SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission File Number 001-13459

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

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

TWO INTERNATIONAL PLACE, BOSTON, MASSACHUSETTS 02110
(Address of principal executive offices)

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

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

The number of shares of the Registrant's Common Stock outstanding as of August 10, 2001 was 22,161,076.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	December 31, 2000	June 30, 2001
		(unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 31,612	$ 175,835
Investment advisory fees receivable	66,126	54,286
Other current assets	15,448	10,248
Total current assets	113,186	240,369
Fixed assets, net	15,346	14,815
Equity investment in Affiliate	1,816	1,905
Acquired client relationships, net of accumulated amortization of $33,775 in 2000 and $39,701 in 2001	199,354	197,052
Goodwill, net of accumulated amortization of $51,939 in 2000 and $59,854 in 2001	444,116	444,407
Other assets	19,912	21,590
Total assets	$ 793,730	$ 920,138
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 86,800	$ 60,950
Total current liabilities	86,800	60,950
Long-term debt	151,000	277,313
Deferred taxes	31,907	34,164
Other long-term liabilities	2,636	2,765
Subordinated debt	800	800
Total liabilities	273,143	375,992
Minority interest	26,677	20,484
Commitments and contingencies	--	--
Stockholders' equity:		
Common stock	235	235
Additional paid-in capital	407,057	408,356
Accumulated other comprehensive income (loss)	(342)	(1,070)
Retained earnings	140,513	165,549
	547,463	573,070
Less treasury stock, at cost	(53,553)	(49,408)
Total stockholders' equity	493,910	523,662
Total liabilities and stockholders' equity	$ 793,730	$ 920,138

The accompanying notes are an integral part of the consolidated 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,	
	2000	2001	2000	2001
Revenues................................	$ 110,895	$ 100,663	$ 225,693	$ 201,138
Operating expenses:				
Compensation and related expenses.....	40,154	32,698	84,569	66,906
Amortization of intangible assets.....	6,609	6,940	13,053	13,842
Depreciation and other amortization...	984	1,428	1,937	2,786
Selling, general and administrative...	18,759	19,034	35,387	37,115
Other operating expenses..............	2,409	2,673	4,832	5,288
	68,915	62,773	139,778	125,937
Operating income..................	41,980	37,890	85,915	75,201
Non-operating (income) and expenses:				
Investment and other income...........	(582)	(1,470)	(2,220)	(1,994)
Interest expense......................	4,142	3,351	7,989	6,512
	3,560	1,881	5,769	4,518
Income before minority interest and taxes................................	38,420	36,009	80,146	70,683
Minority interest.......................	(15,240)	(14,164)	(33,551)	(28,956)
Income before income taxes...............	23,180	21,845	46,595	41,727
Income taxes............................	9,503	8,738	19,103	16,690
Net income..............................	$ 13,677	$ 13,107	$ 27,492	$ 25,037
Earnings per share - basic...............	$ 0.62	$ 0.59	$ 1.22	$ 1.13
Earnings per share - diluted.............	$ 0.61	$ 0.58	$ 1.21	$ 1.11
Average shares outstanding - basic.......	22,187,587	22,109,068	22,455,041	22,086,244
Average shares outstanding - diluted.....	22,507,064	22,654,951	22,803,699	22,612,010

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 Six Months Ended June 30,	
	2000	2001
Cash flow from operating activities:		
Net income	$27,492	$25,037
Adjustments to reconcile net income to net cash flow from operating activities:		
Amortization of intangible assets	13,053	13,842
Depreciation and other amortization	1,937	2,786
Deferred income tax provision	4,853	2,743
Reclassification of FAS 133 adjustment to net income	--	1,467
FAS 133 transition adjustment	--	(2,201)
Changes in assets and liabilities:		
Decrease in investment advisory fees receivable	184,243	11,840
(Increase) decrease in other current assets	(4,084)	5,200
Decrease in non-current other receivables	2,621	5,465
Decrease in accounts payable, accrued expenses and other liabilities	(105,652)	(26,204)
Minority interest	(33,433)	(6,193)
Cash flow from operating activities	91,030	33,782
Cash flow used in investing activities:		
Purchase of fixed assets	(8,493)	(1,953)
Costs of investments, net of cash acquired	(99,853)	(13,331)
Increase in other assets	(426)	(101)
Loans to employees	(130)	--
Cash flow used in investing activities	(108,902)	(15,385)
Cash flow from financing activities:		
Borrowings of senior bank debt	165,500	49,300
Repayments of senior bank debt	(117,000)	(150,300)
Issuances of debt securities	--	227,313
Issuances of equity securities	4,156	6,142
Repurchase of stock	(39,635)	(698)
Debt issuance costs	(15)	(5,932)
Cash flow from financing activities	13,006	125,825
Effect of foreign exchange rate changes on cash flow	(148)	1
Net increase (decrease) in cash and cash equivalents	(5,014)	144,223
Cash and cash equivalents at beginning of period	53,879	31,612
Cash and cash equivalents at end of period	$48,865	$175,835

