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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from to

Commission File Number 001-13459

Affiliated Managers Group, Inc.

(Exact name of registrant as specified in its charter)

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

777 South Flagler Drive, West Palm Beach, Florida 33401

(Address of principal executive offices)

(800) 345-1100

(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.

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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 54,817,433 shares of the registrant’s common stock outstanding on November 1, 2016.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)

(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Revenue	$ 613.1	$ 544.7	$ 1,894.7	$ 1,644.2
Operating expenses:				
Compensation and related expenses	243.7	244.2	788.7	702.9
Selling, general and administrative	107.5	94.2	330.5	286.7
Intangible amortization and impairments	30.5	26.9	86.4	82.2
Depreciation and other amortization	4.5	5.0	13.5	15.0
Other operating expenses (net)	11.7	3.4	33.8	25.9
	397.9	373.7	1,252.9	1,112.7
Operating income	215.2	171.0	641.8	531.5
Income from equity method investments	57.9	67.5	171.2	200.7
Other non-operating (income) and expenses:				
Investment and other (income) expense	0.1	(11.0)	(16.6)	(26.7)
Interest expense	23.6	22.4	68.2	66.4
Imputed interest expense and contingent payment arrangements	0.3	0.9	(40.0)	(0.2)
	24.0	12.3	11.6	39.5
Income before income taxes	249.1	226.2	801.4	692.7
Income taxes	58.1	51.3	202.2	161.1
Net income	191.0	174.9	599.2	531.6
Net income (non-controlling interests)	(83.3)	(65.7)	(237.2)	(210.5)
Net income (controlling interest)	$ 107.7	$ 109.2	$ 362.0	$ 321.1
Average shares outstanding (basic)	54.2	53.9	54.5	53.9
Average shares outstanding (diluted)	57.0	56.6	57.4	56.6
Earnings per share (basic)	$ 1.99	$ 2.03	$ 6.64	$ 5.96
Earnings per share (diluted)	$ 1.96	$ 2.00	$ 6.51	$ 5.88

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Net income	$ 191.0	$ 174.9	$ 599.2	$ 531.6
Other comprehensive income (loss):				
Foreign currency translation adjustment	(46.1)	(16.8)	(57.9)	(72.7)
Change in net realized and unrealized gain (loss) on derivative securities, net of tax	(0.6)	0.1	1.6	(0.7)
Change in net unrealized gain (loss) on investment securities, net of tax	(53.1)	4.0	3.5	(20.8)
Other comprehensive income (loss)	(99.8)	(12.7)	(52.8)	(94.2)
Comprehensive income	91.2	162.2	546.4	437.4
Comprehensive income (non-controlling interests)	(72.1)	(57.5)	(228.7)	(179.0)
Comprehensive income (controlling interest)	$ 19.1	$ 104.7	$ 317.7	$ 258.4

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in millions)

(unaudited)

	December 31, 2015	September 30, 2016
Assets		
Cash and cash equivalents	$ 563.8	$ 422.0
Receivables	391.2	387.1
Investments in marketable securities	199.9	213.2
Other investments	149.3	144.0
Fixed assets (net)	114.1	113.4
Goodwill	2,668.4	2,644.3
Acquired client relationships (net)	1,686.4	1,546.3
Equity method investments in Affiliates	1,937.1	2,795.6
Other assets	59.2	57.5
Total assets	$ 7,769.4	$ 8,323.4
Liabilities and Equity		
Payables and accrued liabilities	$ 729.4	$ 579.4
Senior bank debt	643.3	873.5
Senior notes	937.1	938.8
Convertible securities	299.0	301.0
Deferred income taxes	565.7	652.1
Other liabilities	213.3	170.3
Total liabilities	3,387.8	3,515.1
Commitments and contingencies (Note 8)		
Redeemable non-controlling interests	612.5	778.5
Equity:		
Common stock	0.6	0.6
Additional paid-in capital	694.9	773.7
Accumulated other comprehensive loss	(18.1)	(80.8)
Retained earnings	2,581.6	2,902.7
	3,259.0	3,596.2
Less: Treasury stock, at cost	(421.9)	(413.5)
Total stockholders' equity	2,837.1	3,182.7
Non-controlling interests	932.0	847.1
Total equity	3,769.1	4,029.8
Total liabilities and equity	$ 7,769.4	$ 8,323.4

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions)

(unaudited)

		Total Stockholders' Equity						
	Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock at Cost	Non-controlling Interests	Total Equity
December 31, 2014	55.8	$ 0.6	$ 763.4	$ 31.8	$ 2,072.1	$ (240.9)	$ 1,016.2	$ 3,643.2
Net income	—	—	—	—	362.0	—	237.2	599.2
Other comprehensive loss	—	—	—	(44.3)	—	—	(8.5)	(52.8)
Share-based compensation	—	—	25.5	—	—	—	—	25.5
Common stock issued under share-based incentive plans	—	—	(125.9)	—	—	175.9	—	50.0
Tax benefit from share-based incentive plans	—	—	43.1	—	—	—	—	43.1
Share repurchases	—	—	—	—	—	(331.9)	—	(331.9)
Investments in Affiliates	—	—	—	—	—	—	15.3	15.3
Affiliate equity activity:								
Affiliate equity expense	—	—	10.2	—	—	—	49.0	59.2
Issuances	—	—	0.8	—	—	—	1.4	2.2
Repurchases	—	—	31.9	—	—	—	(0.4)	31.5
Changes in redemption value of Redeemable non-controlling interests	—	—	(113.8)	—	—	—	—	(113.8)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	—	(38.3)	(38.3)
Capital contributions by Affiliate equity holders	—	—	—	—	—	—	10.4	10.4
Distributions to non-controlling interests	—	—	—	—	—	—	(336.9)	(336.9)
September 30, 2015	55.8	$ 0.6	$ 635.2	$ (12.5)	$ 2,434.1	$ (396.9)	$ 945.4	$ 3,605.9

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

(in millions)

(unaudited)

		Total Stockholders' Equity						
	Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock at Cost	Non-controlling Interests	Total Equity
December 31, 2015	55.8	$ 0.6	$ 694.9	$ (18.1)	$ 2,581.6	$ (421.9)	$ 932.0	$ 3,769.1
Net income	—	—	—	—	321.1	—	210.5	531.6
Other comprehensive loss	—	—	—	(62.7)	—	—	(31.5)	(94.2)
Share-based compensation	—	—	30.7	—	—	—	—	30.7
Common stock issued under share-based incentive plans	—	—	(35.6)	—	—	41.8	—	6.2
Tax benefit from share-based incentive plans	—	—	1.4	—	—	—	—	1.4
Share repurchases	—	—	—	—	—	(33.4)	—	(33.4)
Common stock issued under forward equity agreement	0.9	0.0	150.3	—	—	—	—	150.3
Issuance costs and other	—	—	(2.3)	—	—	—	—	(2.3)
Affiliate equity activity:								
Affiliate equity expense	—	—	7.7	—	—	—	27.2	34.9
Issuances	—	—	(2.5)	—	—	—	14.2	11.7
Repurchases	—	—	14.0	—	—	—	0.4	14.4
Changes in redemption value of Redeemable non-controlling interests	—	—	(84.9)	—	—	—	—	(84.9)
Transfers to Redeemable non-controlling interests	—	—	—	—	—	—	(38.3)	(38.3)
Capital contributions by Affiliate equity holders	—	—	—	—	—	—	2.7	2.7
Distributions to non-controlling interests	—	—	—	—	—	—	(270.1)	(270.1)
September 30, 2016	56.7	$ 0.6	$ 773.7	$ (80.8)	$ 2,902.7	$ (413.5)	$ 847.1	$ 4,029.8

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

(unaudited)

	For the Nine Months Ended September 30,	
	2015	**2016**
Cash flow from (used in) operating activities:		
Net income	$ 599.2	$ 531.6
Adjustments to reconcile Net income to net Cash flow from operating activities:		
Intangible amortization and impairments	86.4	82.2
Depreciation and other amortization	13.5	15.0
Deferred income tax provision	80.7	69.8
Imputed interest expense and contingent payment arrangements	(40.0)	(0.2)
Income from equity method investments, net of amortization	(171.2)	(200.7)
Distributions received from equity method investments	293.4	287.0
Amortization of issuance costs	6.9	3.6
Share-based compensation and Affiliate equity expense	84.7	65.6
Other non-cash items	(6.3)	(14.1)
Changes in assets and liabilities:		
Increase (decrease) in receivables	(25.0)	37.7
Increase (decrease) in other assets	0.4	(66.4)
Decrease in payables, accrued liabilities and other liabilities	(66.5)	(128.0)
Cash flow from operating activities	856.2	683.1
Cash flow from (used in) investing activities:		
Investments in Affiliates	(50.0)	(884.9)
Purchase of fixed assets	(25.5)	(15.1)
Purchase of investment securities	(9.4)	(10.2)
Sale of investment securities	22.5	41.5
Cash flow used in investing activities	(62.4)	(868.7)
Cash flow from (used in) financing activities:		
Borrowings of senior debt	933.3	900.0
Repayments of senior debt and convertible securities	(1,031.0)	(670.0)
Issuance of common stock	54.0	163.2
Repurchase of common stock	(379.6)	(33.4)
Note and contingent payments	16.4	2.9
Distributions to non-controlling interests	(336.9)	(270.1)
Affiliate equity issuances and repurchases	(85.7)	(70.3)
Excess tax benefit from share-based compensation	43.1	1.4
Other financing items	(8.5)	14.3
Cash flow from (used in) financing activities	(794.9)	38.0
Effect of foreign exchange rate changes on cash and cash equivalents	(7.8)	(19.7)
Net decrease in cash and cash equivalents	(8.9)	(167.3)
Cash and cash equivalents at beginning of period	550.6	563.8
Cash assumed upon consolidation of Affiliate sponsored investment products	—	25.5
Cash and cash equivalents at end of period	$ 541.7	$ 422.0

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

1. Basis of Presentation and Use of Estimates

The Consolidated Financial Statements of Affiliated Managers Group, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the results have been included. All intercompany balances and transactions have been eliminated. Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation. Operating results for interim periods are not necessarily indicative of the results that may be expected for any other period or for the full year. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 includes additional information about its operations, financial position and accounting policies, and should be read in conjunction with this Quarterly Report on Form 10-Q.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

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

Revision of Prior Periods

During the three months ended September 30, 2016, the Company reviewed its accounting for Affiliate equity transactions in preparation for the adoption of Accounting Standard Update ("ASU") 2016-09, Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting. During this review, the Company determined that it had incorrectly recorded deferred tax benefits, a non-cash item, on certain Affiliate equity transactions dating back to 2005. The Company assessed the impact of the error, both quantitatively and qualitatively, in accordance with the SEC's Staff Accounting Bulletin ("SAB") No. 99 and SAB No. 108 and concluded that it was not material to any of the Company's previously issued Consolidated Financial Statements. The Company has revised its Consolidated Financial Statements for periods prior to 2016 to reflect the correction of the error in the periods in which the deferred tax benefits were recorded. The cumulative impact of the correction has been reflected as a reclassification between the beginning Retained earnings and Additional paid-in capital balances as of December 31, 2014 in the Consolidated Statements of Changes in Equity.

The tables below show the effect of the correction on the Company's Consolidated Statements of Income for the three and nine months ended September 30, 2015, on the Company's Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and on the Company's Consolidated Balance Sheet as of December 31, 2015 presented in this Form 10-Q. The correction for the six months ended June 30, 2016 of $1.8 million was recorded in Income taxes in the three months ended September 30, 2016. All financial information presented in these notes has been revised to reflect the correction of this error.

The revision had no impact on Income before income taxes, Total stockholders' equity or Cash flow from operating activities in prior periods.

	For the Three Months Ended September 30, 2015			For the Nine Months Ended September 30, 2015		
Consolidated Statements of Income	**As Previously Reported**	**Adjustments**	**As Revised**	**As Previously Reported**	**Adjustments**	**As Revised**
Income taxes	$ 56.8	$ 1.3	$ 58.1	$ 198.5	$ 3.7	$ 202.2
Net income	192.3	(1.3)	191.0	602.9	(3.7)	599.2
Net income (controlling interest)	109.0	(1.3)	107.7	365.7	(3.7)	362.0
Earnings per share (basic)	$ 2.01	$ (0.02)	$ 1.99	$ 6.71	$ (0.07)	$ 6.64
Earnings per share (diluted)	1.98	(0.02)	1.96	6.57	(0.06)	6.51

	December 31, 2015		
Consolidated Balance Sheet	As Previously Reported	Adjustments	As Revised
Additional paid-in capital	$ 597.2	$ 97.7	$ 694.9
Retained earnings	2,679.3	(97.7)	2,581.6

	For the Nine Months Ended September 30, 2015		
Consolidated Statement of Cash Flows	As Previously Reported	Adjustments	As Revised
Net income	$ 602.9	$ (3.7)	$ 599.2
Deferred income tax provision	77.0	3.7	80.7

2. Recent Accounting Developments

On January 1, 2016, the Company adopted several updates to accounting standards as follows:

- ASU 2015-02, Consolidation: Amendments to the Consolidation Analysis ("ASU 2015-02: Consolidation");
- ASU 2015-03, Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs;
- ASU 2015-07, Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent); and
- ASU 2015-16, Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments.

The adoption of these updates did not have a significant impact on the Company's Consolidated Financial Statements.

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASU 2014-09, Revenue from Contracts with Customers, as amended. The new standard provides a comprehensive model for revenue recognition. The standard is effective for interim and fiscal periods beginning after December 15, 2017. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-01, Fair Value: Recognition and Measurement of Financial Assets and Liabilities. Under the new standard, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. The standard is effective for interim and fiscal periods beginning after December 15, 2017. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize assets and liabilities arising from most operating leases on the statement of financial position. The standard is effective for interim and fiscal periods beginning after December 15, 2018. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for share-based payment transactions, including the income tax consequences, classification of awards and classification in the statement of cash flows. The standard is effective for interim and fiscal periods beginning after December 15, 2016. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-07, Investments - Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting, which simplifies the equity method of accounting by eliminating the need to apply the equity method retroactively to an investment that subsequently qualifies for such accounting treatment. The standard is effective for interim and fiscal periods beginning after December 15, 2016. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments, which clarifies how cash receipts and cash payments are classified in the statement of cash flows. The standard is effective for interim and fiscal periods beginning after December 15, 2017. The Company is evaluating the impact of this standard on its Consolidated Financial Statements.

3. Principles of Consolidation

The Company assesses consolidation requirements pursuant to ASU 2015-02: Consolidation, which was adopted using the modified retrospective method and resulted in an effective date of adoption of January 1, 2016.

In evaluating whether an investment must be consolidated, the Company evaluates the risk, rewards, and significant terms of each of its Affiliate and other investments to determine if an investment is considered a voting rights entity ("VRE") or a variable interest entity ("VIE"). An entity is a VRE when the total equity investment at risk is sufficient to enable the entity to finance its activities independently and when the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to direct the activities of the entity that most significantly impact its economic performance. An entity is a VIE when it lacks one or more of the characteristics of a VRE. Assessing whether an entity is a VRE or VIE involves judgment. Upon the occurrence of certain events, management reviews and reconsiders its previous conclusion regarding the status of an entity as a VRE or a VIE.

