# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

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# FORM 10-K/A

**(Amendment No. 1)**

**(Mark One)**

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

**For the Fiscal year ended December 31, 2013**

**OR**

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

**For the transition period from to**

**Commission File Number 001-13459**

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## Affiliated Managers Group, Inc.

(Exact name of registrant as specified in its charter)

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

**600 Hale Street, P.O. Box 1000, Prides Crossing, Massachusetts 01965**
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| **Common Stock ($.01 par value)** | **New York Stock Exchange** |

Securities registered pursuant to Section 12(g) of the Act:

**None**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

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

At June 28, 2013, the aggregate market value of the common stock held by non-affiliates of the registrant, based upon the closing price of $163.94 on that date on the New York Stock Exchange, was $8,612,139,196. Calculation of holdings by non-affiliates is based upon the assumption, for this purpose only, that executive officers, directors and any persons holding 10% or more of the registrant's common stock are affiliates. There were 55,179,092 shares of the registrant's common stock outstanding on March 27, 2014.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on or about June 16, 2014 are incorporated by reference into Part III.

**Explanatory Note**

On February 27, 2014, Affiliated Managers Group, Inc. ("AMG") filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

This Form 10-K/A filing provides supplemental financial statements under Item 15 for ValueAct Holdings, L.P., an Affiliate in which AMG owns a minority interest.

## PART IV

**Item 15. Exhibits and Financial Statement Schedules.**

(a) (1) Financial Statements. See Item 8 of the original Form 10-K filed on February 27, 2014 by AMG.

(2) Financial Statement Schedule. See Item 8 of the original Form 10-K filed on February 27, 2014 by AMG. Also see Exhibit 99.1 for the separate financial statements of ValueAct Holdings, L.P. and Controlled Affiliates, which are incorporated by reference herein.

(3) Exhibits: See the Exhibit Index attached hereto and incorporated by reference herein.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 28, 2014.

AFFILIATED MANAGERS GROUP, INC.
(Registrant)

By: /s/ JAY C. HORGEN
Jay C. Horgen
*Chief Financial Officer and Treasurer*

**Exhibit Index**

3.1 Amended and Restated Certificate of Incorporation[1]

3.2 Amendment to Amended and Restated Certificate of Incorporation[2]

3.3 Amendment to Amended and Restated Certificate of Incorporation[3]

3.4 Amended and Restated By-laws[4]

4.1 Specimen certificate for shares of common stock of the Registrant[1]

4.2 Amended and Restated Declaration of Trust of AMG Capital Trust I, dated as of April 3, 2006, by and among Affiliated Managers Group, Inc., Wilmington Savings Fund Society, FSB d/b/a Christiana Trust (successor to Christiana Bank & Trust Company), as Delaware Trustee, U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Property Trustee and Administrative Trustee, and the holders from time to time of undivided beneficial interests in the assets of AMG Capital Trust I[5]

4.3 Indenture, dated as of April 3, 2006, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Debenture Trustee[5]

4.4 First Supplemental Indenture, dated as of January 10, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Debenture Trustee[6]

4.5 Guarantee Agreement, dated as of April 3, 2006, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Guarantee Trustee[5]

4.6 Amended and Restated Declaration of Trust of AMG Capital Trust II, dated as of October 17, 2007, by and among Affiliated Managers Group, Inc., U.S. Bank National Association, successor in interest to Bank of America National Trust Delaware, successor by merger to LaSalle National Trust Delaware, as Delaware Trustee, U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Property Trustee and Institutional Administrator, and the holders from time to time of undivided beneficial interests in the assets of AMG Capital Trust II[7]

4.7 Indenture, dated as of October 17, 2007, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Debenture Trustee[7]

4.8 First Supplemental Indenture, dated as of January 10, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Debenture Trustee[6]

4.9 Guarantee Agreement, dated as of October 17, 2007, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, successor in interest to Bank of America, N.A., successor by merger to LaSalle Bank National Association, as Guarantee Trustee[7]

4.10 Indenture, dated as of August 8, 2012, by and between Affiliated Managers Group, Inc. and Wells Fargo Bank, National Association, as Trustee[8]

4.11 First Supplemental Indenture related to the 6.375% Senior Notes due 2042, dated as of August 8, 2012, by and between Affiliated Managers Group, Inc. and Wells Fargo Bank, National Association, as Trustee, including the form of Global Note attached as Annex A thereto[8]

4.12 Second Supplemental Indenture related to the 5.250% Senior Notes due 2022, dated as of October 11, 2012, by and between Affiliated Managers Group, Inc. and Wells Fargo Bank, National Association, as Trustee, including the form of Global Note attached as Annex A thereto[9]

4.13 Indenture, dated as of February 11, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, as Trustee[10]

4.14 Supplemental Indenture related to the 4.250% Senior Notes due 2024, dated as of February 11, 2014, by and between Affiliated Managers Group, Inc. and U.S. Bank National Association, as Trustee, including the form of Global Note attached as Annex A thereto[10]

10.1† Affiliated Managers Group, Inc. Defined Contribution Plan[11]

10.2† Affiliated Managers Group, Inc. Executive Incentive Plan (f/k/a Long-Term Executive Incentive Plan)[12]

10.3† Affiliated Managers Group, Inc. Amended and Restated 1997 Stock Option and Incentive Plan[13]

10.4† Affiliated Managers Group, Inc. Amended and Restated 2002 Stock Option and Incentive Plan[13]

10.5† Affiliated Managers Group, Inc. 2006 Stock Option and Incentive Plan[3]

10.6† Affiliated Managers Group, Inc. Amended and Restated Long-Term Stock and Investment Plan[6]

10.7† Affiliated Managers Group, Inc. Executive Retention Plan[14]

10.8† Affiliated Managers Group, Inc. Deferred Compensation Plan(15)

10.9† Affiliated Managers Group, Inc. Long-Term Equity Interests Plan 2010, LP(16)

10.10† Affiliated Managers Group, Inc. 2011 Stock Option and Incentive Plan(17)

10.11† Affiliated Managers Group, Inc. Long-Term Equity Interests Plan 2011, LP(18)

10.12† Affiliated Managers Group, Inc. Long-Term Equity Interests Plan, LP(19)

10.13† Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan(20)

