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

---

## FORM 10-K

**(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, 2012**

**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) |

**600 Hale Street, 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**

---

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 29, 2012, the aggregate market value of the common stock held by non-affiliates of the registrant, based upon the closing price of $109.45 on that date on the New York Stock Exchange, was $5,586,100,782. 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 52,576,768 shares of the registrant's common stock outstanding on February 15, 2013.

**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 11, 2013 are incorporated by reference into Part III.

**FORM 10-K**

**TABLE OF CONTENTS**

**PART I**

| | | |
|---|---|---|
| Item 1. | Business | 1 |
| Item 1A. | Risk Factors | 7 |
| Item 1B. | Unresolved Staff Comments | 13 |
| Item 2. | Properties | 13 |
| Item 3. | Legal Proceedings | 13 |
| Item 4. | Mine Safety Disclosures | 13 |

**PART II**

| | | |
|---|---|---|
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 14 |
| Item 6. | Selected Financial Data | 16 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 17 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 40 |
| Item 8. | Financial Statements and Supplementary Data | 40 |
| Item 9. | Changes in and Disagreements With Accountants on Accounting and Financial Disclosure | 87 |
| Item 9A. | Controls and Procedures | 87 |
| Item 9B. | Other Information | 87 |

**PART III**

| | | |
|---|---|---|
| Item 10. | Directors, Executive Officers and Corporate Governance | 88 |
| Item 11. | Executive Compensation | 88 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 88 |
| Item 13. | Certain Relationships and Related Transactions and Director Independence | 88 |
| Item 14. | Principal Accountant Fees and Services | 88 |

**PART IV**

| | | |
|---|---|---|
| Item 15. | Exhibits, Financial Statement Schedules | 89 |

# PART I

## Item 1. Business

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

We hold meaningful equity interests in each of our Affiliates. The remaining equity interests are retained by management of the Affiliate and enable Affiliate management to continue to participate in their firm's success. Our investment approach provides a degree of liquidity and diversification to principal owners of boutique investment management firms, and also addresses the succession and ownership transition issues facing many founders and principal owners. Our partnership approach also ensures that our Affiliates maintain operational autonomy in managing their business, thereby preserving their firm's entrepreneurial culture and independence. In particular, our structures are designed to:

- maintain and enhance Affiliate management equity incentives in their firms;
- preserve each Affiliate's distinct culture and investment focus; and
- provide Affiliates with the ability to realize the benefits of scale economies in global distribution, operations, compliance and technology.

Although we invest in firms that we anticipate will grow independently and without our assistance, we are committed to helping Affiliates identify opportunities for growth and leverage the benefits of economies of scale. We assist our Affiliates in broadening their global distribution capabilities, developing new products and providing strategic support and enhanced operational capabilities.

We believe that substantial opportunities to make investments in high-quality boutique investment management firms will continue to arise as their founders seek to institutionalize their businesses through broader equity ownership, or approach retirement age and begin to plan for succession. Our management identifies select firms based on our thorough understanding of the asset management industry, and has developed relationships with a significant number of these firms. Within our target universe, we seek the strongest and most stable firms with the best growth prospects. These firms are typically characterized by a strong multi-generational management team and culture, with a commitment to building longer-term success, focused investment discipline and diverse products and distribution channels. We are focused on investing in the highest quality boutique investment management firms, including traditional, alternative and wealth management firms, specializing in an array of investment styles and asset classes. We anticipate that we will have significant additional investment opportunities across the global asset management industry, including the potential for investments in subsidiaries, divisions and other investment teams or products.

### Investment Management Operations

As of December 31, 2012, we manage $431.8 billion in assets through our Affiliates across a broad range of asset classes and investment styles in three principal distribution channels: Institutional, Mutual Fund and High Net Worth. We believe that our diversification across geographies, asset classes, investment styles and distribution channels helps to mitigate our exposure to the risks created by changing market environments.

The composition of our assets under management and a summary of selected financial data attributable to our operations for each distribution channel are included in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 18 and 22, respectively.

*Institutional Distribution Channel*

Through our Affiliates, we manage assets for large institutional investors world-wide including sovereign wealth funds, foundations, endowments, and retirement plans for corporations and municipalities.

Our institutional investment services and products are distributed by sales and marketing professionals developing new institutional business through direct sales efforts and established relationships with pension consultants around the world. Our global distribution platform operates in key markets to extend the reach of our Affiliates' own business development efforts, including offices in Sydney, serving institutional investors in Australia and New Zealand; London and Zurich, serving institutional investors in the United Kingdom and Europe; Dubai, serving institutional investors in the Middle East; and Hong Kong, serving institutional investors in Asia. Our efforts are designed to ensure that our Affiliates' products and services are successfully tailored and marketed and are responsive to the evolving demands of the global marketplace by providing our Affiliates with resources and expertise to improve their asset gathering capability. Our Affiliates currently manage assets for non-U.S. clients in more than 40 countries, including Australia, Brazil, Canada, Germany, Japan, Luxembourg, the Netherlands, Singapore, the United Arab Emirates and the United Kingdom.

*Mutual Fund Distribution Channel*

In our mutual fund distribution channel, we provide advisory or sub-advisory services to mutual funds and other retail-oriented products. These funds are distributed to retail and institutional clients directly and through intermediaries, including independent investment advisors, retirement plan sponsors, broker-dealers, major fund marketplaces and bank trust departments.

Through our global distribution platform, we provide access to the U.S. mutual fund wholesale distribution channel and wrap sponsor platforms, and provide our Affiliates with a single point of contact for retail intermediaries such as banks, brokerage firms and other sponsored platforms.

*High Net Worth Distribution Channel*

Through our Affiliates, we provide advisory services to ultra-high net worth individuals, families and charitable foundations. Direct services to these clients include customized investment counseling, investment management and fiduciary services. In 2011, we formed AMG Wealth Partners to extend and tailor our innovative partnership approach to equity investments in ultra-high net worth wealth management firms.

Additionally, we provide advisory services to high net worth individuals through managed account relationships with intermediaries such as brokerage firms. Through our global distribution platform, we provide our Affiliates with enhanced managed account distribution and administration capabilities to individual managed account clients.

*Our Structure and Relationship with Affiliates*

We establish and maintain long-term partnerships with our Affiliates, believing that Affiliate management equity ownership (along with AMG's ownership) aligns our interests and provides Affiliates with a powerful incentive to continue to grow their business. We partner with the highest quality firms in the industry, with outstanding management teams, strong long-term performance records and a demonstrated commitment to continued growth and success. Our partnership approach ensures that Affiliates maintain operational autonomy in managing their business, thereby preserving their entrepreneurial culture and independence.

Although the specific structure of each investment is highly tailored to meet the needs of a particular Affiliate, in all cases, we establish a meaningful equity interest in the firm, with the

remaining equity interests retained by Affiliate management. Each Affiliate is organized as a separate firm, and its operating or shareholder agreement is structured to provide appropriate incentives for management owners and to address their particular characteristics while also enabling us to protect our interests, including through arrangements such as long-term employment agreements with key members of the firm.

We generally have contractual arrangements ("revenue sharing arrangements") with our Affiliates. In many cases, a percentage of revenue is allocable to fund operating expenses, including compensation (the "Operating Allocation"), while the remaining revenue (the "Owners' Allocation") is allocable to us and Affiliate management, generally with a priority to us. In other revenue sharing arrangements, we own a minority interest that allocates to us a percentage of the Affiliate's revenue, with the remaining revenue available to the Affiliate to pay operating expenses and profit distributions to the other owners. Certain of our Affiliates operate under profit-based arrangements through which we receive a share of profits as cash flow, rather than a percentage of revenue through a typical revenue sharing agreement. As a result, we participate fully in any increase or decrease in the revenue or expenses of such firms. From time to time, we may consider changes to the structure of our relationship with an Affiliate in order to better support the firm's growth strategy.

Many of our Affiliate operating agreements provide Affiliate management conditional rights ("put rights") that enable them to sell their retained equity interests to us at certain intervals, gradually over time. These agreements also provide us conditional rights to require the managers to sell their interests to us ("call rights"). We believe these rights enhance our ability to keep our ownership within a desired range and provide Affiliate management sufficient incentives to grow and improve their business and create equity value for themselves. These rights help facilitate our ability to provide equity ownership opportunities in our Affiliates to a broader group of management.

Through our Affiliates, we derive most of our revenue from the provision of investment management services. Investment management fees ("asset-based fees") are usually determined as a percentage fee charged on periodic values of a client's assets under management. Our private equity products generally bill advisory fees on committed capital.

Certain clients are billed for all or a portion of their accounts based upon assets under management valued at the beginning of a billing period ("in advance"). Other clients are billed for all or a portion of their accounts based upon assets under management valued at the end of the billing period ("in arrears"). Most client accounts in the High Net Worth distribution channel are billed in advance, and most client accounts in the Institutional distribution channel are billed in arrears. Clients in the Mutual Fund distribution channel are billed based upon average daily assets under management. Asset-based fees billed in advance will not reflect subsequent changes in the market value of assets under management for that period but may reflect changes due to client withdrawals. Conversely, asset-based fees billed in arrears will reflect changes in the market value of assets under management for that period.

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

When we own a majority of the equity interests of a firm, we consolidate the Affiliates' results. In certain instances, we hold a minority investment and generally use the equity method of accounting. Consistent with the equity method of accounting, we have not consolidated the operating results

(including the revenue) of these firms and, therefore, increases or decreases in these firms' assets under management will not affect our reported revenue. Our share of these firms' earnings is generally calculated as a percentage of revenue (net of intangible amortization).

Our Net income reflects the revenue of our consolidated Affiliates (but not the revenue of our equity method Affiliates) and our share of income from equity method Affiliates, reduced by:

- our expenses, including the operating expenses of our consolidated Affiliates; and
- the profits allocated to managers of our consolidated Affiliates (i.e., non-controlling interest).

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

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

- those affecting the global financial markets generally and the equity markets particularly, which could potentially result in considerable increases or decreases in the assets under management at our Affiliates;
- the level of Affiliate revenue, which is dependent on the ability of our existing and future Affiliates to maintain or increase assets under management by maintaining their existing investment advisory relationships and fee structures, marketing their services successfully to new clients and obtaining favorable investment results;
- our receipt of Owners' Allocation from Affiliates with revenue sharing arrangements, which depends on the ability of our existing and future Affiliates to maintain certain levels of operating profit margins;
- the increases or decreases in the revenue and expenses of Affiliates that operate on a profit-based model;
- the availability and cost of the capital with which we finance our existing and new investments;
- our success in making new investments and the terms upon which such transactions are completed;
- the level of intangible assets and the associated amortization expense resulting from our investments;
- the level of our expenses, including compensation for our employees; and
- the level of taxation to which we are subject.

**Investments in Affiliates**

On June 29, 2012, we completed our investment in Veritable, LP ("Veritable") through AMG Wealth Partners. Veritable manages assets for ultra-high net worth individuals and provides comprehensive, objective and tax-sensitive investment consultation through an approach customized for each client's specific needs.

On June 29, 2012, we completed our investment in Yacktman Asset Management LP ("Yacktman"). Yacktman specializes in large-cap equities through a unique, value-oriented approach.

On July 31, 2012, we completed an additional investment in our Affiliate, BlueMountain Capital Management LLC ("BlueMountain"), a leading global credit alternatives manager. BlueMountain manages assets across a diverse set of strategies in the credit markets.

Our target investment universe includes more than 1,800 investment management firms globally, and we have established relationships with approximately 800 of these firms and continue to develop new relationships with additional firms. With our track record of successful partnership, we are uniquely positioned to execute on a diverse opportunity set, including a broad array of traditional, alternative and wealth management firms. We believe that demographic trends will continue to create a number of succession planning opportunities as the founders of independent firms recognize the need for partnership transition, or otherwise seek a degree of diversification and increase in resources to pursue their growth strategy. In addition, we believe alternative firms will continue to seek institutional partnerships and liquidity, thereby creating a number of opportunities for minority investments. Finally, we expect that the number of transaction opportunities available to us will be further enhanced as larger financial organizations dispose of non-core asset management subsidiaries.

We are well positioned to execute upon these investment opportunities through our established process of identifying and cultivating investment prospects, our broad industry relationships, and our substantial experience and expertise in structuring and negotiating transactions. In addition, we have a strong reputation as an effective partner to our existing Affiliates, and are recognized as an innovative, supportive institutional partner for the highest quality boutique investment management firms.

**Competition**

In each of our three principal distribution channels, we and our Affiliates compete with a large number of other domestic and foreign investment management firms, as well as subsidiaries of larger financial organizations. These firms may have significantly greater financial, technological and marketing resources, captive distribution and greater assets under management and many offer an even broader array of investment products and services. Since certain Affiliates are active in the same distribution channels, from time to time they compete with each other for clients. In addition, there are relatively few barriers to entry for new investment management firms to compete with our Affiliates, especially in the Institutional distribution channel. We believe that the most important factors affecting our ability to compete for clients in our three principal distribution channels are the:

- performance records, investment style and discipline, and reputation of our Affiliates and their management teams, as well as their ability to attract and retain high quality investment professionals;
- depth and continuity of client relationships;
- diversity of products offered;
- level of client service offered;
- the continued success of our global distribution platform and the strong business relationships with the major intermediaries who currently distribute our products; and
- development and marketing of new investment strategies and ability to access opportunities to meet the changing needs of investors.

The relative importance of each of these factors can vary depending on the distribution channel and the type of investment management service involved, as well as general market conditions. Each Affiliate's ability to retain and increase assets under management would be adversely affected if client accounts underperform in comparison to relevant benchmarks or peer groups, or if key personnel leave the Affiliate. The ability of each Affiliate to compete with other investment management firms also

depends, in part, on the relative attractiveness of its investment philosophies and methods under then-prevailing market trends.

A component of our growth strategy is the acquisition of equity interests in additional high-quality boutique investment management firms. We compete with a number of acquirers of investment management firms, including other investment management companies, private equity firms, sovereign wealth funds and larger financial organizations. Many of these competitors have longer operating histories and greater financial and strategic resources than we do, which may make our competitors more attractive to the owners of the firms in which we are considering an investment. In addition, these competitors may have a lower cost of capital and access to funding sources that are not available to us. We believe that important factors affecting our ability to compete for future investments are the:

- degree to which target firms view our investment structure as preferable, financially, operationally or otherwise, to acquisition or investment arrangements offered by other potential purchasers; and

- reputation and performance of our existing and future Affiliates, by which target firms may judge us and our future prospects.

**Government Regulation**

Our business is subject to complex and extensive regulation by various regulatory authorities in jurisdictions around the world. This regulatory environment may be altered without notice by new laws or regulations, revisions to existing regulations or new interpretations or guidance. Changes in these laws or regulations could have a material adverse impact on our business, our profitability and mode of operations, and could require that we or our Affiliates incur substantial cost or curtail our operations or investment offerings. Regulatory authorities may also conduct examinations or inspections of our operations or those of our Affiliates and any determination of a failure to comply with laws or regulations could result in disciplinary or enforcement action with penalties that may include the disgorgement of fees, fines, suspensions or censure of individual employees or revocation or limitation of business activities or registration. Even in the absence of wrongdoing, regulatory inquiries or proceedings could cause substantial expenditures of time and capital and result in reputational damage, and potentially have an adverse effect on the price of our common stock. Global financial regulatory reform initiatives are likely to result in more stringent regulation of the financial services industry in which we and our Affiliates operate, which could adversely affect our business.

**Employees and Corporate Organization**

As of December 31, 2012, we had approximately 130 employees and our Affiliates had approximately 2,100 employees, the substantial majority of which were full-time. Neither we nor any of our Affiliates is subject to any collective bargaining agreements, and we believe that our labor relations are good. We were formed in 1993 as a corporation under the laws of the State of Delaware.

**Our Web Site**

Our web site is *www.amg.com*. It provides information about us, as well as a link in the "Investor Relations" section of our web site to another web site where you can obtain, free of charge, a copy of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, and any amendments to those reports filed or furnished with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. We make these reports available through our web site as soon as reasonably practicable after our electronic filing of such materials with, or the furnishing of them to, the Securities and Exchange Commission. The information contained or incorporated on our web site is not a part of this Annual Report on Form 10-K.

## Item 1A.    Risk Factors

We face a variety of risks that are substantial and inherent in our business, including market, liquidity, credit, operational, legal and regulatory risks. The following are some of the more important factors that could affect our business.

***Our financial results depend on equity market returns and the investment performance of our Affiliates.***

Our Affiliates typically receive fees based on the market value of assets under management, and payments will be adversely affected by declines in the equity markets. In addition, some of our Affiliates are paid fees based on investment performance on an absolute basis or relative to a specified benchmark and, as such, are directly dependent upon investment results which may vary substantially from year to year. Unfavorable market performance and volatility in the capital markets or in the prices of specific securities may reduce our Affiliates' assets under management, which in turn may adversely affect the fees payable to our Affiliates and, ultimately, our consolidated results of operations and financial condition. Because our assets under management are largely concentrated in equity products, our results are particularly susceptible to downturns in the equity markets, or a decline in the assets invested in the equity markets.

***Our growth strategy depends upon continued growth from our existing Affiliates and upon making new investments in boutique investment management firms.***

Our Affiliates may not maintain their respective levels of performance or contribute to our growth at their historical or currently anticipated levels. Also, our Affiliates may be unable to carry out their management succession plans, which may adversely affect their operations and revenue streams and thus our results of operations.

The success of our investment program will depend upon our ability to find suitable firms in which to invest, our ability to negotiate agreements with such firms on acceptable terms, and our ability to raise the capital necessary to finance such transactions. We cannot be certain that we will be successful in finding or investing in such firms or that they will have favorable operating results following our investment, which could have an adverse effect on our business, financial condition and results of operations.

***Our financial results could be adversely affected by the financial stability of other financial institutions.***

We and our Affiliates routinely execute transactions with various counterparties in the financial services industry. Historical market volatility highlights the interconnection of the global markets and demonstrates how the deteriorating financial condition of one institution may materially and adversely impact the performance of other institutions. We and our Affiliates may be exposed to such risk in the event that a counterparty with whom we transact defaults on its obligations, or if there are other unrelated systemic failures in the markets.

***Historically, equity markets and our common stock have been volatile.***

The market price of our common stock historically has experienced and may continue to experience volatility, and the broader equity markets have experienced and may again experience significant price and volume fluctuations. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us, our Affiliates or our competitors could cause the market price of our common stock to fluctuate substantially.

***Our business is highly regulated.***

Our business is subject to extensive regulation by various regulatory and self-regulatory authorities in jurisdictions around the world. If we or any of our Affiliates were to fail to comply with applicable laws, rules or regulations or be named as a subject of an investigation or other regulatory action, the public announcement and potential publicity surrounding any such investigation or action could have a material adverse effect on our stock price and result in increased costs even if we (or our Affiliates) were found not to have violated such laws, rules or regulations. The failure of AMG or any Affiliate to satisfy regulatory requirements could subject it to civil liability, criminal liability or sanctions that might materially impact our business and the Affiliate's business. As investment advisers, our Affiliates are subject to numerous obligations, fiduciary duties and other regulatory requirements, where non-compliance could result in censure or termination of adviser status, litigation or reputational harm, any of which could have an adverse effect on our stock price and results of operations. We are at times subject to tax audits in various jurisdictions. Tax authorities may disagree with certain positions we have taken and assess additional taxes, which could materially and adversely impact our financial condition. Proposals in the U.S. and the European Union have called for more stringent regulation and additional taxation of the financial services industry in which we and our Affiliates operate, which may make it more likely that changes will occur that could adversely affect our business, our access to capital and the market for our common stock.

Changes in laws or regulatory requirements, or the interpretation or application of such laws and regulatory requirements by regulatory authorities, can occur without notice and could have a material adverse impact on our profitability and mode of operations. In the U.S., regulatory uncertainty continues to surround the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which represented a comprehensive overhaul of the financial services regulatory environment and requires federal agencies to implement numerous new rules, which may impose additional restrictions and limitations on our business as they are adopted. In the United Kingdom and Europe, our business may be impacted by financial services reform initiatives enacted or under consideration in the European Union. Compliance with these new laws and regulations may also result in increased compliance costs and expenses.

***Our international operations are subject to foreign risks, including political, regulatory, economic and currency risks.***

We and some of our Affiliates operate offices or advise clients outside of the U.S., and several Affiliates are based outside the U.S. Accordingly, we and our Affiliates that have foreign operations are subject to risks inherent in doing business internationally, in addition to the risks our business faces more generally. These risks may include changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, different, and in some cases, less stringent legal, regulatory and accounting regimes, political instability, fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. These or other risks related to our international operations may have an adverse effect both on our Affiliates and on our consolidated business, financial condition and results of operations.

***Our Affiliates' autonomy limits our ability to alter their management practices and policies, and we may be held responsible for liabilities incurred by them.***

Although our agreements with our Affiliates typically give us the authority to control and/or vote with respect to certain of their business activities, we generally are not directly involved in managing our Affiliates' day-to-day activities, including investment management policies and procedures, fee levels, marketing and product development, client relationships, employment and compensation programs and compliance activities. As a consequence, our financial condition and results of operations

may be adversely affected by problems stemming from the day-to-day operations of our Affiliates, where weaknesses or failures in internal processes or systems could lead to a disruption of our Affiliates' operations, liability to their clients, exposure to disciplinary action or reputational harm.

Some of our Affiliates are partnerships or limited liability companies of which we, or entities controlled by us, are the general partner or managing member. Consequently, to the extent that any of these Affiliates incur liabilities or expenses that exceed its ability to pay for them, we may be directly or indirectly liable for their payment. In addition, with respect to each of our Affiliates, we may be held liable in some circumstances as a control person for the acts of the Affiliate or its employees. While we and our Affiliates maintain errors and omissions and general liability insurance in amounts believed to be adequate to cover certain potential liabilities, we cannot be certain that we will not have claims that exceed the limits of available insurance coverage, that the insurers will remain solvent and will meet their obligations to provide coverage or that insurance coverage will continue to be available to us and our Affiliates with sufficient limits and at a reasonable cost. A judgment in excess of available insurance coverage could have a material adverse effect on our financial condition.

***We depend on regular distributions from our Affiliates to fund our operations. In addition, our structure results in substantial structural subordination that may affect our ability to make payments on our obligations.***

We receive cash distributions from our Affiliates. An Affiliate's payment of distributions to us may be subject to claims by the Affiliate's creditors and to limitations applicable to the Affiliate under federal and state laws, including securities and bankruptcy laws, and any applicable non-U.S. laws. Additionally, an Affiliate may default on some or all of the distributions that are payable to us. If we do not receive the distributions to which we are entitled under our agreements with our Affiliates, it would adversely affect us, and may affect our ability to make payments on our obligations.

Our right to receive any assets of our Affiliates or subsidiaries upon their liquidation or reorganization, and thus the right of the holders of our securities to benefit from those assets, typically would be subordinated to the claims of that entity's creditors. In addition, even if we were a creditor of any of our Affiliates or subsidiaries, our rights as a creditor would be subordinate to any security interest and indebtedness that is senior to us.