The Company consolidates VREs when it has control over significant operating, financial and investing decisions of the investment or holds the majority voting interest. The Company consolidates VIEs when it has a controlling financial interest, which is defined as having the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of or the right to receive benefits from the entity that could potentially be significant to the VIE.

Investments in Affiliates

For the Company's consolidated Affiliates, the portion of the Owners' Allocation allocated to Affiliate management is included in Net income (non-controlling interests) in the Consolidated Statements of Income. Non-controlling interests on the Consolidated Balance Sheets include capital and undistributed Operating and Owners' Allocation owned by Affiliate management of the Company's consolidated Affiliates. The effect of any changes in the Company's equity interests in its consolidated Affiliates resulting from the issuance or repurchase of an Affiliate's equity by the Company or one of its Affiliates is included as a component of stockholders' equity, net of any related income tax effects in the period of the change. The current redemption value of non-controlling interests has been presented as Redeemable non-controlling interests on the Consolidated Balance Sheets.

The Company applies the equity method of accounting to investments where the Company does not hold a controlling equity interest but has the ability to exercise significant influence over operating and financial matters. Other investments in which the Company owns less than a 20% interest and does not exercise significant influence are accounted for under the cost method. Under the cost method, income is recognized when dividends are declared.

Affiliate Sponsored Investment Products

The Company's consolidated Affiliates sponsor various investment products where they also act as the investment advisor, and in some cases these products are considered VIEs. These investment products are typically owned primarily by third-party investors; however, certain products are capitalized with seed capital investments from Affiliates.

Investors are generally entitled to substantially all of the economics of these VIEs, except for the management and performance fees earned by Affiliates or any gains or losses attributable to Affiliates' investments in these products. As a result, Affiliates do not generally consolidate these VIEs unless the Affiliate's interest in the product is considered substantial. When consolidating these VIEs, the Company retains the specialized investment company accounting principles of the underlying products, and all of the underlying investments are carried at fair value in Investments in marketable securities in the Consolidated Balance Sheets with corresponding changes in the investments' fair values reflected in Other operating expenses (net) in the Consolidated Statements of Income. Purchases and sales of securities are presented within Decrease in payables, accrued liabilities and other liabilities and Increase (decrease) in other assets, respectively, in the Consolidated Statements of Cash Flows. When Affiliates no longer control these products, due to a reduction in ownership or other reasons, the products are deconsolidated.

4. Investments in Marketable Securities

Investments in marketable securities at December 31, 2015 and September 30, 2016 were $199.9 million and $213.2 million, respectively. The following is a summary of the cost, gross unrealized gains and losses and fair value of investments classified as available-for-sale and trading:

	Available-for-Sale		Trading	
	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016
Cost	$ 104.7	$ 66.5	$ 19.8	$ 97.9
Unrealized gains	77.6	40.5	1.9	11.5
Unrealized losses	(1.8)	(0.5)	(2.3)	(2.7)
Fair Value	$ 180.5	$ 106.5	$ 19.4	$ 106.7

In the three and nine months ended September 30, 2015, the Company realized gains on investments classified as available-for-sale of $0.7 million and $8.7 million, respectively. In the three and nine months ended September 30, 2016, the Company realized gains on investments classified as available-for-sale of $6.2 million and $15.4 million, respectively. These gains were recorded in Investment and other (income) expense. There were no significant realized gains or losses on investments classified as trading in the three and nine months ended September 30, 2015 and 2016.

5. Variable Interest Entities

The Company's consolidated Affiliates act as the investment advisor for certain investment entities that are considered VIEs, and in connection with the adoption of ASU 2015-02: Consolidation, certain investment entities previously accounted for as VIEs no longer met the criteria for being a VIE and certain VREs became VIEs and were either consolidated or disclosed as VIEs.

The Company's Affiliates' involvement with unconsolidated VIEs is generally limited to that of a service provider, and their investment, if any, represents an insignificant interest in the relevant investment entities' assets under management. The Company's Affiliates' exposure to risk in these entities is generally limited to any capital contribution it has made or is required to make and any earned but uncollected management and performance fees. The Company has not issued any investment performance guarantees to these VIEs or their investors.

The net assets and liabilities of unconsolidated VIEs and the Company's maximum risk of loss were as follows:

	December 31, 2015		September 30, 2016	
	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss	Unconsolidated VIE Net Assets	Carrying Value and Maximum Exposure to Loss
Affiliate sponsored investment products	$ 6,688.9	$ 1.4	$ 1,599.6	$ 0.9

In addition, several of the Company's Affiliates accounted for under the equity method of accounting are considered VIEs. The unconsolidated assets, net of liabilities and non-controlling interests, of these Affiliates were $1.2 billion and $1.4 billion as of December 31, 2015 and September 30, 2016, respectively. The Company's carrying value and maximum exposure to loss for these Affiliates was approximately $1.9 billion and $2.8 billion as of December 31, 2015 and September 30, 2016, respectively.

6. Debt

Senior Bank Debt

The Company has a senior unsecured multicurrency revolving credit facility (the "revolver") and a senior unsecured term loan facility (the "term loan" and, together with the revolver, the "credit facilities"). In June 2016, the Company amended the revolver to increase commitments from $1.3 billion to $1.45 billion, and amended the term loan to increase borrowings from $350.0 million to $385.0 million. Subject to certain conditions, the Company may further increase the commitments under the revolver by up to $350.0 million and borrow up to an additional $65.0 million under the term loan. The credit facilities both mature on September 30, 2020.

The credit facilities contain financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on priority indebtedness, asset dispositions and fundamental corporate changes, and certain customary events of default.

7. Forward Equity and Equity Distribution Program

In June 2016, the Company entered into an agreement to sell approximately 2.9 million shares of the Company's common stock at a price of $167.25 per share (a "forward equity agreement"). The Company has the option to cash, share or net share settle all or a portion of the agreement in one or more transactions until June 2017. During the quarter, the Company issued 0.9 million shares to settle a portion of the forward equity agreement and received proceeds of $150.3 million. As of September 30, 2016, 2.0 million shares remain unsettled.

Separately, in June 2016, the Company also entered into equity distribution and forward equity agreements with several major securities firms under which the Company, from time to time, may issue and sell shares (immediately or on a forward basis) having an aggregate sales price of up to $500.0 million. These agreements replaced the Company's previous forward equity program. As of September 30, 2016, no sales have occurred under these agreements.

8. Commitments and Contingencies

From time to time, the Company and its Affiliates may be subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Any such matters are 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, as necessary, for matters for which the outcome is probable and the amount of the liability can be reasonably estimated. The Company and its consolidated Affiliates have no significant accruals as of September 30, 2016.

Third Avenue Management LLC ("Third Avenue"), one of the Company's consolidated Affiliates, has been named as a defendant in various legal actions relating to the liquidation and closure of the Third Avenue Focused Credit Fund. The Company has been named as a co-defendant in one of these actions, as a purported control person. Third Avenue and the Company believe that the claims in these actions are without merit and intend to defend against them vigorously.

The Company and certain Affiliates operate under regulatory authorities that require that they maintain minimum financial or capital requirements. Management is not aware of any significant violations of such requirements.

The Company has committed to co-invest in certain Affiliate sponsored investment products. As of September 30, 2016, these unfunded commitments were $91.8 million and may be called in future periods. In connection with a past acquisition agreement, the Company is contractually entitled to reimbursement from a prior owner of one of the Company's Affiliates for $14.0 million of these commitments if they are called.

As of September 30, 2016, the Company was contingently liable, upon achievement by certain Affiliates of specified financial targets, to make payments through 2019 of up to $84.9 million associated with its consolidated Affiliates and $316.5 million associated with its equity method Affiliates. As of September 30, 2016, the Company expects to make payments of $10.3 million (none in 2016) of the $84.9 million related to consolidated Affiliates and no payments in 2016 related to its equity method Affiliates.

Affiliate equity interests provide holders with a conditional right to put their interests to the Company over time (see Note 14). In addition, in connection with an investment in an Affiliate accounted for under the equity method, the Company entered into an arrangement with a minority owner of the Affiliate that gives such owner the right to sell a portion of its ownership interest in the Affiliate to the Company annually beginning in 2018. The purchase price of these conditional purchases will be at fair market value on the date of the transaction.

9. Fair Value Measurements

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

	December 31, 2015	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial Assets				
Cash equivalents	$ 65.9	$ 65.9	$ —	$ —
Investments in marketable securities[1]				
Trading securities	19.4	19.4	—	—
Available-for-sale securities	180.5	180.5	—	—
Other investments[2]	23.3	20.7	2.6	—
Financial Liabilities				
Contingent payment arrangements[3]	$ 10.2	$ —	$ —	$ 10.2
Affiliate equity obligations[3][4]	62.3	—	—	62.3

	September 30, 2016	Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial Assets				
Cash equivalents	$ 39.7	$ 39.7	$ —	$ —
Investments in marketable securities[1]				
Trading securities	106.7	100.1	6.6	—
Available-for-sale securities	106.5	106.5	—	—
Other investments[2]	7.2	4.5	2.7	—
Financial Liabilities				
Contingent payment arrangements[3]	$ 8.2	$ —	$ —	$ 8.2
Affiliate equity obligations[3][4]	26.7	—	—	26.7
Foreign currency forward contracts[3]	0.7	—	0.7	—

(1) Principally investments in equity securities.

(2) The Company adopted ASU 2015-07 and no longer includes $126.0 million and $136.8 million as of December 31, 2015 and September 30, 2016, respectively, of investments in certain entities for which fair value was measured using net asset value (“NAV”) as a practical expedient.

(3) Amounts are presented within Other liabilities.

(4) The Company adopted ASU 2015-07 and no longer includes $75.0 million and $72.1 million as of December 31, 2015 and September 30, 2016, respectively, of liabilities for which fair value was measured using NAV as a practical expedient. These liabilities were previously included in Obligations to related parties and upon removal, the remaining liabilities were re-labeled Affiliate equity obligations.

The following are descriptions of the significant financial assets and liabilities measured at fair value and the fair value methodologies used.

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

Investments in marketable securities consist primarily of investments in publicly traded securities and in funds advised by Affiliates that are valued using NAV. Publicly traded securities valued using unadjusted quoted market prices for identical instruments in active markets and investments in daily redeeming funds that calculate NAVs are classified as Level 1. Publicly traded securities valued using quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active are classified as Level 2.

Other investments consist primarily of funds advised by Affiliates that are valued using NAV. Investments in daily redeeming funds that calculate NAVs are classified as Level 1. Investments in funds that permit redemptions monthly or quarterly are classified as Level 2.

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

Affiliate equity obligations include agreements to repurchase Affiliate equity. The significant unobservable inputs that are used in the fair value measurement of the agreements to repurchase Affiliate equity are growth and discount rates. Increases in the growth rate result in a higher obligation while an increase in the discount rate results in a lower obligation.

Foreign currency forward contracts use model-derived valuations in which all significant inputs are observable in active markets to determine fair value.

It is the Company's policy to value financial assets or liabilities transferred as of the beginning of the period in which the transfer occurs. There were no significant transfers of financial assets or liabilities between Level 1 and Level 2 in the three months ended September 30, 2015 and 2016.

Level 3 Financial Assets and Liabilities

The following tables present the changes in Level 3 liabilities:

	For the Three Months Ended September 30,			
	2015		2016	
	Contingent Payment Arrangements	Affiliate Equity Obligations	Contingent Payment Arrangements	Affiliate Equity Obligations
Balance, beginning of period	$ 6.7	$ 58.3	$ 8.0	$ 27.0
Net (gains) losses	0.4 (1)	(0.5)	0.2 (1)	0.1
Purchases and issuances	—	30.7	—	8.4
Settlements and reductions	—	(56.7)	—	(8.8)
Balance, end of period	$ 7.1	$ 31.8	$ 8.2	$ 26.7
Net change in unrealized (gains) losses relating to instruments still held at the reporting date	$ 0.4 (1)	$ —	$ 0.2 (1)	$ —

	For the Nine Months Ended September 30,			
	2015		2016	
	Contingent Payment Arrangements	Affiliate Equity Obligations	Contingent Payment Arrangements	Affiliate Equity Obligations
Balance, beginning of period	$ 59.3	$ 21.5	$ 10.2	$ 62.3
Net (gains) losses	(41.2) (1)	(0.5)	(2.0) (1)	0.1
Purchases and issuances	6.5	95.7	—	48.2
Settlements and reductions	(17.5)	(84.9)	—	(83.9)
Balance, end of period	$ 7.1	$ 31.8	$ 8.2	$ 26.7
Net change in unrealized (gains) losses relating to instruments still held at the reporting date	$ (41.2) (1)	$ —	(2.0) (1)	$ —

(1) Accretion and changes to the Company's contingent payment arrangements are recorded in Imputed interest expense and contingent payment arrangements.

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

	Quantitative Information About Level 3 Fair Value Measurements					
	Valuation Techniques	Unobservable Input	Fair Value at December 31, 2015	Range at December 31, 2015	Fair Value at September 30, 2016	Range at September 30, 2016
Contingent payment arrangements	Discounted cash flow	Growth rates	$ 10.2	3% - 8%	$ 8.2	5% - 8%
		Discount rates		15%		15% - 16%
Affiliate equity obligations	Discounted cash flow	Growth rates	62.3	1% - 9%	26.7	2% - 11%
		Discount rates		14% - 15%		12% - 17%

Investments in Certain Entities that Calculate Net Asset Value

The Company uses the NAV of certain investments as their fair value. The NAVs that have been provided by the investees have been derived from the fair values of the underlying assets and liabilities as of the measurement dates. The following table summarizes the nature of these investments and any related liquidity restrictions or other factors that may impact the ultimate value realized:

	December 31, 2015		September 30, 2016	
Category of Investment	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private equity funds(1)	$ 126.0	$ 76.8	$ 136.8	$ 91.8
Other funds(2)	72.3	—	41.4	—
	$ 198.3	$ 76.8	$ 178.2	$ 91.8

(1) These funds primarily invest in a broad range of private equity funds, as well as make direct investments. Distributions will be received as the underlying assets are liquidated over the life of the funds, which is generally up to 15 years. The fair value of private equity funds is determined using NAV one quarter in arrears (adjusted for current period calls and distributions).