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

1. BASIS OF PRESENTATION

The consolidated financial statements of Affiliated Managers Group, Inc. (the "Company" or "AMG") have been prepared in accordance with generally accepted accounting principles 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 generally accepted accounting principles 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 generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All material intercompany balances and transactions have been eliminated. All dollar amounts except per share data in the text and tables herein are stated in thousands unless otherwise indicated. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 includes additional information about AMG, its operations, and its financial position, and should be read in conjunction with this quarterly report on Form 10-Q.

2. RECENT ACCOUNTING DEVELOPMENTS

In July 2001, the Financial Accounting Standards Board issued Financial Accounting Standard No. 141 (FAS 141), "Business Combinations," and Financial Accounting Standard No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 141 limits the method of accounting for business combinations to the purchase method and establishes new criteria for the recognition of other intangible assets. FAS 142 requires that goodwill and other intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually.

FAS 141 became effective as of July 1, 2001, except with regard to business combinations initiated prior to that date. While FAS 142 will generally become effective January 1, 2002, goodwill and any other intangible assets determined to have indefinite lives that are acquired in a purchase business combination completed after June 30, 2001 will not be amortized from the date of their acquisition.

Upon the effectiveness of FAS 142, FAS 141 requires that goodwill acquired in prior purchase business combinations be evaluated and any necessary reclassifications be made to separate other intangible assets (which meet the new FAS 141 criteria) from goodwill. FAS 141 also requires that intangibles acquired in prior business combinations be reviewed for impairment under the new rules upon the effectiveness of FAS 142. Any impairment loss will be measured as of the date of the adoption and recognized as a cumulative effect of a change in accounting principle in the first interim period. At this time, the Company does not expect that the adoption of these statements will result in any reclassification of goodwill or impairment of intangible assets.

3. DERIVATIVE FINANCIAL INSTRUMENTS

On January 1, 2001, the Company adopted Financial Accounting Standard No. 133 (FAS 133), "Accounting for Derivative Instruments and Hedging Activities," as amended by Financial Accounting Standard No. 138, "Accounting For Certain Derivative Instruments and Certain Hedging Activities." FAS 133 requires that all derivatives be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The cumulative effect of adopting FAS 133 was not material to the Company's consolidated financial statements.

The Company is exposed to interest rate risk inherent in its variable rate debt liabilities. The Company's risk management strategy uses financial instruments, specifically interest rate swap contracts, to hedge certain interest rate exposures. In entering into these contracts, AMG intends to offset cash flow gains and losses that occur on its existing debt liabilities with cash flow losses and gains on the contracts hedging these liabilities. The Company agrees with a counterparty (typically a major commercial bank) to exchange the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. The Company intends to hold its current interest rate swap contracts until their maturity. During the period ended June 30, 2001, the Company did not discontinue hedging activities or terminate variable debt instruments.

The Company records all derivatives on the balance sheet at fair value. As the Company's hedges are designated and qualify as cash flow hedges, the effective portion of the unrealized gain or loss on the derivative instrument is recorded in accumulated other comprehensive income as a separate component of stockholders' equity and reclassified into earnings when periodic settlement of variable rate liabilities are recorded in earnings. For interest

rate swaps, hedge effectiveness is measured by comparing the present value of the cumulative change in the expected future variable cash flows of the hedged contract with the present value of the cumulative change in the expected future variable cash flows of the hedged item, both of which are based on LIBOR rates. To the extent that the critical terms of the hedged item and the derivative are not identical, hedge ineffectiveness is reported in earnings as interest expense. Hedge ineffectiveness was not material in the second quarter of fiscal 2001.

At June 30, 2001, the net fair value of the Company's interest rate swap liability was $481, and was recorded on the consolidated balance sheet in accounts payable and accrued liabilities. AMG estimates the fair values of derivatives based on quoted market prices.

At June 30, 2001, the Company had recorded approximately $729 of net unrealized losses on derivative instruments, net of taxes, in accumulated other comprehensive income. AMG expects that approximately 40% of these losses will be reclassified to earnings within one year, and that the remainder will be reclassified to earnings after one year.