***The agreed-upon expense allocation under our revenue sharing arrangements with our Affiliates may not be large enough to pay for all of the respective Affiliate's operating expenses.***

Our Affiliates have generally entered into agreements with us under which they have agreed to pay us a specified percentage of their respective gross revenue, while retaining a percentage of revenue for use in paying that Affiliate's operating expenses. We may not anticipate and reflect in those agreements possible changes in the revenue and expense base of any Affiliate, and the agreed-upon expense allocation may not be large enough to pay for all of an Affiliate's operating expenses. We may elect to defer the receipt of our share of an Affiliate's revenue to permit the Affiliate to fund such operating expenses, or we may restructure our relationship with an Affiliate with the aim of maximizing the long-term benefits to us, but we cannot be certain that any such deferral or restructured relationship would be of any greater benefit to us. Such a deferral or restructured relationship may have an adverse effect on our near-term or long-term profitability and financial condition.

***The sale or issuance of substantial amounts of our common stock could adversely impact the price of our common stock.***

The sale or issuance of substantial amounts of our common stock in the public market could adversely impact its price. In connection with our financing activities, we issued securities and entered into contracts including our convertible securities and forward equity agreements that may result in the

issuance of our common stock upon the occurrence of certain events. As of December 31, 2012, approximately 7.8 million shares remain issuable under the terms of our convertible securities. Moreover, in connection with future financing activities, we may issue additional convertible securities or shares of our common stock. Any such issuance of shares of our common stock could have the effect of substantially diluting the interests of our current equity holders. In the event that a large number of shares of our common stock are sold in the public market, the price of our common stock may fall.

***The failure to consummate announced investments in new investment management firms could have an adverse effect on our operating results and financial condition.***

Consummation of our acquisition transactions is generally subject to a number of closing conditions, contingencies and approvals, including but not limited to obtaining certain consents of the investment management firms' clients. In the event that an announced transaction is not consummated, we may experience a decline in the price of our common stock to the extent that the then-current market price reflects a market assumption that we will complete the announced transaction. In addition, the fact that a transaction did not close after we announced it publicly may negatively affect our ability and prospects to consummate transactions in the future. Finally, we must pay costs related to these transactions, including legal and accounting fees, even if the transactions are not completed, which may have an adverse effect on our results of operations and financial condition.

***We expect that we will need to raise additional capital in the future, and existing or future resources may not be available to us in sufficient amounts or on acceptable terms.***

While we believe that our existing cash resources and cash flow from operations will be sufficient to meet our working capital needs for normal operations for the foreseeable future, our continuing acquisitions of interests in new affiliated investment management firms may require additional capital. We may also need to repurchase some or all of our $460.0 million of outstanding 3.95% convertible senior notes in the third quarter of 2013. We are contingently liable to make additional purchase payments upon the achievement of specified financial targets in connection with certain of our prior acquisitions and we have obligations to purchase additional equity in existing Affiliates, which obligations may be triggered from time to time. These obligations may require more cash than is then available from operations. Thus, we may need to raise capital by making additional borrowings or by selling shares of our common stock or other equity or debt securities, or to otherwise refinance a portion of these obligations.

Our level of indebtedness may increase if we fund one or more future acquisitions through borrowings under our credit facility. This additional indebtedness could increase our vulnerability to general adverse economic and industry conditions and will require us to dedicate a greater portion of our cash flow from operations to payments on our indebtedness.

The financing activities described above could increase our interest expense, decrease our Net income and dilute the interests of our existing stockholders. In addition, our access to further capital, and the cost of capital we are able to access, is influenced by our credit rating. A reduction in our credit rating could increase our borrowing costs and may limit our access to the capital markets.

***We have substantial intangibles on our balance sheet, and any impairment of our intangibles could adversely affect our results of operations.***

At December 31, 2012, our total assets were approximately $6.2 billion, of which approximately $3.9 billion were intangible assets, and approximately $1.0 billion were Equity investments in Affiliates, an amount comprised primarily of intangible assets. We cannot be certain that we will ever realize the

value of such intangible assets. An impairment of our intangible assets or an other than temporary decline in the value of our equity investments could adversely affect our results of operations.

***We and our Affiliates rely on certain key personnel and cannot guarantee their continued service.***

We depend on the efforts of our executive officers and our other officers and employees. Our executive officers, in particular, play an important role in the stability and growth of our existing Affiliates and in identifying potential investment opportunities for us. We do not have employment agreements with our officers, although each of them has a significant equity interest, including stock options.

In addition, our Affiliates depend heavily on the services of key principals, who in many cases have managed their firms for many years. These principals often are primarily responsible for their firm's investment decisions. Although we use a combination of economic incentives, transfer restrictions and, in some instances, non-solicitation agreements and employment agreements in an effort to retain key management personnel, there is no guarantee that these principals will remain with their firms. Since certain Affiliates contribute significantly to our revenue, the loss of key management personnel at these Affiliates could have a disproportionate adverse impact on our business.

***Failure to maintain an adequate infrastructure may limit our growth, result in losses or disrupt our business.***

We operate in an industry that is dependent on its information systems and technology. The failure to implement and maintain an infrastructure commensurate with the size and scope of our business could impede our productivity and growth, which could adversely impact our stock price and results of operations. Further, although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to breaches, unauthorized access, theft, misuse, computer viruses or other malicious code and other events that could have a security impact. If any such event occurred, this potentially could jeopardize our and our Affiliates' confidential and other information, or otherwise cause interruptions or malfunctions in our operations, which could result in significant losses, increased costs or reputational harm.

***Our Affiliates' investment management contracts are subject to termination on short notice.***

Our Affiliates derive almost all of their revenue from their clients based upon their investment management contracts with those clients. These contracts are typically terminable by the client without penalty upon relatively short notice (typically not longer than 60 days) and may not be assignable without consent. We cannot be certain that our Affiliates will be able to retain their existing clients or attract new clients. If our Affiliates' clients withdraw a substantial amount of funds, it is likely to harm our results. In addition, investment management contracts with mutual funds are subject to annual approval by each fund's board of directors.

***Our industry is highly competitive.***

Through our Affiliates, we compete with a broad range of investment managers, including public and private investment advisors, firms associated with securities broker-dealers, financial institutions, insurance companies, private equity firms, sovereign wealth funds and other entities that serve our three principal distribution channels, many of whom have greater resources. This competition may reduce the fees that our Affiliates can obtain for their services. We believe that our Affiliates' ability to compete effectively with other firms in our three distribution channels depends upon our Affiliates' products, investment performance and client-servicing capabilities, and the marketing and distribution of their investment products. Our Affiliates may not compare favorably with their competitors in any or all of these categories. From time to time, our Affiliates also compete with each other for clients.

The market for acquisitions of interests in investment management firms is highly competitive. Many other public and private financial services companies, including commercial and investment banks, insurance companies and investment management firms, which may have significantly greater resources than we do, also invest in or buy investment management firms. We cannot guarantee that we will be able to compete effectively with such companies, that new competitors will not enter the market or that such competition will not make it more difficult or not feasible for us to make new investments in investment management firms.

**Item 1B. Unresolved Staff Comments**

There are no unresolved written comments that were received from the Securities and Exchange Commission staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Securities Exchange Act of 1934, as amended.

**Item 2. Properties**

Our headquarters and principal offices are located at 600 Hale Street, Prides Crossing, Massachusetts 01965; we believe that the property is suitable for the foreseeable future. We also lease offices in West Palm Beach, Florida; Conshohocken, Pennsylvania; Norwalk, Connecticut; Chicago, Illinois; Sydney, Australia; London, England; Zurich, Switzerland; Hong Kong and Dubai, United Arab Emirates. In addition, each of our Affiliates leases office space in the city or cities in which it conducts business.

**Item 3. Legal Proceedings**

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

**Item 4. Mine Safety Disclosures**

Not applicable.

# PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange (symbol: AMG). The following table sets forth the high and low prices as reported on the New York Stock Exchange since January 1, 2011 for the periods indicated.

| | High | Low |
|---|---|---|
| **2011** | | |
| First quarter | $ 112.86 | $ 96.90 |
| Second quarter | 113.00 | 93.38 |
| Third quarter | 109.67 | 75.71 |
| Fourth quarter | 100.41 | 70.27 |
| **2012** | | |
| First quarter | $ 114.39 | $ 95.95 |
| Second quarter | 115.66 | 94.32 |
| Third quarter | 127.88 | 102.21 |
| Fourth quarter | 132.33 | 119.84 |

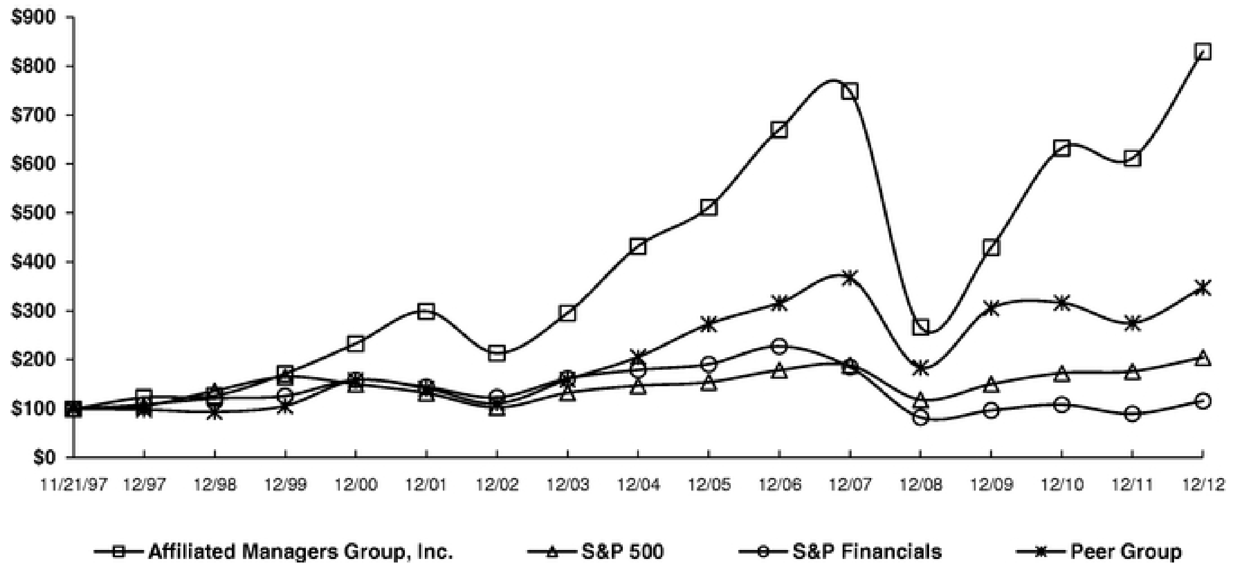
The closing price for a share of our common stock as reported on the New York Stock Exchange on February 15, 2013 was $146.51. As of February 15, 2013, there were 22 stockholders of record.

We have not declared a cash dividend with respect to the periods presented. We do not anticipate paying cash dividends on our common stock as we intend to retain earnings to finance investments in new Affiliates, repay indebtedness, pay interest and income taxes, repurchase debt securities and shares of our common stock when appropriate, and develop our existing business. Furthermore, our credit facility contains limitations on cash dividends.

### Issuer Purchases of Equity Securities

In February 2007, July 2010 and October 2011, the Board of Directors approved share repurchase programs authorizing us to repurchase up to 3.0 million, 0.5 million and 2.0 million shares, respectively, of our common stock. We did not repurchase any shares of our common stock during the quarter ended December 31, 2012. As of such date, approximately 2.3 million shares remain available for repurchase under these programs, which do not expire. Purchases may be made from time to time, at management's discretion.

The following graph compares the cumulative stockholder return on our common stock from November 21, 1997, the date of our initial public offering, through December 31, 2012, with the cumulative total return, during the same period, on the Standard & Poor's 500 Index, the Standard & Poor's 500 Financial Sector Index and a peer group comprised of AllianceBernstein Holding L.P., Ameriprise Financial, Inc., BlackRock, Inc., Eaton Vance Corp., Federated Investors, Inc., Franklin Resources, Inc., Invesco Ltd., Janus Capital Group Inc., Legg Mason, Inc., T. Rowe Price Group, Inc. and Waddell & Reed Financial, Inc. ("Peer Group"). The comparison assumes the investment of $100 on November 21, 1997 in our common stock and each of the comparison indices and, in each case, assumes reinvestment of all dividends.



**Item 6. Selected Financial Data**

Set forth below are selected financial data for the last five years. This data should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and accompanying notes included elsewhere in this Annual Report on Form 10-K.

| | For the Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| *(in millions, except as noted and per share data)* | **2008** | **2009** | **2010** | **2011** | **2012** |
| **Assets under Management** (at period end) (in billions) | $ 170.1 | $ 208.0 | $ 320.0 | $ 327.5 | $ 431.8 |
| **Statement of Income Data** | | | | | |
| Revenue | $ 1,158.2 | $ 841.8 | $ 1,358.2 | $ 1,704.8 | $ 1,805.5 |
| Net income | 131.9 | 212.9 | 287.3 | 359.6 | 411.4 |
| Net income (loss) (controlling interest) | (1.3) | 59.5 | 138.6 | 164.9 | 174.0 |
| Earnings (loss) per share—diluted | (0.03) | 1.38 | 2.81 | 3.11 | 3.28 |
| **Other Financial Data** | | | | | |
| Cash flow from (used in): | | | | | |
| Operating activities | $ 508.0 | $ 243.2 | $ 480.7 | $ 708.5 | $ 633.2 |
| Investing activities | (93.6) | (181.5) | (973.8) | (67.7) | (802.3) |
| Financing activities | (238.3) | (202.2) | 545.0 | (503.8) | 146.2 |
| EBITDA(1) | 309.0 | 242.8 | 404.4 | 471.3 | 543.4 |
| Economic net income(2) | 225.4 | 185.7 | 299.1 | 351.0 | 408.8 |
| Economic earnings per share(2) | 5.57 | 4.37 | 6.09 | 6.62 | 7.71 |
| **Balance Sheet Data** | | | | | |
| Total assets | $ 3,212.7 | $ 3,390.9 | $ 5,279.8 | $ 5,218.9 | $ 6,187.1 |
| Long-term debt | 1,184.1 | 964.3 | 1,392.0 | 1,198.2 | 1,630.6 |
| Redeemable non-controlling interests | 297.7 | 369.0 | 406.3 | 451.8 | 477.5 |
| Total equity | 1,171.0 | 1,481.7 | 2,375.3 | 2,499.6 | 3,041.4 |

(1) EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Supplemental Liquidity Measure" on page 28.

(2) Economic net income, including a reconciliation to Net income (controlling interest), and Economic earnings per share are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 26.

In the first quarter of 2010, we modified our Economic net income definition to exclude the effect of imputed interest related to contingent payment arrangements from Net income (controlling interest), and in the fourth quarter of 2010 we further modified the definition to no longer add back Affiliate depreciation to Net income (controlling interest). If we had applied these definition changes to all periods presented above, Economic net income would have been $218.3 million, $170.4 million and $292.3 million and Economic earnings per share would have been $5.40, $4.01 and $5.95 for the years ended December 31, 2008, 2009 and 2010, respectively.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

*When used in this Annual Report on Form 10-K and 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, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "may," "intends," "believes," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among others, the following:*

- *our performance is directly affected by changing conditions in global financial markets generally and in the equity markets particularly, and a decline or a lack of sustained growth in these markets may result in decreased advisory fees or performance fees and a corresponding decline (or lack of growth) in our operating results and in the cash flow distributable to us from our Affiliates;*

- *we cannot be certain that we will be successful in finding or investing in additional investment management firms on favorable terms, that we will be able to consummate announced investments in new investment management firms, or that existing and new Affiliates will have favorable operating results;*

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

- *those certain other factors discussed under the caption "Risk Factors."*

*These factors could affect our financial performance and cause actual results to differ materially from historical earnings and those presently anticipated and projected. We will not undertake and we specifically disclaim any obligation to release publicly the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of events, whether or not anticipated. In that respect, we wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.*

### Executive Overview

The following executive overview summarizes the significant trends affecting our results of operations and financial condition. This overview and the remainder of this Management's Discussion and Analysis supplements, and should be read in conjunction with, the Consolidated Financial Statements of AMG and its subsidiaries (collectively, the "Company" or "AMG") and the notes thereto contained elsewhere in this Annual Report on Form 10-K.

For the year ended December 31, 2012, Net income (controlling interest) was $174.0 million, Earnings per share—diluted was $3.28, including a $102.2 million impairment of an indefinite-lived intangible asset at one of our Affiliates, and Cash flow from operations was $633.2 million. For the year ended December 31, 2011, Net income (controlling interest) was $164.9 million, Earnings per share—diluted was $3.11 and Cash flow from operations was $708.5 million.

For the year ended December 31, 2012, Economic net income was $408.8 million, Economic earnings per share was $7.71, representing a 16% increase over the prior year, and EBITDA was $543.4 million. For the year ended December 31, 2011, Economic net income was $351.0 million, Economic earnings per share was $6.62 and EBITDA was $471.3 million. Reconciliations of Net income to Economic net income and Cash flow from operations to EBITDA are included on pages 27 and 29, respectively.

For the year ended December 31, 2012 our assets under management increased 32% to $431.8 billion. The increase was the result of $47.5 billion from investment performance, $30.1 billion from organic growth from net client cash flows and $28.0 billion from our new investments in Veritable and Yacktman.

The table below shows our financial highlights for each of the past three years:

| *(in millions, except as noted and per share data)* | 2010 | 2011 | % Change | 2012 | % Change |
|---|---|---|---|---|---|
| Assets under Management (in billions) | $ 320.0 | $ 327.5 | 2% | $ 431.8 | 32% |
| Average assets under Management (in billions) | 252.8 | 330.6 | 31% | 381.2 | 15% |
| Revenue | 1,358.2 | 1,704.8 | 26% | 1,805.5 | 6% |
| EBITDA[(1)] | 404.4 | 471.3 | 17% | 543.4 | 15% |
| Net income (controlling interest) | 138.6 | 164.9 | 19% | 174.0 | 6% |
| Earnings per share—diluted | 2.81 | 3.11 | 11% | 3.28 | 5% |
| Economic net income[(2)] | 299.1 | 351.0 | 17% | 408.8 | 16% |
| Economic earnings per share[(2)] | 6.09 | 6.62 | 9% | 7.71 | 16% |

(1) EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Supplemental Liquidity Measure" on page 28.

(2) Economic net income and Economic earnings per share, including a reconciliation of Economic net income to Net income, are discussed in "Supplemental Performance Measures" on page 26.

*Diversification of Assets under Management*

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

| | December 31, 2010 | | December 31, 2011 | | December 31, 2012 | |
|---|---|---|---|---|---|---|
| *(in billions)* | Assets under Management | Percentage of Total | Assets under Management | Percentage of Total | Assets under Management | Percentage of Total |
| **Asset Class** | | | | | | |
| Equity[(1)] | $ 220.4 | 69% | $ 207.9 | 63% | $ 279.5 | 65% |
| Alternative[(2)] | 65.3 | 20% | 80.3 | 25% | 105.1 | 24% |
| Fixed Income[(3)(4)] | 34.3 | 11% | 39.3 | 12% | 47.2 | 11% |
| Total | $ 320.0 | 100% | $ 327.5 | 100% | $ 431.8 | 100% |
| **Geography[(5)]** | | | | | | |
| Global[(4)] | $ 169.1 | 53% | $ 178.4 | 55% | $ 228.0 | 53% |
| Domestic | 110.5 | 34% | 109.4 | 33% | 152.5 | 35% |
| Emerging Markets | 40.4 | 13% | 39.7 | 12% | 51.3 | 12% |
| Total | $ 320.0 | 100% | $ 327.5 | 100% | $ 431.8 | 100% |

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

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

(3) Our Affiliates sponsor money market funds with fund assets representing less than 1% of our assets under management.

(4) Investments in sovereign and non-sovereign debt of European countries represent less than 1% of our assets under management.

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

During the year ended December 31, 2012, on an asset class basis, we experienced organic growth from net client cash flows in our Alternative ($18.8 billion) and Equity asset classes ($8.5 billion). On a geographic basis, our Global products benefited from net client cash flows of $23.8 billion and the Domestic and Emerging Markets products benefited from net client cash flows of $3.5 billion and $2.9 billion, respectively. Strong investment performance across all geographic areas and in the Alternative and Equity asset classes also contributed to growth in 2012.

During the year ended December 31, 2011, we experienced strong organic growth from net client cash flows in our Alternative ($12.8 billion) and Equity asset classes ($7.9 billion). Our Global products benefited from net client cash flows of $14.7 billion and the Emerging Markets products benefited from net client cash flows of $6.7 billion, partially offset by negative investment performance across all geographic regions.

*Assets under Management by Operating Segment*

The following tables present a rollforward of our assets under management by operating segment (which are also referred to as distribution channels in this Annual Report on Form 10-K).

**Statement of Changes**

| *(in billions)* | Institutional | Mutual Fund | High Net Worth | Total |
|---|---|---|---|---|
| December 31, 2009 | $ 133.9 | $ 44.5 | $ 29.6 | $ 208.0 |
| Client cash inflows | 29.8 | 21.4 | 7.6 | 58.8 |
| Client cash outflows | (24.2) | (18.5) | (6.7) | (49.4) |
| Net client cash flows | 5.6 | 2.9 | 0.9 | 9.4 |
| New investments | 37.6 | 26.5 | 0.4 | 64.5 |
| Investment performance | 25.4 | 9.7 | 4.2 | 39.3 |
| Other[1] | (2.4) | 1.6 | (0.4) | (1.2) |
| December 31, 2010 | $ 200.1 | $ 85.2 | $ 34.7 | $ 320.0 |
| Client cash inflows | 44.5 | 29.2 | 7.6 | 81.3 |
| Client cash outflows | (28.0) | (23.8) | (6.6) | (58.4) |
| Net client cash flows | 16.5 | 5.4 | 1.0 | 22.9 |
| Investment performance | (10.9) | (5.2) | 0.9 | (15.2) |
| Other[1] | — | (0.2) | — | (0.2) |
| December 31, 2011 | $ 205.7 | $ 85.2 | $ 36.6 | $ 327.5 |
| Client cash inflows | 43.5 | 35.0 | 11.0 | 89.5 |
| Client cash outflows | (24.9) | (25.3) | (9.2) | (59.4) |
| Net client cash flows | 18.6 | 9.7 | 1.8 | 30.1 |
| New investments | — | 14.8 | 13.2 | 28.0 |
| Investment performance | 30.8 | 12.3 | 4.4 | 47.5 |
| Other[1] | (0.8) | (0.1) | (0.4) | (1.3) |
| December 31, 2012 | $ 254.3 | $ 121.9 | $ 55.6 | $ 431.8 |

(1) Other includes assets under management attributable to Affiliate product transitions, new investment client transitions and transfers of our interests in certain Affiliated investment management firms, the financial effects of which are not significant to our ongoing results.

As shown in the assets under management table above, client cash inflows totaled $89.5 billion while client cash outflows totaled $59.4 billion for the year ended December 31, 2012. The net flows for the year ended December 31, 2012 occurred across a broad range of product offerings in each of our distribution channels, with no individual cash inflow or outflow having a significant impact on our revenue or expenses.