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

Other Financial Assets and Liabilities Not Carried at Fair Value

The carrying amount of Receivables, and Payables and accrued liabilities approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable approximates fair value because interest rates and other terms are at market rates. The carrying value of Senior bank debt approximates fair value because the debt has variable interest based on selected short-term rates. The following table summarizes the Company's other financial liabilities not carried at fair value:

	December 31, 2015		September 30, 2016		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Fair Value Hierarchy
Senior notes	$ 944.6	$ 966.3	$ 945.0	$ 977.7	Level 2
Convertible securities	305.2	483.6	306.9	465.8	Level 2

10. Intangible Assets

Consolidated Affiliates

The following tables present the changes in Goodwill and components of Acquired client relationships (net) for the Company's consolidated Affiliates:

	Goodwill			
	Institutional	Mutual Fund	High Net Worth	Total
Balance, as of December 31, 2015	$ 1,141.3	$ 1,119.5	$ 407.6	$ 2,668.4
Foreign currency translation	(0.6)	(26.9)	3.4	(24.1)
Balance, as of September 30, 2016	$ 1,140.7	$ 1,092.6	$ 411.0	$ 2,644.3

	Acquired Client Relationships				
	Definite-lived			Indefinite-lived	Total
	Gross Book Value	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Balance, as of December 31, 2015	$ 1,301.8	$ (680.4)	$ 621.4	$ 1,065.0	$ 1,686.4
Intangible amortization and impairments	—	(80.3)	(80.3)	(1.9)	(82.2)
Foreign currency translation	(8.7)	—	(8.7)	(49.2)	(57.9)
Balance, as of September 30, 2016	$ 1,293.1	$ (760.7)	$ 532.4	$ 1,013.9	$ 1,546.3

Definite-lived acquired client relationships are amortized over their expected useful lives. As of September 30, 2016, these relationships were being amortized over a weighted average life of approximately ten years. The Company recognized amortization expense for these relationships of $30.5 million and $86.4 million for the three and nine months ended September 30, 2015, respectively, as compared to $26.9 million and $82.2 million for the three and nine months ended September 30, 2016, respectively. Based on relationships existing as of September 30, 2016, the Company estimates that its consolidated annual amortization expense will be approximately $110 million for each of the next five years.

The Company performed its annual goodwill assessment as of September 30, 2016 and no indicators of impairments were identified.

As of September 30, 2016, the fair values of the indefinite-lived intangible assets at two of the Company's Affiliates, both managers of global equity funds, have recently experienced declines, and further declines in the fair values of these assets could result in future impairments.

Equity Method Investments in Affiliates

The Company completed minority investments in Systematica Investments L.P. and Baring Private Equity Asia ("Baring") on January 4, 2016 for $547.6 million in the aggregate. The Company's purchase price allocations were measured using financial models that include assumptions of expected market performance, net client flows and discount rates. The consideration paid to Baring will be deductible for U.S. tax purposes over a 15-year life.

The Company also completed minority investments in Capula Investment Management LLP, Mount Lucas Management LP and CapeView Capital LLP on July 1, 2016 and in Partner Fund Management, L.P. on September 30, 2016 for $332.7 million in aggregate. The Company will account for these investments under the equity method of accounting with the financial results reported in the Company's Consolidated Financial Statements one quarter in arrears.

The intangible assets at the Company's equity method Affiliates consist of definite-lived and indefinite-lived acquired client relationships and goodwill. As of September 30, 2016, the definite-lived relationships were being amortized over a weighted average life of approximately thirteen years. The Company recognized amortization expense for these relationships of $8.6 million and $26.1 million for the three and nine months ended September 30, 2015, respectively, as compared to $14.0 million and $43.0 million for the three and nine months ended September 30, 2016, respectively. Based on relationships existing as of September 30, 2016, the Company estimates the annual amortization expense will be approximately $70 million for each of the next five years.

In the three and nine months ended September 30, 2015, foreign currency translation decreased the Company's Equity method investments in Affiliates $1.5 million and $3.2 million, respectively. In the three and nine months ended September 30, 2016, foreign currency translation increased the Company's Equity method investments in Affiliates $4.6 million and $9.4 million, respectively.

For the nine months ended September 30, 2015 and 2016, one of the Company's equity method Affiliates recognized revenue of $514.6 million and $658.6 million, respectively, and net income of $290.7 million and $361.0 million, respectively.

11. Related Party Transactions

A prior owner of one of the Company's Affiliates retained an interest in certain of the Affiliate's private equity investment partnerships. The prior owner's interest is presented in the Company's Consolidated Balance Sheets as either a liability in Other liabilities or as Non-controlling interests, depending on the structure of the prior owner's investments in the partnerships. The total liability was $75.0 million and $72.1 million at December 31, 2015 and September 30, 2016, respectively. The total non-controlling interest was $5.1 million and $3.3 million at December 31, 2015 and September 30, 2016, respectively.

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.

The Company has liabilities to related parties for contingent payment arrangements in connection with certain business combinations. The total amount payable was $10.2 million and $8.2 million as of December 31, 2015 and September 30, 2016, respectively, and was included in Other liabilities. In the first half of 2015, the Company made payments of $17.5 million associated with these liabilities. In 2016, no such payments have been made. For the nine months ended September 30, 2015, the Company adjusted its estimate of its contingent payment obligations and, accordingly, recorded a total gain attributable to the controlling interest of $44.7 million. For the nine months ended September 30, 2016, the Company adjusted its estimates of its contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of $2.8 million, all of which occurred in the first three months of the period. These amounts are included in Imputed interest expense and contingent payment arrangements in the Consolidated Statements of Income.

See Notes 13 and 14 for information on transactions in Affiliate equity.

12. Share-Based Compensation

The following is a summary of share-based compensation expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Share-based compensation	$ 8.4	$ 10.7	$ 25.5	$ 30.7
Tax benefit	3.2	4.1	9.8	11.8

The Company has $70.6 million and $83.9 million of unrecognized share-based compensation as of December 31, 2015 and September 30, 2016, respectively, which will be recognized over a weighted average period of approximately three years (assuming no forfeitures).

Stock Options

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

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Unexercised options outstanding - December 31, 2015	1.4	$ 96.18	
Options granted	0.4	122.82	
Options exercised	(0.2)	77.40	
Unexercised options outstanding - September 30, 2016	1.6	105.15	2.8
Exercisable at September 30, 2016	1.2	97.07	1.5

For the nine months ended September 30, 2015 and 2016, the Company granted stock options with fair values of $1.0 million and $16.4 million, respectively. Stock options generally vest over a period of three to four years and expire seven years after the grant date. All options have been granted with exercise prices equal to the closing price of the Company's common stock on the grant date. In certain circumstances, option awards also require certain performance conditions to be satisfied in order for the options to be exercised.

The fair value of options granted was estimated using the Black-Scholes option pricing model. For the nine months ended September 30, 2015 and 2016, the weighted average fair value of options granted was $54.92 and $39.02, per option, respectively, based on the weighted-average grant date assumptions stated below.

	For the Nine Months Ended September 30,	
	2015	2016
Dividend yield	—%	—%
Expected volatility[1]	26.7%	30.7%
Risk-free interest rate[2]	1.5%	1.6%
Expected life of options (in years)[3]	5.0	5.7
Forfeiture rate	—%	—%

(1) Expected volatility is based on historical and implied volatility.

(2) Risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of the grant.

(3) Expected life of options (in years) is based on the Company's historical data and expected exercise behavior.

Restricted Stock

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

	Restricted Stock Units	Weighted Average Grant Date Value
Unvested units - December 31, 2015	0.6	$ 192.04
Units granted	0.2	122.59
Units vested	(0.2)	181.35
Units forfeited	(0.0)	172.18
Unvested units - September 30, 2016	0.6	169.29

For the nine months ended September 30, 2015 and 2016, the Company granted awards with fair values of $49.8 million and $28.0 million, respectively. These awards were valued based on the closing price of the Company's common stock on the date of grant and contain vesting conditions requiring service over a period of four years. In certain circumstances, awards also require certain performance conditions to be satisfied, and the Company may elect to settle the awards in shares of the Company's common stock or cash.

13. Redeemable Non-Controlling Interests

Affiliate equity interests provide holders with a ratable portion of ownership in one of the Company's Affiliates. Affiliate equity holders generally have a conditional right to put their interests to the Company at certain intervals (between five and fifteen years from the date the equity interest is received or on an annual basis following an Affiliate equity holder's departure). The current redemption value of the Company's Affiliate equity interests is presented as Redeemable non-controlling interests on the Consolidated Balance Sheets. Changes in the current redemption value are recorded to Additional paid-in capital. The following table presents the changes in Redeemable non-controlling interests:

	Redeemable Non-controlling Interests
Balance, as of December 31, 2015	$ 612.5
Increase attributable to consolidated products	87.3
Repurchases of redeemable Affiliate equity	(44.5)
Transfers from Non-controlling interests	38.3
Changes in redemption value	84.9
Balance, as of September 30, 2016	$ 778.5

14. Affiliate Equity

The Company's Affiliates generally pay quarterly distributions to Affiliate equity holders. For the nine months ended September 30, 2015 and 2016, distributions paid to Affiliate equity holders were $336.9 million and $270.1 million, respectively.

Sales and repurchases of Affiliate equity generally occur at fair value; however, the Company also grants Affiliate equity to its Affiliate partners, employees and officers as a form of compensation. If the equity is issued for consideration below the fair value of the equity or repurchased for consideration above the fair value of the equity, then such difference is recorded as compensation expense over the service period.

The following is a summary of Affiliate equity expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Controlling interest	$ 3.3	$ 3.2	$ 10.2	$ 7.7
Non-controlling interests	5.9	18.5	49.0	27.2
Total	$ 9.2	$ 21.7	$ 59.2	$ 34.9

The following is a summary of unrecognized Affiliate equity expense:

	Controlling Interest	Remaining Life	Non-controlling Interests	Remaining Life
December 31, 2015	$ 22.4	3 years	$ 51.9	5 years
September 30, 2016	32.3	3 years	72.8	5 years

The Company periodically issues Affiliate equity interests to and repurchases Affiliate equity interests from Affiliate equity holders. For the nine months ended September 30, 2015 and 2016, the amount of cash paid for repurchases was $91.7 million and $82.1 million, respectively. For the nine months ended September 30, 2015 and 2016, the total amount of cash received for issuances was $6.0 million and $11.8 million, respectively.

The Company records amounts receivable from and payable to Affiliate equity holders in connection with the transfer of Affiliate equity interests that have not settled at the end of the period. The total receivable was $22.6 million and $20.2 million at December 31, 2015 and September 30, 2016, respectively, and was included in Other assets. The total payable was $62.3 million and $26.7 million as of December 31, 2015 and September 30, 2016, respectively, and was included in Other liabilities.

Effects of Changes in the Company's Ownership in Affiliates

The Company periodically acquires interests from, and transfers interests to, Affiliate equity holders. Because these transactions do not result in a change of control, any gain or loss related to these transactions is recorded to Additional paid-in capital, which increases or decreases the controlling interest's equity. No gain or loss related to these transactions is recognized in the Company's Consolidated Statements of Income or Comprehensive Income.

While the Company presents the current redemption value of Affiliate equity within Redeemable Non-Controlling Interests with changes in the current redemption value increasing or decreasing the controlling interest's equity over time, the following table discloses the cumulative effect that ownership changes had on the controlling interest's equity related only to Affiliate equity transactions that settled during the periods:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Net income (controlling interest)	$ 107.7	$ 109.2	$ 362.0	$ 321.1
Increase in controlling interest paid-in capital from purchases and sales of Affiliate equity issuances	—	5.3	1.0	1.9
Decrease in controlling interest paid-in capital related to Affiliate equity repurchases	(16.9)	(2.1)	(49.0)	(23.4)
Net income attributable to controlling interest and transfers (to) or from Non-controlling interests	$ 90.8	$ 112.4	$ 314.0	$ 299.6

15. Income Taxes

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Controlling interest:				
Current tax	$ 36.7	$ 30.5	$ 112.1	$ 85.6
Intangible-related deferred taxes	21.1	19.5	62.3	63.0
Other deferred taxes	(2.3)	1.1	18.9	8.4
Total controlling interest	55.5	51.1	193.3	157.0
Non-controlling interests:				
Current tax	$ 2.8	$ 1.5	$ 9.4	$ 5.7
Deferred taxes	(0.2)	(1.3)	(0.5)	(1.6)
Total non-controlling interests	2.6	0.2	8.9	4.1
Provision for income taxes	$ 58.1	$ 51.3	$ 202.2	$ 161.1
Income before income taxes (controlling interest)	$ 163.2	$ 160.3	$ 555.3	$ 478.1
Effective tax rate attributable to controlling interest[1]	34.0%	31.9%	34.8%	32.8%

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

The Effective tax rate attributable to the controlling interest was 34.0% and 34.8% for the three and nine months ended September 30, 2015, respectively, as compared to 31.9% and 32.8% for the three and nine months ended September 30, 2016, respectively. The decrease resulted primarily from a decrease in Income before income taxes attributable to the controlling interest as well as the effect of foreign operations, including the indefinite deferral of foreign earnings.

Income tax expense for the three and nine months ended September 30, 2015 included the benefit of indefinite deferrals of foreign earnings of $6.3 million and $18.8 million, respectively. Income tax expense for the three and nine months ended September 30, 2016 included the benefit of indefinite deferrals of foreign earnings of $17.5 million and $30.0 million, respectively.

16. Earnings Per Share

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Numerator				
Net income (controlling interest)	$ 107.7	$ 109.2	$ 362.0	$ 321.1
Convertible securities interest expense, net	3.8	3.9	11.5	11.6
Net income (controlling interest), as adjusted	$ 111.5	$ 113.1	$ 373.5	$ 332.7
Denominator				
Average shares outstanding (basic)	54.2	53.9	54.5	53.9
Effect of dilutive instruments:				
Stock options and restricted stock	0.6	0.5	0.7	0.5
Junior convertible securities	2.2	2.2	2.2	2.2
Average shares outstanding (diluted)	57.0	56.6	57.4	56.6

The Company's Board of Directors has periodically authorized share repurchase programs. For the nine months ended September 30, 2016, the Company repurchased 0.2 million shares of common stock, at an average share price of $161.16, all of which occurred in the first three months of the period.

Average shares outstanding (diluted) in the table above exclude the anti-dilutive effect of the following items:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2016	2015	2016
Stock options and restricted stock units	0.0	0.5	0.0	0.7
Shares subject to forward sale agreement	—	2.0	—	2.0

17. Comprehensive Income

The following tables show the tax effects allocated to each component of Other comprehensive income:

	For the Three Months Ended September 30,					
	2015			2016		
	Pre-Tax	Tax Benefit (Expense)	Net of Tax	Pre-Tax	Tax Benefit (Expense)	Net of Tax
Foreign currency translation adjustment	$ (46.1)	$ —	$ (46.1)	$ (16.8)	$ —	$ (16.8)
Change in net realized and unrealized gain (loss) on derivative securities	(0.6)	0.0	(0.6)	0.1	(0.0)	0.1
Change in net unrealized gain (loss) on investment securities	(85.7)	32.6	(53.1)	5.8	(1.8)	4.0
Other comprehensive income (loss)	$ (132.4)	$ 32.6	$ (99.8)	$ (10.9)	$ (1.8)	$ (12.7)

	For the Nine Months Ended September 30,					
	2015			2016		
	Pre-Tax	Tax Benefit (Expense)	Net of Tax	Pre-Tax	Tax Benefit (Expense)	Net of Tax
Foreign currency translation adjustment	$ (57.9)	$ —	$ (57.9)	$ (72.7)	$ —	$ (72.7)
Change in net realized and unrealized gain (loss) on derivative securities	1.8	(0.2)	1.6	(0.6)	(0.1)	(0.7)
Change in net unrealized gain (loss) on investment securities	5.0	(1.5)	3.5	(34.6)	13.8	(20.8)
Other comprehensive income (loss)	$ (51.1)	$ (1.7)	$ (52.8)	$ (107.9)	$ 13.7	$ (94.2)

The components of accumulated other comprehensive income (loss), net of taxes, attributable to the controlling interest and non-controlling interests are as follows:

	Foreign Currency Translation Adjustment	Realized and Unrealized Gains (Losses) on Derivative Securities	Unrealized Gains (Losses) on Investment Securities [1]	Total
Balance, as of December 31, 2015	$ (98.6)	$ 0.3	$ 45.0	$ (53.3)
Other comprehensive loss before reclassifications	(72.7)	0.1	(36.4)	(109.0)
Amounts reclassified	—	(0.8)	15.6	14.8
Net other comprehensive loss	(72.7)	(0.7)	(20.8)	(94.2)
Balance, as of September 30, 2016	$ (171.3)	$ (0.4)	$ 24.2	$ (147.5)

(1) See Note 4 for amounts reclassified from Other comprehensive income.