4. COMPREHENSIVE INCOME

The Company's comprehensive income includes net income, changes in unrealized foreign currency gains and losses and changes in unrealized gains and losses on derivative instruments, which also include the cumulative effect of adopting FAS 133. Comprehensive income, net of taxes, was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	2001	2000	2001
Net income	$ 13,677	$ 13,107	$ 27,492	$ 25,037
Change in unrealized foreign currency gains (losses)	(124)	17	(148)	25
Change in net unrealized loss on derivative instruments	--	(149)	--	(289)
Cumulative effect of change in accounting principle - FAS 133 transition adjustment	--	--	--	(1,321)
Reclassification of FAS 133 transition adjustment to net income	--	716	--	881
Comprehensive income	$ 13,553	$ 13,691	$ 27,344	$ 24,333

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

	December 31, 2000	June 30, 2001
Foreign currency translation adjustment	$ (342)	$ (341)
Unrealized loss on derivative instruments	---	(729)
Accumulated other comprehensive income (loss)	$ (342)	$(1,070)

5. ACQUISITIONS

On June 29, 2001, the Company's Affiliate, Renaissance Investment Management, completed its merger with Bowling Portfolio Management. AMG owns a majority of the combined firm. This merger transaction was funded through the Company's working capital.

6. INCOME TAXES

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	2001	2000	2001
Federal:				
Current	$ 6,213	$ 7,096	$ 12,182	$ 12,203
Deferred	1,908	550	4,126	2,401
State:				
Current	1,035	1,014	2,068	1,744
Deferred	347	78	727	342
Provisions for income taxes	$ 9,503	$ 8,738	$ 19,103	$ 16,690

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the weighted average of common shares outstanding during the period. The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations. Unlike all other dollar amounts in these footnotes, net income in this table is not presented in thousands.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	2001	2000	2001
Numerator:				
Net Income	$ 13,677,000	$ 13,107,000	$ 27,492,000	$ 25,037,000
Denominator:				
Average shares outstanding - basic	22,187,587	22,109,068	22,455,041	22,086,244
Incremental shares of stock options	319,477	545,883	348,658	525,766
Average shares outstanding - diluted	22,507,064	22,654,951	22,803,699	22,612,010
Earnings per share:				
Basic	$ 0.62	$ 0.59	$ 1.22	$ 1.13
Diluted	$ 0.61	$ 0.58	$ 1.21	$ 1.11

In April 2000, the Board of Directors authorized a share repurchase program pursuant to which AMG can repurchase up to five percent of its issued and outstanding shares of Common Stock, with the timing of purchases and the amount of stock purchased determined at the discretion of AMG's management. The Board of Directors authorized a similar repurchase program in 1999. For the twelve-month and eighteen-month periods ended June 30, 2001, the Company repurchased a total of 209,500 and 1,275,800 shares of Common Stock, respectively, under these two programs.

8. LONG-TERM DEBT

At June 30, 2001, long-term debt was $277,313, consisting of $50,000 of senior bank debt and $227,313 of zero-coupon senior convertible notes. Long-term debt consisted of $151,000 of senior bank debt at December 31, 2000.

The zero-coupon senior convertible notes were privately placed by the Company in an offering completed in May 2001. The Company issued $251,000 principal amount at maturity zero-coupon senior convertible debt securities due 2021 for aggregate proceeds (net of transaction costs) of approximately $221,000. Approximately $101,000 of the net proceeds were used to repay debt; the balance is available for other general business purposes. Each security was issued at 90.50% of principal amount at maturity, accretes at a rate of 0.50% per annum and is convertible into 11.62 shares of the Company's Common Stock if certain conditions are met. The Company has the option to redeem the securities for cash on or after May 7, 2006 and may be required to repurchase the securities at the accreted value at the option of the holders on May 7 of 2002, 2004, 2006, 2011 and 2016. If the holders exercise this option the Company may elect to repurchase the securities in cash, shares of its Common Stock or some combination thereof. In June 2001, a registration statement registering the securities under the Securities Act of 1933 for resale by the holders became effective.

9. SUBSEQUENT EVENTS

On July 30, 2001, the Company and Welch & Forbes, Inc. and Welch & Forbes (a Partnership) (collectively, Welch & Forbes) entered into a definitive agreement for the Company to acquire a majority equity interest in Welch & Forbes. Following the transaction, the Company will own a 60% interest in Welch & Forbes, with Welch & Forbes' management retaining the remaining 40%. The transaction is expected to close upon receipt of customary approvals.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

WHEN USED IN THIS FORM 10-Q AND IN OUR FUTURE FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, IN OUR PRESS RELEASES AND IN ORAL STATEMENTS MADE WITH THE APPROVAL OF AN AUTHORIZED EXECUTIVE OFFICER, THE WORDS OR PHRASES "WILL LIKELY RESULT," "ARE EXPECTED TO," "WILL CONTINUE," "IS ANTICIPATED," "BELIEVES," "ESTIMATE," "PROJECT," OR SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES, INCLUDING, AMONG OTHERS, THE FOLLOWING:

