
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

Date of Report (Date of earliest event reported): **July 28, 2004**

AFFILIATED MANAGERS GROUP, INC.

(Exact name of Registrant as specified in charter)

Delaware
(State or other jurisdiction of
incorporation)

001-13459
(Commission file number)

04-3218510
(IRS employer identification no.)

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

01965
(Zip Code)

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

N/A
(Former name or former address, if changed since last report)

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Press Release dated July 28, 2004.

Item 12. Results of Operations and Financial Condition.

The following information is being furnished under Item 12 of Form 8-K. On July 28, 2004, Affiliated Managers Group, Inc. (the "Registrant") issued a press release setting forth its financial and operating results for the quarter ended June 30, 2004. A copy of this press release is attached hereto as Exhibit 99.1 and is hereby incorporated by reference herein.

The information in this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

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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 hereunto duly authorized.

AFFILIATED MANAGERS GROUP, INC.

Date: July 28, 2004

By: /s/ Darrell W. Crate
Darrell W. Crate
Executive Vice President and Chief
Financial Officer

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Press Release dated July 28, 2004.



AFFILIATED MANAGERS GROUP, INC.

Contact:

Darrell W. Crate
Affiliated Managers Group, Inc.
(617) 747-3300

**AMG Reports Financial and Operating Results
for Second Quarter and First Half of 2004**

Company Reports EPS of \$0.62; Cash EPS of \$1.00

Boston, MA, July 28, 2004 – Affiliated Managers Group, Inc. (NYSE: AMG) today reported its financial and operating results for the quarter and six months ended June 30, 2004.

Cash earnings per share (“Cash EPS”) for the second quarter of 2004 were \$1.00, compared to \$0.77 for the second quarter of 2003, while diluted earnings per share for the second quarter of 2004 were \$0.62, compared to \$0.43 for the same period of 2003. Cash Net Income was \$30.4 million for the second quarter of 2004, compared to \$24.9 million for the second quarter of 2003. Net Income for the second quarter of 2004 was \$18.9 million, compared to \$13.8 million for the second quarter of 2003. (Cash EPS and Cash Net Income are defined in the attached tables.)

For the second quarter of 2004, revenue was \$158.6 million, compared to \$116.7 million for the second quarter of 2003. EBITDA for the second quarter of 2004 was \$46.1 million, compared to \$34.7 million for the same period of 2003.

For the six months ended June 30, 2004, Cash Net Income was \$59.7 million, while EBITDA was \$89.9 million. For the same period, Net Income was \$37.1 million, on revenue of \$310.2 million. For the six months ended June 30, 2003, Cash Net Income was \$49.0 million, while EBITDA was \$67.3 million. For the same period, Net Income was \$26.8 million, on revenue of \$226.9 million.

Net client cash flows were \$(3) million, with outflows of \$134 million from directly managed assets, and net flows of \$131 million into overlay assets. Net inflows in the mutual fund and institutional channels were \$423 million and \$584 million, respectively, while net flows in the high net worth channel were \$(1.1) billion. These aggregate net client cash flows for the quarter resulted in an increase of approximately \$300,000 to AMG’s annualized EBITDA. The aggregate assets under management of AMG’s affiliated investment management firms at June 30, 2004 were \$102.2 billion.

“AMG produced solid growth in earnings during a quarter when the equity market indices finished relatively unchanged,” stated William J. Nutt, Chairman and Chief Executive Officer. “We had especially strong performance among our domestic and international value equity products, as well as a number of our quantitative products. In addition to a strong quarter by our existing Affiliates, we were pleased to complete our investment in Genesis Asset Managers, a leading investment manager of emerging markets equity securities.”

(more)

“AMG continues to execute on a wide range of growth and development initiatives to enhance our existing businesses,” stated Sean M. Healey, President and Chief Operating Officer. “For example, earlier this month, we announced an agreement to acquire approximately \$3 billion in mutual fund assets from Fremont Investment Advisors through our Managers Funds platform. This acquisition, the third of its type by AMG through Managers Funds, further diversifies Managers Funds’ product offerings and enhances its distribution capabilities by opening additional distribution channels to Managers Funds products.” Mr. Healey continued, “Looking ahead, we also are making excellent progress in pursuing additional investment opportunities in high quality mid-sized firms, and are confident that we will continue to add to our earnings growth through accretive investments in new Affiliates.”