18. Segment Information

Management has determined that the Company operates in three business segments representing the Company's three principal distribution channels: Institutional, Mutual Fund and High Net Worth, each of which has different client relationships. The following tables summarize the Company's financial results for each of its business segments:

	For the Three Months Ended September 30,			
	2015		2016	
	Revenue	Net income (controlling interest)	Revenue	Net income (controlling interest)
Institutional	$ 236.7	$ 51.6	$ 215.0	$ 51.6
Mutual Fund	310.1	45.2	258.6	46.3
High Net Worth	66.3	10.9	71.1	11.3
Total	$ 613.1	$ 107.7	$ 544.7	$ 109.2

	For the Nine Months Ended September 30,			
	2015		2016	
	Revenue	Net income (controlling interest)	Revenue	Net income (controlling interest)
Institutional	$ 745.1	$ 158.9	$ 662.4	$ 162.6
Mutual Fund	951.3	167.8	773.8	124.4
High Net Worth	198.3	35.3	208.0	34.1
Total	$ 1,894.7	$ 362.0	$ 1,644.2	$ 321.1

	Total Assets	
	December 31, 2015	September 30, 2016
Institutional	$ 3,717.1	$ 3,840.6
Mutual Fund	3,070.5	3,450.2
High Net Worth	981.8	1,032.6
Total	$ 7,769.4	$ 8,323.4

19. Subsequent Events

On October 4, 2016, the Company completed a minority investment in Winton Capital Group Ltd. The financial results of this investment will be included in the Company's Consolidated Financial Statements one quarter in arrears.

On October 17, 2016, the Company entered into an agreement to acquire a minority investment in Forbes Family Trust, which is expected to close in the first quarter of 2017.

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

Forward-Looking Statements

Certain matters discussed in this Quarterly Report on Form 10-Q, in our other filings with the Securities and Exchange Commission, in our press releases and in oral statements made with the approval of an executive officer may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements, and may be prefaced with words such as "outlook," "guidance," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "projects," "intends," "plans," "estimates," "pending investments," "anticipates" or the negative version of these words or other comparable words. Such statements are subject to certain risks and uncertainties, including, among others, the factors discussed under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015.

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. Forward-looking statements speak only as of the date they are made, and we will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions that 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 caution readers not to place undue reliance on any such forward-looking statements.

Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements and the notes thereto contained elsewhere in this Quarterly Report on Form 10-Q.

Executive Overview

We are a global asset management company with equity investments in leading boutique investment management firms, which we refer to as our "Affiliates." Our innovative partnership approach allows each Affiliate's management team to own significant equity in their firm and maintain operational autonomy. Our strategy is to generate shareholder value through the growth of existing Affiliates, as well as through investments in new and additional investments in existing Affiliates. In addition, we provide centralized assistance to our Affiliates in strategic matters, marketing, distribution, product development and operations. As of September 30, 2016, our aggregate assets under management were $672.4 billion (approximately $730 billion pro forma for a pending investment and investments that have since closed), in more than 500 investment products across a broad range of active return-oriented strategies and distribution channels.

We hold meaningful equity interests in each of our Affiliates. In certain cases, we own a majority interest while in other cases we own a minority interest. In all cases, Affiliate management retains a significant equity interest in their own firm. Affiliate management equity ownership (along with our ownership) aligns our interests, enhances Affiliate management equity incentives and preserves Affiliate management's opportunity to participate directly in the long-term future growth of their firms. Our innovative partnership approach provides Affiliate management with a degree of liquidity and financial diversification and ensures that our Affiliates maintain investment and operational autonomy in managing their businesses, as well as their unique entrepreneurial culture and independence.

Given our permanent partnership approach, when we own a majority of the equity interests, we address the ongoing succession planning issues facing the Affiliate's principal owners as they transition incentives to future generations by facilitating the transfer of equity over time to the next generation of Affiliate management. In cases in which we own a minority of the equity interests, we typically do not have an obligation to repurchase Affiliate equity interests, but may make additional investments to further facilitate Affiliate ownership transition.

We completed minority investments in Systematica Investments L.P. and Baring Private Equity Asia on January 4, 2016. On July 1, 2016, we completed a minority investment in Capula Investment Management LLP and on September 30, 2016, we completed a minority investment in Partner Fund Management, L.P. Subsequent to quarter end, we completed a minority investment in Winton Capital Group Ltd. on October 4, 2016. These investments will be accounted for under the equity method of accounting and we will recognize the financial results of Capula Investment Management LLP, Partner Fund Management, L.P. and Winton Capital Group Ltd. one quarter in arrears. Following the close of these transactions, Affiliate management will continue to hold a significant portion of the equity in their respective businesses and direct their day-to-day operations.

For the three and nine months ended September 30, 2016, Net income (controlling interest) was $109.2 million and $321.1 million, respectively, compared to $107.7 million and $362.0 million for the three and nine months ended September 30, 2015, respectively. For the three and nine months ended September 30, 2016, Earnings per share (diluted) was $2.00 and $5.88, respectively, compared to $1.96 and $6.51 for the three and nine months ended September 30, 2015, respectively.

For the three and nine months ended September 30, 2016, Adjusted EBITDA (controlling interest) was $219.8 million and $655.8 million, respectively, Economic net income (controlling interest) was $164.5 million and $491.0 million, respectively, and Economic earnings per share was $3.02 and $9.02, respectively. For the three and nine months ended September 30, 2015, Adjusted EBITDA (controlling interest) was $218.9 million and $679.1 million, respectively. Economic net income (controlling interest) was $159.8 million and $491.4 million, respectively, and Economic earnings per share was $2.92 and $8.88, respectively. Adjusted EBITDA (controlling interest) and Economic net income (controlling interest), including Economic earnings per share, are non-GAAP performance measures and are discussed in "Supplemental Performance Measures."

For the twelve months ended September 30, 2016, our assets under management increased 13% to $672.4 billion. The increase was primarily the result of a $49.3 billion increase from changes in markets, a $32.6 billion increase from investments in new Affiliates and a $4.6 billion increase from net client cash flows. These increases were partially offset by a $6.5 billion decrease from changes in foreign exchange rates and a $1.4 billion decrease from other.

The table below summarizes our financial highlights:

	As of and for the Three Months Ended September 30,			As of and for the Nine Months Ended September 30,		
(in millions, except as noted and per share data)	2015	2016	% Change	2015	2016	% Change
Assets under management *(at period end, in billions)*	$ 593.8	$ 672.4	13 %	$ 593.8	$ 672.4	13 %
Average assets under management *(in billions)*	611.6	663.5	8 %	627.3	645.5	3 %
Revenue	613.1	544.7	(11)%	1,894.7	1,644.2	(13)%
Income from equity method investments	57.9	67.5	17 %	171.2	200.7	17 %
Net income (controlling interest)	107.7	109.2	1 %	362.0	321.1	(11)%
Earnings per share (diluted)	1.96	2.00	2 %	6.51	5.88	(10)%
Adjusted EBITDA (controlling interest)[(1)]	218.9	219.8	0 %	679.1	655.8	(3)%
Economic net income (controlling interest)[(1)]	159.8	164.5	3 %	491.4	491.0	(0)%
Economic earnings per share[(1)]	2.92	3.02	3 %	8.88	9.02	2 %

(1) Adjusted EBITDA (controlling interest) and Economic net income (controlling interest), including Economic earnings per share, are non-GAAP performance measures and are discussed in "Supplemental Performance Measures."

Notwithstanding the recent growth in passively managed products, we believe there is continuing client demand for active return-oriented strategies. In particular, we continue to see positive net client cash flows in alternative strategies, as we believe investors are seeking returns that are less correlated to traditional equity and fixed income markets. We expect client demand for alternative strategies to continue, and believe we are well-positioned to benefit from this trend. Most of our alternative strategies are at our equity method Affiliates.

We believe many boutique investment management firms will continue to seek a permanent partner with global scale and a long track record of success. We are well positioned to execute upon investment opportunities in leading traditional and alternative firms around the world, and believe that the transaction environment remains favorable.

Supplemental Performance Measures

Adjusted EBITDA (controlling interest)

As supplemental information, we provide a non-GAAP measure that we refer to as Adjusted EBITDA (controlling interest). Adjusted EBITDA (controlling interest) represents our operating performance before our share of interest expense, income taxes, depreciation, amortization, impairments and adjustments to our contingent payment obligations. We believe that many investors use this information when assessing the financial performance of companies in the investment management industry. This non-GAAP performance measure is provided in addition to, but not as a substitute for, other GAAP measures of financial performance, such as Net income (controlling interest). The title of this performance measure has been renamed from EBITDA (controlling interest) to Adjusted EBITDA (controlling interest). There has been no change in the calculation of this performance measure.

The following table provides a reconciliation of Net income (controlling interest) to Adjusted EBITDA (controlling interest):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in millions)	**2015**	**2016**	**2015**	**2016**
Net income (controlling interest)	$ 107.7	$ 109.2	$ 362.0	$ 321.1
Interest expense	23.6	22.4	68.2	66.4
Imputed interest expense and contingent payment arrangements[(1)]	0.3	0.9	(40.0)	(0.2)
Income taxes	55.5	51.1	193.3	157.0
Depreciation and other amortization	1.9	2.0	5.8	5.9
Intangible amortization and impairments[(2)]	29.9	34.2	89.8	105.6
Adjusted EBITDA (controlling interest)	$ 218.9	$ 219.8	$ 679.1	$ 655.8

(1) For the first half of 2015, we adjusted our estimates of contingent payment obligations and, accordingly, recorded a total gain attributable to the controlling interest of $44.7 million. In the first quarter of 2016, we adjusted our estimates of contingent payment obligations and, accordingly, recorded gains attributable to the controlling interest of $2.8 million.

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in millions)	**2015**	**2016**	**2015**	**2016**
Reported Intangible amortization and impairments	$ 30.5	$ 26.9	$ 86.4	$ 82.2
Intangible amortization (non-controlling interests)	(9.2)	(6.7)	(22.7)	(19.6)
Equity method intangible amortization	8.6	14.0	26.1	43.0
Total	$ 29.9	$ 34.2	$ 89.8	$ 105.6

Economic Net Income (controlling interest) and Economic Earnings Per Share

As supplemental information, we also provide non-GAAP performance measures that we refer to as Economic net income (controlling interest) and Economic earnings per share. We consider Economic net income (controlling interest) and Economic earnings per share to be important measures of our financial performance, as we believe they best represent our operating performance before our share of non-cash expenses relating to our acquisition of interests in our Affiliates. Economic net income (controlling interest) and Economic earnings per share are used by our management and Board of Directors as our principal performance benchmarks, including as one of the measures for aligning executive compensation with stockholder value. These measures are provided in addition to, but not as substitutes for, other GAAP measures of financial performance, such as Net income (controlling interest) and Earnings per share (diluted).

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

Economic earnings per share represents Economic net income (controlling interest) divided by the average shares outstanding (adjusted diluted). In this calculation, the potential share issuance in connection with our convertible securities is measured 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, is deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in millions, except per share data)	**2015[1]**	**2016**	**2015[1]**	**2016**
Net income (controlling interest)	$ 107.7	$ 109.2	$ 362.0	$ 321.1
Intangible amortization and impairments[2]	29.9	34.2	89.8	105.6
Intangible-related deferred taxes	21.1	19.5	62.3	63.0
Other economic items[3][4]	1.1	1.6	(22.7)	1.3
Economic net income (controlling interest)	$ 159.8	$ 164.5	$ 491.4	$ 491.0
Average shares outstanding (diluted)	57.0	56.6	57.4	56.6
Assumed issuance of junior convertible securities shares	(2.2)	(2.2)	(2.2)	(2.2)
Dilutive impact of junior convertible securities shares	—	—	0.2	—
Average shares outstanding (adjusted diluted)	54.8	54.4	55.4	54.4
Economic earnings per share	$ 2.92	$ 3.02	$ 8.88	$ 9.02

(1) We revised our previously issued Consolidated Financial Statements. See Note 1 to the Consolidated Financial Statements. Economic net income (controlling interest) and Economic earnings per share, as previously reported, for the three months ended September 30, 2015 were $160.8 million and $2.93, respectively. Economic net income (controlling interest) and Economic earnings per share, as previously reported, for the nine months ended September 30, 2015 were $494.2 million and $8.93, respectively.

(2) See note (2) to the table in "Adjusted EBITDA (controlling interest)."

(3) For the three months ended September 30, 2015 and 2016, Other economic items were net of income taxes of $0.1 million and $0.1 million, respectively. For the nine months ended September 30, 2015 and 2016, Other economic items were net of income taxes of $15.1 million and $0.1 million, respectively.

(4) For the first half of 2015, we adjusted our estimates of contingent payment obligations and, accordingly, recorded a total gain attributable to the controlling interest of $44.7 million ($27.8 million net of tax). In the first quarter of 2016, we adjusted our estimates of contingent payment obligations and, accordingly, recorded a gain attributable to the controlling interest of $2.8 million ($1.7 million net of tax). These amounts are included in Imputed interest expense and contingent payment arrangements in the Consolidated Statements of Income.

Assets Under Management

The following tables present changes in our reported assets under management by distribution channel:

Statement of Changes-Quarter to Date

(in billions)	Institutional	Mutual Fund	High Net Worth	Total
June 30, 2016	$ 369.6	$ 184.5	$ 93.5	$ 647.6
Client cash inflows and commitments	13.1	12.6	4.3	30.0
Client cash outflows and realizations	(10.3)	(10.6)	(3.3)	(24.2)
Net client cash flows	2.8	2.0	1.0	5.8
Market changes	12.0	7.0	2.4	21.4
Foreign exchange[(1)]	(0.5)	(0.8)	(0.2)	(1.5)
Other	(0.4)	(0.4)	(0.1)	(0.9)
September 30, 2016	$ 383.5	$ 192.3	$ 96.6	$ 672.4

Statement of Changes-Year to Date

(in billions)	Institutional	Mutual Fund	High Net Worth	Total
December 31, 2015	$ 347.5	$ 175.8	$ 88.0	$ 611.3
Client cash inflows and commitments	32.3	42.7	13.5	88.5
Client cash outflows and realizations	(32.1)	(35.5)	(9.4)	(77.0)
Net client cash flows	0.2	7.2	4.1	11.5
New Investments	16.0	0.3	0.9	17.2
Market changes	19.9	13.6	3.5	37.0
Foreign exchange[(1)]	0.4	(4.2)	0.4	(3.4)
Other	(0.5)	(0.4)	(0.3)	(1.2)
September 30, 2016	$ 383.5	$ 192.3	$ 96.6	$ 672.4

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(1) Foreign exchange reflects the impact of translating non-U.S. dollar denominated assets under management into U.S. dollars for reporting purposes.

