect to Pantheon Ventures (US) Holdings LLP (“US LLP2”), the execution and filing of (x) a termination agreement and a certificate of cancellation of the statement of qualification filed with the Secretary of State of Delaware on March 3, 2010 and (y) (A) a subsequent statement of qualification and (B) a subsequent limited liability partnership agreement, in the case of each of (A) and (B), for an entity to serve the same purposes as US LLP2 as set forth in Annex C of the Purchase Agreement (defined below) shall be deemed included in the Restructuring Transactions (as defined in the Purchase Agreement (defined below) for all purposes thereunder. Such e-mail is incorporated by reference into the Purchase Agreement with the same force as if restated herein and the parties hereto hereby ratify such amendment.

Section 3.3 Estimated Closing Balance Sheet Documents. The parties agree that, notwithstanding the requirement set forth in Section 1.4(a) of the Purchase Agreement that the Estimated Closing Balance Sheet Documents shall be delivered to Buyer at least five (5) Business Days prior to the Closing Date, such requirement shall be waived and the Estimated Closing Balance Sheet Documents are attached hereto in the form delivered by Seller to Buyer.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Effect on the Agreement. This Amendment shall be deemed incorporated into the Purchase Agreement and shall be construed and interpreted as though fully set forth therein. Except as amended and modified herein, the Purchase Agreement remains in full force and effect.

Section 4.2 Governing Law and Jurisdiction. This Amendment and any claim or controversy hereunder shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles of conflict of laws thereof that would cause the laws of

another jurisdiction to apply.

Section 4.3 Counterparts. This Amendment may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Amendment.

[*Remainder of this page is intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

FRANK RUSSELL COMPANY

By: /s/ Kenneth W. Willman
Name: Kenneth W. Willman
Title: Chief Legal Officer and Secretary

SOLELY IN RESPECT OF SECTIONS 4.18, 4.19 AND 8.8:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ Jeffrey J. Leuken
Name: Jeffrey J. Leuken
Title: Authorized Representative

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Jay C. Horgen
Name: Jay C. Horgen
Title: Executive Vice President

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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: August 9, 2010

/s/ SEAN M. HEALEY

Sean M. Healey
President and Chief Executive Officer

QuickLinks

Exhibit 31.1

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Exhibit 31.2

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

I, Darrell W. Crate, certify that:

1. I have reviewed this 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: August 9, 2010

/s/ DARRELL W. CRATE

Darrell W. Crate
Executive Vice President, Chief Financial Officer and Treasurer

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Exhibit 31.2

Exhibit 32.1

**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 June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sean M. Healey, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that 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: August 9, 2010

By: /s/ SEAN M. HEALEY

Sean M. Healey
President and Chief Executive Officer

QuickLinks

[Exhibit 32.1](#)

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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 June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Darrell W. Crate, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that 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: August 9, 2010

By: /s/ DARRELL W. CRATE

Darrell W. Crate
Executive Vice President, Chief Financial Officer and Treasurer

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Exhibit 32.2