- OUR PERFORMANCE IS DIRECTLY AFFECTED BY CHANGING CONDITIONS IN THE FINANCIAL AND SECURITIES MARKETS, AND A DECLINE OR A LACK OF SUSTAINED GROWTH IN THE FINANCIAL MARKETS MAY RESULT IN DECREASED ADVISORY FEES OR PERFORMANCE FEES AND A CORRESPONDING DECLINE (OR LACK OF GROWTH) 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 OR IN COMPLETING ANY PENDING INVESTMENTS, OR THAT EXISTING AND NEW AFFILIATES WILL HAVE FAVORABLE OPERATING RESULTS;

- WE WILL NEED TO RAISE CAPITAL BY MAKING LONG-TERM OR SHORT-TERM BORROWINGS OR BY SELLING SHARES OF OUR STOCK IN ORDER TO FINANCE INVESTMENTS IN ADDITIONAL INVESTMENT MANAGEMENT FIRMS, AND WE CANNOT BE SURE THAT SUCH CAPITAL WILL BE AVAILABLE TO US ON ACCEPTABLE TERMS; AND

- THOSE CERTAIN OTHER FACTORS DISCUSSED UNDER THE CAPTION "BUSINESS-CAUTIONARY STATEMENTS" IN OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2000.

THESE FACTORS (AMONG OTHERS) COULD AFFECT OUR FINANCIAL PERFORMANCE AND CAUSE OUR 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 buy and hold equity interests in investment management firms and currently derive all of our revenues from those firms. Our affiliated investment management firms in aggregate managed $73.7 billion in assets at June 30, 2001. On July 30, 2001, we entered into a definitive agreement with Welch & Forbes, Inc. and Welch & Forbes (a Partnership) (collectively, Welch & Forbes) pursuant to which we will acquire a majority equity interest in Welch & Forbes. Following the transaction, we will own a 60% interest in Welch & Forbes, with Welch & Forbes' management retaining the remaining 40%. Welch & Forbes had approximately $4.3 billion of assets under management at June 30, 2001.

We describe the mid-sized investment management firms in which we invest as our "Affiliates." We have a revenue sharing arrangement with each of our Affiliates which allocates a specified percentage of revenues (typically 50-70%) for use by management of that Affiliate in paying operating expenses, including salaries and bonuses, which we refer to as the "Operating Allocation." The remaining portion of revenues of each such Affiliate (typically 30-50%) is referred to as the "Owners' Allocation," and is allocated to the owners of that Affiliate (including AMG) in general proportion to their ownership of the Affiliate. In certain cases our profit distribution is paid to us in the form of a guaranteed payment for the use of our capital or a license fee, which in each case is paid from the Owners' Allocation. One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for the managers of these Affiliates by allowing them:

- to participate in the growth of their firm's revenues, which may increase their compensation from the Operating Allocation, and profit distributions from the Owners' Allocation; and

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

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

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

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

The portion of our Affiliates' revenues which is included in their Operating Allocation and retained by them to pay salaries, bonuses and other operating expenses, as well as the portion of our Affiliates' revenues which is included in their Owners' Allocation and distributed to us and the other owners of the Affiliates, are included as "revenues" in our Consolidated Statements of Operations. The expenses of our Affiliates which are paid out of the Operating Allocation, as well as our holding company expenses which we pay out of the amounts of the Owners' Allocation which we receive from the Affiliates, are both included in "operating expenses" on our Consolidated Statements of Operations. The portion of our Affiliates' revenues which is allocated to owners of the Affiliates other than us through their share of Owners' Allocation is included in "minority interest" on our Consolidated Statements of Operations.

In our investment structure, the management team at each Affiliate retains an ownership interest in its own firm. We believe that this structure provides management owners incentives to grow their firms and aligns their interests with ours. The organizational documents of each Affiliate (other than Paradigm Asset Management Company, L.L.C.) provide that management owners have the right to sell their interests to us. This enables the management owners to realize a portion of the equity value that they have created in their firm. In addition, the organizational

documents of some of our Affiliates provide us with the right to require the management owners to sell portions of their interests in the Affiliate to us, and the organizational documents of each Affiliate (other than Paradigm) include provisions obligating owners to sell their remaining interests at a point in the future, generally after the owner has left the Affiliate. We settle our purchases under the above-described arrangements for cash, shares of our Common Stock or other forms of consideration.

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

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

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

- a variety of factors affecting the securities markets generally, which could potentially result in considerable increases or decreases in the assets under management at our Affiliates;

- the receipt of Owners' Allocation, which is dependent on the ability of our existing and future Affiliates to maintain certain levels of operating profit margins;

- 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 expenses incurred for holding company operations, including compensation for the employees of AMG; and

- the level of taxation to which we are subject.