The following table presents changes in our average assets under management, Net income (controlling interest) and Adjusted EBITDA (controlling interest) by distribution channel:

(in millions, except as noted)	For the Three Months Ended September 30, 2015	2016	% Change	For the Nine Months Ended September 30, 2015	2016	% Change
Average Assets under Management (in billions)						
Including equity method Affiliates						
Institutional	$ 346.1	$ 377.5	9 %	$ 355.7	$ 370.4	4 %
Mutual Fund	183.3	190.5	4 %	189.9	182.4	(4)%
High Net Worth	82.2	95.5	16 %	81.7	92.7	13 %
Total	$ 611.6	$ 663.5	8%	$ 627.3	$ 645.5	3 %
Net income (controlling interest)						
Institutional	$ 51.6	$ 51.6	— %	$ 158.9	$ 162.6	2 %
Mutual Fund	45.2	46.3	2 %	167.8	124.4	(26)%
High Net Worth	10.9	11.3	4 %	35.3	34.1	(3)%
Total	$ 107.7	$ 109.2	1 %	$ 362.0	$ 321.1	(11)%
Adjusted EBITDA (controlling interest)[1]						
Institutional	$ 111.3	$ 111.9	1 %	$ 342.2	$ 343.5	0 %
Mutual Fund	85.1	83.0	(2)%	267.5	240.0	(10)%
High Net Worth	22.5	24.9	11 %	69.4	72.3	4 %
Total	$ 218.9	$ 219.8	0 %	$ 679.1	$ 655.8	(3)%

(1) Adjusted EBITDA (controlling interest) is a non-GAAP performance measure and is discussed in “Supplemental Performance Measures.”

Results of Operations

The contractual structures of our investments vary from Affiliate to Affiliate, reflecting our tailored partnership approach. When we own a majority of the equity interests of an Affiliate, we consolidate the Affiliate’s financial results in our revenue, operating expenses and other non-operating income and expenses, and primarily use structured partnership interests in which we share in the Affiliate’s revenue without regard to expenses or less certain agreed-upon expenses. When we own a minority interest, we generally use the equity method of accounting and our share of the Affiliate’s financial results is reported (net of intangible amortization) in Income from equity method investments. For these equity method Affiliates, we either share in the Affiliate’s revenue without regard to expenses or share in the Affiliate’s revenue less certain agreed-upon expenses. Additional investments in existing or new Affiliates will generally impact our financial results in the year of investment and, depending upon the timing, in the following year when the full-year financial results of the Affiliate investment are reflected in our financial statements.

Revenue

We derive most of our revenue from asset-based and performance fees from investment management services. Asset-based fees are typically determined as a percentage fee charged on the value of a client’s assets under management. Performance fees are billed based upon investment performance, typically on an absolute basis or relative to a benchmark.

Performance fees are typically billed less frequently than asset-based fees and, although performance fees inherently depend on investment performance and will vary from period to period, we anticipate performance fees will be a recurring component of our revenue.

Our revenue is generally determined by the level of our average assets under management and the composition of our assets across our distribution channels and active return-oriented strategies within our distribution channels, which realize different fee rates. Our ratio of asset-based fees to average assets under management (“ratio of average fee rates”) is calculated as asset-based fees divided by average assets under management and may change as a result of new investments, client cash flows, market changes, foreign exchange rate changes, or changes in contractual fees. Therefore, changes in this ratio should not necessarily be viewed as an indicator of changes in contractual fee rates billed by our Affiliates to their clients.

Average assets under management reflect the particular billing patterns of products and client accounts. Therefore, we believe average assets under management more closely correlates to the billing cycle of each distribution channel and, as such, provides a more meaningful relationship to revenue. In the Mutual Fund distribution channel, average assets under management generally represent an average of the daily net assets under management. For the Institutional and High Net Worth distribution channels, an account that bills in advance is included in the calculation of average assets under management on the basis of beginning of period assets under management, while an account that bills in arrears is reflected on the basis of end of period assets under management. Assets under management attributable to investments in new Affiliates are generally included on a weighted average basis for the period from the closing date of the respective new investment.

The following tables summarize our consolidated Affiliates' average assets under management and revenue in total and by distribution channel. These amounts do not include average assets under management at equity method Affiliates, which are summarized separately in "Income from equity method investments":

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	$ 384.2	$ 378.0	(2)%	$ 401.3	$ 371.9	(7)%
Revenue (in millions)	$ 613.1	$ 544.7	(11)%	$ 1,894.7	$ 1,644.2	(13)%

Our revenue decreased $68.4 million or 11% in the three months ended September 30, 2016. This decrease was primarily due to a decline in our ratio of average fee rates at existing Affiliates which reduced asset-based fees by $39.3 million or 6%, including a reduction in asset-based fees related to renewal commissions at one of our Affiliates in the United Kingdom. The reduction in asset-based fees related to renewal commissions was the result of a regulatory change and was offset by a decline in distribution expenses at the Affiliate that reduced our Selling, general and administrative expenses. The decrease in revenue was also due to a decline in average assets under management at existing Affiliates, which reduced asset-based fees $20.3 million or 3%, and a decline in performance fees and other fees at existing Affiliates of $13.0 million or 2%. These decreases were partially offset by an increase in revenue from our 2015 investments in new Affiliates of $4.2 million. The decline in our ratio of average fee rates was due to the aforementioned decline in asset-based fees related to renewal commissions, as well as changes in the composition of our assets under management across our distribution channels, primarily from decreases in assets under management in the Mutual Fund and Institutional distribution channels, which realize comparatively higher fee rates, partially offset by increases in assets under management in the High Net Worth distribution channel, which realizes comparatively lower fee rates. The decline in average assets under management at existing Affiliates was primarily the result of decreases from net client cash outflows and foreign exchange, partially offset by an increase from market changes.

Our revenue decreased $250.5 million or 13% in the nine months ended September 30, 2016. This decrease was due primarily to a decline in average assets under management which reduced asset-based fees $177.8 million or 9%. The decrease in revenue was also due to a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees $80.1 million or 4%, including a reduction in asset-based fees related to renewal commissions at one of our Affiliates in the United Kingdom. The reduction in asset-based fees related to renewal commissions was the result of a regulatory change and was offset by a decline in distribution expenses at the Affiliate that reduced our Selling, general and administrative expenses. The decrease in revenue was also the result of a decline in performance fees and other fees at existing Affiliates of $8.6 million or 1%. These decreases were partially offset by increases in revenue from our 2015 investments in new Affiliates of $16.0 million or 1%. The decline in average assets under management and our ratio of average fee rates was due to the previously discussed changes for the three months ended September 30, 2016.

The following discusses the changes in our revenue by distribution channel.

Institutional Distribution Channel

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	$ 179.4	$ 175.2	(2)%	$ 189.5	$ 173.4	(8)%
Revenue (in millions)	$ 236.7	$ 215.0	(9)%	$ 745.1	$ 662.4	(11)%

Our revenue in the Institutional distribution channel decreased $21.7 million or 9% in the three months ended September 30, 2016. This decrease was due primarily to a decline in our ratio of average fee rates and a decrease in average assets under management at existing Affiliates, which reduced asset-based fees $13.2 million or 5% and $7.3 million or 3%, respectively. The decrease in revenue was also the result of a decline in performance and other fees at existing Affiliates of $2.2 million or 1%. The decline in our ratio of average fee rates was due to changes in the composition of our assets under management within the distribution channel, primarily from decreases in assets under management in products which realize comparatively higher fee rates, partially offset by increases in assets under management in products which realize comparatively lower fee rates. The decline in average assets under management at existing Affiliates was primarily the result of decreases from net client cash outflows and foreign exchange, partially offset by an increase from market changes.

Our revenue in the Institutional distribution channel decreased $82.7 million or 11% in the nine months ended September 30, 2016. This decrease was due primarily to a decrease in average assets under management and a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees $68.7 million or 9%, and $17.5 million or 2%, respectively. These decreases were partially offset by an increase in fees from our 2015 investments in new Affiliates of $2.7 million. The decline in average assets under management and our ratio of average fee rates was due to the previously discussed changes for the three months ended September 30, 2016.

Mutual Fund Distribution Channel

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	$ 138.5	$ 125.3	(10)%	$ 146.5	$ 123.3	(16)%
Revenue (in millions)	$ 310.1	$ 258.6	(17)%	$ 951.3	$ 773.8	(19)%

Our revenue in the Mutual Fund distribution channel decreased $51.5 million or 17% in the three months ended September 30, 2016. This decrease was due primarily to a decrease in average assets under management which reduced asset-based fees $27.9 million or 9%. The decrease in revenue was also due to a decline in our ratio of average fee rates at existing Affiliates, which reduced asset-based fees $13.0 million or 4%, including a decline in asset-based fees related to renewal commissions at one of our Affiliates in the United Kingdom. The reduction in asset-based fees related to renewal commissions was the result of a regulatory change and was offset by a decline in distribution expenses at the Affiliate that reduced our Selling, general and administrative expenses. The decrease in revenue was also the result of a decline in performance fees and other fees at existing Affiliates of $10.6 million or 3%. The decline in average assets under management at existing Affiliates was primarily the result of decreases from net client cash outflows and foreign exchange, partially offset by an increase from market changes. The decline in our ratio of average fee rates was due to the aforementioned decline in asset-based fees related to renewal commissions and changes in the composition of our assets under management within the distribution channel, primarily from decreases in assets under management in products which realize comparatively higher fee rates, partially offset by increases in assets under management in products which realize comparatively lower fee rates.

Our revenue in the Mutual Fund distribution channel decreased $177.5 million or 19% in the nine months ended September 30, 2016. This decrease was due primarily to a decrease in average assets under management which reduced asset-based fees $144.5 million or 15%. The decrease in revenue was also due to a decline in our ratio of average fee rates, which reduced asset-based fees $23.8 million or 3%, including a decline in asset-based fees related to renewal commissions at one of our Affiliates in the United Kingdom. The reduction in asset-based fees related to renewal commissions was the result of a regulatory change and was offset by a decline in distribution expenses at the Affiliate that reduced our Selling, general and administrative expenses. The decrease in revenue was also the result of a decline in performance and other fees at existing Affiliates of $9.4 million or 1%. The decline in average assets under management and our ratio of average fee rates was due to the previously discussed changes for the three months ended September 30, 2016.

High Net Worth Distribution Channel

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	$ 66.3	$ 77.5	17%	$ 65.3	$ 75.2	15%
Revenue (in millions)	$ 66.3	$ 71.1	7%	$ 198.3	$ 208.0	5%

Our revenue in the High Net Worth distribution channel increased $4.8 million or 7% in the three months ended September 30, 2016. This increase was primarily the result of an increase in average assets under management at existing Affiliates, which increased asset-based fees $5.4 million or 8%. The increase was also the result of an increase in fees from our 2015 investments in new Affiliates of $3.4 million or 5%. These increases were partially offset by a decrease in asset-based fees of $3.8 million or 6% due to a decrease in our ratio of average fee rates at existing Affiliates. The decline in our ratio of average fee rates was due to our 2015 investments in new Affiliates, which had comparatively lower fee rates than existing Affiliates.

Our revenue in the High Net Worth distribution channel increased $9.7 million or 5% in the nine months ended September 30, 2016. This increase was primarily the result of an increase in fees from our 2015 investments in new Affiliates of $13.3 million or 7%. The increase was also the result of an increase in average assets under management at existing Affiliates, which increased asset-based fees $6.9 million or 4%. These increases were partially offset by a decrease in assets-based fees of $10.6 million or 5% due to a decrease in our ratio of average fee rates at existing Affiliates. The decline in our ratio of average fee rates was due to the previously discussed changes for the three months ended September 30, 2016.

Operating Expenses

The following table summarizes our consolidated operating expenses:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(in millions)	**2015**	**2016**	**% Change**	**2015**	**2016**	**% Change**
Compensation and related expenses	$ 243.7	$ 244.2	0 %	$ 788.7	$ 702.9	(11)%
Selling, general and administrative	107.5	94.2	(12)%	330.5	286.7	(13)%
Intangible amortization and impairments	30.5	26.9	(12)%	86.4	82.2	(5)%
Depreciation and other amortization	4.5	5.0	11 %	13.5	15.0	11 %
Other operating expenses (net)	11.7	3.4	(71)%	33.8	25.9	(23)%
Total operating expenses	$ 397.9	$ 373.7	(6)%	$ 1,252.9	$ 1,112.7	(11)%

A substantial portion of our operating expenses was incurred by our consolidated Affiliates, the substantial majority of which was incurred by Affiliates through which we share in revenue without regard to expenses. For these Affiliates, the Affiliate's Operating Allocation percentage generally determines its operating expenses. Accordingly, our operating expenses are impacted by increases or decreases in each Affiliate's revenue and corresponding increases or decreases in their respective Operating Allocation.

There were no significant changes in Compensation and related expenses in the three months ended September 30, 2016. Compensation and related expenses decreased $85.8 million or 11% in the nine months ended September 30, 2016, primarily as a result of decreases in compensation expenses at existing Affiliates of $74.4 million and compensation expenses associated with Affiliate equity transactions of $24.6 million. These decreases were partially offset by an increase in compensation expense from our 2015 investments in new Affiliates of $7.2 million. These changes primarily relate to the non-controlling interests.

Selling, general and administrative expenses decreased $13.3 million or 12% in the three months ended September 30, 2016, primarily from a decrease in sub-advisory and distribution expenses of $14.9 million in the Mutual Fund distribution channel.

Selling, general and administrative expenses decreased $43.8 million or 13% in the nine months ended September 30, 2016, primarily from a decrease in sub-advisory and distribution expenses of $50.7 million in the Mutual Fund distribution channel. This decrease was partially offset by an increase in professional fees of $7.9 million.

Other operating expenses (net) decreased $8.3 million or 71% in the three months ended September 30, 2016, primarily from net gains on Affiliates' consolidated investment products of $6.8 million.

Other operating expenses (net) decreased $7.9 million or 23% in the nine months ended September 30, 2016, primarily from net gains on Affiliates' consolidated investment products of $6.8 million.

Income from Equity Method Investments

When we own a minority interest in an Affiliate, we either share in the Affiliate's revenue without regard to expenses or less certain agreed-upon expenses. When we share in the Affiliate's revenue without regard to expenses, we are allocated a set percentage of revenue, with the remaining revenue available to the Affiliate to fund its operating expenses and distributions to Affiliate management. When we share in the Affiliate's revenue less certain agreed-upon expenses, our distributions are calculated by reference to the Affiliate's revenue net of the agreed-upon categories of expenses.

For our minority investments in our Affiliates, we generally use the equity method of accounting. Under the equity method of accounting, we only recognize our share of the Affiliate's revenue without regard to expenses or less certain agreed-upon expenses, net of equity method intangible amortization.

Our equity method Affiliates derive most of their revenue from asset-based and performance fees from investment management services. Asset-based fees are typically determined as a percentage fee charged on the value of a client's assets under management. Performance fees are billed based upon investment performance, typically on an absolute basis or relative to a benchmark, primarily on our liquid and illiquid alternative and equity products.