10.14† Form of Restricted Stock Award Agreement pursuant to Affiliated Managers Group, Inc. 2013 Incentive Stock Award Plan(21)

10.15† Form of Affiliated Managers Group, Inc. Award Agreement(6)

10.16† Form of Indemnification Agreement entered into by each Director and Executive Officer(22)

10.17† Service Agreement, dated as of June 7, 2011, by and between Affiliated Managers Group Limited and Andrew Dyson(23)

10.18 Amended and Restated Distribution Agency Agreement, dated as of August 8, 2012, by and among Affiliated Managers Group, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Bank of America, N.A.(8)

10.19 Form of Confirmation Letter Agreement, dated as of August 8, 2012, by and between Affiliated Managers Group, Inc. and Bank of America, N.A.(8)

10.20 Amended and Restated Distribution Agency Agreement, dated as of August 8, 2012, by and among Affiliated Managers Group, Inc., Deutsche Bank Securities Inc., and Deutsche Bank AG, London Branch(8)

10.21 Form of Confirmation Letter Agreement, dated as of August 8, 2012, by and among Affiliated Managers Group, Inc., Deutsche Bank Securities Inc., and Deutsche Bank AG, London Branch(8)

10.22 Credit Agreement, dated as of April 30, 2013, by and among Affiliated Managers Group, Inc., the several banks and other financial institutions from time to time party thereto as lenders, and Bank of America, N.A., as Administrative Agent, and the exhibits and schedules thereto(24)

10.23 Form of Distribution Agency Agreement, dated as of August 6, 2013(25)

10.24 Form of Confirmation Letter Agreement, dated as of August 6, 2013(25)

21.1 Schedule of Subsidiaries(6)

23.1 Consent of PricewaterhouseCoopers LLP(6)

23.2 Consent of PricewaterhouseCoopers LLP*

31.1 Certification of Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(6)

31.2 Certification of Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(6)

31.3 Certification of Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*

31.4 Certification of Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*

32.1 Certification of Registrant's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(26)

32.2 Certification of Registrant's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(26)

32.3 Certification of Registrant's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

32.4 Certification of Registrant's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

99.1 Financial Statements of ValueAct Holdings, L.P. and Controlled Affiliates*

101 The following financial statements from the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 were previously furnished, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the years ended December 31, 2013, 2012, and 2011, (ii) the Consolidated Balance Sheets at December 31, 2013 and December 31, 2012, (iii) the Consolidated Statement of Equity for the years ended December 31, 2013, 2012, and 2011, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012, and 2011, and (v) the Notes to the Consolidated Financial Statements.(26)

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† Indicates a management contract or compensatory plan

* Filed herewith

** Furnished herewith

(1) Incorporated by reference to the Company's Registration Statement on Form S-1 (No. 333-34679), filed August 29, 1997, as amended

(2) Incorporated by reference to the Company's Registration Statement on Form S-8 (No. 333-129748), filed November 16, 2005

(3) Incorporated by reference to the Company's Proxy Statement on Schedule 14A (No. 001-13459), filed April 28, 2006

(4) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed July 31, 2012

(5) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed April 7, 2006

(6) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (No. 001-13459) filed February 27, 2014, which is being amended hereby

(7) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed October 18, 2007

(8) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (No. 001-13459), filed August 8, 2012

(9) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed October 11, 2012

(10) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed February 11, 2014

(11) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (No. 001-13459), filed March 30, 2000

(12) Incorporated by reference to the Company's Proxy Statement on Schedule 14A (No. 001-13459), filed April 29, 2010

(13) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (No. 001-13459), filed May 10, 2004

(14) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (No. 001-13459), filed November 9, 2005

(15) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (No. 001-13459), filed March 2, 2009, as amended

(16) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed December 17, 2010

(17) Incorporated by reference to the Company's Proxy Statement on Schedule 14A (No. 001-13459), filed April 19, 2011

(18) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (No. 001-13459), filed February 23, 2012

(19) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (No. 001-13459), filed February 22, 2013

(20) Incorporated by reference to the Company's Proxy Statement on Schedule 14A (No. 001-13459), filed April 30, 2013

(21) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (No. 001-13459), filed November 12, 2013

(22) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (No. 001-13459), filed March 1, 2011

(23) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (No. 001-13459), filed May 8, 2012

(24) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed April 30, 2013

(25) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed August 6, 2013

(26) Previously furnished with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (No. 001-13459), filed February 27, 2014, which is being amended hereby

**Exhibit 23.2**

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (No. 333-190402) and S-8 (No. 333-190412, No. 333-175912, No. 333-135416, No. 333-129748, No. 333-100628, No. 333-84485, and No. 333-72967) of Affiliated Managers Group, Inc. (the “Company”) of our report dated March 28, 2014 relating to the financial statements of ValueAct Holdings, L.P. and Controlled Affiliates, which appears in this Form 10-K/A.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
March 28, 2014

**Exhibit 31.3**

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

I, Sean M. Healey, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Affiliated Managers Group, Inc.; and

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.

Date: March 28, 2014

/s/ SEAN M. HEALEY

Sean M. Healey

*Chief Executive Officer and Chairman*

**Exhibit 31.4**

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

I, Jay C. Horgen, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Affiliated Managers Group, Inc.; and

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.

Date: March 28, 2014

/s/ JAY C. HORGEN

Jay C. Horgen

*Chief Financial Officer and Treasurer*

**Exhibit 32.3**

**CERTIFICATION 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 Annual Report on Form 10-K/A of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sean M. Healey, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(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: March 28, 2014

/s/ SEAN M. HEALEY
Sean M. Healey
*Chief Executive Officer*

**Exhibit 32.4**

**CERTIFICATION 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 Annual Report on Form 10-K/A of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jay C. Horgen, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(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: March 28, 2014

/s/ JAY C. HORGEN
Jay C. Horgen
*Chief Financial Officer and Treasurer*

## Report of Independent Registered Public Accounting Firm

To the General Partner of ValueAct Holdings, L.P.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in partners' capital and redeemable noncontrolling interests and of cash flows present fairly, in all material aspects, the financial position of ValueAct Holdings, L.P. and its Controlled Affiliates (collectively, the "Partnership") at December 31, 2013, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
March 28, 2014