AMG is an asset management company with equity investments in a diverse group of mid-sized investment management firms. AMG’s strategy is to generate growth through the internal growth of its existing Affiliates, as well as through investments in new Affiliates. AMG’s innovative transaction structure allows individual members of each Affiliate’s management team to retain or receive significant direct equity ownership in their firm while maintaining operating autonomy. In addition, AMG provides centralized assistance to its Affiliates in strategic matters, marketing, distribution, product development and operations.

Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including changes in the securities or financial markets or in general economic conditions, the availability of equity and debt financing, competition for acquisitions of interests in investment management firms, the ability to close pending investments, the investment performance of our Affiliates and their ability to effectively market their investment strategies, and other risks detailed from time to time in AMG’s filings with the Securities and Exchange Commission. Reference is hereby made to the “Cautionary Statements” set forth in the Company’s Form 10-K for the year ended December 31, 2003.

Financial Tables Follow

A teleconference will be held with AMG’s management at 11:00 a.m. Eastern time today. Parties interested in listening to the teleconference should dial 1-800-366-7449 (domestic calls) or 1-303-262-2075 (international calls) starting at 10:45 a.m. Eastern time. Those wishing to listen to the teleconference should dial the appropriate number at least ten minutes before the call begins. The teleconference will be available for replay approximately one hour after the conclusion of the call. To access the replay, please dial 1-800-405-2236 (domestic calls) or 1-303-590-3000

(international calls), pass code 11002913. The live call and the replay of the session, and the additional financial information referenced during the teleconference, may also be accessed via the Web at www.amg.com.

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For more information on Affiliated Managers Group, Inc.,
please visit AMG's Web site at www.amg.com.

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Affiliated Managers Group, Inc.
Financial Highlights
(dollars in thousands, except per share data)

	<u>Three Months Ended 6/30/03</u>	<u>Three Months Ended 6/30/04</u>
Revenue	\$ 116,701	\$ 158,562
Net Income	\$ 13,823	\$ 18,920
Cash Net Income (A)	\$ 24,948	\$ 30,354
EBITDA (B)	\$ 34,663	\$ 46,127
Average shares outstanding - diluted (C)	32,228,521	30,314,383
Earnings per share - diluted (C)	\$ 0.43	\$ 0.62
Cash earnings per share - diluted (C) (D)	\$ 0.77	\$ 1.00
	<u>December 31, 2003</u>	<u>June 30, 2004</u>
Cash and cash equivalents	\$ 253,334	\$ 344,672
Senior convertible debt	\$ 423,340	\$ 423,649
Mandatory convertible securities	\$ 230,000	\$ 530,000
Stockholders' equity	\$ 614,769	\$ 442,250

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Affiliated Managers Group, Inc.
Financial Highlights
(dollars in thousands, except per share data)

	<u>Six Months Ended 6/30/03</u>	<u>Six Months Ended 6/30/04</u>
Revenue	\$ 226,948	\$ 310,196
Net Income	\$ 26,820	\$ 37,090
Cash Net Income (A)	\$ 48,962	\$ 59,733
EBITDA (B)	\$ 67,294	\$ 89,879
Average shares outstanding - diluted (C)	32,403,733	31,154,578
Earnings per share - diluted (C)	\$ 0.83	\$ 1.19
Cash earnings per share - diluted (C) (D)	\$ 1.51	\$ 1.92

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Affiliated Managers Group, Inc.
Operating Results
(in millions)

Assets Under Management

Statement of Changes - Quarter to Date

	Mutual Fund	Institutional	High Net Worth	Total
Assets under management, March 31, 2004	\$ 25,188	\$ 46,414	\$ 23,196	\$ 94,798
Net client cash flows - directly managed assets	423	584	(1,141)	(134)
Net client cash flows - overlay assets	—	131	—	131
New investments	—	7,257	—	7,257
Investment performance	194	(51)	24	167
Assets under management, June 30, 2004	<u>\$ 25,805</u>	<u>\$ 54,335</u>	<u>\$ 22,079</u>	<u>\$ 102,219</u>