Performance fees are typically billed less frequently than asset-based fees and, although performance fees inherently depend on investment performance and will vary from period to period, we anticipate performance fees will be a recurring component of our Income from equity method investments.

Average assets under management reflect the particular billing patterns of Affiliate products and client accounts. Therefore, we believe average assets under management more closely correlates to product and client account billing cycles and, as such, provides a more meaningful relationship to equity method earnings. Average assets under management at equity method Affiliates are calculated consistent with our average assets under management at consolidated Affiliates. Our equity method Affiliates operate primarily in the Institutional distribution channel.

The following table summarizes our equity method Affiliates' average assets under management, equity method earnings and equity method amortization:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2015	2016	% Change	2015	2016	% Change
Average Assets under Management (in billions)	$ 227.4	$ 285.5	26%	$ 226.0	$ 273.6	21%
Income from equity method investments (in millions)						
Equity method earnings	$ 66.5	$ 81.5	23%	$ 197.3	$ 243.7	24%
Equity method intangible amortization	8.6	14.0	63%	26.1	43.0	65%
Total	$ 57.9	$ 67.5	17%	$ 171.2	$ 200.7	17%

Equity method earnings increased $15.0 million or 23% in the three months ended September 30, 2016, primarily from an increase in earnings from our 2015 and 2016 investments in new Affiliates of $13.2 million or 20% and an increase in earnings from existing Affiliates of $6.3 million or 10%. This increase was partially offset by a decrease in performance fees of $4.5 million or 7%. Equity method intangible amortization increased $5.4 million or 63% in the three months ended September 30, 2016, primarily as a result of amortization on our 2015 and 2016 investments in new Affiliates of $4.9 million.

Equity method earnings increased $46.4 million or 24% in the nine months ended September 30, 2016, primarily from an increase in earnings from our 2015 and 2016 investments in new Affiliates of $40.1 million or 20% and an increase in earnings from existing Affiliates of $6.7 million or 4%. Equity method intangible amortization increased $16.9 million or 65% in the nine months ended September 30, 2016, primarily as a result of amortization on our 2015 and 2016 investments in new Affiliates of $14.6 million, and a net increase in amortization for existing affiliates of $2.3 million.

Other Non-Operating (Income) and Expenses

The following table summarizes Other non-operating (income) and expenses:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(in millions)	2015	2016	% Change	2015	2016	% Change
Investment and other (income) expense	$ 0.1	$ (11.0)	N.M. (1)	$ (16.6)	$ (26.7)	61 %
Interest expense	23.6	22.4	(5)%	68.2	66.4	(3)%
Imputed interest expense and contingent payment arrangements	0.3	0.9	N.M. (1)	(40.0)	(0.2)	(100)%
Income taxes	58.1	51.3	(12)%	202.2	161.1	(20)%

(1) Percentage change is not meaningful.

Investment and other income increased $11.1 million in the three months ended September 30, 2016, principally as a result of an increase in realized gains on the sale of available-for-sale securities of $5.5 million and increases in the fair value of investments of $5.2 million.

Investment and other income increased $10.1 million or 61% in the nine months ended September 30, 2016, principally as a result of an increase in realized gains on the sale of available-for-sale securities of $6.7 million, increases in the fair value of investments of $4.0 million and foreign exchange gains of $1.2 million. These increases were partially offset by decreases in dividend income of $1.5 million.

There were no significant changes in Imputed interest expense and contingent payment arrangements in the three months ended September 30, 2016. Imputed interest expense and contingent payment arrangements increased $39.8 million in the nine months ended September 30, 2016. This increase was primarily a result of a $44.7 million reduction in gains on the revaluation of contingent payment arrangements.

Income tax expense decreased $6.8 million or 12% and $41.1 million or 20% in the three and nine months ended September 30, 2016, respectively, principally from a decrease in Income before income taxes attributable to the controlling interest.

Net Income

The previously discussed changes in revenue, expenses and Income from equity method investments had the following effect on Net income:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(in millions)	2015	2016	% Change	2015	2016	% Change
Net income	$ 191.0	$ 174.9	(8)%	$ 599.2	$ 531.6	(11)%
Net income (non-controlling interests)	83.3	65.7	(21)%	237.2	210.5	(11)%
Net income (controlling interest)	107.7	109.2	1 %	362.0	321.1	(11)%

Liquidity and Capital Resources

During the nine months ended September 30, 2016, we met our cash requirements primarily through cash generated by operating activities, net borrowings under our credit facilities and the settlement of a portion of a forward equity agreement. Our principal uses of cash were to make investments in new Affiliates, make distributions to Affiliate equity holders and general working capital purposes.

We expect that our principal uses of cash for the foreseeable future will be for investments in new and existing Affiliates, distributions to Affiliate equity holders, payment of principal and interest on outstanding debt, share repurchases and general working capital purposes. We anticipate that cash flows from operations, together with borrowings under our revolver and proceeds from any forward equity agreements, will be sufficient to support our cash flow needs for the foreseeable future.

Cash and cash equivalents were $563.8 million and $422.0 million at December 31, 2015 and September 30, 2016, respectively, including $98.6 million and $23.5 million, respectively, in our wholly-owned foreign subsidiaries. If we repatriated foreign cash and cash equivalents from our wholly-owned foreign subsidiaries, we do not anticipate that we would need to accrue or pay any significant additional U.S. taxes.

The following summarizes our cash flow activities:

	For the Nine Months Ended September 30,	
(in millions)	2015	2016
Operating cash flow	$ 856.2	$ 683.1
Investing cash flow	(62.4)	(868.7)
Financing cash flow	(794.9)	38.0

Operating Cash Flow

The decrease in cash flows from operations in the nine months ended September 30, 2016 of $173.1 million resulted principally from a $67.6 million decrease in Net income, a $61.5 million increase in settlements of Payables, accrued liabilities and other liabilities, primarily due to decreases in compensation accruals and a $35.9 million decrease in net Distributions received from equity method investments.

Investing Cash Flow

Net cash flow used in investing activities increased $806.3 million in the nine months ended September 30, 2016, primarily due to an increase in Investments in Affiliates of $834.9 million and Sale of investment securities.

Financing Cash Flow

Net cash flow from financing activities increased $832.9 million in the nine months ended September 30, 2016, due to a $346.2 million decrease in Repurchases of common stock, a $327.7 million decrease in net repayments of senior debt, a $109.2 million increase in Issuances of common stock, and a $66.8 million decrease in Distributions to non-controlling interests.

The following table summarizes certain key financial data relating to our outstanding indebtedness:

(in millions)	December 31, 2015	September 30, 2016
Senior bank debt	$ 643.3	$ 873.5
Senior notes	937.1	938.8
Convertible securities	299.0	301.0

Senior Bank Debt

We have a senior unsecured multicurrency revolving credit facility (the “revolver”) and a senior unsecured term loan facility (the “term loan” and, together with the revolver, the “credit facilities”). In June 2016, we amended the revolver to increase commitments from $1.3 billion to $1.45 billion, and amended the term loan to increase borrowings from $350.0 million to $385.0 million. Subject to certain conditions, we may further increase the commitments under the revolver by up to $350.0 million and borrow up to an additional $65.0 million under the term loan. The credit facilities both mature on September 30, 2020.

The credit facilities contain financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on priority indebtedness, asset dispositions and fundamental corporate changes, and certain customary events of default. As of September 30, 2016, we were in compliance with all terms of our credit facilities. As of September 30, 2016, we had approximately $960 million of remaining capacity under our revolver, and could borrow all such capacity and remain in compliance with our credit facilities.

We are currently rated A3 by Moody’s Investors Service and BBB+ by S&P Global Ratings. A downgrade of our credit rating, including a downgrade to below investment grade, would not trigger a default or have any other significant impact on the terms of our existing credit facilities. A reduction in our credit rating could, however, increase our borrowing costs. Additionally, a downgrade of our credit rating below investment grade and a change in control would require us to make a repurchase offer on certain of our senior notes.

Forward Equity and Equity Distribution Program

In June 2016, we entered into an agreement to sell approximately 2.9 million shares of our common stock at a price of $167.25 per share (a “forward equity agreement”). We have the option to cash, share or net share settle all or a portion of the agreement in one or more transactions until June 2017. During the quarter, we issued 0.9 million shares to settle a portion of the forward equity agreement and received proceeds of $150.3 million. As of September 30, 2016, 2.0 million shares remain unsettled. We expect to settle all or a significant amount of the remaining portion of the forward equity agreement by December 31, 2016 and assuming full physical settlement, net proceeds to us would be approximately $330 million.

Separately, in June 2016, we entered into equity distribution and forward equity agreements with several major securities firms under which we, from time to time, may issue and sell shares (immediately or on a forward basis) having an aggregate sales price of up to $500.0 million. These agreements replaced our previous forward equity program. As of September 30, 2016, no sales have occurred under these agreements.

Affiliate Equity

Many of our agreements provide us with a conditional right to call and Affiliate management, other owners and our officers with the conditional right to put their Affiliate equity interests to us at certain intervals. In cases where we own a minority interest in an Affiliate, we do not typically have such put and call arrangements. The purchase price of these conditional purchases is generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. Affiliate equity holders are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to our approval or other restrictions.

As of September 30, 2016, our current redemption value of $778.5 million 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 repurchased $44.5 million of Affiliate equity during the nine months ended September 30, 2016, and expect to repurchase approximately $75 million in 2016. In the event of a repurchase, we would become the owner of the cash flow associated with the repurchased equity.

Commitments

We have committed to co-invest in certain investment partnerships. As of September 30, 2016, these unfunded commitments totaled $91.8 million and may be called in future periods. In connection with a past acquisition agreement, we are contractually entitled to reimbursement from a prior owner of one of the Company's Affiliates for $14.0 million of these commitments if they are called.

As of September 30, 2016, we were contingently liable, upon achievement by certain Affiliates of specified financial targets, to make payments through 2019 of up to $84.9 million associated with our consolidated Affiliates and $316.5 million associated with our equity method Affiliates. We expect to make payments of $10.3 million (none in 2016) of the $84.9 million related to our consolidated Affiliates and no payments in 2016 related to our equity method Affiliates.

Affiliate equity interests provide holders with a conditional right to put their interests to us over time. In addition, in connection with an investment in an Affiliate accounted for under the equity method, we entered into an arrangement with a minority owner of the Affiliate that gives such owner the right to sell a portion of its ownership interest in the Affiliate to us annually beginning in 2018. The purchase price of these conditional purchases will be at fair market value on the date of the transaction.

Share Repurchases

Our Board of Directors has periodically authorized share repurchase programs, most recently in May 2015. In the nine months ended September 30, 2016, we repurchased 0.2 million shares at an average price per share of $161.16, all of which occurred in the first three months of the period. As of September 30, 2016, 2.1 million shares remained available for repurchase under the May 2015 program, which does not expire.

Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2016. Contractual debt obligations include the cash payment of fixed interest.

		Payments Due			
(in millions)	**Total**	**Remainder of 2016**	**2017-2018**	**2019-2020**	**Thereafter**
Contractual Obligations[1]					
Senior bank debt	$ 875.0	$ —	$ —	$ 875.0	$ —
Senior notes	1,519.2	3.2	84.0	84.0	1,348.0
Junior convertible securities	902.3	5.5	44.4	44.4	808.0
Leases[2]	226.8	9.5	70.9	60.8	85.6
Affiliate equity	26.7	25.6	1.1	—	—
Total contractual obligations	$ 3,550.0	$ 43.8	$ 200.4	$ 1,064.2	$ 2,241.6
Contingent Obligations					
Contingent payment obligations[3]	$ 10.3	$ —	$ 8.6	$ 1.7	$ —

(1) This table does not include liabilities for commitments to co-invest in certain investment partnerships or uncertain tax positions of $91.8 million and $25.7 million, respectively, as we cannot predict when such obligations will be paid.

(2) The controlling interest portion is $3.0 million through 2016, $22.0 million in 2017-2018, $20.4 million in 2019-2020 and $38.7 million thereafter.

(3) The contingent payment obligations disclosed in the table represent our expected settlement amounts. The maximum settlement amount through 2016 is $99.2 million, $290.5 million in 2017-2018, $11.7 million in 2019-2020 and none thereafter.

Recent Accounting Developments

See Note 2 of the Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our Quantitative and Qualitative Disclosures About Market Risk in the three months ended September 30, 2016, except as noted below. Please refer to Item 7A in our 2015 Annual Report on Form 10-K.

Foreign Currency Exchange Risk

To illustrate the effect of possible changes in currency exchange rates, as of September 30, 2016, a 1% change in the pound sterling and Canadian dollar to U.S. dollar exchange rates would have resulted in changes to stockholders' equity of approximately $4.4 million and $2.1 million, respectively, and changes to income before income taxes of $0.6 million and $0.3 million, respectively.

Item 4. Controls and Procedures

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

Item 5. Other Information

The Company's Board of Directors has amended and restated the Company's By-laws, effective as of the date of this Quarterly Report on Form 10-Q, following the Board of Directors' regular review of the Company's governance and organizational documents. Among other changes, these amendments require, as to stockholder proposals and director nominations, that stockholder proponents provide (i) the full text of submitted stockholder proposals, (ii) their interests in the Company, including as to common stock and derivative positions, (iii) voting agreements, (iv) entitlements to performance-related fees, if any, and (v) other categories of information. The amendments also require that stockholder nominees complete customary director and officer questionnaires, as is required of other nominees, and disclose compensatory arrangements, voting commitments and other information, so that stockholders may have full information when making voting decisions.

The By-law amendments further require that unless the Company consents in writing to the selection of an alternative forum, a state court located within the State of Delaware (or, if no such state court has jurisdiction, the federal court for the District of Delaware) shall be the sole and exclusive forum for specified types of legal actions. Covered actions include, among others, those (i) brought on behalf of the Company as a derivative action, (ii) asserting a breach of fiduciary duty, including the aiding and abetting of such a breach, (iii) asserting a claim under the General Corporation Law of the State of Delaware, and (iv) asserting an “internal corporate claim” or claim that is governed by the internal affairs doctrine. The Board of Directors considered various factors in its determination to adopt this provision, including, among others, prevailing market practices, that the Company is incorporated under the laws of the State of Delaware, and statutory provisions and case law upholding and enforcing such provisions. Further, the Board of Directors considered the fact that adopting an exclusive forum would not prevent stockholders from bringing the specified claims, the importance to the Company and its stockholders of preventing resources from being unnecessarily diverted to address duplicative, costly and wasteful multi-forum litigation, and the value of facilitating consistency and predictability in litigation outcomes.

The summary above is qualified in its entirety by the text of the amended and restated By-laws, which are attached as Exhibit 3.1 to this Quarterly Report on Form 10-Q.

PART II—OTHER INFORMATION

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

(a) None.

(b) None.

(c) None.