**ValueAct Holdings, L.P. and Controlled Affiliates**
**Consolidated Balance Sheets**
**December 31, 2013 and 2012 (not covered by auditor's report)**

| | | 2013 | | 2012 (not covered by auditor's report) |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ | 2,154,146,392 | $ | 1,166,482,643 |
| Investments in securities, at fair value | | 12,442,920,948 | | 8,584,512,162 |
| Interest and dividends receivable | | 15,757,687 | | 8,713,993 |
| Loans receivable from related parties | | — | | 450,000 |
| Other assets | | 2,647,485 | | 1,273,086 |
| Unrealized gain on forward foreign currency contract | | 32,698 | | — |
| Fixed assets, net | | 2,920,052 | | 970,238 |
| Total assets | $ | 14,618,425,262 | $ | 9,762,402,122 |
| | | | | |
| **Liabilities, Redeemable Noncontrolling Interests and Partners' Capital** | | | | |
| Withdrawals payable | $ | 734,002,327 | $ | 267,551,375 |
| Accounts payable, accrued expenses and unearned income | | 3,287,405 | | 26,443,395 |
| Deferred performance and management fees payable | | 51,790,926 | | 45,578,403 |
| Term loans and line of credit | | 7,500,000 | | 450,000 |
| Contributions received in advance | | 315,502,000 | | 434,770,000 |
| Total liabilities | | 1,112,082,658 | | 774,793,173 |
| Commitments and contingencies (Note 12) | | | | |
| Redeemable noncontrolling interests in subsidiaries | | 12,453,349,151 | | 8,487,909,860 |
| Partners' capital | | 1,052,993,453 | | 499,699,089 |
| Total liabilities, redeemable noncontrolling interests and partners' capital | $ | 14,618,425,262 | $ | 9,762,402,122 |

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

**ValueAct Holdings, L.P. and Controlled Affiliates**
**Consolidated Statements of Operations**
**Years Ended December 31, 2013, 2012 (not covered by auditor's report) and 2011 (not covered by auditor's report)**

| | 2013 | 2012 (not covered by auditor's report) | 2011 (not covered by auditor's report) |
|---|---|---|---|
| **Revenues** | | | |
| Dividends | $ 189,307,519 | $ 66,436,730 | $ 94,692,049 |
| Interest income | 2,105,336 | 8,640 | 68,060 |
| Other income | 8,429,533 | 450,667 | 2,432,138 |
| Total income | 199,842,388 | 66,896,037 | 97,192,247 |
| **Expenses** | | | |
| Compensation expense | 31,600,975 | 70,617,313 | 8,608,020 |
| Change in deferred performance and management fees payable | 17,114,200 | 9,262,088 | 6,203,490 |
| Professional fees | 2,564,945 | 1,067,463 | 1,165,115 |
| Interest expense | 2,306 | 2,108 | 33,939 |
| Administrative fees | 4,040,517 | 2,888,479 | 2,364,040 |
| Other | 10,353,126 | 15,811,940 | 7,262,149 |
| Total expenses | 65,676,069 | 99,649,391 | 25,636,753 |
| **Gain (loss) on investments** | | | |
| Net realized gain | 1,211,645,985 | 546,135,331 | 1,100,919,643 |
| Net change in unrealized gain (loss) | 2,636,814,603 | 1,239,359,666 | (346,036,498) |
| Net gain on investments | 3,848,460,588 | 1,785,494,997 | 754,883,145 |
| Net income | 3,982,626,907 | 1,752,741,643 | 826,438,639 |
| Net income attributable to redeemable noncontrolling interests | (3,133,266,042) | (1,450,196,540) | (646,681,182) |
| Net income attributable to partners | $ 849,360,865 | $ 302,545,103 | $ 179,757,457 |

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

**ValueAct Holdings, L.P. and Controlled Affiliates**
**Consolidated Statements of Changes in Partners' Capital and Redeemable Noncontrolling Interests**
**Years Ended December 31, 2013, 2012 (not covered by auditor's report) and 2011 (not covered by auditor's report)**

| | Partners' Capital | Redeemable Noncontrolling Interests |
|---|---|---|
| **December 31, 2010 (not covered by auditor's report)** | $ 257,252,070 | $ 4,469,144,024 |
| Contributions | 82,326 | 1,739,392,378 |
| Distributions | (117,184,461) | (586,267,336) |
| Net income | 179,757,457 | 646,681,182 |
| **December 31, 2011 (not covered by auditor's report)** | 319,907,392 | 6,268,950,248 |
| Capital increase related to equity-based compensation (Note 9) | 61,559,216 | — |
| Contributions | — | 1,038,499,253 |
| Distributions | (184,312,622) | (269,736,181) |
| Net income | 302,545,103 | 1,450,196,540 |
| **December 31, 2012 (not covered by auditor's report)** | 499,699,089 | 8,487,909,860 |
| Capital increase related to equity-based compensation (Note 9) | 16,056,441 | — |
| Contributions | 47,000 | 1,981,772,707 |
| Distributions | (312,169,942) | (1,149,599,458) |
| Net income | 849,360,865 | 3,133,266,042 |
| **December 31, 2013** | $ 1,052,993,453 | $ 12,453,349,151 |

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

**ValueAct Holdings, L.P. and Controlled Affiliates**
**Statements of Cash Flows**
**Years Ended December 31, 2013, 2012 (not covered by auditor's report) and 2011 (not covered by auditor's report)**