The operating segment analysis presented in the following table is based on average assets under management. For the Mutual Fund distribution channel, average assets under management represent an average of the daily net assets under management. For the Institutional and High Net Worth distribution channels, average assets under management reflect the billing patterns of particular client accounts. For example, assets under management for an account that bills in advance is presented in the table 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 any investment in new Affiliates are included on a weighted average basis for the period from the closing date of the respective investment. We believe that this analysis more closely correlates

to the billing cycle of each distribution channel and, as such, provides a more meaningful relationship to revenue.

| *(in millions, except as noted)* | 2010 | 2011 | % Change | 2012 | % Change |
|---|---|---|---|---|---|
| **Average Assets under Management (in billions)** | | | | | |
| ***Including equity method Affiliates*** | | | | | |
| Institutional | $ 156.4 | $ 207.8 | 33% | $ 230.9 | 11% |
| Mutual Fund | 65.1 | 86.9 | 33% | 103.4 | 19% |
| High Net Worth | 31.3 | 35.9 | 15% | 46.9 | 31% |
| Total | $ 252.8 | $ 330.6 | 31% | $ 381.2 | 15% |
| ***Consolidated Affiliates*** | | | | | |
| Institutional | $ 106.8 | $ 145.8 | 37% | $ 154.0 | 6% |
| Mutual Fund | 60.3 | 77.3 | 28% | 85.1 | 10% |
| High Net Worth | 24.9 | 27.6 | 11% | 37.1 | 34% |
| Total | $ 192.0 | $ 250.7 | 31% | $ 276.2 | 10% |
| **Revenue**[1] | | | | | |
| Institutional | $ 649.2 | $ 841.4 | 30% | $ 861.3 | 2% |
| Mutual Fund | 578.8 | 723.7 | 25% | 774.4 | 7% |
| High Net Worth | 130.2 | 139.7 | 7% | 169.8 | 22% |
| Total | $ 1,358.2 | $ 1,704.8 | 26% | $ 1,805.5 | 6% |
| **Net income (controlling interest)**[2] | | | | | |
| Institutional | $ 77.8 | $ 90.2 | 16% | $ 126.0 | 40% |
| Mutual Fund[3] | 46.3 | 65.5 | 41% | 27.3 | (58)% |
| High Net Worth[4] | 14.5 | 9.2 | (37)% | 20.7 | 125% |
| Total | $ 138.6 | $ 164.9 | 19% | $ 174.0 | 6% |
| **EBITDA**[5] | | | | | |
| Institutional | $ 242.3 | $ 288.3 | 19% | $ 323.5 | 12% |
| Mutual Fund | 119.4 | 151.2 | 27% | 169.5 | 12% |
| High Net Worth[4] | 42.7 | 31.8 | (26)% | 50.4 | 58% |
| Total | $ 404.4 | $ 471.3 | 17% | $ 543.4 | 15% |

(1) In 2010, 2011 and 2012, revenue attributable to clients domiciled outside the U.S. was approximately 33%, 39% and 41% of total revenue, respectively.

(2) In 2011 and 2012, we adjusted our estimate of contingent payment obligations. In 2011, we recorded a gain of $4.8 million ($3.1 million of which was attributable to the controlling interest), of which $4.6 million and $0.2 million was allocated to our Institutional and Mutual Fund channels, respectively. In 2012, we recognized a gain totaling $53.8 million ($35.8 million of which was attributable to the controlling interest), of which $20.9 million, $32.5 million and $0.4 million was allocated to our Institutional, Mutual Fund and High Net Worth channels, respectively.

(3) During 2011 and 2012, we recognized impairments on an indefinite-lived intangible asset at one of our Affiliates of $9.2 million and $102.2 million, respectively.

(4) During 2011, we determined that the value of a cost method investment had been reduced to zero, and recorded an expense of $12.8 million.

(5) EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Supplemental Liquidity Measure" on page 28.

**Results of Operations**

Our Affiliate investments are generally structured as revenue sharing arrangements. When we own a controlling interest, we consolidate the Affiliates' results. Our discussion of revenue and operating expenses relates to our consolidated Affiliates.

When we hold a minority investment and are required to use the equity method of accounting, we do not consolidate the operating results of these firms (including their revenue). Our share of these firms' earnings (net of intangible amortization) is reported in Income from equity method investments and is discussed on page 24.

*Revenue*

Our revenue is generally determined by the level of our average assets under management and the composition of our assets across our operating segments and products within our operating segments, which realize different fee rates. Our ratio of revenue to average assets under management (in total and by channel) is calculated as revenue divided by average assets under management and may change as a result of new investments, net client cash flows, performance and, to a lesser extent, changes in contractual fees. Therefore, changes in this ratio should not necessarily be viewed as an indicator of changes in contractual fee rates billed to our Affiliates' clients.

Our revenue is also determined by the level of performance fees recognized. Performance fees are generally measured on absolute or relative investment performance against a benchmark. As a result, the level of performance fees earned can vary significantly from period to period and these fees may not necessarily be correlated to changes in assets under management.

Our revenue increased $100.7 million (or 6%) in 2012 from 2011, primarily from an increase in average assets under management from our consolidated Affiliates, partially offset by a decline in our ratio of revenue to average assets under management. The increase in average assets under management resulted principally from investment performance, net client cash flows and our new Affiliate investments in 2012. The decline in our ratio of revenue to average assets under management resulted from changes in the composition of our assets under management, including decreases in assets under management in certain products that realize comparatively higher fee rates and increases in assets under management in certain products that realize comparatively lower fee rates.

Our revenue increased $346.6 million (or 26%) in 2011 from 2010, primarily from a 31% increase in average assets under management from our consolidated Affiliates, partially offset by a decline in performance fees from our consolidated Affiliates. This increase in average assets under management resulted from the full year impact of our 2010 investments in new Affiliates and net client cash flows, partially offset by a decline in global equity markets during 2011. Unrelated to the change in assets under management, consolidated performance fees declined $27.5 million to $30.9 million (or 47%) in 2011, as compared to 2010.

Neither changes in the composition of our assets under management between operating segments nor changes to our contractual fee rates had a significant impact on our results.

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

*Institutional Distribution Channel*

The increase in revenue of $19.9 million (or 2%) in the Institutional distribution channel in 2012 from 2011 resulted primarily from an increase in average assets under management, partially offset by a

decline in our ratio of revenue to average assets under management. The increase in average assets under management resulted principally from investment performance and net client cash flows. The decline in our ratio of revenue to average assets under management resulted from changes in the composition of our assets under management within the channel, including decreases in assets under management in certain products that realize comparatively higher fee rates and increases in assets under management in certain products that realize comparatively lower fee rates.

The increase in revenue of $192.2 million (or 30%) in the Institutional distribution channel in 2011 from 2010 resulted primarily from an increase in average assets under management from our consolidated Affiliates, partially offset by a decline in performance fees from our consolidated Affiliates. The increase in average assets under management resulted principally from the full year impact of our 2010 investments in new Affiliates and net client cash flows, partially offset by a decline in global equity markets during 2011. Unrelated to the change in assets under management, consolidated performance fee revenue decreased $25.9 million for the year ended December 31, 2011 as compared to the year ended December 31, 2010.

*Mutual Fund Distribution Channel*

The increase in revenue of $50.7 million (or 7%) in the Mutual Fund distribution channel in 2012 from 2011 resulted primarily from an increase in average assets under management from our consolidated Affiliates, partially offset by a decline in our ratio of revenue to average assets under management. The increase in average assets under management resulted principally from investment performance and our new Affiliate investments. The decline in our ratio of revenue to average assets under management resulted from changes in the composition of our assets under management within the channel, including decreases in assets under management in certain products that realize comparatively higher fee rates and increases in assets under management in certain products that realize comparatively lower fee rates.

The increase in revenue of $144.9 million (or 25%) in the Mutual Fund distribution channel in 2011 from 2010 resulted primarily from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from the full year impact of our 2010 investments in new Affiliates and net client cash flows, partially offset by a decline in global equity markets during 2011.

*High Net Worth Distribution Channel*

The increase in revenue of $30.1 million (or 22%) in the High Net Worth distribution channel in 2012 from 2011 resulted principally from an increase in average assets under management from our consolidated Affiliates offset by a decline in our ratio of revenue to average assets under management. The increase in average assets under management resulted principally from our new Affiliate investments and investment performance. The decline in our ratio of revenue to average assets under management was primarily the result of our new Affiliate investments which realize lower fee rates.

The increase in revenue of $9.5 million (or 7%) in the High Net Worth distribution channel in 2011 from 2010 resulted principally from an increase in average assets under management from our consolidated Affiliates. The increase in average assets under management resulted principally from 2010 investment performance and net client cash flows in both 2010 and 2011.

*Operating Expenses*

The following table summarizes our consolidated operating expenses:

| *(in millions)* | 2010 | 2011 | % Change | 2012 | % Change |
|---|---|---|---|---|---|
| Compensation and related expenses | $ 594.5 | $ 718.8 | 21% | $ 784.7 | 9% |
| Selling, general and administrative | 284.6 | 350.8 | 23% | 366.9 | 5% |
| Intangible amortization and impairments | 60.0 | 97.7 | 63% | 200.0 | 105% |
| Depreciation and other amortization | 14.1 | 15.0 | 6% | 14.1 | (6)% |
| Other operating expenses | 31.0 | 36.4 | 17% | 39.4 | 8% |
| Total operating expenses | $ 984.2 | $ 1,218.7 | 24% | $ 1,405.1 | 15% |

A substantial portion of our operating expenses was incurred by our Affiliates, the majority of which was incurred by Affiliates with revenue sharing arrangements. For Affiliates with revenue sharing arrangements, an Affiliate's Operating Allocation percentage generally determined its operating expenses. Accordingly, our compensation expense was generally impacted by increases or decreases in each Affiliate's revenue and the corresponding increases or decreases in their respective Operating Allocation. The percentage of revenue allocated to operating expenses varied from one Affiliate to another and may vary within an Affiliate depending on the source or amount of revenue. As a result, changes in our aggregate revenue did not impact our consolidated operating expenses to the same degree.

Compensation and related expenses increased $65.9 million (or 9%) in 2012 and $124.3 million (or 21%) in 2011. The increase in 2012 of $65.9 million was primarily the result of increases in aggregate Affiliate expenses attributable to new Affiliate investments in 2012. The increase was also the result of a $15.6 million increase primarily in long-term incentive compensation. The increase in 2011 of $124.3 million was primarily a result of increases in aggregate Affiliate expenses from the full year impact of new Affiliate investments in 2010. The increases in 2012 and 2011 were also a result of the relationship between revenue and operating expenses at extant Affiliates which experienced increases in revenue, and accordingly, reported higher compensation expenses.

Selling, general and administrative expenses increased $16.1 million (or 5%) in 2012. This increase was primarily a result of increases in Affiliate expenses from new Affiliate investments in 2012 of $10.3 million. This increase was also attributable to an increase in acquisition-related professional fees, as compared to 2011. Selling, general and administrative expenses increased $66.2 million (or 23%) in 2011. This increase was primarily a result of increases of $48.9 million in aggregate Affiliate expenses from the full year impact of new Affiliate investments in 2010. This increase was also attributable to increases in sub-advisory and distribution expenses attributable to increases in assets under management at our Affiliates in the Mutual Fund distribution channel. These increases were partially offset by a $13.5 million decrease in acquisition-related professional fees, as compared to 2010.

Intangible amortization and impairments increased $102.3 million (or 105%) in 2012 and $37.7 million (or 63%) in 2011. These increases were primarily the result of impairments associated with an indefinite-lived intangible asset at one of our Affiliates of $102.2 million in 2012 and $9.2 million in 2011. The increase in 2011 was also attributable to the full year impact of amortization of definite-lived intangible assets resulting from new Affiliate investments in 2010.

*Income from Equity Method Investments*

When we own a minority investment and are required to use the equity method of accounting, we only recognize our share of these Affiliates' earnings (generally calculated as a fixed percentage of revenue) net of intangible amortization. Accordingly, we have not consolidated these Affiliates'

operating results (including their revenue). The following table summarizes our share of the profits from our equity method investments:

| *(in millions)* | 2010 | 2011 | % Change | 2012 | % Change |
|---|---|---|---|---|---|
| Income from equity method investments | $ 77.5 | $ 72.7 | (6)% | $ 129.7 | 78% |

Income from equity method Affiliates increased $57.0 million (or 78%) in 2012. This increase was the result of increases in revenue, including performance fees, as well as our additional investment in BlueMountain during 2012. Income from equity method Affiliates decreased $4.8 million (or 6%) in 2011. This decrease was primarily the result of decreases in performance fees.

*Other Income Statement Data*

The following table summarizes non-operating income and expense data:

| *(in millions)* | 2010 | 2011 | % Change | 2012 | % Change |
|---|---|---|---|---|---|
| Investment and other income (loss) | $ 18.4 | $ (5.0) | n.m.(1) | $ 22.0 | n.m.(1) |
| Interest expense | 66.2 | 73.8 | 11% | 83.0 | 12% |
| Imputed interest expense and contingent payment arrangements | 24.9 | 27.3 | 10% | (26.1) | n.m.(1) |
| Income taxes | 91.5 | 93.1 | 2% | 83.8 | (10)% |

(1) Percentage change is not meaningful.

Investment and other income increased $27.0 million in 2012, as compared to 2011, principally as a result of increases in Affiliate investment earnings. This increase was also a result of a $12.8 million write-off of a cost method investment in 2011, which did not recur in 2012. Investment and other income decreased $23.4 million in 2011, as compared to 2010, principally as a result of increases in Affiliate investment losses. This decrease also resulted from the write-off of the cost method investment noted previously.

Interest expense increased $9.2 million (or 12%) in 2012, primarily as a result of the issuance of the 6.375% Senior Notes due in 2042 (the "2042 senior notes") and the 5.25% Senior Notes due in 2022 (the "2022 senior notes") as well as increased borrowings under our credit facility. Interest expense increased $7.6 million (or 11%) in 2011, principally as a result of an increase in the cost of borrowings under our revolving credit facility. This increase was also attributable to a $0.8 million increase in issuance costs related to the credit facility amendment that occurred in 2011.

Imputed interest expense and contingent payment arrangements consists of interest accretion on our senior convertible securities and our junior convertible trust preferred securities, as well as the accretion and revaluation of our contingent payment arrangements. Imputed interest expense and contingent payment arrangements decreased $53.4 million in 2012 as compared to 2011. This decrease relates primarily to gains on the revaluation of contingent payment arrangements of $53.8 million which occurred in 2012. Imputed interest expense and contingent payment arrangements increased $2.4 million (or 10%) in 2011 as compared to 2010, principally as a result of a $6.7 million increase in accretion related to our contingent payment arrangements (related to investments in new Affiliates) partially offset by a $4.8 million gain on revaluation.

Income taxes decreased $9.3 million (or 10%) in 2012 from an $11.5 million reduction in our valuation allowance, principally on benefits of uncertain tax positions from an improved projection of U.S. income. This benefit was offset by a $3.3 million increase in taxes attributable to the non-controlling interest. Income taxes increased $1.6 million (or 2%) in 2011, as the result of an increase in Income before income taxes, partially offset by a $7.6 million benefit from revaluing certain deferred tax liabilities as a result of a change to corporate tax rates in the United Kingdom.

*Net Income*

The following table summarizes Net income for the past three years:

| *(in millions)* | 2010 | 2011 | % Change | 2012 | % Change |
|---|---|---|---|---|---|
| Net income | $ 287.3 | $ 359.6 | 25% | $ 411.4 | 14% |
| Net income (non-controlling interests) | 148.7 | 194.7 | 31% | 237.4 | 22% |
| Net income (controlling interest) | 138.6 | 164.9 | 19% | 174.0 | 6% |

Net income (non-controlling interests) increased $42.7 million (or 22%) in 2012. This increase was principally a result of our new Affiliate investments in 2012 and increases in Affiliate investment earnings, as well as gains on the revaluation of contingent payment arrangements attributable to the non-controlling interests of $18.0 million. Net income (non-controlling interests) increased $46.0 million (or 31%) in 2011. This change resulted principally from the previously discussed changes in revenue for the 2011 period as well as Affiliate equity issuances which had the effect of increasing Affiliate equity ownership, and therefore increasing net income attributable to non-controlling interests. These increases were partially offset by increases in amortization, interest expenses, tax expenses and investment losses attributable to non-controlling interests, as compared to 2010.

Net income (controlling interest) increased $9.1 million (or 6%) and $26.3 million (or 19%) in 2012 and 2011 primarily as a result of the previously discussed increases in revenue for each period, partially offset by increases in operating expenses including the impairment associated with an indefinite-lived intangible asset at one of our Affiliates described above.

***Supplemental Performance Measures***

As supplemental information, we provide non-GAAP performance measures that we refer to as Economic net income and Economic earnings per share. We consider Economic net income an important measure of our financial performance, as we believe it best represents our operating performance before non-cash expenses relating to our acquisition of interests in our investment management firms. Economic net income and Economic earnings per share are used by our management and Board of Directors as our principal performance benchmarks, including as measures for aligning executive compensation with stockholder value. These measures are provided in addition to, but not as a substitute for, Net income (controlling interest) and Earnings per share. Economic net income and Economic earnings per share are not liquidity measures and should not be used in place of any liquidity measure calculated under accounting principles generally accepted in the U.S. ("GAAP").

Under our Economic net income definition, we add to Net income (controlling interest) amortization (including equity method amortization) and impairments, deferred taxes related to intangible assets, non-cash imputed interest expense (principally related to the accounting for convertible securities and contingent payment arrangements) and certain Affiliate equity expense. We add back 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 expense and 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 management partners when these transfers have no dilutive effect to shareholders.

Economic earnings per share represents Economic net income divided by the adjusted diluted average shares outstanding, which measures the potential share issuance from our senior convertible securities and junior convertible securities (each further described in Liquidity and Capital Resources) using a "treasury stock" method. Under this method, only the net number of shares of common stock

equal to the value of these securities in excess of par, if any, are deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion.

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

| *(in millions, except per share data)* | 2010 | 2011 | 2012 |
|---|---|---|---|
| Net income (controlling interest) | $ 138.6 | $ 164.9 | $ 174.0 |
| Intangible amortization and impairments[1] | 85.9 | 117.0 | 220.9 |
| Intangible-related deferred taxes[2] | 47.5 | 43.2 | 17.6 |
| Imputed interest and contingent payment arrangements[3] | 13.2 | 14.7 | (6.8) |
| Affiliate equity expense | 7.1 | 11.2 | 3.1 |
| Affiliate depreciation | 6.8 | — | — |
| Economic net income | $ 299.1 | $ 351.0 | $ 408.8 |
| Average shares outstanding—diluted | 49.4 | 53.0 | 53.0 |
| Assumed issuance of senior convertible securities shares | (0.4) | — | — |
| Assumed issuance of junior convertible securities shares | — | — | — |
| Dilutive impact of senior convertible securities shares | 0.1 | — | — |
| Dilutive impact of junior convertible securities shares | — | — | — |
| Average shares outstanding—adjusted diluted | 49.1 | 53.0 | 53.0 |
| Economic earnings per share | $ 6.09 | $ 6.62 | $ 7.71 |

(1) For our equity method Affiliates, we do not separately report Affiliate revenue or expenses (including intangible amortization) in our income statement. Our share of these investments' amortization is reported in Income from equity method investments. Our reported intangible amortization includes amortization attributable to our non-controlling interests, amounts not added back to Net income (controlling interest) to measure our Economic net income. Reported intangible amortization includes a $9.2 million and $102.2 million expense in 2011 and 2012, respectively, associated with the impairment of an indefinite-lived intangible asset at one of our Affiliates.

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

| *(in millions)* | 2010 | 2011 | 2012 |
|---|---|---|---|
| Reported Intangible amortization and impairments | $ 60.0 | $ 97.7 | $ 200.0 |
| Equity method amortization | 32.1 | 32.9 | 36.9 |
| Intangible amortization—non-controlling interests | (6.2) | (13.6) | (16.0) |
| Total | $ 85.9 | $ 117.0 | $ 220.9 |

(2) As described in Note (1) above, we recognized impairments of certain of our indefinite-lived intangible assets during 2011 and 2012. In addition, we recorded a 2.0% reduction in the United Kingdom tax rate. Together, the tax effect of these items resulted in an $8.7 and $43.7 million decrease in our intangible-related deferred taxes for 2011 and 2012, respectively.

(3) Our reported Imputed interest expense and contingent payment arrangements, $24.9 million, $27.3 million and $(26.1) million for 2010, 2011 and 2012, respectively, includes $3.9 million,

$4.3 million and $(14.1) million of imputed interest attributable to our non-controlling interests, amounts not added back to Net income (controlling interest) to measure our Economic net income.

**Liquidity and Capital Resources**

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

| | December 31, | | |
|---|---|---|---|
| *(in millions)* | 2010 | 2011 | 2012 |
| **Balance Sheet Data** | | | |
| Cash and cash equivalents | $ 313.3 | $ 449.5 | $ 430.4 |
| Senior bank debt | 460.0 | 250.0 | 325.0 |
| Senior notes | — | — | 340.0 |
| Senior convertible securities | 422.1 | 435.6 | 450.1 |
| Junior convertible trust preferred securities | 509.9 | 512.6 | 515.5 |
| **Cash Flow Data** | | | |
| Operating cash flow | 480.7 | 708.5 | 633.2 |
| Investing cash flow | (973.8) | (67.7) | (802.3) |
| Financing cash flow | 545.0 | (503.8) | 146.2 |
| EBITDA(1) | 404.4 | 471.3 | 543.4 |

(1) The definition of EBITDA is presented below under "Supplemental Liquidity Measure."

We view our ratio of debt to EBITDA (our "internal leverage ratio") as an important gauge of our ability to service debt, make new investments and access additional capital. Consistent with industry practice, we do not consider junior convertible trust preferred securities as debt for the purpose of determining our internal leverage ratio. We also view our leverage on a "net debt" basis by deducting from our debt balance holding company cash. At December 31, 2012, our internal leverage ratio was 1.7:1.

Under the terms of our credit facility we are required to meet two financial ratio covenants. The first of these covenants is a maximum ratio of debt to EBITDA (the "bank leverage ratio") of 3.0. The calculation of our bank leverage ratio is generally consistent with our internal leverage ratio approach. The second covenant is a minimum EBITDA to cash interest expense ratio of 3.0 (our "bank interest coverage ratio"). For purposes of calculating these ratios, share-based compensation expense is added back to EBITDA. As of December 31, 2012, our actual bank leverage and bank interest coverage ratios were 1.9 and 8.2, respectively, and we were in compliance with all terms of our credit facility. We have $750.0 million of remaining capacity under our credit facility, and could borrow substantially all such capacity and remain in compliance with our credit facility.

We are rated BBB- by both Standard & Poor's and Fitch rating agencies. With the exception of a modest increase in the borrowing rate under our credit facility (0.50%), a downgrade of our credit rating would have no direct financial effect on any of our agreements or securities (or otherwise trigger a default).

***Supplemental Liquidity Measure***

As supplemental information, we have provided information regarding EBITDA, a non-GAAP liquidity measure. This measure is provided in addition to, but not as a substitute for, cash flow from operating activities. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. EBITDA, as calculated by us, may not be consistent with computations of EBITDA

by other companies. As a measure of liquidity, we believe that EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. We further believe that many investors use this information when analyzing the financial position of companies in the investment management industry.