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)
November 7, 2016	/s/ JAY C. HORGEN
	Jay C. Horgen *on behalf of the Registrant as Chief Financial Officer and Treasurer* *(and also as Principal Financial and Principal Accounting Officer)*

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated By-laws.
10.1	Form of Equity Distribution Agreement, dated as of August 16, 2016 (incorporated by reference to the Company’s Current Report on Form 8-K (No. 001-13459), filed August 17, 2016).
10.2	Form of Master Confirmation Letter Agreement, dated as of August 16, 2016 (incorporated by reference to the Company’s Current Report on Form 8-K (No. 001-13459), filed August 17, 2016).
101	The following financial statements from the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 are filed herewith, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the three- and nine-month periods ended September 30, 2016 and 2015, (ii) the Consolidated Balance Sheets at September 30, 2016 and December 31, 2015, (iii) the Consolidated Statements of Equity for the nine-month periods ended September 30, 2016 and 2015, (iv) the Consolidated Statements of Cash Flows for the nine-month periods ended September 30, 2016 and 2015, and (v) the Notes to the Consolidated Financial Statements.

QuickLinks

Exhibit 3.1

AMENDED AND RESTATED

BY-LAWS

OF

AFFILIATED MANAGERS GROUP, INC.

ARTICLE I

Stockholders

SECTION 1. Annual Meeting. The annual meeting of stockholders shall be held at the hour, date and place within or without the United States which is fixed by the majority of the Board of Directors, the Chairman of the Board, if one is elected, or the Chief Executive Officer, which time, date and place may subsequently be changed at any time by vote of the Board of Directors. If no annual meeting has been held for a period of thirteen months after the Corporation's last annual meeting of stockholders, a special meeting in lieu thereof may be held, and such special meeting shall have, for the purposes of these By-laws or otherwise, all the force and effect of an annual meeting. Any and all references hereafter in these By-laws to an annual meeting or annual meetings also shall be deemed to refer to any special meeting(s) in lieu thereof.

SECTION 2. Matters to be Considered at Annual Meetings. At any annual meeting of stockholders or any special meeting in lieu of annual meeting of stockholders (the "Annual Meeting"), only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before such Annual Meeting. To be considered as properly brought before an Annual Meeting, business must be: (a) specified in the notice of meeting, (b) otherwise properly brought before the meeting by, or at the direction of, the Board of Directors, or (c) otherwise properly brought before the meeting by any holder of record (both as of the time notice of such proposal is given by the stockholder as set forth below and as of the record date for the Annual Meeting in question) of any shares of capital stock of the Corporation entitled to vote at such Annual Meeting who complies with the requirements set forth in this Section 2 and such business must otherwise be a proper matter for stockholder action. Nominations of candidates for election as directors of the Corporation at an Annual Meeting are addressed in Article II, Section 3 of these By-laws.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder of record of any shares of capital stock entitled to vote at such Annual Meeting, such stockholder shall: (i) give timely notice in proper form as required by this Section 2 to the Secretary of the Corporation and Timely Updates and Supplements thereof and (ii) be present at such meeting, either in person or by a representative. For all Annual Meetings, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not less than 75 days nor more than 120 days prior to the anniversary date of the immediately preceding Annual Meeting (the "Anniversary Date"); provided, however, that in the event the Annual Meeting is scheduled to be held on a date more than 30 days before the Anniversary Date or more than 60 days after the Anniversary Date, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not later than the close of business on the later of (1) the 75th day prior to the scheduled date of such Annual Meeting or (2) the 15th day following the day on which public announcement of the date of such Annual Meeting is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the Annual Meeting and as of the date that is ten (10) business days prior to the Annual Meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the Annual Meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the Annual Meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten

(10) business days prior to the Annual Meeting or any adjournment or postponement thereof. For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these By-Laws shall not limit the Company's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or under any other provision of the By-Laws or enable or be deemed to permit a stockholder who has previously submitted notice hereunder or under any other provision of the By-Laws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and or resolutions proposed to be brought before a meeting of the stockholders. The updates and supplements referred to in this paragraph shall be referred to as the "Timely Updates and Supplements."

For purposes of these By-laws, (1) "public announcement" shall mean: (a) disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service, (b) a report or other document filed publicly with the Securities and Exchange Commission (including, without limitation, a Form 8-K), or (c) a letter or report sent to stockholders of record of the Corporation at the time of the mailing of such letter or report; and (2) "affiliate" and "associate" shall have the meanings ascribed thereto in Rule 405 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that the term "partner" as used in the definition of "associate" shall not include any limited partner that is not involved in the management of the relevant partnership.

A stockholder's notice to the Secretary shall set forth as to each matter proposed to be brought before an Annual Meeting: (i) (a) a brief description of the business the stockholder desires to bring before such Annual Meeting, (b) the reasons for conducting such business at such Annual Meeting, (c) the complete text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-laws or any other governing documents of the Corporation, the language of the proposed amendment), and (d) any material interest of the stockholder proposing to bring such business before such meeting (or any other stockholders known to be supporting such proposal) in such proposal; and (ii) as to the stockholder giving the notice, the beneficial owner, if any, on whose behalf the business is being brought and their respective affiliates or associates or others acting in concert therewith: (a) the name and address, as they appear on the Corporation's stock transfer books, of the stockholder proposing such business, (b) the class and number of shares of the Corporation's capital stock beneficially owned by the stockholder proposing such business, (c) the names and addresses of the beneficial owners, if any, of any capital stock of the Corporation registered in such stockholder's name on such books, and the class and number of shares of the Corporation's capital stock beneficially owned by such beneficial owners, (d) the names and addresses of other stockholders known by the stockholder proposing such business to support such proposal, and the class and number of shares of the Corporation's capital stock beneficially owned by such other stockholders, (e) as to such stockholder and such beneficial owner, whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or such beneficial holder with respect to any share of the Corporation's capital stock (any of the foregoing, a "Short Interest"), (f) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith have any right to vote any class or series of shares of the Corporation's capital stock, (g) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation's capital stock or with a value derived in whole or in part from the value of any class or series of shares of the Corporation's capital stock, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation's capital stock, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation's capital stock, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation's capital stock, through the delivery of cash or other property, or otherwise, and without regard to whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation's capital stock (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (h) any rights to dividends on the shares of the Corporation's capital stock owned beneficially by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith that are separated or separable from the underlying shares of the Corporation, (i) any proportionate interest in shares of the Corporation's capital stock or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (j) any performance-related fees (other than an asset-based fee) that such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith are entitled to based on any increase or decrease in the value of shares of the Corporation's capital stock or Derivative Instruments, if any, including without limitation any such interests held by members of the immediate family sharing the same household of such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (k) any equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (l) a description of all agreements, arrangements and understandings between such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder, (m) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such stockholder, and (n) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (I) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (II) otherwise to solicit proxies from stockholders in support of such proposal or nomination (the requirements of this subsection (ii), the "Requisite Stockholder Information").

If the Board of Directors or a designated committee thereof determines that any stockholder proposal was not made in a timely fashion in accordance with the provisions of this Section 2 or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2 in any material respect, such proposal shall not be presented for action at the Annual Meeting in question. If neither the Board of Directors nor such committee makes a determination as to the validity of any stockholder proposal in the manner set forth above, the presiding officer of the Annual Meeting shall determine whether the stockholder proposal was made in accordance with the terms of this Section 2. If the presiding officer determines that any stockholder proposal was not made in a timely fashion in accordance with the provisions of this Section 2 or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2 in any material respect, such proposal shall not be presented for action at the Annual Meeting in question. If the Board of Directors, a designated committee thereof or the presiding officer determines that a stockholder proposal was made in accordance with the requirements of this Section 2, the presiding officer shall so declare at the Annual Meeting and ballots shall be provided for use at the meeting with respect to such proposal.

Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this Section 2, and nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 3. Special Meetings. Except as otherwise required by law and subject to the rights, if any, of the holders of any series of preferred stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office.

SECTION 4. Matters to be Considered at Special Meetings. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation, unless otherwise provided by law.

SECTION 5. Notice of Meetings; Adjournments. A written notice of each Annual Meeting stating the hour, date and place of such Annual Meeting shall be given by the Secretary or an Assistant Secretary (or other person authorized by these By-laws or by law) not less than 10 days nor more than 60 days before the Annual Meeting, to each stockholder entitled to vote thereat and to each stockholder who, by law or under the Certificate of Incorporation of the Corporation (as the same may hereafter be amended and/or restated, the "Certificate") or under these By-laws, is entitled to such notice, by delivering such notice to him or by mailing it, postage prepaid, addressed to such stockholder at the address of such stockholder as it appears on the Corporation's stock transfer books. Such notice shall be deemed to be given when hand delivered to such address or deposited in the mail so addressed, with postage prepaid.

Notice of all special meetings of stockholders shall be given in the same manner as provided for Annual Meetings, except that the written notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

Notice of an Annual Meeting or special meeting of stockholders need not be given to a stockholder if a written waiver of notice is signed before or after such meeting by such stockholder or if such stockholder attends such meeting, unless such attendance was for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual Meeting or special meeting of stockholders need be specified in any written waiver of notice.

The Board of Directors may postpone or reschedule any previously scheduled Annual Meeting or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I or Section 3 of Article II hereof or otherwise. In no event shall the public announcement of an adjournment, postponement or rescheduling of any previously scheduled meeting of stockholders commence a new time period for the giving of a stockholder's notice under Section 2 of Article I and Section 3 of Article II of these By-laws.

When any meeting is convened, the presiding officer may adjourn the meeting if (a) no quorum is present for the transaction of business, (b) the Board of Directors determines that adjournment is necessary or appropriate to enable the stockholders to consider fully information which the Board of Directors determines has not been made sufficiently or timely available to stockholders, or (c) the Board of Directors determines that adjournment is otherwise in the best interests of the Corporation. When any Annual Meeting or special meeting of stockholders is adjourned to another hour, date or place, notice need not be given of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken of the hour, date and place to which the meeting is adjourned; provided, however, that if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat and each stockholder who, by law or under the Certificate or these By-laws, is entitled to such notice.

SECTION 6. Quorum. A majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders. If less than a quorum is present at a meeting, the holders of voting stock representing a majority of the voting power present at the meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 5 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 7. Exclusive Forum for Adjudication of Disputes. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (iii) any action asserting a claim against the Corporation or any current or former director or officer or other employee of the Corporation arising pursuant to any provision of the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL"), or the Certificate or these By-laws (as either may be amended from time to time), (iv) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine, or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware).

SECTION 8. Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the books of the Corporation, unless otherwise provided by law or by the Certificate. Stockholders may vote either in person or by written proxy, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies shall be filed with the Secretary of the meeting before being voted. Except as otherwise limited therein or as otherwise provided by law, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting, but they shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them.

SECTION 9. Action at Meeting. When a quorum is present, any matter (other than a contested election of directors) before any meeting of stockholders shall be determined by a majority of votes cast on such matter, except where a larger vote is required by law, by the Certificate or by these By-laws. For the avoidance of doubt, abstentions and broker non-votes shall count toward establishing a quorum, but shall not be considered votes cast on a matter. In a contested election, directors shall be elected by a plurality of the votes cast. A contested election shall be one in which there are more nominees than positions on the Board to be filled at the meeting. The Corporation shall not directly or indirectly vote any shares of its own stock; provided, however, that the Corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

SECTION 10. Stockholder Lists. The Secretary or an Assistant Secretary (or the Corporation's transfer agent or other person authorized by these By-laws or by law) shall prepare and make, at least 10 days before every Annual Meeting or special meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the hour, date and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 11. Presiding Officer. The Chairman of the Board, if one is elected, or if not elected or in his or her absence, the Chief Executive Officer or the Secretary, shall preside at all Annual Meetings or special meetings of stockholders and shall have the power, among other things, to adjourn such meeting at any time and from time to time, subject to Sections 5 and 6 of this Article I. The order of business and all other matters of procedure at any meeting of the stockholders shall be determined by the presiding officer.

SECTION 12. Voting Procedures and Inspectors of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall perform such duties as are required by the DGCL, including the counting of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspectors, and in so doing the presiding officer shall be entitled to exercise his or her sole judgment and discretion and he or she shall not be bound by any determinations made by the inspectors. All determinations by the inspectors and, if applicable, the presiding officer, shall be subject to further review by any court of competent jurisdiction.

ARTICLE II

Directors

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided by the Certificate or required by law.

SECTION 2. Number and Terms. The number of directors of the Corporation shall be fixed by resolution duly adopted from time to time by the Board of Directors. The directors shall hold office in the manner provided in the Certificate.

SECTION 3. Director Nominations. Nominations of candidates for election as directors of the Corporation at any Annual Meeting may be made only (a) by, or at the direction of, a majority of the Board of Directors or (b) by any holder of record (both as of the time notice of such nomination is given by the stockholder as set forth below and as of the record date for the Annual Meeting in question) of any shares of the capital stock of the Corporation entitled to vote at such Annual Meeting who complies with the timing, informational and other requirements set forth in this Section 3. Any stockholder who has complied with the timing, informational and other requirements set forth in this Section 3 and who seeks to make such a nomination, or his, her or its representative, must be present in person at the Annual Meeting. Only persons nominated in accordance with the procedures set forth in this Section 3 shall be eligible for election as directors at an Annual Meeting.

Nominations, other than those made by, or at the direction of, the Board of Directors, shall be made pursuant to timely notice in proper form, along with Timely Updates and Supplements thereof, in writing to the Secretary of the Corporation as set forth in this Section 3 (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Article II, Section 4 of these By-laws). For all Annual Meetings, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not less than 75 days nor more than 120 days prior to the Anniversary Date; provided, however, that in the event the Annual Meeting is scheduled to be held on a date more than 30 days before the Anniversary Date or more than 60 days after the Anniversary Date, a stockholder's notice shall be timely if delivered to, or mailed and received by, the Corporation at its principal executive office not later than the close of business on the later of (x) the 75th day prior to the scheduled date of such Annual Meeting or (y) the 15th day following the day on which public announcement of the date of such Annual Meeting is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, to the extent contemplated by the Timely Updates and Supplements provision and provisos thereto set forth in Article I, Section 2 of these By-laws.

A stockholder's notice to the Secretary shall set forth as to each person whom the stockholder proposes to nominate for election or re-election as a director: (1) the name, age, business address and residence address of such person, (2) the principal occupation or employment of such person, (3) the class and number of shares of the Corporation's capital stock which are beneficially owned by such person on the date of such stockholder notice, (4) the consent of each nominee to be named in the Corporation's proxy statement and to serve as a director if elected, (5) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act, regardless of whether the stockholder is seeking to include the nominee in the Company's proxy statement, and (6) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant. With respect to each individual, if any, whom the stockholder proposes to nominate for election or re-election as a director, a stockholder's notice must, in addition to the matters set forth in the paragraphs above, also include a completed and signed questionnaire, representation and agreement required by Section 4 of Article II of these By-laws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

A stockholder's notice to the Secretary shall further set forth as to the stockholder giving such notice, the beneficial owner, if any, on whose behalf the business is being brought and their respective affiliates or associates or others acting in concert therewith: (a) the name and address, as they appear on the Corporation's stock transfer books, of such stockholder and of the beneficial owners (if any) of the Corporation's capital stock registered in such stockholder's name and the name and address of other stockholders known by such stockholder to be supporting such nominee(s), (b) the class and number of shares of the Corporation's capital stock which are held of record, beneficially owned or represented by proxy by such stockholder and by any other stockholders known by such stockholder to be supporting such nominee(s) on the record date for the Annual Meeting in question (if such date shall then have been made publicly available) and on the date of such stockholder's notice, (c) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder and (d) the Requisite Stockholder Information contemplated by Article I, Section 2 herein.