| | 2013 | 2012 (not covered by auditor's report) | 2011 (not covered by auditor's report) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | $ 3,982,626,907 | $ 1,752,741,643 | $ 826,438,639 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities | | | |
| Purchases of investment securities | (4,268,430,927) | (2,459,217,978) | (3,858,353,968) |
| Proceeds from dispositions of investment securities | 4,258,482,729 | 2,302,220,275 | 2,727,112,934 |
| Net realized gain on investment securities | (1,211,645,985) | (546,135,331) | (1,100,919,643) |
| Net change in unrealized (gain) loss on investment securities | (2,636,814,603) | (1,239,359,666) | 346,036,498 |
| Depreciation and amortization | 246,897 | 282,770 | 211,145 |
| Equity based compensation | 16,056,441 | 61,559,216 | — |
| Change in operating assets and liabilities | | | |
| Interest and dividends receivable | (7,043,694) | (633,713) | (6,262,652) |
| Other assets | (1,374,399) | 1,244,846 | 694,718 |
| Deferred performance and management fees payable | 6,212,523 | 4,840,333 | 1,978,784 |
| Unrealized gain on forward foreign currency contract | (32,698) | — | — |
| Accounts payable, accrued expenses and unearned income | (23,155,990) | 5,125,883 | 19,471,878 |
| Net cash provided by (used in) operating activities | 115,127,201 | (117,331,722) | (1,043,591,667) |
| **Cash flows from investing activities** | | | |
| Purchase of fixed assets | (2,196,711) | (404,432) | (234,032) |
| Net cash used in investing activities | (2,196,711) | (404,432) | (234,032) |
| **Cash flows from financing activities** | | | |
| Contributions from redeemable noncontrolling interests | 1,547,002,707 | 766,759,253 | 1,733,318,378 |
| Contributions from partners | 47,000 | — | 82,326 |
| Distributions to partners | (238,455,595) | (166,806,623) | (140,771,899) |
| Withdrawals by redeemable noncontrolling interests | (756,862,853) | (258,765,489) | (713,944,140) |
| Payments received on loans to related parties | 450,000 | 200,000 | 555,000 |
| Proceeds from term loans | 7,500,000 | — | — |
| Payments on term loans | (450,000) | (1,200,000) | (3,455,000) |
| Contributions received in advance from redeemable noncontrolling interests | 315,502,000 | 434,770,000 | 271,740,000 |
| Net cash provided by financing activities | 874,733,259 | 774,957,141 | 1,147,524,665 |
| Net increase in cash and cash equivalents | 987,663,749 | 657,220,987 | 103,698,966 |
| **Cash and cash equivalents** | | | |
| Beginning of the year | 1,166,482,643 | 509,261,656 | 405,562,690 |
| End of year | $ 2,154,146,392 | $ 1,166,482,643 | $ 509,261,656 |
| | | | |
| **Supplemental disclosure of cash flow information** | | | |
| Interest paid | $ — | $ 10,004 | $ 33,939 |

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

## 1. Organization

ValueAct Holdings, L.P. (the "Partnership") was organized as a Delaware limited partnership on October 30, 2007. The Partnership commenced operations on November 8, 2007 and will continue until dissolved under the provisions of the Partnership's Limited Partnership Agreement (the "Partnership Agreement"). The principal purpose of the Partnership is to provide investment management services directly and/or through controlled affiliates to existing and future ValueAct funds and their clients.

The general partner of the Partnership is ValueAct Holdings GP, LLC (the "General Partner"). The General Partner has the full, exclusive and complete discretion to manage and control the business and affairs of the Partnership.

## 2. Significant Accounting Policies

**Basis of Accounting**
The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

**Prior Period Adjustment**
In connection with the preparation of the 2013 financial statements, the Partnership determined that the manner in which it accounted for certain 2012 equity-based compensation was incorrect. Upon issuance of the equity-based compensation, the Partnership recorded a liability rather than recording an increase in partners' capital in the amount of $61,559,216. The General Partner assessed the materiality of this error and determined that the 2012 financial statements were not materially misstated; however, it determined that the most appropriate manner to make the adjustment is to revise the 2012 financial statements. Accordingly, the General Partner elected to revise the 2012 financial statements. As a result, for the year ended December 31, 2012, Partners' Capital was increased by $61,559,216 and accounts payable, accrued expenses and unearned income was decreased by the same amount.

**Principles of Consolidation**
The accompanying consolidated financial statements include the accounts of the Partnership and its controlled affiliates (collectively, the "Controlled Affiliates"). The Controlled Affiliates consist of the following:

| Name | Type | Formed | Commenced Operations |
|---|---|---|---|
| VA Partners I, LLC | Delaware Limited Liability Company | October 30, 2007 | November 8, 2007 |
| VA Partners III, LLC* | Delaware Limited Liability Company | June 19, 2006 | July 1, 2006 |
| ValueAct Capital Management, LLC | Delaware Limited Liability Company | December 16, 2004 | January 1, 2005 |
| ValueAct Capital Management, L.P. | Delaware Limited Partnership | December 16, 2004 | January 1, 2005 |

* On July 5, 2012 VA Partners III, LLC ceased operations and was formally dissolved.

The financial statements of the Controlled Affiliates also consolidate certain investment partnerships (collectively, the "ValueAct Funds") managed by the Partnership. ValueAct Funds consist of the following:

| Name | Type | Formed | Commenced Operations |
|---|---|---|---|
| ValueAct Capital Master Fund, L.P. | British Virgin Islands Limited Partnership | September 10, 2004 | October 1, 2004 |
| ValueAct Capital Partners, L.P. | Delaware Limited Partnership | August 16, 2000 | October 20, 2000 |
| ValueAct Capital Partners II, L.P. | Delaware Limited Partnership | August 16, 2000 | November 17, 2000 |
| ValueAct Capital International I, L.P. | British Virgin Islands Limited Partnership | December 12, 2006 | January 1, 2007 |
| ValueAct Capital International II, L.P. | British Virgin Islands Limited Partnership | May 26, 2006 | June 1, 2006 |
| ValueAct AllCap Partners, L.P. | Delaware Limited Partnership | June 1, 2007 | July 1, 2007 |
| ValueAct AllCap International, L.P. | British Virgin Islands Limited Partnership | June 30, 2007 | July 1, 2007 |
| ValueAct Co-Invest Master Fund, L.P. | British Virgin Islands Limited Partnership | September 3, 2010 | March 1, 2013 |
| ValueAct Co-Invest Partners, L.P. | Delaware Limited Partnership | September 3, 2010 | March 1, 2013 |
| ValueAct Co-Invest International, L.P. | British Virgin Islands Limited Partnership | September 3, 2010 | March 1, 2013 |

The Partnership consolidates the Controlled Affiliates as a presumption exists that a general partner in a limited partnership controls the limited partnership and, therefore, should include the limited partnership in its consolidated financial statements unless the presumption is overcome through the substantive ability by the limited partners to remove the general partner or otherwise dissolve the limited partnership or there exists substantive participating rights by the limited partners.

All significant intercompany balances and transactions between the Partnership, the Controlled Affiliates and the ValueAct Funds have been eliminated in consolidation.

**Cash and Cash Equivalents**
Cash and cash equivalents include both investments with an original maturity of three months or less as well as amounts due from brokers. Amounts due from brokers represent cash on deposit with financial institutions pending reinvestment and balances due from brokers for unsettled trades.