Statement of Changes - Year to Date

	Mutual Fund	Institutional	High Net Worth	Total
Assets under management, December 31, 2003	\$ 23,339	\$ 44,686	\$ 23,499	\$ 91,524
Net client cash flows - directly managed assets	643	1,146	(1,750)	39
Net client cash flows - overlay assets	—	131	—	131
New investments	361	7,257	—	7,618
Investment performance	1,462	1,115	330	2,907
Assets under management, June 30, 2004	<u>\$ 25,805</u>	<u>\$ 54,335</u>	<u>\$ 22,079</u>	<u>\$ 102,219</u>

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Affiliated Managers Group, Inc.

Operating Results

(in thousands)

Financial Results

	Three Months Ended 6/30/03	Percent of Total	Three Months Ended 6/30/04	Percent of Total
Revenue				
Mutual Fund	\$ 44,746	38%	\$ 61,550	39%
Institutional	40,478	35%	62,372	39%
High Net Worth	31,477	27%	34,640	22%
	<u>\$ 116,701</u>	<u>100%</u>	<u>\$ 158,562</u>	<u>100%</u>

EBITDA (B)

Mutual Fund	\$ 13,675	39%	\$ 18,258	40%
Institutional	11,398	33%	18,079	39%
High Net Worth	9,590	28%	9,790	21%
	<u>\$ 34,663</u>	<u>100%</u>	<u>\$ 46,127</u>	<u>100%</u>

	Six Months Ended 6/30/03	Percent of Total	Six Months Ended 6/30/04	Percent of Total
Revenue				
Mutual Fund	\$ 86,192	38%	\$ 121,853	39%
Institutional	77,264	34%	117,613	38%
High Net Worth	63,492	28%	70,730	23%
	<u>\$ 226,948</u>	<u>100%</u>	<u>\$ 310,196</u>	<u>100%</u>

EBITDA (B)

Mutual Fund	\$ 26,025	39%	\$ 36,369	40%
Institutional	21,900	32%	33,319	37%
High Net Worth	19,369	29%	20,191	23%
	<u>\$ 67,294</u>	<u>100%</u>	<u>\$ 89,879</u>	<u>100%</u>

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Affiliated Managers Group, Inc.

Reconciliation of Performance and Liquidity Measures

(in thousands)

	Three Months Ended 6/30/03	Three Months Ended 6/30/04
Net Income	\$ 13,823	\$ 18,920
Intangible amortization	4,033	4,163
Intangible-related deferred taxes	5,949	6,160
Affiliate depreciation	1,143	1,111
Cash Net Income (A)	<u>\$ 24,948</u>	<u>\$ 30,354</u>
Cash flow from operations	\$ 35,771	\$ 65,596
Interest expense, net of non-cash items	4,973	7,555
Current tax provision	1,690	5,624
Changes in assets and liabilities and other adjustments	(7,771)	(32,648)
EBITDA (B)	<u>\$ 34,663</u>	<u>\$ 46,127</u>
Holding company expenses	4,997	7,038
EBITDA Contribution	<u>\$ 39,660</u>	<u>\$ 53,165</u>
	Six Months Ended 6/30/03	Six Months Ended 6/30/04
Net Income	\$ 26,820	\$ 37,090
Intangible amortization	8,047	8,264
Intangible-related deferred taxes	11,899	12,243
Affiliate depreciation	2,196	2,136
Cash Net Income (A)	<u>\$ 48,962</u>	<u>\$ 59,733</u>
Cash flow from operations	\$ 33,686	\$ 77,402
Interest expense, net of non-cash items	9,561	13,812
Current tax provision	3,742	10,173
Changes in assets and liabilities and other adjustments	20,305	(11,508)
EBITDA (B)	<u>\$ 67,294</u>	<u>\$ 89,879</u>
Holding company expenses	9,982	13,929
EBITDA Contribution	<u>\$ 77,276</u>	<u>\$ 103,808</u>