If the Board of Directors or a designated committee thereof determines that any stockholder nomination was not made in accordance with the terms of this Section 3 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 3 in any material respect, then such nomination shall not be considered at the Annual Meeting in question. If neither the Board of Directors nor such committee makes a determination as to whether a nomination was made in accordance with the provisions of this Section 3, the presiding officer of the Annual Meeting shall determine whether a nomination was made in accordance with such provisions. If the presiding officer determines that any stockholder nomination was not made in accordance with the terms of this Section 3 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 3 in any material respect, then such nomination shall not be considered at the Annual Meeting in question. If the Board of Directors, a designated committee thereof or the presiding officer determines that a nomination was made in accordance with the terms of this Section 3, the presiding officer shall so declare at the Annual Meeting and ballots shall be provided for use at the meeting with respect to such nominee.

Notwithstanding anything to the contrary in the second paragraph of this Section 3, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 75 days prior to the Anniversary Date, a stockholder's notice required by this Section 3 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if such notice shall be delivered to, or mailed to and received by, the Corporation at its principal executive office not later than the close of business on the 15th day following the day on which such public announcement is first made by the Corporation.

No person shall be elected by the stockholders as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section. Election of directors at an Annual Meeting need not be by written ballot, unless otherwise provided by the Board of Directors or presiding officer at such Annual Meeting. If written ballots are to be used, ballots bearing the names of all the persons who have been nominated for election as directors at the Annual Meeting in accordance with the procedures set forth in this Section shall be provided for use at the Annual Meeting.

SECTION 4. Qualification. No director need be a stockholder of the Corporation. To be eligible to be a nominee of any stockholder for election or re-election as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 3 of Article II of these By-laws) to the Secretary at the principal executive office of the Corporation a written questionnaire with respect to the background and qualification of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall be provided to the nominee by the Secretary upon written request), and a written representation and agreement (in the form provided to the nominee by the Secretary upon written request) that such individual (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation, and (2) any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a director of the corporation, with such individual's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and (C) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation publicly disclosed from time to time.

SECTION 5. Vacancies. Subject to the rights, if any, of the holders of any series of preferred stock to elect directors and to fill vacancies in the Board of Directors relating thereto, any and all vacancies in the Board of Directors, however occurring, including, without limitation, by reason of an increase in size of the Board of Directors, or the death, resignation, disqualification or removal of a director, shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board of Directors. Any director appointed in accordance with the preceding sentence shall hold office until the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified or until his or her earlier resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

SECTION 6. Removal. Directors may be removed from office in the manner provided in the Certificate.

SECTION 7. Resignation. A director may resign at any time by giving written notice to the Chairman of the Board, if one is elected, the Chief Executive Officer or the Secretary. A resignation shall be effective upon receipt, unless the resignation or the Corporate Governance Guidelines of the Corporation otherwise provide.

SECTION 8. Regular Meetings. The regular annual meeting of the Board of Directors shall be held at such hour, date and place as the Board of Directors may determine by resolution or as the Secretary shall designate without notice other than such resolution or designation provided to the Board. Other regular meetings of the Board of Directors may be held at such hour, date and place as the Board of Directors may by resolution from time to time determine without notice other than such resolution.

SECTION 9. Special Meetings. Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of a majority of the directors, the Chairman of the Board, if one is elected, or the Chief Executive Officer. The person calling any such special meeting of the Board of Directors may fix the hour, date and place thereof.

SECTION 10. Notice of Meetings. Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the Chairman of the Board, if one is elected, or the Chief Executive Officer or such other officer designated by the Chairman of the Board, if one is elected, or the Chief Executive Officer. Notice of any special meeting of the Board of Directors shall be given to each director in person, by telephone, or by facsimile, telex, telecopy, telegram, or other written form of electronic communication, sent to his or her business or home address, at least 24 hours in advance of the meeting, or by written notice mailed to his or her business or home address, at least 48 hours in advance of the meeting. Such notice shall be deemed to be delivered when hand delivered to such address, read to such director by telephone, deposited in the mail so addressed, with postage thereon prepaid if mailed, dispatched or transmitted if faxed, telexed or telecopied, or when delivered to the telegraph company if sent by telegram.

When any Board of Directors meeting, either regular or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the hour, date or place of any meeting adjourned for less than 30 days or of the business to be transacted thereat, other than an announcement at the meeting at which such adjournment is taken of the hour, date and place to which the meeting is adjourned.

A written waiver of notice signed before or after a meeting by a director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Certificate or by these By-laws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 11. Quorum. At any meeting of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 10 of this Article II. Any business which might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present.

SECTION 12. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, a majority of the directors present may take any action on behalf of the Board of Directors, unless otherwise required by law, by the Certificate or by these By-laws.

SECTION 13. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing. Such written consent shall be filed with the records of the meetings of the Board of Directors and shall be treated for all purposes as a vote at a meeting of the Board of Directors.

SECTION 14. Manner of Participation. Directors may participate in meetings of the Board of Directors by means of conference telephone or similar communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these By-laws.

SECTION 15. Committees. The Board of Directors, by vote of a majority of the directors then in office, may elect from its number one or more committees, including, without limitation, an Executive Committee, a Compensation Committee, a Stock Option Committee and an Audit Committee, and may delegate thereto some or all of its powers except those which by law, by the Certificate or by these By-laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors. The Board of Directors shall have power to rescind any action of any committee, to the extent permitted by law, but no such rescission shall have retroactive effect.

SECTION 16. Compensation of Directors. Directors shall receive such compensation for their services as shall be determined by a majority of the Board of Directors provided that directors who are serving the Corporation as employees and who receive compensation for their services as such, shall not receive any salary or other compensation for their services as directors of the Corporation.

SECTION 17. Lead Director. The Board has established a lead director, who will generally be the Chairman of the Nominating and Governance Committee, unless the Board determines that special circumstances warrant otherwise. The principal responsibilities of the lead director will be determined from time to time by the Board, in consultation with the selected lead director, but are expected to include serving as a key source of communication between the independent directors and the Chief Executive Officer of the Corporation, and coordinating the agenda for and leading meetings of the independent directors.

ARTICLE III

Officers

SECTION 1. Enumeration. The officers of the Corporation shall consist of a Chief Executive Officer, a Treasurer, a Secretary and such other officers, including, without limitation, a Chairman of the Board of Directors, a President, a Chief Financial Officer, a Chief Operating Officer, a General Counsel and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine.

SECTION 2. Election. At the regular annual meeting of the Board, the Board of Directors shall elect the Chief Executive Officer, the Treasurer and the Secretary. Other officers may be elected by the Board of Directors at such regular annual meeting of the Board of Directors or at any other regular or special meeting.

SECTION 3. Qualification. No officer need be a stockholder or a director. Any person may occupy more than one office of the Corporation at any time. Any officer may be required by the Board of Directors to give bond for the faithful performance of his or her duties in such amount and with such sureties as the Board of Directors may determine.

SECTION 4. Tenure. Except as otherwise provided by the Certificate or by these By-laws, each of the officers of the Corporation shall hold office until the regular annual meeting of the Board of Directors and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

SECTION 5. Resignation. Any officer may resign by delivering his or her written resignation to the Corporation addressed to the Chief Executive Officer or the Secretary, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

SECTION 6. Removal. Except as otherwise provided by law, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the directors then in office.

SECTION 7. Absence or Disability. In the event of the absence or disability of any officer, the Board of Directors may designate another officer to act temporarily in place of such absent or disabled officer.

SECTION 8. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 9. Chief Executive Officer. The Chief Executive Officer shall, subject to the direction of the Board of Directors, have general supervision and control of the Corporation's business. If there is no Chairman of the Board or if he or she is absent, the Chief Executive Officer shall preside, when present, at all meetings of stockholders and of the Board of Directors. The Chief Executive Officer shall have such other powers and perform such other duties as the Board of Directors may from time to time designate.

SECTION 10. Chairman of the Board. The Chairman of the Board, if one is elected, shall preside, when present, at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall have such other powers and shall perform such other duties as the Board of Directors may from time to time designate.

SECTION 11. President. The President, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 12. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 13. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors and except as the Board of Directors or the Chief Executive Officer may otherwise provide, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation. He or she shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 14. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board) in books kept for that purpose. In his or her absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation). The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary, shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or that of an Assistant Secretary. The Secretary shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Secretary, any Assistant Secretary may perform his or her duties and responsibilities.

Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 15. Other Powers and Duties. Subject to these By-laws and to such limitations as the Board of Directors may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or the Chief Executive Officer.

ARTICLE IV

Capital Stock

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by the Chairman of the Board of Directors, the Chief Executive Officer or a Vice President and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. The Corporation seal and the signatures by the Corporation's officers, the transfer agent or the registrar may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law.

SECTION 2. Transfers. Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock may be transferred only on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

SECTION 3. Record Holders. Except as may otherwise be required by law, by the Certificate or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

It shall be the duty of each stockholder to notify the Corporation of his or her post office address and any changes thereto.

SECTION 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting and (b) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 5. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

ARTICLE V

Indemnification

SECTION 1. Definitions. For purposes of this Article:

(a) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(b) "Officer" means any person who serves or has served the Corporation as an officer appointed by the Board of Directors of the Corporation;

(c) "Non-Officer Employee" means any person who serves or has served as an employee of the Corporation, but who is not or was not a Director or Officer;

(d) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative;

(e) "Expenses" means all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(f) "Corporate Status" describes the status of a person who (i) in the case of a Director, is or was a director of the Corporation and is or was acting in such capacity, (ii) in the case of an Officer, is or was an officer, employee or agent of the Corporation or is or was a director, officer, employee, trustee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such Officer is or was serving at the request of the Corporation, and (iii) in the case of a Non-Officer Employee, is or was an employee of the Corporation or is or was a director, officer, employee, trustee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such Non-Officer Employee is or was serving at the request of the Corporation; and

(g) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding.

SECTION 2. Indemnification of Directors and Officers. Subject to the operation of Section 4 of this Article V, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against any and all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Director or Officer or on such Director or Officer's behalf in connection with any threatened, pending or completed Proceeding or any claim, issue or matter therein, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding was authorized by the Board of Directors of the Corporation.

SECTION 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall continue as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized by the Board of Directors of the Corporation.

SECTION 4. Good Faith. No indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee with respect to a matter as to which such person shall have been finally adjudicated in any Proceeding (i) not to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and (ii) with respect to any criminal Proceeding, to have had reasonable cause to believe his or her conduct was unlawful. In the event that a Proceeding is compromised or settled prior to final adjudication so as to impose any liability or obligation upon a Director, an Officer or a Non-Officer Employee, no indemnification shall be provided pursuant to this Article V to said Director, Officer or Non-Officer Employee with respect to a matter if there be a reasonable good faith determination that with respect to such matter such person did not act in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe his or her conduct was unlawful. The determination contemplated by the preceding sentence shall be made (a) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) by a committee of Disinterested Directors designated by a majority vote of Disinterested Directors, even though less than a quorum of the Board of Directors, (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so direct, by independent counsel in a written opinion, or (d) by the stockholders of the Corporation.

SECTION 5. Advancement of Expenses to Directors and Officers Prior to Final Disposition. The Corporation shall advance all Expenses incurred by or on behalf of any Director or Officer in connection with any Proceeding in which such Director or Officer is involved by reason of such Director or Officer's Corporate Status within ten days after the receipt by the Corporation of a written statement from such Director or Officer requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director or Officer and shall be preceded or accompanied by an undertaking by or on behalf of such Director or Officer to repay any Expenses so advanced if it shall ultimately be determined that such Director or Officer is not entitled to be indemnified against such Expenses.

SECTION 6. Advancement of Expenses to Non-Officer Employees Prior to Final Disposition. The Corporation may, in the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Non-Officer Employee in connection with any Proceeding in which such Non-Officer Employee is involved by reason of such Non-Officer Employee's Corporate Status upon the receipt by the Corporation of a statement or statements from such Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such Non-Officer Employee to repay any Expenses so advanced if it shall ultimately be determined that such Non-Officer Employee is not entitled to be indemnified against such Expenses.

SECTION 7. Contractual Nature of Rights. The foregoing provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer who serves in such capacity at any time while this Article V is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any Proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts. If a claim for indemnification or advancement of Expenses hereunder by a Director or Officer is not paid in full by the Corporation within (a) 60 days after the Corporation's receipt of a written claim for indemnification, or (b) 10 days after the Corporation's receipt of documentation of Expenses and the required undertaking, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification or advancement of Expenses under this Article V shall not be a defense to the action and shall not create a presumption that such indemnification or advancement is not permissible.

SECTION 8. Non-Exclusivity of Rights. The rights to indemnification and advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director, Officer or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Corporation's Certificate or these By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

ARTICLE VI

Miscellaneous Provisions

SECTION 1. Fiscal Year. Except as otherwise determined by the Board of Directors, the fiscal year of the Corporation shall end on the last day of December of each year.

SECTION 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

SECTION 3. Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by the Chairman of the Board, if one is elected, the Chief Executive Officer or the Treasurer or any other officer, employee or agent of the Corporation as the Board of Directors or Executive Committee may authorize.

SECTION 4. Voting of Securities. Unless the Board of Directors otherwise provides, the Chairman of the Board, if one is elected, the Chief Executive Officer or the Treasurer may waive notice of and act on behalf of this Corporation, or appoint another person or persons to act as proxy or attorney in fact for this Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or stockholders of any other corporation or organization, any of whose securities are held by this Corporation.

SECTION 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

SECTION 6. Corporate Records. The original or attested copies of the Certificate, By-laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock transfer books, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, may be kept outside the State of Delaware and shall be kept at the principal office of the Corporation, at the office of its counsel or at an office of its transfer agent or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 7. Amendment of By-laws.

(a) Amendment by Directors. Except as provided otherwise by law, these By-laws may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the directors then in office.

(b) Amendment by Stockholders. These By-laws may be amended or repealed at any Annual Meeting of stockholders, or special meeting of stockholders called for such purpose, by the affirmative vote of at least two-thirds of the shares present in person or represented by proxy at such meeting and entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of the shares present in person or represented by proxy at such meeting and entitled to vote on such amendment or repeal, voting together as a single class.

Adopted and effective as of November 7, 2016

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Exhibit 31.1

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

I, Sean M. Healey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2016

/s/ SEAN M. HEALEY

Sean M. Healey
Chief Executive Officer

QuickLinks

Exhibit 31.1

Exhibit 31.2

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

I, Jay C. Horgen, certify that:

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

Date: November 7, 2016

/s/ JAY C. HORGEN

Jay C. Horgen
Chief Financial Officer and Treasurer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Affiliated Managers Group, Inc. (the "Company") for the period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sean M. Healey, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

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

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

Date: November 7, 2016

/s/ SEAN M. HEALEY

Sean M. Healey
Chief Executive Officer

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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 September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jay C. Horgen, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

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

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

Date: November 7, 2016

/s/ JAY C. HORGEN

Jay C. Horgen
Chief Financial Officer and Treasurer

QuickLinks

Exhibit 32.2