Cash and cash equivalents in the amount of $2,151,735,554 and $1,165,789,677 as of December 31, 2013 and 2012, although not legally restricted, are not available to fund the general liquidity needs of the Partnership.

**Concentration of Credit Risk**
The Partnership and subsidiaries invest their cash primarily in deposits and money market funds with commercial banks and financial institutions. At times, cash balances may exceed federally insured amounts.

**Investment Valuation**
Marketable securities are valued at their last sales price on the valuation date or, if no sales occurred on such date, at the closing “bid” price if owned and the closing “asked” price if sold short. Other marketable securities traded in the over-the-counter market are valued at the closing bid price. Unrealized gains and losses are reflected in the statements of operations.

Substantially all securities transactions are cleared through, and held in custody by, a member firm of the New York Stock Exchange, Inc. Security transactions are recorded on the trade date basis. Realized gains and losses are determined on a specific identified cost basis. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Restricted securities are securities subject to SEC Rule 144 or other holding period restrictions, and cannot be sold without prior registration under the Securities Act of 1933, as amended, or pursuant to an exemption therefrom, and securities requiring termination of agreement with a third party before they are freely tradable in the public market. These securities are valued as if they were marketable securities with liquidity discounts determined by the Partnership.

Nonmarketable securities are carried at fair value as determined by the General Partner in accordance with the Partnership Agreement. Factors considered by the General Partner in determining fair value include cost, the type of investment, subsequent purchases of the same or similar investments by the Partnership or other investors, the current financial position and operating results of the company invested in, and such other factors as may be deemed relevant.

The General Partner's estimate and assumption of fair value of the nonmarketable securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material.

The carrying amounts of cash and cash equivalents and short-term receivables and payables approximate their estimated fair values because of the short maturity of those instruments.

The books and records of the Partnership and the Controlled Affiliates are maintained in U.S. dollars. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the financial statements. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction.

The Partnership and the Controlled Affiliates do not isolate gains and losses on investments attributable to changes in foreign exchange rates from gains and losses from changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains and losses from investments.

**Fixed Assets**
Furniture, equipment, leasehold improvements, and other fixed assets are carried at cost less accumulated depreciation and amortization. Furniture is depreciated over a useful life of seven years. Equipment and other fixed assets are depreciated over a useful life of five years. Leasehold improvements are depreciated over the lesser of the lease term or a useful life of fifteen years.

**Withdrawals Payable**
Withdrawals from Controlled Affiliates are recognized as liabilities, net of performance allocation, when the amount requested in the withdrawal notice becomes fixed. This generally may occur either at the time of the receipt of notice, or on the last day of a fiscal period, depending on the nature of the request. As a result, withdrawals paid after the end of the year, but based upon year- end capital balances are reflected as withdrawals payable at December 31. Withdrawal notices received for which the dollar amount is not fixed remain in capital until the amount is determined. Withdrawals payable include $107,242,172 and $33,527,825 payable to partners and $626,760,155 and $234,023,550 to redeemable noncontrolling interests as of December 31, 2013 and 2012, respectively.

**Deferred Performance and Management Fees**
Fees deferred in prior periods by the VA Partners I, LLC's predecessor entity, which is controlled by certain partners of the Partnership and is thus considered a related party, remain in the Partnership's account at the respective Controlled Affiliate. The deferred amount is reflected on the Partnership's books as a liability. Any future appreciation will be charged to the Partnership as reduction of income, and any future depreciation will be treated as a reduction of expense that would otherwise be allocated to the partners.

**Financial Instruments and Credit Risk**
In the normal course of business, the ValueAct Funds purchase and sell various financial instruments. These financial instruments include investments in securities, securities sold, not yet purchased and equity options. As a result, the Partnership is exposed to market and credit risks.

Market risk represents the potential loss that can be caused by a change in the market value of a financial instrument. The Partnership's exposure to market risk is determined by a number of factors, including the size, composition, diversification of positions held, interest rates and market volatility. The General Partner monitors the ValueAct Funds' exposure to market risk by reviewing trading strategies, setting market risk limits and maintaining otherwise uncorrelated and diverse positions.

Credit risk represents the maximum potential loss that the ValueAct Funds would incur if the counterparties failed to perform pursuant to the terms of their agreements with the ValueAct Funds. The ValueAct Funds regularly transact business with U.S. financial institutions and manage credit risk by limiting the total amount of arrangements outstanding, both by individual counterparty and in the aggregate, by monitoring the size and maturity structure of its portfolio and by applying uniform credit standards for all activities associated with credit risk.

Substantially all securities transactions are cleared through, and held in custody by, a member firm of the New York Stock

Exchange, Inc. The Partnership is subject to credit risk to the extent that the broker may be unable to fulfill its obligations either to return the ValueAct Funds' securities or repay amounts owed. In the normal course of their investment activities, the ValueAct Funds may be required to pledge investments as collateral, whereby the prime broker has the right, under the terms of its prime brokerage agreement, to sell or repledge the securities if the ValueAct Funds are unable to meet their margin requirements.

Due to the nature of the ValueAct Funds' strategies, each portfolio may consist of certain illiquid or thinly traded investments, which may have a greater amount of both market and credit risk than many other fixed income or equity securities. Such investments are not actively traded on a recognized security exchange. Please refer to Note 16 for further disclosure of these items.

The ValueAct Funds invest in corporate promissory notes. Until the notes are converted, sold, or mature, the Partnership is exposed to credit risk relating to whether the note issuers will meet their obligation when it comes due.

**Income Taxes**

As a partnership, the Partnership itself is not subject to U.S. Federal income taxes. Each partner is individually liable for income taxes, if any, on their share of the Partnership's net taxable income. Accordingly, no federal or state income taxes are payable by the Partnership and no accruals have been provided for in the accompanying financial statements.

Accounting principles generally accepted in the United States of America set forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Partnership did not have any unrecognized tax benefits in the accompanying financial statements. In the normal course of business, the Partnership is subject to examination by federal, state, local, and foreign jurisdictions, where applicable. As of December 31, 2013, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2010 forward (with limited exceptions).