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

| *(in millions)* | 2010 | 2011 | 2012 |
|---|---|---|---|
| Cash flow from operating activities | $ 480.7 | $ 708.5 | $ 633.2 |
| Interest expense, net of non-cash items[1] | 58.5 | 65.7 | 74.8 |
| Current tax provision | 42.1 | 45.0 | 61.0 |
| Income from equity method investments, net of distributions[2] | 43.9 | (22.7) | 61.9 |
| Net income (non-controlling interests) | (148.7) | (194.7) | (237.4) |
| Changes in assets and liabilities | (16.0) | (35.2) | 45.9 |
| Other non-cash adjustments[3] | (56.1) | (95.3) | (96.0) |
| EBITDA | $ 404.4 | $ 471.3 | $ 543.4 |

(1) Non-cash items include Amortization of issuance costs and Imputed interest and contingent payment arrangements ($32.5 million, $35.4 million and $(17.9) million in 2010, 2011 and 2012, respectively).

(2) Distributions from equity method investments were $65.8 million, $128.3 million and $104.7 million for 2010, 2011 and 2012, respectively.

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

In the twelve months ended December 31, 2012, we met our cash requirements primarily through cash generated by operating activities, borrowings under our revolver and the issuance of the senior notes. Our principal uses of cash were to make investments in new and existing Affiliates, make distributions to Affiliate partners and repay our other liabilities. We expect that our principal uses of cash for the foreseeable future will be for investments in new and existing Affiliates, settlement of contingent payment arrangements, distributions to Affiliate partners, payment of principal and interest on outstanding debt, and for working capital purposes.

The following table summarizes the principal amount at maturity of our debt obligations and convertible securities as of December 31, 2012:

| *(in millions)* | Amount | Maturity Date | Form of Repayment |
|---|---|---|---|
| Senior bank debt | $ 325.0 | 2016 | (1) |
| Senior notes | 340.0 | 2022/2042 | (2) |
| Senior convertibles securities | 460.0 | 2038 | (3) |
| Junior convertible trust preferred securities | 730.8 | 2036/2037 | (4) |

(1) Settled in cash.

(2) Settled in cash on or after October 15, 2015 for the 2022 senior notes and August 15, 2017 for the 2042 senior notes.

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

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

***Senior Bank Debt***

We have a $1,075.0 million senior unsecured credit facility (the "credit facility"), consisting of an $825.0 million revolving credit facility (the "revolver") and a $250.0 million term loan (the "term loan"). We pay interest on any outstanding obligations at specified rates (based either on the LIBOR rate or the prime rate as in effect from time to time). A portion of the revolver ($30.0 million) matures in January 2015 with the balance of $795.0 million and the term loan maturing in November 2016. Subject to certain conditions, we may increase the revolver and the term loan by up to $75.0 million and $250.0 million, respectively.

The credit facility is unsecured and contains financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends, asset dispositions and fundamental corporate changes.

***Senior Notes***

At December 31, 2012, we have two senior notes outstanding. The principal terms of these notes are summarized below.

| | 2022 Senior Notes | 2042 Senior Notes |
|---|---|---|
| Issue date | October 2012 | August 2012 |
| Maturity date | October 2022 | August 2042 |
| Potential Call Date | October 2015 | August 2017 |
| Par value *(in millions)* | $ 140.0 | $ 200.0 |
| Call Price | At Par | At Par |
| Stated coupon | 5.25% | 6.375% |
| Coupon frequency | Quarterly | Quarterly |

We used the net proceeds from both the 2022 senior notes and the 2042 senior notes to repay outstanding indebtedness under our revolver.

***Convertible Securities***

At December 31, 2012, we have one senior convertible security outstanding ("2008 senior convertible notes") and two junior convertible trust preferred securities outstanding, one issued in 2006

(the "2006 junior convertible trust preferred securities") and a second issued in 2007 (the "2007 junior convertible trust preferred securities"). The principal terms of these securities are summarized below.

| | 2008 Senior Convertible Securities | 2007 Junior Convertible Trust Preferred Securities | 2006 Junior Convertible Trust Preferred Securities |
|---|---|---|---|
| Issue date | August 2008 | October 2007 | April 2006 |
| Maturity date | August 2038 | October 2037 | April 2036 |
| Next potential put date | August 2013 | N/A | N/A |
| Par value *(in millions)* | $ 460.0 | $ 430.8 | $ 300.0 |
| Carrying value *(in millions)*[(1)] | 450.1 | 299.4 | 216.1 |
| Denomination | 1,000 | 50 | 50 |
| Current conversion rate | 7.959 | 0.250 | 0.333 |
| Current conversion price | $ 125.65 | $ 200.00 | $ 150.00 |
| Stated coupon | 3.95% | 5.15% | 5.10% |
| Coupon frequency | Semi-annually | Quarterly | Quarterly |
| Tax deduction rate[(2)] | 9.38% | 8.00% | 7.50% |

(1) The carrying value is accreted to the principal amount at maturity over an expected life of five years for the 2008 senior convertible notes and 30 years for each of the junior convertible trust preferred securities.

(2) These convertible securities are considered contingent payment debt instruments under federal income tax regulations, which require us to deduct interest in an amount greater than our reported Interest expense.

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

Both the 2006 and 2007 junior convertible trust preferred securities are convertible, at any time, into a defined number of shares. Upon conversion, holders will receive cash or shares of our common stock, or a combination thereof. We can call the 2006 junior convertible trust preferred securities if the closing price of our common stock exceeds $195 per share for a specified period of time. We can call the 2007 junior convertible trust preferred securities if the closing price of our common stock exceeds $260 per share for a specified period of time. Holders of the 2006 and 2007 junior convertible trust preferred securities have no rights to put these securities to us.

***Derivative Instruments***

From time to time, we seek to offset our exposure to changing interest rates under our debt financing arrangements by entering into interest rate hedging contracts. These instruments are designated as cash flow hedges with changes in fair value recorded in Other comprehensive income for the effective portion of the hedge.

We have entered into interest rate swap contracts to exchange a fixed rate for the variable rate on a portion of our credit facility. These contracts expire between 2015 and 2017. Under these contracts, we will pay a weighted average fixed rate of 1.76% on a notional amount of $100.0 million through October 2015. Thereafter, through October 2017, we will pay a weighted average fixed rate of 2.14%

on a remaining notional amount of $25.0 million. As of December 31, 2012, the unrealized loss (before taxes) on these contracts was $4.0 million.

During the fourth quarter of 2012, we entered into Standard & Poor's 500 Index puts to limit the effect of a possible market downturn on our 2012 earnings. We recognized an expense of $1.2 million for the contracts which had a notional value of $150.0 million; these contracts expired on December 31, 2012 and no gain was recognized.

***Forward Equity Sale Agreement***

In August 2012, we amended our forward equity agreement to increase the amount of shares of common stock we may sell to an aggregate of $400.0 million. During 2012, we entered into contracts to sell a notional amount of $147.2 million at an average share price of $121.37. We have the ability to settle the contracts either by delivering shares of common stock and receiving cash or net settling for cash or shares of common stock. All contracts remain outstanding.

***Affiliate Equity***

Many of our operating agreements provide us a conditional right to call and Affiliate partners the conditional right to put their retained equity interests at certain intervals. The purchase price of these conditional purchases are generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. Affiliate management partners are also permitted to sell their equity interests to other individuals or entities in certain cases, subject to our approval or other restrictions.

Our current redemption value for these interests has been presented as Redeemable non-controlling interests on our Consolidated Balance Sheets. Although the timing and amounts of these purchases are difficult to predict, we expect to repurchase approximately $100.0 million of Affiliate equity during 2013, and, in such event, will own the cash flow associated with any equity repurchased.

***Operating Cash Flow***

Cash flow from operations generally represents Net income adjusted for cash distributions from equity method investments, non-cash charges for intangible amortization and impairments, imputed interest expense and contingent payment arrangements, share-based compensation as well as increases and decreases in our consolidated working capital.

The decrease in cash flows from operations in 2012 as compared to 2011 resulted principally from decreases in the collections of investment advisory fees receivable ($57.3 million), decreases in the settlement of fund shares receivable ($10.4 million), as well as an increase in the settlements of Accounts payable and accrued liabilities ($6.4 million).

The increase in cash flows from operations in 2011 as compared to 2010 resulted principally from increases in Net income ($72.3 million), distributions received from equity method investments ($62.5 million), amortization of intangible assets ($37.7 million), and share-based compensation ($10.8 million), as well as changes in our working capital, including the collections of Investment advisory fees receivable ($71.7 million), partially offset by an increase in the settlements of Accounts payable and accrued liabilities ($57.3 million).

***Investing Cash Flow***

Net cash flow used in investing activities increased $734.6 million in 2012, as compared to 2011. This was primarily the result of our investments in Affiliates during 2012. Net cash flows used in investing activities decreased $906.1 million in 2011, as compared to 2010. This was primarily the result

of the decrease in new Affiliate investments in 2011. Net cash flows used to make investments in Affiliates were $797.4 million, $13.3 million and $916.1 million for the years ended December 31, 2012, 2011 and 2010, respectively.

***Financing Cash Flow***

Financing cash flows increased $650.0 million in 2012 as compared to 2011. This was primarily a result of the issuance of senior notes ($340.0 million in aggregate), a net increase in senior bank debt borrowings and repayments ($285.0 million), a reduction in note payments ($68.9 million), and an increase in the issuance of common stock ($45.4 million). These increases in cash flows were partially offset by an increase in Affiliate equity issuances and repurchases of $94.5 million.

Financing cash flows decreased $1,048.8 million in 2011 as compared to 2010. This was primarily a result of a decrease in net borrowings of senior bank debt ($670.0 million), a decrease in proceeds from the settlement of forward equity sales ($294.7 million), an increase in distributions to non-controlling interests ($66.9 million), as well as an increase in the repurchase of common stock ($61.0 million).

We used available cash and borrowings under our credit facility to finance our investments in Veritable, Yacktman and BlueMountain during 2012, as well as our investments in Artemis and Trilogy during 2010. In 2010, we issued shares of common stock for our Aston investment and we financed our Pantheon investment with available cash, borrowings under our credit facility, and proceeds from the partial settlement of forward equity sales.

Excess tax benefits associated with stock options have been reported as financing cash flows in the amount of $22.0 million, $7.1 million and $10.1 million as of December 31, 2012, 2011 and 2010, respectively.

Under past acquisition agreements, we are contingently liable, upon achievement of specified financial targets, to make payments of up to $468.2 million through 2017. In 2013, we expect to make total payments of approximately $3.2 million to settle portions of these contingent arrangements. In addition, we expect to repurchase approximately $100.0 million of Affiliate equity during 2013.

Our Board of Directors has periodically authorized share repurchase programs (most recently October 2011). The maximum number of shares that may be repurchased under outstanding programs is approximately 2.3 million. The timing and amount of repurchases are determined at the discretion of management. In 2012, we repurchased 0.6 million shares for $60.9 million at an average price per share of $107.44.

We anticipate that borrowings under the credit facility and proceeds from the settlement of any forward equity sales, together with cash flows from operations will be sufficient to support our cash flow needs for the foreseeable future. As noted previously, we have the right to call and holders have the right to put the 2008 senior convertible notes for cash, which may require us to borrow under our credit facility or issue shares of our common stock.

***Contractual Obligations***

The following table summarizes our contractual obligations as of December 31, 2012. Contractual debt obligations include cash payment of fixed interest.

| | | Payments Due | | | |
|---|---|---|---|---|---|
| *(in millions)* | Total | 2013 | 2014-2015 | 2016-2017 | Thereafter |
| **Contractual Obligations** | | | | | |
| Senior bank debt | $ 325.0 | $ — | $ 78.1 | $ 246.9 | $ — |
| Senior convertible securities(1) | 932.4 | 18.2 | 36.3 | 36.3 | 841.6 |
| Junior convertible trust preferred securities | 1,634.3 | 37.0 | 74.1 | 74.1 | 1,449.1 |
| Senior notes | 796.1 | 20.2 | 40.2 | 40.2 | 695.5 |
| Leases | 175.9 | 26.9 | 50.4 | 34.6 | 64.0 |
| Other liabilities(2) | 29.1 | 11.3 | — | — | 17.8 |
| Derivative instruments | 5.9 | 1.8 | 3.2 | 0.9 | — |
| Total contractual obligations | $ 3,898.7 | $ 115.4 | $ 282.3 | $ 433.0 | $ 3,068.0 |
| **Contingent Obligations** | | | | | |
| Contingent payment obligations(3) | $ 200.8 | $ 3.2 | $ 64.8 | $ 132.8 | $ — |

(1) Holders of the 2008 senior convertible notes may put interests of up to $460.0 million in August 2013.

(2) Other liabilities reflect amounts payable to Affiliate managers related to our purchase of additional Affiliate equity interests. This table does not include liabilities for uncertain tax positions or commitments to co-invest in certain investment partnerships (of $22.6 million and $75.4 million as of December 31, 2012, respectively) as we cannot predict when such obligations will be paid.

(3) The amount of contingent payments related to investments in Affiliates disclosed in the table represents our expected settlement amounts. The maximum settlement amount through 2013 is approximately $164.7 million and $303.5 million in periods thereafter.

***Market Risk***

Our revenue is derived primarily from advisory fees which are based on assets under management. Such values are affected by changes in financial markets, and accordingly declines in the financial markets will negatively impact our Revenue and Net income. The broader financial markets are also affected by changing interest rates. We cannot predict the effects that interest rates or changes in interest rates may have on either the broader financial markets or our Affiliates' assets under management and associated fees.

We have fixed rates of interest on our senior notes, our 2008 senior convertible notes and on both issues of our junior convertible trust preferred securities. We pay a variable rate of interest on our credit facility.

While a change in market interest rates would not affect the interest expense incurred on our fixed rate securities, such a change may affect the fair value of these securities. We estimate that a 1% change in interest rates would result in a net change in the value of our fixed rate securities of approximately $84.7 million.

From time to time, we seek to offset our exposure to changing interest rates under our debt financing arrangements by entering into derivative contracts as described on page 31. We estimate that a 1% increase in interest rates as of December 31, 2012 would result in a net increase in the unrealized value of our derivative contracts of approximately $3.3 million.

There can be no assurance that our hedging contracts will meet their overall objective of reducing our interest expense or that we will be successful in obtaining hedging contracts in the future on our existing or any new indebtedness.

Most of our consolidated revenue and associated expenses are denominated in U.S. dollars. A portion of our revenue and expenses are denominated in foreign currencies and may be impacted by movements in currency exchange rates. In addition, the valuations of our foreign Affiliates are impacted by fluctuations in foreign exchange rates, which could be recorded as a component of stockholders' equity. To illustrate the effect of possible changes in currency exchange rates, as of December 31, 2012, a 1% change in the Canadian dollar and British Pound to U.S. dollar exchange rates would result in an approximate $5.2 million change to stockholders' equity and a $0.5 million change to income before income taxes. During 2012, changes in currency exchange rates increased stockholders' equity by $18.5 million.

**Recent Accounting Developments**

In May 2011, the Financial Accounting Standards Board issued an update to the fair value measurements and disclosures guidance. The new guidance clarifies existing fair value measurement principles and expands certain disclosure requirements, particularly for measurements categorized as Level 3. We adopted this guidance in the first quarter of 2012. Adoption of this new guidance did not have a significant impact on our Consolidated Financial Statements.

In July 2012, the Financial Accounting Standards Board issued new guidance that provides the option of performing a qualitative assessment before proceeding with a quantitative impairment test for indefinite-lived intangible assets. Following an assessment of qualitative factors, if an entity determines that it is more likely than not that the fair value of the indefinite-lived asset is greater than its carrying amount, then a quantitative assessment is unnecessary. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. We early-adopted this guidance in the fourth quarter of 2012. Adoption of this new guidance did not have a significant impact on our Consolidated Financial Statements.

In February 2013, the Financial Accounting Standards Board issued an update to the guidance for reporting reclassifications out of accumulated other comprehensive income. The new guidance requires companies to present in a single note or on the face of the financial statements, the impact of amounts reclassified from accumulated other comprehensive income and the income statement line items affected by the reclassification. The new guidance is effective for interim and fiscal periods beginning after December 15, 2012. Adoption of this new guidance is not expected to have a significant impact on our Consolidated Financial Statements.

**Critical Accounting Estimates and Judgments**

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note 1 to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The following are our critical accounting estimates and judgments used in the preparation of the Consolidated Financial Statements and actual results could differ materially from the amounts reported.

*Fair Value Measurements*

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

These standards establish a fair value hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

We make judgments to determine the fair value of certain assets, liabilities and equity interests when allocating the purchase price of our new investments, when revaluing our contingent payment arrangements, when we issue or repurchase equity interests and when we test our intangible assets or equity and cost method investments for impairment.

In determining fair values, we make assumptions about the growth rates, profitability and useful lives of existing and prospective client accounts, and consider historical and current market multiples, tax benefits, credit risk, interest rates and discount rates. We consider the reasonableness of our assumptions by comparing our valuation conclusions to observed market transactions, and in certain instances consult with third party valuation experts.

*Goodwill*

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized, and is reported within the segments in which the business operates. Our goodwill impairment assessments are performed annually at the reporting unit level (in our case, our three operating segments), or more frequently, should circumstances suggest fair value has declined below the related carrying amount. We completed our annual goodwill impairment assessment and no impairments were identified. For purposes of our assessment, we considered various qualitative factors (including market multiples for asset management businesses) and determined that it was more likely than not that the fair value of each of our reporting units was greater than its respective carrying amount, including goodwill. Only a substantial decline in the fair value of any of our reporting units would indicate that an impairment may exist.

*Indefinite-Lived Intangible Assets*

Indefinite-lived intangible assets are comprised of investment advisory contracts between our Affiliates and their sponsored registered investment companies. Because the contracts are with the registered investment companies themselves, and not with the underlying investors, and the contracts between our Affiliates and the registered investment companies are typically renewed on an annual basis, industry practice under GAAP is to consider the contract life to be indefinite and, as a result, not amortizable.

We perform indefinite-lived intangible asset impairment tests annually, or more frequently should circumstances suggest fair value has declined below the related carrying amount. We assess each of our indefinite-lived intangible assets for impairment by considering various qualitative factors (including market multiples). During 2012, we determined that the fair value of an indefinite-lived intangible asset at one of our Affiliates, a manager of growth-oriented U.S. equity mutual funds, had declined below its carrying value and, accordingly, we recognized an impairment of $102.2 million. The fair value of the indefinite-lived intangible asset was determined by discounting the projected future cash flows associated with the underlying mutual fund contracts (such cash flows being dependent upon projected growth). Our discount rates were developed with input from valuation experts. We also determined that the useful life of this intangible asset was no longer indefinite and, accordingly, we reclassified the remaining acquired client relationships to definite-lived. For our remaining indefinite-lived intangible assets, we determined that it was more likely than not that the fair value of each asset was greater than its carrying amount. Only a substantial decline in the fair value would indicate that an impairment may exist.

*Definite-Lived Intangible Assets*

Definite-lived intangible assets are comprised of investment advisory contracts between our Affiliates and their underlying investors, and are amortized over their estimated useful lives. We

monitor the useful lives of these assets and revise them, if necessary. We review historical and projected attrition rates and other events that may influence our projections of the future economic benefit that we will derive from these relationships. Significant judgment is required to estimate the period that these assets will contribute to our cash flows and the pattern over which these assets will be consumed. We are currently amortizing our definite-lived intangible assets over an average useful life of approximately eleven years. A change in the remaining useful life of any of these assets could have a material impact on our amortization expense. For example, if we reduced the weighted average remaining life of each of our definite-lived intangible assets by one year, our amortization expense would increase by approximately $10.0 million per year.

We perform definite-lived intangible asset impairment tests annually, or more frequently should circumstances suggest fair value has declined below the related carrying amount. We assess each of our definite-lived acquired client relationships for impairment by comparing their carrying value to the projected undiscounted cash flows of the acquired relationships. Projected undiscounted cash flows over the remaining life of each of these assets significantly exceed their carrying value and, accordingly, only a substantial decline in the undiscounted cash flows underlying these assets would indicate that an impairment may exist.

*Equity and Cost Method Investments*

We evaluate equity and cost method investments for impairment by assessing whether the fair value of the investment has declined below its carrying value for a period we consider other-than-temporary. If we determine that a decline in fair value below our carrying value is other-than-temporary, an impairment charge is recognized to reduce the carrying value of the investment to its fair value.

For companies with quoted market prices in active markets, we use these prices to determine the fair value of our equity and cost method investments. For companies without quoted market prices in active markets, we determine the fair values by applying a market multiple to the estimated cash flows of each investment. Our fair value multiples are supported by observed transactions and discounted cash flow analyses which reflect assumptions of current and projected levels of Affiliate assets under management, fee rates and estimated expenses. Changes in estimates used in these valuations could materially affect the fair value of these investments.

In the fourth quarter, we completed our evaluation of equity and cost method investments and no impairments were identified. Only a substantial decline in the fair value of any of these investments for a period that is considered other-than-temporary would indicate that an impairment may exist.

*Contingent Payment Arrangements*

We periodically enter into contingent payment arrangements in connection with our business combinations. In these arrangements, the Company agrees to pay additional consideration to the sellers to the extent that certain levels of revenue growth are achieved. For consolidated Affiliates, we estimate the fair value of these potential future obligations by discounting the projected future payments (such estimates being dependent upon projected revenue) using current market rates. Our discount rates are developed with input from valuation experts. Our expected lives are determined based on the contractual terms of the underlying arrangements.

We then accrete the obligation to its expected payment amount over the period until the arrangement is measured. If the expected payment amount subsequently changes, the obligation is reduced or increased in the current period resulting in a gain or loss. Both gains and losses resulting from changes to expected payments and the accretion of these obligations to their expected payment amounts are reflected within Imputed interest expense and contingent payment arrangements in our Consolidated Statements of Income.

Changes to our projected future payment amounts could materially affect the amount of Imputed interest expense and contingent payment arrangements we recognize in any period. For example, a 1% change in our assumed discount rate or a 1% change in our projected revenue (assuming all other factors remain constant) at Affiliates with these types of arrangements, would result in an increase or decrease to our Imputed interest expense and contingent payment arrangements of $0.9 million and $7.6 million, respectively.

*Redeemable Non-controlling Interests*

Redeemable non-controlling interests represent the currently redeemable value of our Affiliate partners' retained equity interests. We may pay for these Affiliate equity purchases in cash, shares of our common stock or other forms of consideration, at our election.

We generally value these interests upon their transfer or repurchase by applying market multiples to an Affiliate's cash flows, which is intended to represent fair value. The use of different assumptions could change the value of these interests, including the amount of compensation expense, if any, that we may report upon their transfer or repurchase.

*Income Taxes*

Tax regulations often require income and expense to be included in our tax returns in different amounts and in different periods than are reflected in the financial statements. Deferred taxes are established to reflect the differences between the inclusion of items of income and expense in the financial statements and their reporting on our tax returns. Our overall tax position requires analysis to estimate the expected realization of tax assets and liabilities. Additionally, we must assess whether to recognize the benefit of uncertain tax positions, and, if so, the appropriate amount of the benefit.

Our deferred tax liabilities are generated primarily from tax-deductible intangible assets and convertible securities. Most of our intangible assets are tax-deductible because we generally structure our Affiliate investments to be taxable to the sellers. We record deferred taxes because a substantial majority of our intangible assets do not amortize for financial statement purposes, but do amortize for tax purposes, thereby creating tax deductions that reduce our current cash taxes. These liabilities will reverse only in the event of a sale of an Affiliate or an impairment. We are required to accrue the estimated cost of such a reversal as a deferred tax liability. As of December 31, 2012, our estimate of the tax liability associated with such a sale or impairment was approximately $238.2 million.