In addition, our profitability will depend upon fees paid on the basis of investment performance at certain Affiliates. Fees based on investment performance are inherently dependent on investment results, and therefore may vary substantially from year to year. For example, performance-based fees were of an unusual magnitude in 1999, but were not as significant in 2000, and may not recur even to the same magnitude as in 2000 in 2001 or future years, if at all. In addition, while the performance-based fee contracts of our Affiliates apply to investment management services in a range of investment management styles and securities market sectors, such contracts may be concentrated in certain styles and sectors. In particular, our substantial performance-based fees in 1999 were the result of the concentration of such products in technology sectors which performed well in that year but have declined significantly since that time. To the extent such contracts are concentrated within styles or sectors, they are subject to the continuing impact of fluctuating securities prices in such styles and sectors as well as the performance of the relevant Affiliates.

Our investments have been accounted for using the purchase method of accounting under which goodwill is recorded for the excess of the purchase price for the acquisition of interests in Affiliates over the fair value of the net assets acquired, including acquired client relationships. As a result of our investments, intangible assets, consisting of acquired client relationships and goodwill, constitute a substantial percentage of our consolidated assets. As of June 30, 2001, our total assets were approximately $920.1 million, of which approximately $197.1 million consisted of acquired client relationships and $444.4 million consisted of goodwill.

As described below in greater detail, the accounting for intangible assets is in transition. Prior to the pending accounting changes, the amortization period for intangible assets for each investment has been assessed individually, with amortization periods for our investments to date ranging from seven to 28 years in the case of acquired client relationships and 15 to 35 years in the case of goodwill. In determining the amortization period for intangible assets acquired, we considered a number of factors including:

- the firm's historical and potential future operating performance and rate of attrition among clients;
- the stability and longevity of existing client relationships;
- the firm's recent, as well as long-term, investment performance;
- the characteristics of the firm's products and investment styles;
- the stability and depth of the firm's management team; and
- the firm's history and perceived franchise or brand value.

We have regularly performed an evaluation of intangible assets on an investment-by-investment basis to determine whether there has been any impairment in their carrying value or their useful lives. If impairment has been indicated, then the carrying amount of intangible assets, including goodwill, has been reduced to their fair values.

In July 2001, the Financial Accounting Standards Board issued Financial Accounting Standard No. 141 (FAS 141), "Business Combinations," and Financial Accounting Standard No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 141 limits the method of accounting for business combinations to the purchase method and establishes new criteria for the recognition of other intangible assets. FAS 142 requires that goodwill and other intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually.

FAS 141 became effective July 1, 2001, except with regard to business combinations initiated prior to that date. While FAS 142 will generally become effective January 1, 2002, goodwill and any other intangible assets acquired in a purchase business combination completed after June 30, 2001 and determined to have indefinite lives will not be amortized from the date of their acquisition.

Upon the effectiveness of FAS 142, FAS 141 requires that goodwill acquired in prior purchase business combinations be evaluated and any necessary reclassifications be made to separate other intangible assets (which meet the new FAS 141 criteria) from goodwill. FAS 141 also requires that intangibles acquired in prior business combinations be reviewed for impairment under the new rules upon the effectiveness of FAS 142. Any impairment loss will be measured as of the date of the adoption and recognized as a cumulative effect of a change in accounting principle in the first interim period.

We are continuing to assess the impact of the new rules on our accounting. Since goodwill amortization represented 57% of total amortization expense in the quarter ended June 30, 2001, in similar circumstances in quarters subsequent to the end of 2001 we anticipate our net income and earnings per share would be higher. At this time, we do not expect that the adoption of FAS 141 and FAS 142 will result in any reclassification of goodwill or impairment of intangible assets.

Following the effectiveness of FAS 141 and FAS 142, intangible amortization (related to acquired client relationships) will continue to be a material component of our operating expenses. Accordingly, we believe it is significant to distinguish amortization expense and other non-cash expenses (principally depreciation) from other operating expenses since these expenses do not require the use of cash. We have provided additional supplemental information in this report for "cash" related earnings as an addition to, but not as a substitute for, measures of financial performance under generally accepted accounting principles, and our calculations may not be consistent with those of other companies. Our additional measures of "cash" related earnings are:

- Cash Net Income (net income plus depreciation and amortization), which we believe is useful to investors as an indicator of funds available to the Company, which may be used to make new investments, repay debt obligations, repurchase shares of Common Stock or pay dividends on our Common Stock (although the Company has no current plans to pay dividends);

- EBITDA (earnings before interest expense, income taxes, depreciation and amortization), which we believe is useful to investors as an indicator of our ability to service debt, make new investments and meet working capital requirements; and

- EBITDA Contribution (EBITDA plus our holding company operating expenses), which we believe is useful to investors as an indicator of funds available from our Affiliates' operations to service debt, make new investments and meet working capital requirements.