**Redeemable Noncontrolling Interests**

Redeemable noncontrolling interests in consolidated subsidiaries (previously "Minority Interest") represent the partners' capital in the ValueAct Funds held by third party investors. These amounts are presented within the consolidated balance sheets outside of permanent equity because they are subject to periodic redemption by investors, as directed by the applicable partnership agreements. When redeemable amounts become legally payable to investors, they are classified as a liability and included in withdrawals payable on the consolidated balance sheet. In addition, net investment income and net realized and unrealized gains or losses are consolidated within the consolidated statements of operations. The redeemable noncontrolling interests' share of changes in net income is reported as a separate component in the consolidated statements of operations.

**Accounting Pronouncements**

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

## 3. Fixed Assets, Net

The components of the Partnership's fixed assets, net as of December 31, 2013 and 2012 are as follows:

| December 31, 2013 | Cost | Accumulated Depreciation and Amortization | Net Book Value |
|---|---|---|---|
| Equipment | $ 907,483 | $ (736,768) | $ 170,715 |
| Furniture | 1,925,355 | (678,778) | 1,246,577 |
| Leasehold Improvements | 1,670,113 | (194,187) | 1,475,926 |
| Other | 93,175 | (66,341) | 26,834 |
| | $ 4,596,126 | $ (1,676,074) | $ 2,920,052 |

| December 31, 2012 (not covered by auditor's report) | Cost | Accumulated Depreciation and Amortization | Net Book Value |
|---|---|---|---|
| Equipment | $ 831,237 | $ (627,100) | $ 204,137 |
| Furniture | 811,789 | (619,932) | 191,857 |
| Leasehold Improvements | 670,244 | (140,724) | 529,520 |
| Other | 93,175 | (48,451) | 44,724 |
| | $ 2,406,445 | $ (1,436,207) | $ 970,238 |

### 4. Investments in Securities

Investments in securities included in the Partnership's consolidated balance sheets at December 31, 2013 and 2012 are comprised of the following:

| | December 31, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 (not covered by auditor's report) | |
| **Investments in Securities** | **Shares** | **Fair Value** | **Shares** | **Fair Value** |
| **Common stocks** | | | | |
| **United States** | | | | |
| Business services | | $ 23,747,207 | | $ 16,265,431 |
| Energy | | 39,249,778 | | 444,774,366 |
| Financial services | | | | |
| CBRE Group Inc. | 32,162,764 | 845,880,693 | 32,000,000 | 636,800,000 |
| Moodys Corp. | — | — | 15,034,073 | 756,514,553 |
| Other | | — | | 24,762,000 |
| Industrials | | | | |
| Rockwell Collins | 13,113,000 | 969,312,960 | 10,542,900 | 613,280,493 |
| Other | | 497,675,882 | | 171,780,875 |
| Information technology | | | | |
| Adobe Systems | 25,310,116 | 1,515,544,436 | 31,303,362 | 1,179,510,680 |
| Microsoft Corporation | 66,865,530 | 2,501,439,477 | — | — |
| Motorola Solutions Inc. | 28,907,623 | 1,951,264,553 | 28,907,623 | 1,609,576,448 |
| Other | | 710,118,555 | | 555,556,453 |
| Medical equipment | | — | | 418,385,258 |
| Oil & gas services | | 228,792,890 | | 257,188,686 |
| Total United States | | 9,283,026,431 | | 6,684,395,243 |
| **Canada** | | | | |
| Pharmaceuticals | | | | |
| Valeant Pharmaceuticals International | 18,923,877 | 2,221,663,160 | 17,559,302 | 1,049,519,481 |
| **Germany** | | | | |
| Financial Services | | 122,030,650 | | — |
| **United Kingdom** | | | | |
| Industrials | | — | | 79,712,118 |
| **Ireland** | | | | |
| Financial Services | | | | |
| Willis Group Holdings Ltd. | 18,214,700 | 816,200,707 | 11,285,690 | 378,409,186 |
| Total common stocks | | 12,442,920,948 | | 8,192,036,028 |
| | | | | |
| **Partnerships** | | | | |
| **United States** | | | | |
| Auto parts wholesale | | — | | 390,413,570 |
| Financial services | | — | | 2,062,564 |
| Total partnerships | | — | | 392,476,134 |
| Total investments in securities | | $ 12,442,920,948 | | $ 8,584,512,162 |

## 5. Forward Foreign Currency Contracts

ValueAct Funds may enter into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked to market daily and the change in value is recorded by the ValueAct Funds as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery of the currencies or offset by entering into another forward foreign currency contract, the ValueAct Funds recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The ValueAct Funds bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts. As of December 31, 2013, the Partnership had the following open contract:

| Settlement Date | Counterparty | Contract To Deliver | In Exchange For | Unrealized Gain (Loss) | ASC 820 Fair Value Hierarchy |
|---|---|---|---|---|---|
| January 21, 2014 | Morgan Stanley | EUR 72,661,217 | USD 100,000,000 | $ 32,698 | Level 2 |

## 6. Related-Party Transactions

The ValueAct Funds are charged a quarterly management fee by ValueAct Capital Management, L.P. ("the Management Company"), as compensation for managing the business and affairs of the ValueAct Funds, at the end of each fiscal quarter. The management fee terms for each investor range between 1.00% and 2.00% per annum. Certain limited partners that are affiliated with or employed by the General Partner of the ValueAct Funds are exempt from the management fee. For purposes of calculating the management fee, the capital account balance of the ValueAct Funds shall be deemed to include the capital account balance of each ValueAct Funds' feeder LP's limited partners for the quarter.

In accordance with the ValueAct Funds' limited partnership agreements, the annual management fee rate charged to each feeder LP's Tranche 1, Tranche 2, Tranche 3, Tranche 4, and Tranche 5 limited partners whose aggregate net asset value of capital accounts equals or exceeds $100,000,000, shall be reduced by 0.25%, however, the management fee rate with respect to these tranches shall not be reduced below 1% per annum. The annual management fee rate charged to each feeder LP's Tranche 1A limited partners whose aggregate net asset value of capital accounts equals or exceeds $200,000,000, shall be reduced by 0.25%. The annual management fee rate charged to each feeder LP's Tranche 3A and 5A limited partners whose aggregate net asset value of capital accounts equals or exceeds $100,000,000, shall be reduced by 0.25%. In addition, the annual management fee rate charged to each feeder LP's Tranche 3A and 5A limited partners whose aggregate net asset value of capital accounts equals or exceeds $300,000,000 shall be reduced an additional 0.25%.