During 2012, our convertible securities generated deferred taxes of approximately $24.5 million because our interest deductions for tax purposes are greater than our reported Interest expense. These deferred tax liabilities may be reclassified to equity if the securities convert to common stock.

We regularly assess our deferred tax assets in order to determine the need for valuation allowances. Our principal deferred tax assets are state operating losses, foreign tax credit carryforwards and the indirect benefits of uncertain foreign tax positions. In our assessment, we make assumptions about future taxable income that may be generated to utilize these assets, which have limited lives. If we determine that we are unlikely to realize the benefit of a deferred tax asset, we establish a valuation allowance that would increase our tax expense in the period of such determination. As of December 31, 2012, our valuation allowances for state net operating losses and indirect tax benefits from uncertain tax positions were $19.7 million, and $1.6 million, respectively.

In our assessment of uncertain tax positions, we consider the probability that a tax authority would sustain our tax position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon the ultimate settlement with the tax authority. For tax positions not meeting this threshold, no benefit is recognized.

Changes in our tax position could have a material impact on our earnings. For example, a 1% increase to our statutory tax rate attributable to our deferred tax liabilities would result in an increase of approximately $15.1 million in our tax expense in the period of such determination.

*Share-Based Compensation*

We have share-based compensation plans covering directors, senior management and employees. We calculate share-based compensation using the fair value of the awards on the grant date. Our share-based compensation plans typically vest and become fully exercisable over three to five years of continued employment. We recognize expense net of expected forfeitures on a straight-line basis over the requisite service period, including grants that are subject to graded vesting.

We estimate the fair value of stock option awards using the Black-Scholes option pricing model. The Black-Scholes model requires us to make assumptions about the volatility of our common stock and the expected life of our stock options. In measuring expected volatility, we consider both the historical volatility of our common stock, as well as the current implied volatility from traded securities. In determining volatility, we have placed less emphasis on periods of high volatility that are not representative of our future expectations (see Note 24 to the Consolidated Financial Statements).

We grant equity interests in our Affiliates to our management and Affiliate partners from time to time, with vesting, forfeiture and repurchase terms established at the date of grant. The fair value of the equity interest is determined as of the date of grant using a discounted cash flow analysis. Key valuation assumptions include projected assets under management, fee rates and discount rates.

*Revenue Recognition*

The majority of our consolidated revenue represents asset-based advisory fees. Our Affiliates recognize asset-based advisory fees as they render services to their clients. In addition to generating asset-based fees, our Affiliates also bill on the basis of absolute or relative investment performance and recognize performance fees when they are earned (i.e. when they become billable to customers).

**International Operations**

In connection with our international distribution initiatives, we have offices in Sydney, Australia; London, England; Zurich, Switzerland; Hong Kong, and Dubai, United Arab Emirates. In addition, we have international operations through Affiliates who are based outside of the U.S. or have significant operations outside of the U.S., or who provide some or a significant part of their investment management services to non-U.S. clients. In the future, we may open additional offices, or invest in other investment management firms which conduct a significant part of their operations outside of the U.S. There are certain risks inherent in doing business internationally, such as changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, different and in some cases, less stringent, regulatory and accounting regimes, political instability, fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. There can be no assurance that one or more of such factors will not have a material adverse effect on our international operations or our Affiliates that have international operations and, consequently, on our business, financial condition and results of operations.

**Inflation**

We do not believe that inflation or changing prices have had a material impact on our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk" in Item 7.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

For quantitative and qualitative disclosures about how we are affected by market risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk" in Item 7, which is incorporated by reference herein.

**Item 8. Financial Statements and Supplementary Data**

## Management's Report on Internal Control Over Financial Reporting

Management of Affiliated Managers Group, Inc. (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting processes are designed by, or under the supervision of, the Company's chief executive and chief financial officers and effected by the Company's Board of Directors, management and other senior employees to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with accounting principles generally accepted in the U.S.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the U.S., and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements.

As of December 31, 2012, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2012 was effective.

Management has excluded Veritable, LP ("Veritable") and Yacktman Asset Management LP ("Yacktman") from our assessment of internal control over financial reporting as of December 31, 2012 because they were acquired in a business combination in 2012. Veritable and Yacktman's combined total assets and combined total revenues represent 0.9% and 4.9%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2012.

The Company's internal control over financial reporting as of December 31, 2012 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing on page 41, which expresses an unqualified opinion on the effectiveness of the firm's internal control over financial reporting as of December 31, 2012.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Affiliated Managers Group, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, changes in equity and cash flows present fairly, in all material respects, the financial position of Affiliated Managers Group, Inc. and its subsidiaries (the "Company") at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Veritable, LP and Yacktman Asset Management LP from its assessment of internal

control over financial reporting as of December 31, 2012 because they were acquired by the Company in a purchase business combination during 2012. We have also excluded Veritable, LP and Yacktman Asset Management LP from our audit of internal control over financial reporting. Veritable, LP and Yacktman Asset Management LP are controlled subsidiaries of the Company whose total assets and total revenues represent 0.9% and 4.9%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2012.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 22, 2013

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF INCOME**

**(in millions, except per share data)**

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | **2010** | **2011** | **2012** |
| Revenue | $ 1,358.2 | $ 1,704.8 | $ 1,805.5 |
| Operating expenses: | | | |
| Compensation and related expenses | 594.5 | 718.8 | 784.7 |
| Selling, general and administrative | 284.6 | 350.8 | 366.9 |
| Intangible amortization and impairments | 60.0 | 97.7 | 200.0 |
| Depreciation and other amortization | 14.1 | 15.0 | 14.1 |
| Other operating expenses | 31.0 | 36.4 | 39.4 |
| | 984.2 | 1,218.7 | 1,405.1 |
| Operating income | 374.0 | 486.1 | 400.4 |
| Income from equity method investments | (77.5) | (72.7) | (129.7) |
| Other non-operating (income) and expenses: | | | |
| Investment and other (income) loss | (18.4) | 5.0 | (22.0) |
| Interest expense | 66.2 | 73.8 | 83.0 |
| Imputed interest expense and contingent payment arrangements | 24.9 | 27.3 | (26.1) |
| | 72.7 | 106.1 | 34.9 |
| Income before income taxes | 378.8 | 452.7 | 495.2 |
| Income taxes | 91.5 | 93.1 | 83.8 |
| Net income | 287.3 | 359.6 | 411.4 |
| Net income (non-controlling interests) | (148.7) | (194.7) | (237.4) |
| Net income (controlling interest) | $ 138.6 | $ 164.9 | $ 174.0 |
| Earnings per share—basic | $ 2.92 | $ 3.18 | $ 3.36 |
| Earnings per share—diluted | $ 2.81 | $ 3.11 | $ 3.28 |
| Average shares outstanding—basic | 47.4 | 51.8 | 51.7 |
| Average shares outstanding—diluted | 49.4 | 53.0 | 53.0 |

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

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(in millions)**

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Net income | $ 287.3 | $ 359.6 | $ 411.4 |
| Other comprehensive income (loss): | | | |
| Foreign currency translation adjustment | 24.8 | (10.2) | 18.5 |
| Change in net realized and unrealized gain (loss) on derivative securities, net of tax | 3.7 | (5.9) | (0.7) |
| Change in net unrealized gain (loss) on investment securities, net of tax | 26.0 | (34.4) | 13.5 |
| Other comprehensive income (loss) | 54.5 | (50.5) | 31.3 |
| Comprehensive income | 341.8 | 309.1 | 442.7 |
| Comprehensive income (non-controlling interests) | (148.7) | (194.7) | (239.6) |
| Comprehensive income (controlling interest) | $ 193.1 | $ 114.4 | $ 203.1 |

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

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(in millions, except par value)**

| | December 31, 2011 | December 31, 2012 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 449.5 | $ 430.4 |
| Investment advisory fees receivable | 214.9 | 255.5 |
| Investments in marketable securities | 100.4 | 128.9 |
| Unsettled fund share receivables | 34.5 | 40.1 |
| Prepaid expenses and other current assets | 77.1 | 57.4 |
| Total current assets | 876.4 | 912.3 |
| Fixed assets, net | 69.1 | 81.5 |
| Equity investments in Affiliates | 615.8 | 1,031.3 |
| Acquired client relationships, net | 1,321.1 | 1,585.5 |
| Goodwill | 2,117.3 | 2,355.2 |
| Other assets | 219.2 | 221.3 |
| Total assets | $ 5,218.9 | $ 6,187.1 |
| **Liabilities and Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 343.6 | $ 324.7 |
| Unsettled fund share payables | 40.8 | 39.8 |
| Payables to related parties | 33.2 | 11.3 |
| Total current liabilities | 417.6 | 375.8 |
| Senior bank debt | 250.0 | 325.0 |
| Senior notes | — | 340.0 |
| Senior convertible securities | 435.6 | 450.1 |
| Junior convertible trust preferred securities | 512.6 | 515.5 |
| Deferred income taxes | 506.0 | 497.1 |
| Other long-term liabilities | 145.7 | 164.7 |
| Total liabilities | 2,267.5 | 2,668.2 |
| Redeemable non-controlling interests | 451.8 | 477.5 |
| Equity: | | |
| Common stock ($.01 par value, 153.0 shares authorized; 53.9 shares outstanding in 2011 and 2012) | 0.5 | 0.5 |
| Additional paid-in capital | 927.5 | 868.5 |
| Accumulated other comprehensive income | 50.0 | 79.1 |
| Retained earnings | 1,176.7 | 1,350.7 |
| | 2,154.7 | 2,298.8 |
| Less: treasury stock, at cost (2.5 shares in 2011 and 1.7 shares in 2012) | (288.7) | (214.6) |
| Total stockholders' equity | 1,866.0 | 2,084.2 |
| Non-controlling interests | 633.6 | 957.2 |
| Total equity | 2,499.6 | 3,041.4 |
| Total liabilities and equity | $ 5,218.9 | $ 6,187.1 |

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

**AFFILIATED MANAGERS GROUP, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**(in millions)**

| | Total Stockholders' Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Treasury Stock at Cost | Non-controlling interests | Total Equity |
| **December 31, 2009** | $ 0.5 | $ 612.1 | $ 46.0 | $ 873.2 | $ (422.0) | $ 371.9 | $ 1,481.7 |
| Stock issued under option and other incentive plans | — | (83.3) | — | — | 128.7 | — | 45.4 |
| Tax benefit of option exercises | — | 14.6 | — | — | — | — | 14.6 |
| Issuance costs | — | (0.9) | — | — | — | — | (0.9) |
| Changes in Affiliate equity value | — | (76.9) | — | — | — | 2.9 | (74.0) |
| Settlement of forward equity sale agreements | — | 294.7 | — | — | — | — | 294.7 |
| Share-based payment arrangements | — | 26.0 | — | — | — | — | 26.0 |
| Conversion of zero coupon convertible notes | — | 47.4 | — | — | — | — | 47.4 |
| Distributions to non-controlling interests | — | — | — | — | — | (101.0) | (101.0) |
| Investments in Affiliates | — | 146.8 | — | — | — | 238.5 | 385.3 |
| Other changes in non-controlling interests in partnerships | — | — | — | — | — | (85.7) | (85.7) |
| Net income | — | — | — | 138.6 | — | 148.7 | 287.3 |
| Other comprehensive income | — | — | 54.5 | — | — | — | 54.5 |
| **December 31, 2010** | $ 0.5 | $ 980.5 | $ 100.5 | $ 1,011.8 | $ (293.3) | $ 575.3 | $ 2,375.3 |
| Stock issued under option and other incentive plans | — | (37.6) | — | — | 65.6 | — | 28.0 |
| Tax benefit of option exercises | — | 8.2 | — | — | — | — | 8.2 |
| Issuance costs | — | (0.3) | — | — | — | — | (0.3) |
| Changes in Affiliate equity value | — | (63.0) | — | — | — | 37.4 | (25.6) |
| Share-based payment arrangements | — | 39.7 | — | — | — | — | 39.7 |
| Distributions to non-controlling interests | — | — | — | — | — | (173.8) | (173.8) |
| Repurchase of common shares | — | — | — | — | (61.0) | — | (61.0) |
| Net income | — | — | — | 164.9 | — | 194.7 | 359.6 |
| Other comprehensive income | — | — | (50.5) | — | — | — | (50.5) |
| **December 31, 2011** | $ 0.5 | $ 927.5 | $ 50.0 | $ 1,176.7 | $ (288.7) | $ 633.6 | $ 2,499.6 |
| Stock issued under option and other incentive plans | — | (62.0) | — | — | 135.0 | — | 73.0 |
| Tax benefit of option exercises | — | 25.5 | — | — | — | — | 25.5 |
| Changes in Affiliate equity value | — | (72.1) | — | — | — | 21.9 | (50.2) |
| Share-based payment arrangements | — | 49.6 | — | — | — | — | 49.6 |
| Distributions to non-controlling interests | — | — | — | — | — | (185.5) | (185.5) |
| Investments in Affiliates | — | — | — | — | — | 247.6 | 247.6 |
| Repurchase of common shares | — | — | — | — | (60.9) | — | (60.9) |
| Net income | — | — | — | 174.0 | — | 237.4 | 411.4 |
| Other comprehensive income | — | — | 29.1 | — | — | 2.2 | 31.3 |
| **December 31, 2012** | $ 0.5 | $ 868.5 | $ 79.1 | $ 1,350.7 | $ (214.6) | $ 957.2 | $ 3,041.4 |

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

## AFFILIATED MANAGERS GROUP, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

## (in millions)

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| **Cash flow from operating activities:** | | | |
| Net income | $ 287.3 | $ 359.6 | $ 411.4 |
| Adjustments to reconcile Net income to net cash flow from operating activities: | | | |
| Intangible amortization and impairments | 60.0 | 97.7 | 200.0 |
| Amortization of issuance costs | 7.6 | 8.1 | 8.2 |
| Depreciation and other amortization | 14.1 | 15.0 | 14.1 |
| Deferred income tax provision | 35.4 | 35.2 | 11.1 |
| Imputed interest expense and contingent payment arrangments | 24.9 | 27.3 | (26.1) |
| Income from equity method investments, net of amortization | (77.5) | (72.7) | (129.7) |
| Distributions received from equity method investments | 65.8 | 128.3 | 104.7 |
| Tax benefit from exercise of stock options | 4.5 | 1.1 | 3.5 |
| Share-based compensation | 19.5 | 30.3 | 47.6 |
| Affiliate equity expense | 14.5 | 22.1 | 21.7 |
| Other adjustments | 8.5 | 21.3 | 12.6 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in investment advisory fees receivable | (49.2) | 22.5 | (34.8) |
| (Increase) decrease in prepaids and other current assets | (3.4) | (2.8) | (4.2) |
| (Increase) decrease in other assets | (1.3) | (1.5) | (2.8) |
| (Increase) decrease in unsettled fund shares receivable | 14.1 | 5.9 | (4.5) |
| Increase (decrease) in unsettled fund shares payable | (10.5) | 2.0 | (2.3) |
| Increase (decrease) in accounts payable, accrued liabilities and other long-term liabilities | 66.4 | 9.1 | 2.7 |
| Cash flow from operating activities | 480.7 | 708.5 | 633.2 |
| **Cash flow used in investing activities:** | | | |
| Investments in Affiliates | (916.1) | (13.3) | (797.4) |
| Purchase of fixed assets | (8.8) | (16.1) | (20.0) |
| Purchase of investment securities | (64.0) | (49.2) | (19.1) |
| Sale of investment securities | 15.1 | 10.9 | 34.2 |
| Cash flow used in investing activities | (973.8) | (67.7) | (802.3) |
| **Cash flow from (used in) financing activities:** | | | |
| Borrowings of senior bank debt | 1,191.5 | 360.0 | 630.0 |
| Repayments of senior bank debt | (731.5) | (570.0) | (555.0) |
| Issuance of senior notes | — | — | 340.0 |
| Issuance of common stock | 46.4 | 28.0 | 73.4 |
| Repurchase of common stock | — | (61.0) | (60.9) |
| Issuance costs | (0.9) | (13.6) | (10.4) |
| Excess tax benefit from exercise of stock options | 10.1 | 7.1 | 22.0 |
| Settlement of treasury lock | — | (0.8) | — |
| Settlement of forward equity sale agreement | 294.7 | — | — |
| Note payments | (28.8) | (72.5) | (3.6) |
| Distributions to non-controlling interests | (100.7) | (167.6) | (181.4) |
| Affiliate equity issuances and repurchases | (135.8) | (13.4) | (107.9) |
| Cash flow from (used in) financing activities | 545.0 | (503.8) | 146.2 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 1.9 | (0.8) | 3.8 |
| Net increase (decrease) in cash and cash equivalents | 53.8 | 136.2 | (19.1) |
| Cash and cash equivalents at beginning of period | 259.5 | 313.3 | 449.5 |
| Cash and cash equivalents at end of period | $ 313.3 | $ 449.5 | $ 430.4 |
| Supplemental disclosure of cash flow information: | | | |
| Interest paid | $ 61.6 | $ 75.9 | $ 79.8 |
| Income taxes paid | 49.2 | 46.6 | 51.6 |
| Supplemental disclosure of non-cash financing activities: | | | |
| Payables recorded for Affiliate equity repurchases | 46.1 | 32.1 | 10.6 |
| Payables recorded under contingent payment arrangements | 77.6 | — | 28.9 |
| Stock issued for conversion of zero coupon senior convertible note | 47.5 | — | — |
| Stock issued for investments in Affiliates | 146.9 | — | — |
| Stock issued for settlement of forward equity sale agreement | 44.5 | — | — |

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

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## 1. Business and Summary of Significant Accounting Policies

### *(a) Organization and Nature of Operations*

Affiliated Managers Group, Inc. ("AMG" or the "Company") is a global asset management company with equity investments in a diverse group of boutique investment management firms ("Affiliates"). AMG's Affiliates provide investment management services globally to institutional clients, mutual funds and high net worth individuals. Fees for services are largely asset-based and, as a result, the Company's revenue may fluctuate based on the performance of financial markets.

Affiliates are either organized as limited partnerships, limited liability partnerships, limited liability companies, or corporations. AMG generally has contractual arrangements ("revenue sharing arrangements") with its Affiliates. In many cases, a percentage of revenue is allocable to fund Affiliate operating expenses, including compensation (the "Operating Allocation"), while the remaining revenue (the "Owners' Allocation") is allocable to AMG and the other partners or members, generally with a priority to AMG. In other revenue sharing arrangements, AMG owns a minority interest that allocates to AMG a percentage of the Affiliate's revenue, with the remaining revenue available to the Affiliate to pay operating expenses and profit distributions to the other owners. In certain other cases, the Affiliate is not subject to a revenue sharing arrangement, but instead operates on a profit-based model. In these cases, AMG participates fully in any increase or decrease in the revenue or expenses of such firms.

The financial statements are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). All dollar amounts, except per share data in the text and tables herein, are stated in millions unless otherwise indicated. Certain reclassifications have been made to prior years' financial statements to conform to the current year's presentation.

### *(b) Use of Estimates*

The preparation of financial statements in conformity 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.

### *(c) Principles of Consolidation*

The Company evaluates the risk, rewards, and significant terms of each of its Affiliate and other investments to determine the appropriate method of accounting. Majority-owned or otherwise controlled investments are consolidated. In many of its Affiliate investments, AMG is, directly or indirectly, the sole general partner (in the case of Affiliates which are limited partnerships), managing partner (in the case of Affiliates which are limited liability partnerships), sole manager member (in the case of Affiliates which are limited liability companies) or principal shareholder (in the case of Affiliates which are corporations). As a result, the Company generally consolidates its Affiliate investments. Investments that are determined to be variable interest entities ("VIEs") are consolidated if AMG or a consolidated Affiliate is the primary beneficiary of the investment.

For consolidated Affiliates, the portion of the income allocated to owners other than AMG is included in Net income (non-controlling interests) in the Consolidated Statements of Income. Non-controlling interests on the Consolidated Balance Sheets includes capital and undistributed income owned by the managers of the consolidated Affiliates. The current redemption value of non-controlling interests has been presented as Redeemable non-controlling interests on the Consolidated Balance Sheets. All material intercompany balances and transactions have been eliminated.

AMG applies the equity method of accounting to investments where AMG does not hold a majority equity interest but has the ability to exercise significant influence over operating and financial

matters. AMG also applies the equity method when their unaffiliated minority shareholders or partners have certain rights to remove AMG or have rights to participate in substantive operating decisions (e.g. approval of annual operating budgets, major financings, selection of senior management, etc.). For equity method investments, AMG's portion of income before taxes is included in Income from equity method investments. Other investments in which AMG 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 as dividends when, and if, declared.

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 the related income tax effect in the period of the change.

*(d) Cash and Cash Equivalents*

The Company considers all highly liquid investments, including money market mutual funds, with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value due to the short-term maturity of these investments.

*(e) Investments in Marketable Securities*

Investments in marketable securities are classified as either trading or available-for-sale and carried at fair value. Unrealized gains or losses on investments classified as available-for-sale are reported, net of tax, as a separate component of Accumulated other comprehensive income in Equity until realized. Unrealized gains or losses related to trading securities are reported within Other operating expenses in the period they occur. If a decline in the fair value of an available-for-sale investment is determined to be other than temporary, the carrying amount of the asset is reduced to its fair value, and the difference is charged to income in the period incurred.

*(f) Other Investments*

Assets of consolidated partnerships are reported within Prepaid expenses and other current assets. A majority of these assets are held by investors that are unrelated to the Company, and are therefore reported within Redeemable non-controlling interests. Income from these partnerships is presented as Investment and other (income) loss. The portion of this income or loss that is attributable to investors that are unrelated to the Company is reported within Net income (non-controlling interests).

Investments in partnerships that are not consolidated are reported within Other assets, with income from these partnerships presented as Investment and other (income) loss. Investments accounted for under the cost method are reported within Other assets, with dividend income presented, when and if declared, as Investment and other (income) loss.

*(g) Fixed Assets*

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of office equipment and furniture and fixtures range from three to ten years. Computer software developed or obtained for internal use is amortized using the straight-line method over the estimated useful life of the software, generally three years or less. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease, and the building is amortized over 39 years. The costs of improvements that extend the life of a fixed asset are capitalized, while the cost of repairs and maintenance are expensed as incurred. Land is not depreciated.

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*(h) Leases*

The Company and its Affiliates currently lease office space and equipment under various leasing arrangements. As these leases expire, it can be expected that in the normal course of business they will be renewed or replaced. Leases are classified as either capital leases or operating leases, as appropriate. Most lease agreements classified as operating leases contain renewal options, rent escalation clauses or other inducements provided by the landlord. Rent expense is accrued to recognize lease escalation provisions and inducements provided by the landlord, if any, on a straight-line basis over the lease term.

*(i) Equity Investments in Affiliates*

For equity method investments, the Company's portion of income or loss before taxes is included in Income from equity method investments. The Company's share of income taxes incurred directly by Affiliates accounted for under the equity method are recorded within Income taxes—current because these taxes generally represent the Company's share of the taxes incurred by the Affiliate. Deferred income taxes incurred as a direct result of the Company's investment in Affiliates accounted for under the equity method have been included in Income taxes—intangible-related deferred. The associated deferred tax liabilities have been classified as a component of Deferred income taxes in the Consolidated Balance Sheet.