Assets under management were $73.7 billion at June 30, 2001 versus $69.7 billion at March 31, 2001 and $77.5 billion at December 31, 2000. The increase in assets under management during the quarter resulted primarily from positive investment performance of $2.5 billion, positive net client cash flows of directly managed assets of $1.1 billion, and the merger of Bowling Asset Management ($387 million in assets under management at the time of the merger) into Renaissance Investment Management. The year to date decrease in assets under management resulted from the net loss of overlay assets of $1.4 billion and a decline in the value of assets under management of $5.0 billion, resulting principally from a broad decline in the equity markets. These decreases were offset partially by positive net client cash flows of directly managed assets of $2.0 billion and from our minority investment in Dublin Fund Distributors, N.V. in March 2001 (approximately $200 million in assets under management at the time of our investment) and the merger of Bowling into Renaissance.

THE THREE MONTHS ENDED JUNE 30, 2001 AS COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2000

We had net income of $13.1 million for the quarter ended June 30, 2001 compared to net income of $13.7 million for the quarter ended June 30, 2000. The decrease in net income resulted primarily from the decline in the EBITDA Contribution of our Affiliates, from $40.3 million for the quarter ended June 30, 2000 to $38.1 million for the quarter ended June 30, 2001. This decline resulted principally from the decrease in asset-based fees reflecting the impact of a broad equity market decline in 2000 and the six months ended June 30, 2001, partially offset by increases in such fees resulting from positive net client cash flows of directly managed assets.

Total revenues for the quarter ended June 30, 2001 were $100.7 million, a decrease of $10.2 million from the quarter ended June 30, 2000. As stated above with respect to EBITDA Contribution, this decline resulted principally from the decrease in asset-based fees reflecting the impact of a broad equity market decline in 2000 and the six months ended June 30, 2001, partially offset by increases in such fees resulting from positive net client cash flows of directly managed assets.

Total operating expenses decreased by $6.1 million to $62.8 million for the quarter ended June 30, 2001 from $68.9 million for the quarter ended June 30, 2000. Compensation and related expenses decreased by $7.4 million to $32.7 million. Amortization of intangible assets increased by $0.3 million to $6.9 million, selling, general and administrative expenses increased by $0.3 million to $19.0 million, depreciation and other amortization increased by $0.4 million to $1.4 million and other operating expenses increased by $0.3 million to $2.7 million. The decrease in total operating expenses was the result of a decrease in Affiliates' Operating Allocation resulting from the decline in our revenues.

Minority interest decreased by $1.0 million to $14.2 million for the quarter ended June 30, 2001 from $15.2 million for the quarter ended June 30, 2000, primarily as a result of the decrease in our Affiliates' Owners' Allocation resulting from the decline in our revenues.

Interest expense decreased by $0.7 million to $3.4 million for the quarter ended June 30, 2001 from $4.1 million for the quarter ended June 30, 2000. The decrease in interest expense resulted from the restructuring of our long-term debt to effect lower costs of borrowing and a decrease in the effective interest rate of our senior revolving credit facility, partially offset by a one-time adjustment related to our transition to the new derivative accounting rules. In May 2001, we completed the private placement of $251 million principal amount at maturity of zero-coupon senior convertible notes accreting at a rate of 0.50% per annum, and used $101 million of the proceeds to repay debt under our credit facility. The decrease in the effective interest rate of our senior revolving credit facility was the result of a decrease in LIBOR rates. The derivative transition adjustment was attributable to the repayment of the credit facility with the proceeds of the senior convertible notes offering.

Income tax expense was $8.7 million for the quarter ended June 30, 2001 compared to $9.5 million for the quarter ended June 30, 2000. The change in tax expense was principally related to the decrease in income before taxes and a decrease in the effective tax rate.

EBITDA decreased by $1.3 million to $33.6 million for the quarter ended June 30, 2001 from $34.9 million for the quarter ended June 30, 2000, primarily as a result of the decline in revenues. Cash Net Income increased by $0.2 million to $21.5 million for the quarter ended June 30, 2001 from $21.3 million for the quarter ended June 30, 2000, as a result of the factors affecting net income as described above, excluding the changes in depreciation and amortization during the period.

THE SIX MONTHS ENDED JUNE 30, 2001 AS COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2000

We had net income of $25.0 million for the six months ended June 30, 2001 compared to net income of $27.5 million for the six months ended June 30, 2000. The decrease in net income resulted primarily from the decline in the EBITDA Contribution of our Affiliates, from $79.1 million for the six months ended June 30, 2000 to $73.9 million for the six months ended June 30, 2001. This decline resulted principally from the decrease in asset-based fees reflecting the impact of a broad equity market decline in 2000 and the six months ended June 30, 2001, partially offset by increases in such fees resulting from positive net client cash flows of directly managed assets.