The management fees paid by the ValueAct Funds to the Management Company have been eliminated in consolidation.

In accordance with the ValueAct Funds' limited partnership agreements, the amount of the fee paid out of the funds is reduced by the amount of director fees or other fees received by the Management Company from investments in which the ValueAct Funds participate. Director and other fees of $8,409,391, $142,282 and $2,158,334 are included in other income in the accompanying statements of operations for the periods ended December 31, 2013, 2012 and 2011, respectively.

## 7. Allocation of ValueAct Funds' Income or Loss

Net profit and net loss are allocated to the partners in proportion to their respective ownership percentages as of the first day of each fiscal period. If, at the end of each Performance Allocation period the limited partners have cumulative profits, a portion of those profits shall be allocated to the General Partner.

The General Partner of the ValueAct Funds shall be allocated 20% of all profits allocated to limited partners ("Performance Allocation"). The Performance Allocation can be subject to net loss carryovers, annual preferred return and hurdle rates between 6-12.5% and full catch-up provisions as described in the Agreement. The General Partner of the ValueAct Funds is entitled to the Performance Allocation at the end performance allocation period which is either at the end of each fiscal year or at the end of the applicable lock-up period as defined in the Agreement. Performance allocation to be allocated to the General Partner of the ValueAct Funds at the end of a multi-year lock-up period terminating beyond a fiscal year-end is accrued at the end of such fiscal year and is included in partners' capital and income solely for financial statement reporting purposes; however, accrued performance fee is not used to calculate each partner's participating percentages for purposes of the allocation of the ValueAct Funds' net income until the end of the lock-up period or when the limited partner withdraws. The Agreement also allows the General Partner of the ValueAct Funds to reallocate all or a portion of the Performance Allocation to designated limited partners without the consent of the limited partners. With respect to each of the limited partners, the General Partner of the ValueAct Funds will adjust the Performance Allocation charged at the ValueAct Funds' master and feeder LP levels such that, to the extent possible, the cumulative Performance Allocation charged to limited partners of the feeder LPs, directly or indirectly, will in the aggregate equal the cumulative Performance Allocation that would have been charged if such feeder LPs and the master were a single entity.

The ValueAct Funds at times participate in public offerings of equity securities ("New Issues"). Profits or losses resulting from the ValueAct Funds' participation in such New Issues are allocated in accordance with the guidelines provided by the Financial Industry Regulatory Authority.

During the years ended December 31, 2013, 2012 and 2011, there was no New Issue income earned by the ValueAct Funds.

## 8. Partners' Capital, Contributions, Withdrawals, and Distributions

A separate capital account is maintained for each partner. Each capital account is equal to the partner's contributions less withdrawals and distributions, and is adjusted for the partner's allocable share of the Partnership's profits and losses.

Partners may make voluntary capital contributions at the discretion of the Partnership's General Partner. Should the Partnership require additional working capital to meet its operational needs, the General Partner may request that certain partners make additional capital contributions.

Generally, no partner has the right to withdraw capital from the Partnership, except as otherwise provided in the Partnership Agreement.

## 9. Equity-Based Compensation

The Partnership has granted equity to certain employees which entitles holders the right to receive proportionate distributions of income. These awards are accounted for as a book value plan under ASC 718, *Compensation - Stock Compensation*, such that the value is estimated on the date of grant based on the stated formula and is amortized to compensation expense on a straight-line basis over the related vesting period. Equity-based awards that do not require future service are expensed immediately. Total unrecognized compensation cost for the Partnership related to non-vested equity awards was $45,014,594 at December 31, 2013, $48,348,027 at December 31, 2012 and $11,044,490 at December 31, 2011. This cost is expected to be recognized over the weighted average remaining vesting period of 2.9 years. The total value of equity-based compensation recognized during fiscal year 2013 was $16,056,441, during fiscal year 2012 was $61,559,216 and during fiscal year 2011 was $2,761,122.

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2013** | **2012 (not covered by auditor's report)** | **2011 (not covered by auditor's report)** |
| **Unrecognized equity-based compensation cost at beginning of year** | $ 48,348,027 | $ 11,044,490 | $ — |
| Equity-based compensation related to additional award grants | 12,723,008 | 98,862,753 | 13,805,612 |
| Equity-based compensation expense recognized | (16,056,441) | (61,559,216) | (2,761,122) |
| **Unrecognized equity-based compensation cost at end of year** | $ 45,014,594 | $ 48,348,027 | $ 11,044,490 |

## 10. Financial Guarantees

The Partnership indemnifies covered persons, as defined in the Partnership Agreement, from and against all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions in connection with activities of the Partnership. The Partnership has not had prior claims or losses pursuant to these indemnifications and expects the risk of loss to be remote.

## 11. Foreign Securities

The ValueAct Funds invest in securities of foreign companies which involve risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, different securities transaction clearance and settlement practices, and future adverse political and economic developments. Moreover, securities of foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

## 12. Commitments and Contingencies

The Partnership leases office space under agreements expiring between June 14, 2014 and December 31, 2020. Expense for the periods ended December 31, 2013, 2012 and 2011 was $648,290, $643,836 and $639,397, respectively. Future minimum lease payments at December 31, 2013 are as follows:

| Year ending December 31, | | |
|---|---|---|
| 2014 | $ | 2,208,293 |
| 2015 | | 2,729,388 |
| 2016 | | 2,651,377 |
| 2017 | | 2,696,789 |
| 2018 | | 2,742,191 |
| Thereafter | | 5,620,587 |
| Total future minimum lease payments | $ | 18,648,625 |

As of December 31, 2013, the Partnership had a security deposit of $25,521 related to office space as required by the lessors. As of December 31, 2012 there was no deposit related to office space required by the lessors.