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Affiliated Managers Group, Inc.
Consolidated Statements of Income
(dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2004	2003	2004
Revenue	\$ 116,701	\$ 158,562	\$ 226,948	\$ 310,196
Operating expenses:				
Compensation and related expenses	40,213	57,591	79,524	114,882
Selling, general and administrative	20,878	25,325	40,396	48,646
Amortization of intangible assets	4,033	4,163	8,047	8,264
Depreciation and other amortization	1,610	1,620	3,124	3,159
Other operating expenses	3,810	3,451	7,778	7,173
	<u>70,544</u>	<u>92,150</u>	<u>138,869</u>	<u>182,124</u>
Operating income	<u>46,157</u>	<u>66,412</u>	<u>88,079</u>	<u>128,072</u>
Non-operating (income) and expenses:				
Investment and other income	(1,484)	(1,698)	(2,959)	(3,582)
Interest expense	5,981	8,810	11,422	16,125
	<u>4,497</u>	<u>7,112</u>	<u>8,463</u>	<u>12,543</u>
Income before minority interest and taxes	41,660	59,300	79,616	115,529
Minority interest (E)	(18,621)	(27,766)	(34,915)	(53,198)
Income before income taxes	23,039	31,534	44,701	62,331
Income taxes - current	1,690	5,624	3,742	10,173
Income taxes - intangible-related deferred	5,949	6,160	11,899	12,243
Income taxes - other deferred	1,577	830	2,240	2,825
Net Income	<u>\$ 13,823</u>	<u>\$ 18,920</u>	<u>\$ 26,820</u>	<u>\$ 37,090</u>
Average shares outstanding - basic (C)	31,566,975	28,992,832	31,826,160	29,651,623
Average shares outstanding - diluted (C)	32,228,521	30,314,383	32,403,733	31,154,578
Earnings per share - basic (C)	\$ 0.44	\$ 0.65	\$ 0.84	\$ 1.25

Earnings per share - diluted (C) \$ 0.43 \$ 0.62 \$ 0.83 \$ 1.19

Affiliated Managers Group, Inc.
Consolidated Balance Sheets
(in thousands)

	December 31, 2003	June 30, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 253,334	\$ 344,672
Investment advisory fees receivable	65,288	79,895
Prepaid expenses and other current assets	20,861	18,422
Total current assets	339,483	442,989
Fixed assets, net	36,886	39,505
Acquired client relationships, net	364,429	378,843
Goodwill	751,607	812,146
Other assets	26,800	28,580
Total assets	<u>\$ 1,519,205</u>	<u>\$ 1,702,063</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 89,707	\$ 106,579
Notes payable to related party	11,744	7,623
Total current liabilities	101,451	114,202
Senior convertible debt	423,340	423,649
Mandatory convertible securities	230,000	530,000
Deferred income taxes	92,707	107,775
Other long-term liabilities	16,144	31,617
Total liabilities	863,642	1,207,243
Minority interest (E)	40,794	52,570
Stockholders' equity:		
Common stock	235	353
Additional paid-in capital	408,449	377,767
Accumulated other comprehensive income	944	1,763
Retained earnings	306,972	344,062
	716,600	723,945
Less treasury stock, at cost	(101,831)	(281,695)
Total stockholders' equity	614,769	442,250
Total liabilities and stockholders' equity	<u>\$ 1,519,205</u>	<u>\$ 1,702,063</u>

Affiliated Managers Group, Inc.
Consolidated Statements of Cash Flow
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2004	2003	2004
Cash flow from operating activities:				
Net Income	\$ 13,823	\$ 18,920	\$ 26,820	\$ 37,090
Adjustments to reconcile Net Income to net cash flow from operating activities:				
Amortization of intangible assets	4,033	4,163	8,047	8,264
Amortization of debt issuance costs	853	928	1,456	1,832
Depreciation and amortization of fixed assets	1,610	1,620	3,124	3,159
Deferred income tax provision	7,526	6,990	14,139	15,068
Accretion of interest	155	327	405	481
Tax benefit from exercise of stock options	914	—	914	5,509
Other adjustments	(24)	—	(555)	—
Changes in assets and liabilities:				
Increase in investment advisory fees receivable	(6,197)	(5,775)	(592)	(14,607)
Decrease (increase) in other current assets	1,088	5,316	(705)	6,865
Decrease (increase) in non-current other receivables	(934)	2,817	(700)	3,528
Increase (decrease) in accounts payable, accrued expenses and other liabilities	10,534	22,896	(14,766)	2,812