Total revenues for the six months ended June 30, 2001 were $201.1 million, a decrease of $24.6 million from the six months ended June 30, 2000. As stated above with respect to EBITDA Contribution, this decline resulted principally from the decrease in asset-based fees reflecting the impact of a broad equity market decline in 2000 and the six months ended June 30, 2001, partially offset by increases in such fees resulting from positive net client cash flows of directly managed assets.

Total operating expenses decreased by $13.9 million to $125.9 million for the six months ended June 30, 2001 from $139.8 million for the six months ended June 30, 2000. Compensation and related expenses decreased by $17.7 million to $66.9 million. Amortization of intangible assets increased by $0.8 million to $13.8 million, selling, general and administrative expenses increased by $1.7 million to $37.1 million, depreciation and other amortization increased by $0.8 million to $2.8 million, and other operating expenses increased by $0.5 million to $5.3 million. The decrease in total operating expenses was the result of a decrease in Affiliates' Operating Allocation resulting from the decline in our revenues.

Minority interest decreased by $4.6 million to $29.0 million for the six months ended June 30, 2001 from $33.6 million for the six months ended June 30, 2000, primarily as a result of the decrease in our Affiliates' Owners' Allocation, resulting from the decline in our revenues.

Interest expense decreased by $1.5 million to $6.5 million for the six months ended June 30, 2001 from $8.0 million for the six months ended June 30, 2000. The decrease in interest expense resulted from the restructuring of our long-term debt to effect lower costs of borrowing and a decrease in the effective interest rate on our senior revolving credit facility, partially offset by a one-time adjustment related to our transition to the new derivative accounting rules. In May 2001, we completed the private placement of $251 million principal amount at maturity of zero-coupon senior convertible notes accreting at a rate of 0.50% per annum, and used $101 million of the proceeds to repay debt under our credit facility. The decrease in the effective interest rate of our senior revolving credit facility was the result of a decrease in LIBOR rates. The derivative transition adjustment was attributable to the repayment of the credit facility with the proceeds of the senior convertible notes offering.

Income tax expense was $16.7 million for the six months ended June 30, 2001 compared to $19.1 million for the six months ended June 30, 2000. The change in tax expense was principally related to the decrease in income before taxes as well as a decrease in the effective tax rate.

EBITDA decreased by $4.7 million to $64.9 million for the six months ended June 30, 2001 from $69.6 million for the six months ended June 30, 2000, primarily as a result of the decline in revenues.

Cash Net Income decreased by $0.8 million to $41.7 million for the six months ended June 30, 2001 from $42.5 million for the six months ended June 30, 2000, as a result of the factors affecting net income as described above, excluding the changes in depreciation and amortization during the period.

LIQUIDITY AND CAPITAL RESOURCES

We have met our cash requirements primarily through borrowings from our banks, cash generated by operating activities and the issuance of equity and convertible debt securities in public and private transactions. Our principal uses of cash have been to make investments, repay indebtedness, pay income taxes, repurchase shares, make additional investments in existing Affiliates (including our purchase of management owners' retained equity), support our and our Affiliates' operating activities and for working capital purposes. We expect that our principal use of funds for the foreseeable future will be for additional investments, distributions to management owners of Affiliates, repayments of debt including interest on outstanding debt, payment of income taxes, repurchases of shares, capital expenditures, additional investments in existing Affiliates and for other working capital purposes.

At June 30, 2001, excluding cash and cash equivalents held by Affiliates, we had cash and cash equivalents of approximately $145 million. Under our senior revolving credit facility, as of June 30, 2001 we had outstanding borrowings of $50 million and $280 million of additional capacity. We have the option, with the consent of our lenders, to increase the facility by another $70 million to a total of $400 million.

In May 2001, we completed the private placement of zero-coupon senior convertible notes in which we realized net proceeds of approximately $221 million. Approximately $101 million of the net proceeds were used to repay debt under our senior revolving credit facility; the balance is available for other general business purposes. In the placement, we sold a total of $251 million principal amount at maturity of zero-coupon senior convertible notes due 2021, with each $1,000 note issued at 90.50% of such principal amount and accreting at a rate of 0.50% per annum. Each security is convertible into 11.62 shares of our Common Stock upon the occurrence of any of the following events: (i) if for certain periods in any calendar six months, the closing sale price of our Common Stock is more than a specified price (initially $93.53 and increasing incrementally each calendar six months for the next twenty years to $94.62 on April 1, 2021); (ii) if the credit rating assigned to the security is below a specified level; (iii) if we call the convertible securities for redemption; or (iv) in the event that we take certain corporate actions. We have the option to redeem the convertible notes for cash on or after May 7, 2006, and may be required to repurchase the securities at their accreted value at the option of the holders on May 7 of 2002, 2004, 2006, 2011 and 2016. The purchase price for such repurchases may be made in cash or shares of our Common Stock.