The Company periodically evaluates its equity method investments for impairment. In such impairment evaluations, the Company assesses if the fair value of the investment has declined below its carrying value for a period considered to be other than temporary. If the Company determines that a decline in fair value below the carrying value of the investment is other than temporary, then the reduction in carrying value would be recognized in Income from equity method investments in the Consolidated Statements of Income.

*(j) Acquired Client Relationships and Goodwill*

Each acquired Affiliate has identifiable assets arising from contractual or other legal rights with their clients ("acquired client relationships"). In determining the value of acquired client relationships, the Company analyzes the net present value of each acquired Affiliate's existing client relationships based on a number of factors including: the Affiliate's historical and potential future operating performance; the Affiliate's historical and potential future rates of attrition among existing clients; the stability and longevity of existing client relationships; the Affiliate's recent, as well as long-term, investment performance; the characteristics of the firm's products and investment styles; the stability and depth of the Affiliate's management team and the Affiliate's history and perceived franchise or brand value.

The Company has determined that certain of its mutual fund acquired client relationships meet the criteria to be considered indefinite-lived assets because the Company expects both the renewal of these contracts and the cash flows generated by these assets to continue indefinitely. Accordingly, the Company does not amortize these intangible assets, but instead reviews these assets annually or more frequently whenever events or circumstances occur indicating that the recorded indefinite-lived assets may be impaired. Each reporting period, the Company assesses whether events or circumstances have occurred which indicate that the indefinite life criteria are no longer met. If the indefinite life criteria are no longer met, the Company would assess whether the carrying value of the assets exceeds its fair value, an impairment loss would be recorded in an amount equal to any such excess and these assets would be reclassified to definite-lived.

The expected useful lives of definite-lived acquired client relationships are analyzed each period and determined based on an analysis of the historical and projected attrition rates of each Affiliate's

existing clients, and other factors that may influence the expected future economic benefit the Company will derive from the relationships. The Company tests for the possible impairment of definite-lived intangible assets annually or more frequently whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. If such indicators exist, the Company compares the undiscounted cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the undiscounted cash flow amount, an impairment charge is recorded in the Consolidated Statements of Income for amounts necessary to reduce the carrying value of the asset to fair value.

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized, and is reported within the segments in which the business operates. Goodwill is not amortized, but is instead reviewed for impairment. The Company assesses goodwill for impairment at least annually, or more frequently whenever events or circumstances occur indicating that the recorded goodwill may be impaired. If the carrying amount of goodwill exceeds the fair value, an impairment loss may be recorded.

*(k) Revenue Recognition*

The Company's consolidated revenue primarily represents advisory fees billed monthly, quarterly and annually by Affiliates for managing the assets of clients. Asset-based advisory fees are recognized as services are rendered and are based upon a percentage of the value of client assets managed. Any fees collected in advance are deferred and recognized as income over the period earned. Performance based advisory fees are generally assessed as a percentage of the investment performance realized on a client's account, generally over an annual period. Performance-based advisory fees are recognized when they are earned (i.e. when they become billable to customers) based on the contractual terms of agreements and when collection is reasonably assured. Also included in revenue are commissions earned by broker dealers, recorded on a trade date basis, and other service fees recorded as earned.

*(l) Issuance Costs*

Issuance costs incurred in securing credit facility financing are amortized over the remaining term of the credit facility. Costs incurred to issue debt are amortized over the shorter of the period to the first investor put or the Company's estimate of the expected term of the security. Costs associated with financial instruments that are not required to be accounted for separately as derivative instruments are charged directly to stockholders' equity.

*(m) Derivative Financial Instruments*

The Company is exposed to interest rate risk inherent in its variable rate debt obligations. The Company's risk management strategy may utilize financial instruments, specifically interest rate derivative contracts to hedge certain interest rate exposures. In entering into these contracts, the Company intends to offset cash flow gains and losses that occur on its existing debt obligations with cash flow gains and losses on the contracts hedging these obligations.

From time to time, derivatives are used to hedge the anticipated issuance of fixed-rate debt. These exposures are hedged with treasury rate locks (e.g., a 10-year treasury lock hedging the anticipated underlying U.S. Treasury interest rate related to issuance of 10-year debt).

The Company records all derivatives on the balance sheet at fair value. If the Company's derivatives qualify as cash flow hedges, the effective portion of the unrealized gain or loss is recorded in Accumulated other comprehensive income as a separate component of stockholders' equity and reclassified into earnings when the hedged cash flows are recorded in earnings. Hedge effectiveness is generally measured by comparing the present value of the cumulative change in the expected future

variable cash flows of the hedged contract with the present value of the cumulative change in the expected future variable cash flows of the hedged item. To the extent that the critical terms of the hedged item and the derivative are not identical, hedge ineffectiveness would be reported in earnings as Interest expense. If the Company's derivatives do not qualify as cash flow or fair value hedges, changes in the fair value of the derivatives are recognized as a gain or loss in Investment and other (income) loss.

*(n)* *Contingent Payment Arrangements*

The Company periodically enters into contingent payment arrangements in connection with its business combinations. In these arrangements, the Company agrees to pay additional consideration to the sellers to the extent that certain levels of revenue growth are achieved. For consolidated Affiliates, the Company estimates the fair value of these potential future obligations at the time a business combination is consummated and records a liability on its Consolidated Balance Sheet. The Company then accretes the obligation to its expected payment amount over the period until the arrangement is measured. If the Company's expected payment amount subsequently changes, the obligation is reduced or increased in the current period resulting in a gain or loss. Both gains and losses resulting from changes to expected payments and the accretion of these obligations to their expected payment amounts are reflected within Imputed interest expense and contingent payment arrangements in the Company's Consolidated Statements of Income. For Affiliates accounted for under the equity method, the Company records an obligation when a payment becomes probable with a corresponding increase to the carrying value of the Affiliate.

*(o)* *Income Taxes*

The Company accounts for income taxes using the liability method. Under this method, deferred taxes are recognized for the expected future tax consequences of temporary differences between the book carrying amounts and tax bases of the Company's assets and liabilities. Deferred tax liabilities are generally attributable to intangible assets, convertible securities and deferred revenue. Deferred tax assets are generally attributable to state and foreign loss carryforwards, deferred compensation and the benefit of uncertain tax positions.

In measuring the amount of deferred taxes each period, the Company must project the impact on its future tax payments of any reversal of deferred tax liabilities (which would increase the Company's tax payments), and any use of its state and foreign loss carryforwards (which would decrease its tax payments). In forming these estimates, the Company makes assumptions about future federal, state and foreign income tax rates and the apportionment of future taxable income to jurisdictions in which the Company has operations. An increase or decrease in federal or state income tax rates could have a material impact on the Company's deferred income tax liabilities and assets and would result in a current income tax charge or benefit.

The Company recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. The Company recognizes interest and other charges relating to unrecognized tax benefits as additional tax expense.

In the case of the Company's deferred tax assets, the Company regularly assesses the need for valuation allowances, which would reduce these assets to their recoverable amounts. In forming these estimates, the Company makes assumptions of future taxable income that may be generated to utilize these assets, which have limited lives. If the Company determines that these assets will be realized, the

Company records an adjustment to the valuation allowance, which would decrease tax expense in the period such determination was made. Likewise, should the Company determine that it would be unable to realize additional amounts of deferred tax assets, an adjustment to the valuation allowance would be charged to tax expense in the period such determination was made.

*(p) Foreign Currency Translation*

The assets and liabilities of Affiliates whose functional currency is not the U.S. dollar are translated into U.S. dollars using exchange rates in effect as of the balance sheet date. The revenue and expenses of these Affiliates are translated into U.S. dollars using average exchange rates for the relevant period. Because of the permanent nature of the Company's investments, net translation exchange gains and losses are excluded from Net income but are recorded in Other comprehensive income. Foreign currency transaction gains and losses are reflected in Investment and other income.

*(q) Share-Based Compensation Plans*

The Company recognizes expenses for all share-based payments based on their grant date fair values over the requisite service period.

The Company reports any tax benefits realized upon the exercise of stock options that are in excess of the expense recognized for reporting purposes as a financing activity in the Company's Consolidated Statements of Cash Flows. If the tax benefit realized is less than the expense, the tax shortfall is recognized in stockholders' equity. To the extent the expense exceeds available windfall tax benefits, it is recognized in the Consolidated Statements of Income. The Company was permitted to calculate its cumulative windfall tax benefits for the purposes of accounting for future tax shortfalls. The Company elected to apply the long-form method for determining the pool of windfall tax benefits.

*(r) Recent Accounting Developments*

In May 2011, the Financial Accounting Standards Board issued an update to the fair value measurements and disclosures guidance. The new guidance clarifies existing fair value measurement principles and expands certain disclosure requirements, particularly for measurements categorized as Level 3. The Company adopted this guidance in the first quarter of 2012. Adoption of this new guidance did not have a significant impact on the Company's Consolidated Financial Statements.

In July 2012, the Financial Accounting Standards Board issued new guidance that provides the option of performing a qualitative assessment before proceeding with a quantitative impairment test for indefinite-lived intangible assets. Following an assessment of qualitative factors, if an entity determines that it is more likely than not that the fair value of the indefinite-lived asset is greater than its carrying amount, then a quantitative assessment is unnecessary. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company early-adopted this guidance in the fourth quarter of 2012. Adoption of this new guidance did not have a significant impact on the Company's Consolidated Financial Statements.

In February 2013, the Financial Accounting Standards Board issued an update to the guidance for reporting reclassifications out of accumulated other comprehensive income. The new guidance requires companies to present in a single note or on the face of the financial statements, the impact of amounts reclassified from accumulated other comprehensive income and the income statement line items affected by the reclassification. The new guidance is effective for interim and fiscal periods beginning after December 15, 2012. Adoption of this new guidance is not expected to have a significant impact on the Company's Consolidated Financial Statements.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 2. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments. The Company maintains cash and cash equivalents, investments and, at times, certain financial instruments with various financial institutions. These financial institutions are typically located in countries in which AMG and its Affiliates operate. For AMG and certain Affiliates, cash deposits at a financial institution may exceed Federal Deposit Insurance Corporation insurance limits.

## 3. Investments

*Investments in Marketable Securities*

Investment in marketable securities at December 31, 2011 and 2012 were $100.4 million and $128.9 million, respectively. These investments are comprised of the Company's investments in Value Partners Group Limited ("Value Partners"), a publicly-traded asset management firm based in Hong Kong, and investments held by Affiliates.

*Available-for-Sale Investments*

The following is a summary of the cost, gross unrealized gains and losses and fair value of investments classified as available-for-sale at December 31, 2011 and 2012:

**December 31, 2011**

| | | Gross Unrealized | | |
|---|---|---|---|---|
| | Cost | Gains | Losses | Fair Value |
| Equity securities | $ 97.6 | $ 1.4 | $ (12.7) | $ 86.3 |

**December 31, 2012**

| | | Gross Unrealized | | |
|---|---|---|---|---|
| | Cost | Gains | Losses | Fair Value |
| Equity securities | $ 103.2 | $ 15.3 | $ (3.2) | $ 115.3 |

As of December 31, 2012, the Company has invested $90.6 million in Value Partners, representing 7.8% of the outstanding common stock.

The following is a summary of the Company's realized gains and losses on investments classified as available-for-sale:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Gains | $ — | $ — | $ 0.1 |
| Losses | — | — | — |
| Net realized gains | $ — | $ — | $ 0.1 |

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*Trading Securities*

The following is a summary of the cost, gross unrealized gains and losses and fair value of investments classified as trading securities at December 31, 2011 and 2012:

**December 31, 2011**

| | | Gross Unrealized | | |
|---|---|---|---|---|
| | Cost | Gains | Losses | Fair Value |
| Equity securities | $ 13.5 | $ 0.9 | $ (0.3) | $ 14.1 |

**December 31, 2012**

| | | Gross Unrealized | | |
|---|---|---|---|---|
| | Cost | Gains | Losses | Fair Value |
| Equity securities | $ 10.3 | $ 6.5 | $ (3.2) | $ 13.6 |

The following is a summary of the Company's realized gains and losses on investments classified as trading securities:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Gains | $ 0.5 | $ 0.9 | $ 1.5 |
| Losses | — | (0.7) | (0.3) |
| Net realized gains | $ 0.5 | $ 0.2 | $ 1.2 |

*Other Investments*

Other investments consist of investments in funds advised by Affiliates. As of December 31, 2011 and 2012, the Company's other investments were $145.3 million and $155.4 million, respectively. These assets are reported within Prepaid expenses and other current assets ($31.2 million and $21.5 million at December 31, 2011 and 2012, respectively) and Other assets ($114.1 million and $133.9 million at December 31, 2011 and 2012, respectively) in the Consolidated Balance Sheets. The income or loss related to these investments is classified within Investment and other income in the Consolidated Statements of Income.

**4. Unsettled Fund Share Receivables and Payables**

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

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

## 5. Fair Value Measurements

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

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

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

Level 3— Prices reflect the Company's own assumptions concerning unobservable inputs to the valuation model. These inputs require significant management judgment and reflect the Company's assumptions that market participants would use in pricing the asset or liability.

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

| | December 31, 2011 | Fair Value Measurements | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | |
| Cash equivalents | $ 23.2 | $ 23.2 | $ — | $ — |
| Investments in marketable securities[1] | | | | |
| Trading securities | 14.1 | 14.1 | — | — |
| Available-for-sale securities | 86.3 | 86.3 | — | — |
| Other investments[2] | 145.3 | 31.1 | 10.8 | 103.4 |
| **Financial Liabilities** | | | | |
| Contingent payment arrangements[3] | $ 87.1 | $ — | $ — | $ 87.1 |
| Obligations to related parties[4] | 92.0 | — | — | 92.0 |
| Interest rate derivatives[5] | 2.9 | — | 2.9 | — |

| | December 31, 2012 | Fair Value Measurements | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | |
| Cash equivalents | $ 13.5 | $ 13.5 | $ — | $ — |
| Investments in marketable securities[1] | | | | |
| Trading securities | 13.6 | 13.6 | — | — |
| Available for sale securities | 115.3 | 115.3 | — | — |
| Other investments[2] | 155.4 | 15.7 | 20.8 | 118.9 |
| **Financial Liabilities** | | | | |
| Contingent payment arrangements[3] | $ 31.0 | $ — | $ — | $ 31.0 |
| Obligations to related parties[4] | 77.8 | — | — | 77.8 |
| Interest rate derivatives[5] | 4.0 | — | 4.0 | — |

(1) Principally investments in equity securities.

(2) Other investments are reported within Prepaid expenses and other current assets and Other assets.

(3) Net present value of expected payments under contingent payment arrangements are reported in Accounts payable and accrued liabilities and Other long-term liabilities.

(4) Obligations to related parties are presented within Payables to related party and Other long-term liabilities.

(5) Interest rate derivatives are presented within Other long-term liabilities.

The following is a description of the significant assets and liabilities measured at fair value and the fair value methodologies used.

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

*Investments in marketable securities* consist primarily of investments in publicly traded securities and in funds advised by Affiliates which are valued using net asset value ("NAV"). Publicly traded securities and investments in daily redeeming funds that calculate NAVs are classified as Level 1.

*Other investments* 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. Investments in funds that are subject to longer redemption restrictions are classified as Level 3. The fair value of Level 3 assets is determined using NAV one quarter in arrears (adjusted for current period calls and distributions).

*Interest rate derivatives* include interest rate swaps. The fair value of these assets is determined by model-derived valuations in which all significant inputs were observable in active markets.

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

*Obligations to related parties* include agreements to repurchase Affiliate equity and liabilities offsetting certain investments which are held by the Company but economically attributable to a related party. The significant unobservable inputs used in the fair value measurement of the agreements to repurchase Affiliate equity are growth and discount rates. Increases in the growth rate would result in a higher obligation while an increase in the discount rate would result in a lower obligation. The liability to a related party is measured based upon certain investments held by the Company, the fair value of which is determined using NAV one quarter in arrears.

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents certain quantitative information about the significant unobservable inputs in valuing our Level 3 financial liabilities:

| | Quantitative Information about Level 3 Fair Value Measurements | | | | |
|---|---|---|---|---|---|
| | Fair Value at December 31, 2012 | | Valuation Techniques | Unobservable Input | Range |
| Contingent payment arrangements | $ | 31.0 | Discounted cash flow | Growth rates | 6.0% - 12.0% |
| | | | | Discount rates | 14.0% - 18.0% |
| Affiliate equity repurchase obligations | | 9.4 | Discounted cash flow | Growth rates | (10.0)% - 17.0% |
| | | | | Discount rates | 15.0% - 24.0% |

The following table presents the changes in Level 3 assets and liabilities for the years ended December 31, 2011 and 2012:

| | Level 3 Financial Assets and Financial Liabilities at Fair Value | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year Ended December 31, 2011** | **Balance, beginning of period** | **Net realized gains/losses** | **Net unrealized gains/losses relating to instruments still held at the reporting date** | **Purchases and issuances** | **Settlements and reductions** | **Net transfers in and/or out of Level 3** | **Balance, end of period** |
| Other investments | $ 85.7 | $ (0.2) | $ 9.6[1] | $ 17.7 | $ (9.4) | $ — | $ 103.4 |
| Contingent payment arrangements | 77.6 | — | 9.5[2] | — | — | — | 87.1 |
| Obligations to related parties | 79.6 | 0.4 | 1.7[3] | 52.8 | (42.5) | — | 92.0 |

| | Level 3 Financial Assets and Financial Liabilities at Fair Value | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year Ended December 31, 2012** | **Balance, beginning of period** | **Net realized gains/losses** | **Net unrealized gains/losses relating to instruments still held at the reporting date** | **Purchases and issuances** | **Settlements and reductions** | **Net transfers in and/or out of Level 3** | **Balance, end of period** |
| Other investments | $ 103.4 | $ (3.2) | $ 11.0[1] | $ 18.8 | $ (11.1) | $ — | $ 118.9 |
| Contingent payment arrangements | 87.1 | (0.6) | (40.2)[2] | 24.8 | (40.1) | — | 31.0 |
| Obligations to related parties | 92.0 | 1.0 | 0.8[3] | 32.1 | (48.1) | — | 77.8 |

(1) Gains and losses on Other investments are recorded in Investment and other income.

(2) Accretion and changes to payment estimates under the Company's contingent payment arrangements are recorded in Imputed interest expense and contingent payment arrangements and foreign currency translation adjustments related to such arrangements are recorded as Other comprehensive income.

(3) Gains and losses associated with agreements to repurchase Affiliate equity are recorded in Imputed interest expense and contingent payment arrangements. Gains and losses related to liabilities offsetting certain investments are recorded in Investment and other income.

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 in 2011 or 2012.

The Company relies on 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 investments as of the measurement dates. The following table summarizes, as of December 31, 2011 and 2012, the nature of these investments and any related liquidation restrictions or other factors which may impact the ultimate value realized:

| Category of Investment | December 31, 2011 Fair Value | December 31, 2011 Unfunded Commitments | December 31, 2012 Fair Value | December 31, 2012 Unfunded Commitments |
|---|---|---|---|---|
| Private equity fund-of-funds[1] | $ 103.4 | $ 80.5 | $ 118.9 | $ 75.4 |
| Other funds[2] | 47.2 | — | 68.9 | — |
| | $ 150.6 | $ 80.5 | $ 187.8 | $ 75.4 |

(1) These funds primarily invest in a broad range of private equity funds, as well as making direct investments. Distributions will be received as the underlying assets are liquidated over the life of the funds, generally 15 years.

(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 or quarterly basis.

There are no current plans to sell any of these investments.

The carrying amount of cash, cash equivalents and short-term investments approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable approximates fair value because interest rates and other terms are at market rates. The carrying value of notes payable approximates fair value principally because of the short-term nature of the notes. The carrying value of senior bank debt approximates fair value because the debt is a credit facility with variable interest based on selected short-term rates. The fair market value of the senior notes at December 31, 2012 was $351.8 million. The fair market value of the 2008 senior convertible notes and the junior convertible trust preferred securities at December 31, 2011 were $500.0 million and $594.3 million, respectively. The fair market value of the 2008 senior convertible notes and the junior convertible trust preferred securities at December 31, 2012 were $510.6 million and $719.9 million, respectively. The senior bank debt, senior notes, senior convertible notes and junior convertible securities are classified as Level 2 because the fair value was determined utilizing market quotes in non-active markets.

## 6. Variable Interest Entities

*Sponsored Investment Funds*

The Company's Affiliates act as the investment manager for certain investment funds that are considered variable interest entities ("VIEs"). In addition to an Affiliate's involvement as the investment manager, Affiliates may also hold investments in these products. Affiliates are not the primary beneficiary of these VIEs as their involvement is limited to that of a service provider and their

investment, if any, represents an insignificant interest in the fund's assets under management. As a result, the Company's variable interests will not absorb the majority of the variability of the entity's net assets and therefore the Company has not consolidated these entities.

*Trust Preferred Vehicles*

The Company established wholly-owned trusts in connection with the 2006 and 2007 issuances of junior convertible trust preferred securities. These entities are considered VIEs and the Company is not the primary beneficiary, therefore these entities are not consolidated in the Company's financial statements.

The net assets and liabilities of these unconsolidated VIEs and the Company's maximum risk of loss related thereto are as follows:

| | December 31, 2011 | | December 31, 2012 | |
|---|---|---|---|---|
| **Category of Investment** | **Unconsolidated VIE Net Assets** | **Carrying Value and Maximum Exposure to Loss** | **Unconsolidated VIE Net Assets** | **Carrying Value and Maximum Exposure to Loss** |
| Sponsored investment funds | $ 3,618.4 | $ 1.1 | $ 7,186.9 | $ 0.8 |
| Trust preferred vehicles | 9.0 | 9.0 | 9.0 | 9.0 |

## 7. Fixed Assets and Lease Commitments

Fixed assets consisted of the following:

| | December 31, 2011 | December 31, 2012 |
|---|---|---|
| Building and leasehold improvements | $ 59.1 | $ 74.7 |
| Office equipment | 34.1 | 38.9 |
| Furniture and fixtures | 20.6 | 16.3 |
| Land and improvements | 17.9 | 18.1 |
| Computer software | 20.5 | 21.4 |
| Fixed assets, at cost | 152.2 | 169.4 |
| Accumulated depreciation and amortization | (83.1) | (87.9) |
| Fixed assets, net | $ 69.1 | $ 81.5 |

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company and its Affiliates lease office space and computer equipment for their operations. At December 31, 2012, the Company's aggregate future minimum payments for operating leases having initial or non-cancelable lease terms greater than one year are payable as follows:

| | Required Minimum Payments |
|---|---|
| 2013 | $ 26.9 |
| 2014 | 26.4 |
| 2015 | 24.0 |
| 2016 | 18.3 |
| 2017 | 16.3 |
| Thereafter | 64.0 |

Consolidated rent expense for 2010, 2011 and 2012 was $23.3 million, $29.9 million and $30.5 million, respectively.