## 13. Term Loans and Line of Credit

On November 15, 2013, the Management Company entered into loan agreements with First Republic Bank (the “Lender”). The agreements consist of a term commitment used for leasehold improvements in the principal amount of $14,000,000 and a line of credit loan used for working capital of the Management Company in the principal amount of $5,000,000. The loan agreements are secured with a first priority lien on all of the Management Company’s assets and all management fees paid and payable to the Management Company by ValueAct Capital Master Fund, L.P. Under the terms of the loan agreements, the Management Company is required to maintain compliance with certain financial covenants. As of December 31, 2013 and 2012, the Management Company was in compliance with the covenants. The terms and amounts of these agreements, including the remaining capacity to use each facility, are disclosed below:

| Facility | Interest Rates | Term | Remaining Capacity | | Balance at December 31, 2013 | |
|---|---|---|---|---|---|---|
| $5,000,000 Line of Credit | 2.5% (based on WSJ Prime - 0.75%) (no floor rate) | Exp. July 24, 2014 | $ | 82,161 | $ | 3,500,000 |
| $1,417,839 Standby Letter of Credit | N/A | Exp. March 31, 2021 | | 1,417,839 | | — |
| $14,000,000 Term Commitment | 2.5% (based on WSJ Prime - 0.75%) (no floor rate) | Exp. November 15, 2020 | | 10,000,000 | | 4,000,000 |
| Total at December 31, 2013 | | | $ | 11,500,000 | $ | 7,500,000 |

| Facility | Interest Rates | Term | Remaining Capacity | Balance at December 31, 2012 (not covered by auditor's report) |
|---|---|---|---|---|
| Facility 2 | 1.5% Fixed | Exp. May 4, 2013 | $ — | $ 450,000 |
| Facility 5 | Prime + 0%, no floor | Exp. Jul. 24, 2013 | 3,500,000 | — |
| Total at December 31, 2012 | | | $ 3,500,000 | $ 450,000 |

Interest expense incurred on the above facilities totaled $2,306, $7,896 and $17,646 for the periods ended December 31, 2013, 2012 and 2011, respectively.

### 14. Loans Receivable from Related Parties

The Management Company has entered into promissory note arrangements with various related parties of the Management Company. Each arrangement was initially funded through a borrowing facility at First Republic Bank (Note 13). At December 31, 2013 and 2012, the total amount receivable from related parties was $0 and $450,000, respectively.

### 15. Retirement Plan

The Management Company provides a defined contribution plan (the “Plan”) under Section 401(k) of the Internal Revenue Code to all eligible employees of the Partnership. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

### 16. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction in the primary market between market participants at the measurement date. In determining fair value, the Partnership uses various valuation approaches. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Partnership. Unobservable inputs reflect the Partnership’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access. The type of investments included in Level 1 includes listed equities. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Investments which are generally included in this category include corporate bonds.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Investments that are included in this category generally include investments in illiquid securities.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may ultimately be realized due to the occurrence of future circumstances that cannot be reasonably determined. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls is determined by the lowest level input that is significant to the fair value measurement.

The valuation process involved in Level 3 measurements for assets and liabilities is completed on a quarterly basis and is designed to provide consistency, oversight and review to the valuation of Level 3 investments. The General Partner utilizes a valuation committee, whose members include the Chief Investment Officer, Chief Operating Officer, and certain other employees of the management company or its affiliates. The valuation committee is responsible for coordinating and implementing the Partnership's quarterly valuation process. For investments classified as Level 3, investment professionals are responsible for gathering financial and operating data and company specific developments from the portfolio company management teams or other sources as appropriate. Internal valuation is then developed by the management company. All internal valuations are reviewed and approved by the valuation committee.

The following tables present information about the Partnership's assets and liabilities measured at fair value as of December 31, 2013 and 2012:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance as of December 31, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Common stocks | $ 12,214,128,058 | $ — | $ 228,792,890 | $ 12,442,920,948 |
| Total assets | $ 12,214,128,058 | $ — | $ 228,792,890 | $ 12,442,920,948 |

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance as of December 31, 2012 (not covered by auditor's report) |
|---|---|---|---|---|
| **Assets** | | | | |
| Common stocks | $ 7,934,847,342 | $ — | $ 257,188,686 | $ 8,192,036,028 |
| Partnership | — | 392,476,134 | — | 392,476,134 |
| Total assets | $ 7,934,847,342 | $ 392,476,134 | $ 257,188,686 | $ 8,584,512,162 |

The changes in investments measured at fair value for which the Partnership has used Level 3 inputs to determine fair value are as follows:

| | Years Ended December 31, | |
|---|---|---|
| | 2013 | 2012 (not covered by auditor's report) |
| Balances at beginning of year | $ 257,188,686 | $ 257,188,686 |
| Transfers in | — | — |
| Transfers out | — | — |
| Purchases (sales), net | — | — |
| Realized loss | — | — |
| Unrealized loss | (28,395,796) | — |
| Balances at end of year | $ 228,792,890 | $ 257,188,686 |

Realized and unrealized gains and losses are included in net gain on investments in the statement of operations. The change in unrealized gain (loss) on assets held at year end, which was reported in the statement of operations, was ($28,395,796) and $0 for the years ended December 31, 2013 and 2012, respectively.

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level 3 of the fair value hierarchy as of December 31, 2013 and 2012:

| Investments | Fair Value at December 31, 2013 | | Valuation Technique | Unobservable Input | Range |
|---|---|---|---|---|---|
| Equity Securities | $ | 228,792,890 | Discounted cash flows | Weighted average cost of capital | 10% - 11% |
| | | | | Long-term cash revenue growth rate | 3% - 8% |
| | | | | Long-term cash EBITDA growth rate | 3% - 8% |
| | | | | Long-term net cash capex growth rate | 0% -5% |

| Investments | Fair Value at December 31, 2012 (not covered by auditor's report) | | Valuation Technique | Unobservable Input | Range |
|---|---|---|---|---|---|
| Equity Securities | $ | 257,188,686 | Discounted cash flows | Weighted average cost of capital | 10% - 11% |
| | | | | Long-term cash revenue growth rate | 3% - 8% |
| | | | | Long-term cash EBITDA growth rate | 3% - 8% |
| | | | | Long-term net cash capex growth rate | 0% -5% |

There were no transfers in or out of Levels 1 or 2.

**17. Subsequent Events**

The General Partner has evaluated subsequent events through March 28, 2014, which is the date the financial statements were available to be issued. Subsequent to December 31, 2013, ValueAct AllCap Partners, L.P. and ValueAct AllCap International, L.P. ceased operations and were formally dissolved. There are no other events or transactions that occurred or were pending that would have had a material effect on the financial statements as of December 31, 2013.