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

During the six months ended June 30, 2001, we paid approximately $13.3 million for investments in Bowling Portfolio Management, Dublin Fund Distributors, N.V. and additional investments in existing Affiliates. These investments were funded through borrowings under the credit facility and working capital. The pending investment in Welch & Forbes is expected to be funded through the Company's working capital.

During the six months ended June 30, 2001, we repurchased 14,000 shares of Common Stock with borrowings under our credit facility. Pursuant to a share repurchase program authorized by our Board of Directors in April 2000, we are authorized to repurchase up to five percent of our issued and outstanding shares of Common Stock in open market transactions, with the timing of purchases and the amount of stock purchased determined at the discretion of our executive officers. We have the authorization to repurchase an additional 656,781 shares of Common Stock under this program.

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

MARKET RISK

We use interest rate derivative contracts to manage market exposures associated with our variable rate debt by creating offsetting market exposures. During February 2001, we became a party, with two major commercial banks as counterparties, to $50 million notional amount of interest rate swap contracts that are linked to the three-month LIBOR rate. Under these contracts, we have agreed to exchange the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

These interest rate swap contracts are not held for trading purposes. In using these derivative instruments, we face certain risks that are not directly related to market movements and are therefore not easy to quantify, and as such are not represented in the analysis which follows. These risks include country risk, legal risk and credit risk. Credit risk, or the risk of loss arising from a counterparty's failure or inability to meet payment or performance terms of a contract, is a particularly significant element of an interest rate swap contract. We attempt to control this risk through analysis of our counterparties and ongoing examinations of outstanding payments and delinquencies.

We have performed a sensitivity analysis assuming a hypothetical 10% adverse movement in LIBOR rates, sustained for three months. This analysis reflects the impact of such movement on the combination of our senior debt under our revolving credit facility and our interest rate derivative contracts, by multiplying the notional amount of the interest rate derivative contract by the effect of a 10% decrease in LIBOR rates, and then factoring in the offsetting interest rate savings on the underlying senior debt. As of August 10, 2001, this analysis indicated that this hypothetical movement in LIBOR rates would have resulted in a quarterly loss, net of taxes, of approximately $104,400.

There can be no assurance that we will continue to maintain such derivative contracts at their existing levels of coverage or that the amount of coverage maintained will cover all of our indebtedness outstanding at any such time. Therefore, there can be no assurance that the derivative contracts will meet their overall objective of reducing our interest expense. In addition, there can be no assurance that we will be successful in obtaining derivative contracts in the future on our existing or any new indebtedness.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting us, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Market Risk" in Item 2, which is incorporated herein by reference.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of Affiliated Managers Group, Inc. was held in Boston, Massachusetts on May 30, 2001. At that meeting, the stockholders considered and acted upon the following proposals:

A. THE ELECTION OF DIRECTORS. By the vote reflected below, the stockholders elected the following individuals to serve as directors until the 2002 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified:

DIRECTOR	SHARES VOTED FOR	SHARES WITHHELD
William J. Nutt	18,760,506	229,558
Sean M. Healey	18,890,076	99,988
Richard E. Floor	17,258,279	1,731,785
Stephen J. Lockwood	18,890,721	99,343
Harold J. Meyerman	18,891,174	98,890
Rita M. Rodriguez	18,890,691	99,373
William F. Weld	18,890,535	99,529

B. THE APPROVAL OF AN AMENDMENT AND RESTATEMENT OF THE COMPANY'S 1997 STOCK OPTION AND INCENTIVE PLAN. The stockholders voted to approve an amendment and restatement of the Company's 1997 Stock Option and Incentive Plan (the "Plan") as follows: to increase the number of shares of Common Stock reserved for issuance under the Plan from 3,250,000 to 4,550,000; to establish that the maximum number of shares for which awards other than options may be granted under the Plan on or after April 13, 2001 shall not exceed 250,000 shares of Common Stock in the aggregate; to set the term of each option to not exceed seven years from the date of grant; and to establish that options may not have an exercise price per share of Common Stock less than 100% of the fair market value of a share of Common Stock on the date of grant, except when the option is granted in lieu of cash compensation. 11,879,739 shares voted for the proposal, 4,964,898 shares voted against the proposal, and 107,993 shares abstained from voting on the proposal.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(b) Reports on Form 8-K:

The following Current Reports on Form 8-K were filed by AMG during the quarter ended June 30, 2001.

1. Current Report on Form 8-K dated May 4, 2001 (filed May 4, 2001), containing the press release disclosing the Company's operating results for the quarter ended March 31, 2001.

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)

/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)	August 13, 2001