## 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

| | December 31, | |
|---|---|---|
| | 2011 | 2012 |
| Accrued compensation | $ 136.2 | $ 138.8 |
| Accrued professional fees | 24.3 | 28.7 |
| Accrued interest | 15.9 | 19.3 |
| Accrued distributions | 25.0 | 13.2 |
| Accounts payable | 90.1 | 59.5 |
| Other | 52.1 | 65.2 |
| | $ 343.6 | $ 324.7 |

## 9. Benefit Plans

The Company has three defined contribution plans consisting of a qualified employee profit-sharing plan covering substantially all of its full-time employees and several of its Affiliates, and non-qualified plans for certain senior employees. AMG's other Affiliates generally have separate defined contribution retirement plans. Under each of the qualified plans, AMG and each participating Affiliate, as the case may be, are able to make discretionary contributions for the benefit of qualified plan participants up to Internal Revenue Service limits.

The Company has established a Deferred Compensation Plan that provides officers and directors of the Company the opportunity to voluntarily defer base salary, bonus payments and director fees, as applicable, on a pre-tax basis, and invest such deferred amounts in one or more specified measurement funds. While the Company has no obligation to do so, the Deferred Compensation Plan also provides the Company the opportunity to make discretionary contributions; in the event any such contributions are made, contributed amounts will be subject to vesting and forfeiture provisions.

Consolidated expenses related to the Company's benefit plans in 2010, 2011 and 2012 were $12.1 million, $12.0 million and $12.7 million, respectively.

**10. Senior Bank Debt**

The Company has a $1,075.0 million senior unsecured credit facility (the "credit facility"), consisting of an $825.0 million revolving credit facility (the "revolver") and a $250.0 million term loan (the "term loan"). The Company pays interest on any outstanding obligations at specified rates (based either on the LIBOR rate or the prime rate as in effect from time to time). A portion of the revolver ($30.0 million) matures in January 2015 with the balance of $795.0 million and the term loan maturing in November 2016. Subject to certain conditions, the Company may increase the revolver and the term loan by up to $75.0 million and $250.0 million, respectively.

The credit facility is unsecured and contains financial covenants with respect to leverage and interest coverage, as well as customary affirmative and negative covenants, including limitations on indebtedness, liens, cash dividends, asset dispositions and fundamental corporate changes.

As of December 31, 2011 and 2012, the Company had outstanding borrowings of $250.0 million and $325.0 million, respectively. As further described in Note 15, the Company has entered into interest rate swap contracts to exchange a fixed rate for the variable rate on a portion of its credit facility.

**11. Senior Notes**

At December 31, 2012, the Company has two senior notes outstanding. The principal terms of these notes are summarized below.

| | 2022 Senior Notes | 2042 Senior Notes |
|---|---|---|
| Issue date | October 2012 | August 2012 |
| Maturity date | October 2022 | August 2042 |
| Potential Call Date | October 2015 | August 2017 |
| Par value *(in millions)* | $ 140.0 | $ 200.0 |
| Call Price | At Par | At Par |
| Stated coupon | 5.25% | 6.375% |
| Coupon frequency | Quarterly | Quarterly |

The Company used the net proceeds from both the 2022 senior notes and the 2042 senior notes to repay outstanding indebtedness under its revolver.

**12. Convertible Securities**

At December 31, 2012, the Company has one senior convertible security outstanding ("2008 senior convertible notes") and two junior convertible trust preferred securities outstanding, one issued in 2006 (the "2006 junior convertible trust preferred securities") and a second issued in 2007 (the "2007 junior

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

| | December 31, 2011 | | December 31, 2012 | |
|---|---|---|---|---|
| | Carrying Value | Principal amount at maturity | Carrying Value | Principal amount at maturity |
| Senior convertible securities: | | | | |
| 2008 senior convertible notes[1] | $ 435.6 | $ 460.0 | $ 450.1 | $ 460.0 |
| Junior convertible trust preferred securities: | | | | |
| 2007 junior convertible trust preferred securities[1] | $ 297.8 | $ 430.8 | $ 299.4 | $ 430.8 |
| 2006 junior convertible trust preferred securities[1] | 214.8 | 300.0 | 216.1 | 300.0 |
| Total junior convertible securities | $ 512.6 | $ 730.8 | $ 515.5 | $ 730.8 |

(1) Carrying value is accreted to the principal amount at maturity over an expected life of five years for the 2008 senior convertible notes and 30 years for each of the junior convertible trust preferred securities.

The principal terms of these securities are summarized below.

| | 2008 Senior Convertible Notes[1] | 2007 Junior Convertible Trust Preferred Securities[2] | 2006 Junior Convertible Trust Preferred Securities[3] |
|---|---|---|---|
| Issue date | August 2008 | October 2007 | April 2006 |
| Maturity date | August 2038 | October 2037 | April 2036 |
| Next potential put date | August 2013 | N/A | N/A |
| Denomination | $ 1,000 | $ 50 | $ 50 |
| Current conversion rate | 7.959 | 0.250 | 0.333 |
| Current conversion price | $ 125.65 | $ 200.00 | $ 150.00 |
| Stated coupon | 3.95% | 5.15% | 5.10% |
| Coupon frequency | Semi-annually | Quarterly | Quarterly |
| Tax deduction rate[4] | 9.38% | 8.00% | 7.50% |

(1) The Company may redeem the notes (subject to the holders' rights to convert) at any time on or after August 15, 2013. The holders may require the Company to repurchase the notes in August of 2013, 2018, 2023, 2028 and 2033.

(2) The Company may redeem the 2007 junior convertible trust preferred securities if the closing price of the Company's common stock exceeds $260 per share for a specified period of time.

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(3) The Company may redeem the 2006 junior convertible trust preferred securities if the closing price of the Company's common stock exceeds $195 per share for a specified period of time.

(4) These convertible securities are considered contingent payment debt instruments under federal income tax regulations, which require the Company to deduct interest in an amount greater than its reported Interest expense. These deductions result in annual deferred tax liabilities of approximately $24.5 million. These deferred tax liabilities will be reclassified directly to stockholders' equity if the Company's common stock is trading above certain thresholds at the time of the conversion of the securities.

## 13. Forward Equity Sale Agreement

In August 2012, the Company amended its forward equity agreement to increase the amount of shares of common stock it may sell to an aggregate of $400.0 million. During 2012, the Company entered into contracts to sell a notional amount of $147.2 million at an average share price of $121.37. The Company has the ability to settle the contracts either by delivering shares of common stock and receiving cash or net settling for cash or shares of common stock. All contracts remain outstanding.

## 14. 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 Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Controlling Interests: | | | |
| Current tax | $ 42.1 | $ 45.0 | $ 61.0 |
| Intangible related deferred taxes | 47.5 | 43.2 | 22.7 |
| Other deferred taxes | (9.3) | (4.0) | (12.1) |
| Total controlling interests | 80.3 | 84.2 | 71.6 |
| Non-controlling Interests: | | | |
| Current tax | $ 14.0 | $ 12.9 | $ 11.7 |
| Deferred taxes | (2.8) | (4.0) | 0.5 |
| Total non-controlling interests | 11.2 | 8.9 | 12.2 |
| Provision for income taxes | $ 91.5 | $ 93.1 | $ 83.8 |
| Income before income taxes (controlling interest) | $ 218.9 | $ 249.1 | $ 245.6 |
| Effective tax rate attributable to controlling interests[1] | 36.7% | 33.8% | 29.2% |

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

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Current: | | | |
| Federal | $ 12.8 | $ 7.7 | $ 19.4 |
| State | 9.9 | 9.7 | 11.3 |
| Foreign | 33.4 | 40.5 | 42.0 |
| Total current | 56.1 | 57.9 | 72.7 |
| Deferred: | | | |
| Federal | 43.2 | 47.4 | 19.4 |
| State | 2.7 | 4.4 | 3.0 |
| Foreign | (10.5) | (16.6) | (11.3) |
| Total deferred | 35.4 | 35.2 | 11.1 |
| Provision for income taxes | $ 91.5 | $ 93.1 | $ 83.8 |

The components of income before income taxes consisted of the following:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Domestic | $ 186.3 | $ 243.8 | $ 238.6 |
| International | 192.6 | 208.9 | 256.6 |
| | $ 378.9 | $ 452.7 | $ 495.2 |

The Company's effective income tax rate differs from the amount computed by using income before income taxes and applying the U.S. federal income tax rate to such amount because of the effect of the following items:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Tax at U.S. federal income tax rate | 35.0% | 35.0% | 35.0% |
| State income taxes, net of federal benefit | 2.0 | 2.4 | 4.6 |
| Non-deductible expenses | 0.1 | 0.5 | 0.8 |
| Valuation allowance | 1.0 | (1.1) | (5.9) |
| Effect of foreign operations | 0.5 | — | (2.9) |
| Foreign basis differences | (0.7) | (0.9) | (0.4) |
| Effect of changes in tax law, rates | (1.2) | (2.1) | (2.0) |
| Effect of income from non-controlling interests | (12.5) | (13.2) | (12.2) |
| | 24.2% | 20.6% | 17.0% |

During 2010, the Company increased its deferred tax valuation allowance $2.2 million, principally for exposure to foreign tax credit carryforwards increasing its effective tax rate 1.0%. In both 2011 and

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

2012, the Company reversed $2.8 million of its valuation allowance, principally for state net operating losses that expired. In 2012, the Company also reduced the allowance $11.5 million for foreign tax credit carryforwards and benefits of uncertain tax positions from improved projections of taxes in the U.S.

During 2010, 2011 and 2012, the Company realized a deferred tax benefit of $4.1 million, $7.6 million, and $7.3 million, respectively, from the re-valuation of its deferred taxes from a change in enacted tax rates in the United Kingdom. These changes, which reduced taxes attributable to both the controlling and non-controlling interest, decreased the Company's effective tax rate 1.9%, 3.1% and 3.0% in 2010, 2011 and 2012, respectively. Excluding the non-controlling interest tax benefits, the changes decreased the effective tax rate of the controlling interest 1.2%, 2.1% and 2.0% in 2010, 2011 and 2012, respectively.

The Company does not provide for deferred taxes on the excess of the financial reporting basis over the tax basis in its investments in foreign subsidiaries that are permanent in duration. This amount becomes taxable upon a repatriation of assets from a sale or liquidation of the subsidiary. As of December 31, 2012, the amount of such temporary difference was approximately $25.8 million. The deferred taxes not recognized at December 31, 2012 for this temporary difference are approximately $9.8 million.

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

| | December 31, | |
|---|---|---|
| | **2011** | **2012** |
| Deferred Tax Assets | | |
| State net operating loss carryforwards | $ 26.5 | $ 23.9 |
| Deferred compensation | 17.5 | 23.9 |
| Foreign tax credit carryforwards | 15.1 | 20.1 |
| Tax benefit of uncertain tax positions | 11.6 | 17.6 |
| Accrued expenses | 11.6 | 6.0 |
| Capital loss carryforwards | 1.5 | 1.5 |
| Total deferred tax assets | 83.8 | 93.0 |
| Valuation allowance | (35.6) | (21.3) |
| Deferred tax assets, net of valuation allowance | $ 48.2 | $ 71.7 |
| Deferred Tax Liabilities | | |
| Intangible asset amortization | $ (247.1) | $ (238.2) |
| Convertible securities interest | (171.1) | (189.2) |
| Non-deductible intangible amortization | (127.2) | (120.1) |
| Deferred revenue | (5.6) | (18.5) |
| Other | (3.2) | (2.8) |
| Total deferred tax liabilities | (554.2) | (568.8) |
| Net deferred tax liability | $ (506.0) | $ (497.1) |

Deferred tax liabilities are primarily the result of tax deductions for the Company's intangible assets and convertible securities. The Company amortizes most of its intangible assets for tax purposes only, reducing its tax basis below its carrying value for financial statement purposes and generating deferred taxes each reporting period. The Company's 2008 senior convertible notes and junior

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

At December 31, 2012, the Company has state net operating loss carryforwards that expire over a 15-year period beginning in 2013. The Company also has foreign tax credit carryforwards that expire over a 10-year period beginning in 2013. The valuation allowances at December 31, 2011 and December 31, 2012 were principally related to the Company's projections of taxable income prior to the expiration of these state and federal carryforwards.

The Company carried a liability for uncertain tax positions of $24.6 million, $21.3 million and $22.6 million as of December 31, 2010, 2011 and 2012, respectively. These amounts included $3.2 million, $1.6 million and $2.2 million of interest and related charges, respectively. At December 31, 2010, 2011 and 2012, these liabilities also included $16.7 million, $12.6 million and $19.4 million, respectively, for tax positions that, if recognized, would affect the Company's effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Balance, as of January 1 | $ 21.9 | $ 24.6 | $ 21.2 |
| Additions based on current year tax positions | 7.0 | 4.8 | 5.9 |
| Additions based on prior years' tax positions | — | — | 5.2 |
| Reductions for prior years' tax provisions | (1.2) | — | (5.4) |
| Settlements | — | (1.2) | — |
| Reductions related to lapses of statutes of limitations | (3.4) | (6.7) | (4.6) |
| Additions (reductions) related to foreign exchange rates | 0.3 | (0.3) | 0.3 |
| Balance, as of December 31 | $ 24.6 | $ 21.2 | $ 22.6 |

During 2012, this liability decreased $5.4 million as a result of the recognition of tax benefits from the transfer of interests in an Affiliate. This decrease was offset by a $5.2 million provision for added foreign exposure for prior years. The Company does not anticipate that this liability will change significantly over the next twelve months.

The Company periodically has tax examinations in the U.S. and foreign jurisdictions. Examination outcomes, and any related settlements, are subject to significant uncertainty. The completion of examinations may result in the payment of additional taxes and/or the recognition of tax benefits. The Company is generally no longer subject to income tax examinations by any tax authorities for years before 2007.

## 15. Derivative Financial Instruments

From time to time, the Company seeks to offset its exposure to changing interest rates under its debt financing arrangements by entering into interest rate hedging contracts.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In 2010, the Company entered into interest rate swap agreements as summarized in the table below:

| | Notional Amount | Paying | Receiving | Start Date | Expiration Date |
|---|---|---|---|---|---|
| Counterparty A | $ 25.0 | 1.67% | 3-Month LIBOR | October 2010 | October 2015 |
| Counterparty A | $ 25.0 | 1.65% | 3-Month LIBOR | October 2010 | October 2015 |
| Counterparty B | $ 25.0 | 1.59% | 3-Month LIBOR | October 2010 | October 2015 |
| Counterparty B | $ 25.0 | 2.14% | 3-Month LIBOR | October 2010 | October 2017 |

The Company's derivative contracts contain provisions that may require the Company or the counterparties to post collateral based upon the current fair value of the derivative contracts. As of December 31, 2012, the Company had posted collateral of $5.3 million related to its interest rate swap contracts.

The following summarizes the amount of derivative instrument gains and losses (before taxes) reported in the Consolidated Statements of Comprehensive Income:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| **Cash Flow Hedges** | **2010** | **2011** | **2012** |
| Interest rate swaps | $ 2.5 | $ (5.4) | $ (1.1) |
| Treasury rate locks | 3.4 | (4.3) | — |
| Total | $ 5.9 | $ (9.7) | $ (1.1) |

Hedge ineffectiveness was not material in any periods presented.

The following summarizes the location and fair values of derivative instruments on the Consolidated Balance Sheets:

| | December 31, | |
|---|---|---|
| **Cash Flow Hedges** | **2011** | **2012** |
| Interest rate swaps[1] | $ (2.9) | $ (4.0) |

(1) Presented within Other long-term liabilities.

The Company does not generally hold or issue derivative financial instruments for trading purposes. Interest rate swaps and treasury rate locks are intended to enable the Company to achieve a level of variable-rate and fixed-rate debt that is acceptable to management and to limit interest rate exposure.

During the fourth quarter of 2012, the Company entered into Standard & Poor's 500 Index puts to limit the effect of a possible market downturn on its 2012 earnings. The Company recognized an expense of $1.2 million for these positions, which had a notional value of $150.0 million; the contracts expired on December 31, 2012, and no gain was recognized.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. Comprehensive Income

The following table shows the tax effects allocated to each component of Other comprehensive income:

| | For the Year Ended December 31, 2010 | | |
|---|---|---|---|
| | Pre-Tax | Tax Expense | Net of Tax |
| Foreign currency translation adjustment | $ 24.8 | $ — | $ 24.8 |
| Change in net realized and unrealized gain on derivative securities | 5.9 | (2.2) | 3.7 |
| Change in net unrealized gain on investment securities | 41.3 | (15.3) | 26.0 |
| Other comprehensive income | $ 72.0 | $ (17.5) | $ 54.5 |

| | For the Year Ended December 31, 2011 | | |
|---|---|---|---|
| | Pre-Tax | Tax Benefit | Net of Tax |
| Foreign currency translation adjustment | $ (10.2) | $ — | $ (10.2) |
| Change in net realized and unrealized loss on derivative securities | (9.7) | 3.8 | (5.9) |
| Change in net unrealized loss on investment securities | (56.6) | 22.2 | (34.4) |
| Other comprehensive loss | $ (76.5) | $ 26.0 | $ (50.5) |

| | For the Year Ended December 31, 2012 | | |
|---|---|---|---|
| | Pre-Tax | Tax Expense | Net of Tax |
| Foreign currency translation adjustment | $ 18.5 | $ — | $ 18.5 |
| Change in net realized and unrealized loss on derivative securities | (1.1) | 0.4 | (0.7) |
| Change in net unrealized gain on investment securities | 21.6 | (8.1) | 13.5 |
| Other comprehensive income | $ 39.0 | $ (7.7) | $ 31.3 |

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

| | December 31, 2011 | Other Comprehensive Income | December 31, 2012 |
|---|---|---|---|
| Foreign currency translation adjustments | $ 57.7 | $ 18.5 | $ 76.2 |
| Realized and unrealized losses on derivative securities | (2.2) | (0.7) | (2.9) |
| Unrealized gain (loss) on investment securities | (5.5) | 13.5 | 8.0 |
| Accumulated other comprehensive income | 50.0 | 31.3 | 81.3 |
| Accumulated other comprehensive income (non-controlling interests) | — | (2.2) | (2.2) |
| Accumulated other comprehensive income (controlling interest) | $ 50.0 | $ 29.1 | $ 79.1 |

## 17. Commitments and Contingencies

The Company and its Affiliates are subject to claims, legal proceedings and other contingencies in the ordinary course of their business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved in a manner unfavorable to the Company or its Affiliates. The Company and its Affiliates establish accruals for matters for which the outcome is probable and the amount of the liability can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the Company.

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

In connection with a past acquisition agreement, the Company has committed to co-invest in certain investment partnerships where it serves as the general partner. As of December 31, 2012, these commitments totaled approximately $75.4 million and may be called in future periods. The Company is contractually entitled to reimbursement from the prior owner for $36.8 million of these commitments if they are called.

Under past acquisition agreements, the Company is contingently liable, upon achievement of specified financial targets, to make payments of up to $468.2 million through 2017. As of December 31, 2012, the Company expects to make payments of $200.8 million to settle these contingent obligations (including $142.0 million related to the Company's equity method investments). The net present value of the expected payments for consolidated Affiliates totals $34.2 million as of December 31, 2012. The Company expects to make $3.2 million of payments in 2013. During 2012, the Company recognized net gains of $53.8 million ($35.8 million attributable to the controlling interest) as a result of changes to expected payments for consolidated Affiliates. These net gains have been classified within Imputed interest expense and contingent payment arrangements in the Consolidated Statements of Income.

## 18. Business Combinations

On June 29, 2012, the Company completed majority investments in Veritable, LP ("Veritable") and Yacktman Asset Management LP ("Yacktman"). As discussed in Note 21, the Company also completed an additional minority investment in BlueMountain Capital Management LLC ("BlueMountain").

The Company completed its purchase price allocation for Veritable by using a financial model that includes assumptions of market performance, net client cash flows and discount rates. The excess of the enterprise value over the net assets acquired was recorded as goodwill, of which 100% was attributed to the Company's High Net Worth segment. The consideration paid (less net tangible assets acquired) is deductible for U.S. tax purposes over a 15-year life.

The Company completed its purchase price allocation for Yacktman by using a financial model that includes assumptions of market performance, net client cash flows and discount rates. The excess of the enterprise value over the net assets acquired was recorded as goodwill, of which 91% and 9% was attributed to the Company's Mutual Fund and High Net Worth segments, respectively. The consideration paid (less net tangible assets acquired) is deductible for U.S. tax purposes over a 15-year life. As part of this investment, the Company is contingently liable to make payments of up to $75.0 million over the next three to five years upon the achievement of specified revenue targets. The Company currently projects contingent payments totaling $55.6 million, and as of December 31, 2012, the present value of these payments was $31.0 million.

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The purchase price allocations for these investments are as follows:

| | Veritable | Yacktman |
|---|---|---|
| Consideration paid | $ 116.8 | $ 301.0 |
| Non-controlling interests | 30.2 | 217.4 |
| Contingent payment obligations | — | 24.8 |
| Enterprise value | $ 147.0 | $ 543.2 |
| Acquired client relationships | $ 85.1 | $ 367.5 |
| Tangible assets, net | 2.7 | 9.0 |
| Goodwill | 59.2 | 166.7 |
| | $ 147.0 | $ 543.2 |

Unaudited pro forma financial results are set forth below, giving consideration to the investments and acquisitions in 2012, as if such transactions occurred as of January 1, 2011, assuming the revenue sharing arrangements had been in effect for the entire period and after making certain other pro forma adjustments.

| | For the Years Ended December 31, | |
|---|---|---|
| | 2011 | 2012 |
| Revenue | $ 1,810.9 | $ 1,881.0 |
| Net income (controlling interest) | 179.6 | 186.0 |
| Earnings per share—basic | $ 3.47 | $ 3.60 |
| Earnings per share—diluted | $ 3.39 | $ 3.51 |

The unaudited pro forma financial results are not necessarily indicative of the financial results had the investments been consummated at the beginning of the periods presented, nor are they necessarily indicative of the financial results expected in future periods. The pro forma financial results do not include the impact of transaction and integration related costs or benefits that may be expected to result from these investments.

New Affiliate investments during the twelve months ended December 31, 2012, contributed $88.0 million and $14.5 million to the Company's revenue and earnings, respectively.

**19. Affiliate Equity**

The Company periodically issues Affiliate equity interests to and repurchases Affiliate equity interests from its Affiliate partners. These transactions generally occur at fair value. However, 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 requisite service period. The Company recognized compensation expenses related to Affiliate equity of $26.2 million, $29.0 million, and $38.0 million (of which $14.5 million, $22.1 million, and $21.6 million were attributable to the controlling interest) in 2010, 2011 and 2012, respectively.

Many of the Company's operating agreements provide the Company a conditional right to call and Affiliate partners the conditional right to put their retained equity interests at certain intervals. The purchase price of these conditional purchases are generally calculated based upon a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. Affiliate management partners are also permitted to sell their equity interests to other individuals or entities in certain cases,

subject to the Company's approval or other restrictions. The Company, at its option, may pay for Affiliate equity purchases in cash, shares of its common stock or other forms of consideration and can consent to the transfer of these interests to other individuals or entities.