Increase (decrease) in minority interest	2,390	7,394	(3,901)	7,401
Cash flow from operating activities	35,771	65,596	33,686	77,402
Cash flow used in investing activities:				
Cost of investments, net of cash acquired	(2,999)	(75,952)	(6,118)	(80,066)
Purchase of fixed assets	(1,350)	(2,224)	(2,859)	(3,519)
Investment in marketable securities	(1,852)	(6)	(1,852)	(2,592)
Decrease (increase) in other assets	3	49	(12)	(57)
Cash flow used in investing activities	(6,198)	(78,133)	(10,841)	(86,234)
Cash flow from (used in) financing activities:				
Borrowings of senior bank debt	—	—	85,000	—
Repayments of senior bank debt	—	—	(85,000)	—
Issuances of convertible securities	—	—	300,000	300,000
Repurchase of convertible securities	(4,544)	—	(105,841)	—
Issuance of equity securities	4,773	—	4,773	11,414
Repurchases of common stock	—	—	(33,688)	(194,420)
Issuance costs	(164)	(129)	(7,461)	(9,844)
Repayments of notes payable	(566)	(2,457)	(8,068)	(7,041)
Cash flow from (used in) financing activities	(501)	(2,586)	149,715	100,109
Effect of foreign exchange rate changes on cash flow	55	61	244	61
Net increase (decrease) in cash and cash equivalents	29,127	(15,062)	172,804	91,338
Cash and cash equivalents at beginning of period	171,385	359,734	27,708	253,334
Cash and cash equivalents at end of period	\$ 200,512	\$ 344,672	\$ 200,512	\$ 344,672

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Affiliated Managers Group, Inc.

Notes

- (A) Cash Net Income is defined as Net Income plus amortization and deferred taxes related to intangible assets plus Affiliate depreciation. This supplemental non-GAAP performance measure is provided in addition to, but not as a substitute for, Net Income. The Company considers Cash Net Income an important measure of its financial performance, as management believes it best represents operating performance before non-cash expenses relating to the acquisition of interests in its affiliated investment management firms. Since acquired assets do not generally depreciate or require replacement, and since they generate deferred tax expenses that are unlikely to reverse, the Company adds back these non-cash expenses. Cash Net Income is used by the Company's management and Board of Directors as a principal performance benchmark.
- The Company adds back amortization attributable to acquired client relationships because this expense does not correspond to the changes in value of these assets, which do not diminish predictably over time. The Company adds back the portion of deferred taxes generally attributable to intangible assets (including goodwill) that it no longer amortizes but which continues to generate tax deductions. These deferred tax expense accruals would be used in the event of a future sale of an Affiliate or an impairment charge, which the Company considers unlikely. The Company adds back the portion of consolidated depreciation expense incurred by Affiliates because under its Affiliate operating agreements, the Company is generally not required to replenish these depreciating assets.
- (B) EBITDA is defined as earnings before interest expense, income taxes, depreciation and amortization. This supplemental non-GAAP liquidity measure is provided in addition to, but not as a substitute for, cash flow from operations. As a measure of liquidity, the Company believes EBITDA is useful as an indicator of its ability to service debt, make new investments and meet working capital requirements. EBITDA, as calculated by the Company, may not be consistent with computations of EBITDA by other companies. In reporting EBITDA by segment, Affiliate expenses are allocated to a particular segment on a pro rata basis with respect to the revenue generated by that Affiliate in such segment.
- (C) In January 2004, the Company's Board of Directors authorized a three-for-two stock split. The additional shares of common stock were distributed on March 29, 2004. The weighted average shares outstanding and per share figures reflect the stock split.
- (D) Cash earnings per share represents Cash Net Income divided by average shares outstanding.
- (E) Minority interest on the Company's income statement represents the profits allocated to Affiliate management owners for that period. Minority interest on the Company's balance sheet represents the undistributed profits and capital owned by Affiliate management, who retain a conditional right to sell their interests to the Company.

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