The current redemption value of these interests has been presented as Redeemable non-controlling interests on the Company's 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 during the period:

| | December 31, 2011 | December 31, 2012 |
|---|---|---|
| Balance, as of January 1 | $ 406.3 | $ 451.8 |
| Issuance of Redeemable non-controlling interests | 52.5 | 11.2 |
| Repurchase of Redeemable non-controlling interests | (57.8) | (28.4) |
| Changes in redemption value | 50.8 | 42.9 |
| Balance, as of December 31 | $ 451.8 | $ 477.5 |

During the years ended 2010, 2011 and 2012, the Company acquired interests from and transferred interests to Affiliate management partners. The following schedule discloses the effect of changes in the Company's ownership interests in its Affiliates on the controlling interest's equity:

| | For the Years Ended December 31, 2010 | 2011 | 2012 |
|---|---|---|---|
| Net income (controlling interest) | $ 138.6 | $ 164.9 | $ 174.0 |
| Increase (decrease) in controlling interest paid-in capital from the sale of Affiliate equity | (45.4) | (28.1) | (44.0) |
| Change from Net income (controlling interest) and net transfers with non-controlling interests | $ 93.2 | $ 136.8 | $ 130.0 |

## 20. Goodwill and Acquired Client Relationships

The following table presents the change in Goodwill during 2011 and 2012:

| | Institutional | Mutual Fund | High Net Worth | Total |
|---|---|---|---|---|
| Balance, as of December 31, 2010 | $ 1,073.6 | $ 786.7 | $ 261.6 | $ 2,121.9 |
| Goodwill acquired | 0.1 | — | 1.3 | 1.4 |
| Foreign currency translation | (2.3) | (1.7) | (2.0) | (6.0) |
| Balance, as of December 31, 2011 | $ 1,071.4 | $ 785.0 | $ 260.9 | $ 2,117.3 |
| Goodwill acquired | 0.3 | 151.3 | 74.3 | 225.9 |
| Foreign currency translation | 6.8 | 3.2 | 2.0 | 12.0 |
| Balance, as of December 31, 2012 | $ 1,078.5 | $ 939.5 | $ 337.2 | $ 2,355.2 |

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table reflects the components of intangible assets of the Company's Affiliates that are consolidated as of December 31, 2011 and 2012:

| | 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, 2010 | $ 971.1 | $ (228.5) | $ 742.6 | $ 678.0 | $ 1,420.6 |
| New Investments | — | — | — | — | — |
| Amortization and impairments | — | (88.5) | (88.5) | (9.2) | (97.7) |
| Foreign currency translation | (0.6) | — | (0.6) | (1.2) | (1.8) |
| Balance, as of December 31, 2011 | $ 970.5 | $ (317.0) | $ 653.5 | $ 667.6 | $ 1,321.1 |
| New Investments | 131.1 | — | 131.1 | 321.5 | 452.6 |
| Amortization and impairments | — | (97.8) | (97.8) | (102.2) | (200.0) |
| Foreign currency translation | 1.1 | — | 1.1 | 10.7 | 11.8 |
| Transfers and other | 6.9 | 31.3 | 38.2 | (38.2) | — |
| Balance, as of December 31, 2012 | $ 1,109.6 | $ (383.5) | $ 726.1 | $ 859.4 | $ 1,585.5 |

During 2011, the Company completed impairment assessments on its goodwill and definite-lived acquired client relationships and no impairments were indicated. During 2011, the Company determined that fair value of the indefinite-lived intangible assets at one of its Affiliates, a growth-oriented manager of U.S. equity mutual funds, had declined below its carrying value and, accordingly, recognized an impairment of $9.2 million.

During 2012, the Company completed impairment assessments on its goodwill and definite-lived acquired client relationships and no impairments were indicated. During 2012, the Company determined that the fair value of the indefinite-lived intangible asset at one of its Affiliates, a manager of growth-oriented U.S. equity mutual funds, had declined below its carrying value and, accordingly, recognized an impairment of $102.2 million. The fair value of this asset ($38.2 million) was calculated using a discounted cash flow analysis, a Level 3 fair value measurement. The significant assumptions used in the valuation were assets under management (declining approximately 10% annually) and a discount rate of 15%. While the Company generally considers investment advisory contracts between its Affiliates and their sponsored registered investment companies to have an indefinite life, it was determined that the useful life of this asset was no longer indefinite. Accordingly, in 2012, the Company reclassified the remaining acquired client relationships to definite-lived and began to recognize amortization related to the asset.

For the Company's Affiliates that are consolidated, definite-lived acquired client relationships are amortized over their expected useful lives. As of December 31, 2012, these relationships were being amortized over a weighted average life of approximately eleven years. The Company estimates that its consolidated annual amortization expense will be approximately $100 million for the next five years, assuming no additional investments in new or existing Affiliates.

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

## 21. Equity Investments in Affiliates

During the quarter ended September 30, 2012, the Company announced and closed an additional investment in BlueMountain, a leading global credit alternatives manager. The Company continues to hold a minority interest and accounts for the investment under the equity method of accounting. The Company's purchase price allocation was measured using a financial model that includes assumptions of expected market performance and net client cash flows. The Company allocated $131.7 million to acquired client relationships. The consideration paid will be deductible for U.S. tax purposes over a 15-year life.

For the Affiliates in which the Company holds a significant but non-controlling interest, the equity method of accounting is applied. The definite-lived acquired client relationships attributable to the Company's equity method investments are amortized over their expected useful lives. As of December 31, 2012, these relationships were being amortized over a weighted average life of approximately nine years. The Company recognized amortization expense for these relationships of $32.9 million for twelve months ended December 31, 2011 as compared to $36.9 million and for the twelve months ended December 31, 2012. Assuming no additional investments in new or existing Affiliates, the Company estimates the annual amortization expense attributable to its current equity-method Affiliates for the next five years as follows:

| Year Ending December 31, | Estimated Amortization Expense |
|---|---|
| 2013 | $ 41.5 |
| 2014 | 20.0 |
| 2015 | 11.7 |
| 2016 | 8.9 |
| 2017 | 8.9 |

The following table presents summarized financial information for Affiliates accounted for under the equity method.

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Revenue(1)(2) | $ 619.5 | $ 581.0 | $ 1,005.4 |
| Net income | 444.2 | 387.9 | 783.3 |

| | December 31, | |
|---|---|---|
| | 2011 | 2012 |
| Current assets(2) | $ 8,193.1 | $ 11,957.8 |
| Noncurrent assets | 29.1 | 34.7 |
| Current liabilities | 1,022.7 | 1,361.5 |
| Noncurrent liabilities and Non-controlling interest(2) | 6,754.3 | 9,857.6 |

(1) Revenue includes advisory fees for asset management services, investment income and dividends from consolidated investment partnerships.

(2) For its investments in AQR, BlueMountain and ValueAct, the Company is entitled to a share of revenue but no portion of the assets held by investors that are unrelated to the Company (which include consolidated investment partnerships).

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company's share of undistributed earnings from equity method investments totaled $87.0 million as of December 31, 2012.

## 22. Net Income (non-controlling interests)

Net income (non-controlling interests) in the Consolidated Statements of Income includes the income allocated to owners of consolidated Affiliates, other than AMG. For the years ended December 31, 2010, 2011 and 2012, this income was $153.1 million, $194.7 million and $237.4 million, respectively. Non-controlling interests on the Consolidated Balance Sheets includes capital and undistributed profits owned by the managers of the consolidated Affiliates (including profits allocated to managers from the Owners' Allocation and Operating Allocation).

## 23. Stockholders' Equity

*Preferred Stock*

The Company is authorized to issue up to 5.0 million shares of Preferred Stock. Any such Preferred Stock issued by the Company may rank prior to common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock.

*Common Stock*

The Company's Board of Directors has authorized the issuance of up to 150.0 million shares of Voting Common Stock and 3.0 million shares of Class B Non-Voting Common Stock. As more fully described in Note 13, the Company is party to a forward equity sale agreement to issue new shares of the Company's common stock.

The Company's Board of Directors has also authorized share repurchase programs in recent periods. The maximum number of shares that may yet be repurchased under outstanding programs is 2.3 million. The timing and amount of issuances and repurchases are determined at the discretion of AMG's management.

A summary of the Company's recent share repurchase activity is as follows:

| Period | Shares Repurchased | Average Price |
|---|---|---|
| 2010 | — | — |
| 2011 | 0.7 | $ 83.63 |
| 2012 | 0.6 | $ 107.44 |

*Financial Instruments*

The Company's 2008 senior convertible notes and junior convertible trust preferred securities contain an embedded right for holders to receive shares of the Company's common stock under certain conditions. These arrangements, as well as the forward equity sale agreement, meet the definition of equity and are not required to be accounted for separately as derivative instruments.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 24. Share-Based Compensation

*Share-Based Incentive Plans*

The Company has established various Stock Option and Incentive Plans under which it is authorized to grant stock options and stock appreciation rights. As of December 31, 2012, there were 3,449,781 options available for grant under the plans.

The Company established an Executive Incentive Plan to align executive incentives with increases in stockholder value. The stockholders of the Company most recently approved an amendment to the plan in 2010 at the Company's annual meeting. Compensation payable under this plan is intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code. The Company also has a Deferred Compensation Plan to provide additional retirement plan flexibility for our officers. The plan provides officers and directors the opportunity to voluntarily defer compensation on a pre-tax basis, and to notionally invest such deferred amounts in one or more specified measurement funds. The Company has a Long-Term Stock and Investment Plan (the "Long-Term Stock and Investment Plan"), under which the Company may grant cash awards that can be notionally invested in one or more specified measurement funds.

The Company implemented the Long-Term Equity Incentive Plans in 2010, 2011 and 2012 under which the Company grants equity interests to employees and officers. Under the plans, equity interests may be granted to management from time to time, with vesting, forfeiture and repurchase arrangements established under the plans at the time of grant. The equity interest structure is similar to the equity structure employed with the Company's Affiliate principals, with a ratable portion of ownership interests in all Affiliates transferred to a partnership, with grants of equity interests that have rights to cash flow deferred seven years from the date of grant.

*Stock Options*

Pursuant to the option plans discussed above, stock options generally vest over a period of three to five years and expire seven to ten years after the grant date. All options have been granted with exercise prices equal to the fair market value of the Company's common stock on the date of grant.

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—January 1, 2012 | 5.1 | $ 68.18 | |
| Options granted | 0.1 | 121.90 | |
| Options exercised | (1.4) | 54.45 | |
| Options forfeited | 0.0 | 85.72 | |
| Unexercised options outstanding—December 31, 2012 | 3.8 | 74.04 | 4.1 |
| Exercisable at December 31, 2012 | 2.5 | 68.64 | 3.6 |

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value of options granted is estimated using the Black-Scholes option pricing model. The weighted average fair value of options granted during the years ended December 31, 2010, 2011 and 2012 was $23.54, $30.27 and $40.43 per option, respectively, based on the assumptions stated below.

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| Expected volatility(1) | 32.4% | 33.1% | 36.8% |
| Risk-free interest rate(2) | 1.6% | 1.3% | 0.7% |
| Expected life of options (in years)(3) | 4.5 | 4.8 | 5.0 |
| Forfeiture rate(3) | 4.8% | 2.4% | 1.4% |

(1) Based on historical and implied volatility.

(2) Based on the U.S. Treasury yield curve in effect at the date of grant.

(3) Based on the Company's historical data and expected exercise behavior.

The Company generally uses treasury stock to settle stock option exercises. The total intrinsic value of options exercised during the years ended December 31, 2010, 2011 and 2012 was $42.3 million, $35.4 million and $86.8 million, respectively. As of December 31, 2012, the intrinsic value of exercisable options outstanding was $154.2 million and 3.4 million options are available for future grant under the Company's option plans.

*Restricted Stock*

Under the Company's Executive Incentive Plan and Long-Term Stock and Investment Plan, the Company periodically grants awards denominated in the Company's common stock. The Company granted awards with fair values of $1.0 million, $3.3 million, and $18.1 million in 2010, 2011 and 2012, respectively. The Company may elect to settle the awards in shares of the Company's common stock or cash. The grant date fair value of the awards is based on the closing price of the Company's common stock on the date of grant.

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

| | Restricted Stock | Weighted Average Grant Date Value |
|---|---|---|
| Units outstanding—January 1, 2012 | 0.4 | $ 52.66 |
| Units granted | 0.2 | 127.33 |
| Units issued | (0.2) | 48.54 |
| Units forfeited | (0.0) | 52.33 |
| Units outstanding—December 31, 2012 | 0.4 | 84.53 |

*Long-Term Equity Incentive Plan*

Further to its retention and incentive objectives, the Company granted awards under the Company's Long-Term Equity Incentive Plans with aggregate fair values of $21.0 million, $14.6 million and $25.9 million during 2010, 2011 and 2012, respectively. These awards represent profits interests in

the Company's Affiliates and recipients of these awards have rights to cash flows beginning in 2018. Recipients may require the Company to purchase their interests starting in 2016.

*Share-Based Incentive Compensation*

During the year ended December 31, 2011, the cash received and the actual tax benefit recognized for options exercised were $28.0 million and $8.2 million, respectively. During the year ended December 31, 2011, the excess tax benefit classified as a financing cash flow was $7.1 million. During the year ended December 31, 2012, the cash received and the actual tax benefit recognized for options exercised were $73.4 million and $25.5 million, respectively. During the year ended December 31, 2012, the excess tax benefit classified as a financing cash flow was $22.0 million.

A summary of recent share-based compensation expense is as follows:

| Period | Share-Based Compensation Expense | Tax Benefit |
|---|---|---|
| 2010 | $ 19.5 | $ 7.5 |
| 2011 | 30.3 | 11.6 |
| 2012 | 47.6 | 18.2 |

As of December 31, 2011, there was $80.0 million of compensation expense related to share-based compensation arrangements which will be recognized over a weighted average period of approximately three years (assuming no forfeitures). As of December 31, 2012, there was $78.4 million of compensation expense related to share-based compensation arrangements which will be recognized over a weighted average period of approximately three years (assuming no forfeitures).

## 25. 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

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

denominator used in the calculation of basic and diluted earnings per share available to common stockholders.

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| **Numerator** | | | |
| Net income (controlling interest) | $ 138.6 | $ 164.9 | $ 174.0 |
| Interest expense on convertible securities, net of taxes | 0.1 | — | — |
| Net income (controlling interest), as adjusted | $ 138.7 | $ 164.9 | $ 174.0 |
| **Denominator** | | | |
| Average shares outstanding—basic | 47.4 | 51.8 | 51.7 |
| Effect of dilutive instruments: | | | |
| Stock options and other awards | 1.0 | 1.2 | 1.3 |
| Forward sale | 0.6 | — | — |
| Senior convertible securities | 0.4 | — | — |
| Average shares outstanding—diluted | 49.4 | 53.0 | 53.0 |

As more fully discussed in Notes 10 and 12, the Company had convertible securities outstanding during the periods presented and is required to apply the if-converted method to these securities in its calculation of diluted earnings per share. Under the if-converted method, shares that are issuable upon conversion are deemed outstanding, regardless of whether the securities are contractually convertible into the Company's common stock at that time. For this calculation, the interest expense (net of tax) attributable to these dilutive securities is added back to Net income (controlling interest), reflecting the assumption that the securities have been converted. Issuable shares for these securities and related interest expense are excluded from the calculation if an assumed conversion would be anti-dilutive to diluted earnings per share.

The Company did not repurchase any shares of common stock during the years ended December 31, 2010. For the twelve months ended December 31, 2011 and 2012, the Company repurchased approximately 0.7 million and 0.6 million shares of common stock under the share repurchase programs approved by the Company's Board of Directors.

The diluted earnings per share calculations in the table above exclude the anti-dilutive effect of the following shares:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| Stock options and other awards | 1.3 | 1.2 | 0.7 |
| Senior convertible securities | 3.6 | 3.6 | 3.6 |
| Junior convertible trust preferred securities | 4.2 | 4.2 | 4.2 |
| Forward equity sales | — | — | 0.2 |

As discussed further in Note 19, the Company may settle portions of its Affiliate equity purchases in shares of its common stock. Because it is the Company's intent to settle these potential repurchases in cash, the calculation of diluted earnings per share excludes any potential dilutive effect from possible share settlements.

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

## 26. Financial Instruments and Risk Management

The Company is exposed to market risks brought on by changes in interest and currency exchange rates. The Company has not entered into foreign currency transactions or derivative financial instruments to reduce risks associated with changes in currency exchange rates. The Company may use derivative financial instruments to reduce risks associated with changes in interest rates.

*Notional amounts and credit exposures of derivatives*

The notional amount of derivatives does not represent amounts that are exchanged by the parties, and thus are not a measure of the Company's exposure. The amounts exchanged are calculated on the basis of the notional or contract amounts, as well as on other terms of the interest rate derivatives and the volatility of these rates and prices.

The Company would be exposed to credit-related losses in the event of nonperformance by the counter parties that issued the financial instruments, although the Company does not expect that the counter parties to interest rate derivatives will fail to meet their obligations, given their typically high credit ratings. The credit exposure of derivative contracts is represented by the positive fair value of contracts at the reporting date, reduced by the effects of master netting agreements and collateral posted by the counterparty.

*Interest Rate Risk Management*

From time to time, the Company enters into derivative financial instruments to reduce exposure to interest rate risk. The Company does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are intended to enable the Company to achieve a level of variable-rate or fixed-rate debt that is acceptable to management and to limit interest rate exposure. The Company agrees with another party to exchange the difference between fixed-rate and floating rate interest amounts calculated by reference to an agreed notional principal amount.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 27. Selected Quarterly Financial Data (Unaudited)

The following is a summary of the quarterly results of operations of the Company for the years ended December 31, 2011 and 2012.

| | 2011 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | $ 426.3 | $ 462.3 | $ 413.8 | $ 402.4 |
| Operating income | 124.9 | 140.0 | 126.0 | 95.2 |
| Income before income taxes | 116.1 | 127.7 | 99.9 | 109.0 |
| Net income (controlling interest) | 39.1 | 45.4 | 40.1 | 40.3 |
| Earnings per share—diluted | $ 0.74 | $ 0.85 | $ 0.76 | $ 0.77 |

| | 2012 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | $ 417.6 | $ 429.6 | $ 467.3 | $ 491.0 |
| Operating income | 108.8 | 25.0 | 139.7 | 126.9 |
| Income before income taxes | 117.7 | 62.9 | 137.5 | 177.1 |
| Net income (controlling interest) | 37.5 | 6.6 | 54.9 | 75.0 |
| Earnings per share—diluted | $ 0.71 | $ 0.12 | $ 1.04 | $ 1.40 |

## 28. Related Party Transactions

The Company periodically records amounts receivable and payable to Affiliate partners in connection with the transfer of Affiliate equity interests. The Company also has liabilities to related parties for deferred purchase price and contingent payment arrangements in connection with certain business combinations.

The total receivable at December 31, 2011 was $41.3 million, of which $1.4 million is included in Prepaid expenses and other current assets and $39.9 million is included in Other assets. The total receivable at December 31, 2012 was $36.9 million, of which $1.9 million is included in Prepaid expenses and other current assets and $35.0 million is included in Other assets. The total payable as of December 31, 2011 was $147.5 million, of which $33.2 million is included in current liabilities and $114.3 million is included in Other long-term liabilities. The total payable as of December 31, 2012 was $133.6 million, of which $11.3 million is included in current liabilities and $122.3 million is included in Other long-term liabilities.

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

## 29. Segment Information

Management has assessed and 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.

Revenue in the Institutional distribution channel is earned from relationships with public and private client entities, including pension plans, foundations, endowments and sovereign wealth funds. Revenue in the Mutual Fund distribution channel is earned from advisory and sub-advisory

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

relationships with all domestically-registered investment products as well as non-institutional investment products that are registered abroad. Revenue in the High Net Worth distribution channel is earned from relationships with wealthy individuals, family trusts and managed account programs.

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

In firms with revenue sharing arrangements, a certain percentage of revenue is allocated for use by management of an Affiliate in paying operating expenses of that Affiliate, including salaries and bonuses, and is called an "Operating Allocation." In reporting segment operating expenses, Affiliate expenses are allocated to a particular segment on a pro rata basis with respect to the revenue generated by that Affiliate in such segment. Generally, as revenue increases, additional compensation is typically paid to Affiliate management partners from the Operating Allocation. As a result, the contractual expense allocation pursuant to a revenue sharing arrangement may result in the characterization of any growth in profit margin beyond the Company's Owners' Allocation as an operating expense. All other operating expenses (excluding intangible amortization) and interest expense have been allocated to segments based on the proportion of cash flow distributions reported by Affiliates in each segment.

AFFILIATED MANAGERS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Statements of Income**

| | Year Ended December 31, 2010 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 649.2 | $ 578.8 | $ 130.2 | $ 1,358.2 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 49.6 | 15.3 | 9.2 | 74.1 |
| Other operating expenses | 424.9 | 401.2 | 84.0 | 910.1 |
| | 474.5 | 416.5 | 93.2 | 984.2 |
| Operating income | 174.7 | 162.3 | 37.0 | 374.0 |
| Income from equity method investments | (70.4) | 0.4 | (7.5) | (77.5) |
| Other non-operating (income) and expenses: | | | | |
| Investment and other (income) loss | (10.8) | (7.6) | — | (18.4) |
| Interest expense | 36.1 | 23.5 | 6.6 | 66.2 |
| Imputed interest and contingent payment arrangements | 13.5 | 8.9 | 2.5 | 24.9 |
| | 38.8 | 24.8 | 9.1 | 72.7 |
| Income before income taxes | 206.3 | 137.1 | 35.4 | 378.8 |
| Income taxes | 47.1 | 36.2 | 8.2 | 91.5 |
| Net income | 159.2 | 100.9 | 27.2 | 287.3 |
| Net income (non-controlling interests) | (81.4) | (54.6) | (12.7) | (148.7) |
| Net income (controlling interest) | $ 77.8 | $ 46.3 | $ 14.5 | $ 138.6 |
| Total assets | $ 2,997.4 | $ 1,848.4 | $ 434.0 | $ 5,279.8 |
| Goodwill | $ 1,073.6 | $ 786.7 | $ 261.6 | $ 2,121.9 |

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

| | Year Ended December 31, 2011 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 841.4 | $ 723.7 | $ 139.7 | $ 1,704.8 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 76.9 | 28.0 | 7.8 | 112.7 |
| Other operating expenses | 524.9 | 492.4 | 88.7 | 1,106.0 |
| | 601.8 | 520.4 | 96.5 | 1,218.7 |
| Operating income | 239.6 | 203.3 | 43.2 | 486.1 |
| Income from equity method investments | (57.2) | (7.9) | (7.6) | (72.7) |
| Other non-operating (income) and expenses: | | | | |
| Investment and other (income) loss | (6.9) | 0.6 | 11.3 | 5.0 |
| Interest expense | 39.7 | 27.7 | 6.4 | 73.8 |
| Imputed interest and contingent payment arrangements | 15.1 | 9.9 | 2.3 | 27.3 |
| | 47.9 | 38.2 | 20.0 | 106.1 |
| Income before income taxes | 248.9 | 173.0 | 30.8 | 452.7 |
| Income taxes | 53.4 | 34.4 | 5.3 | 93.1 |
| Net income | 195.5 | 138.6 | 25.5 | 359.6 |
| Net income (non-controlling interests) | (105.3) | (73.1) | (16.3) | (194.7) |
| Net income (controlling interest) | $ 90.2 | $ 65.5 | $ 9.2 | $ 164.9 |
| Total assets | $ 2,836.2 | $ 1,920.6 | $ 462.1 | $ 5,218.9 |
| Goodwill | $ 1,071.4 | $ 785.0 | $ 260.9 | $ 2,117.3 |

**AFFILIATED MANAGERS GROUP, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

| | Year Ended December 31, 2012 | | | |
|---|---|---|---|---|
| | Institutional | Mutual Fund | High Net Worth | Total |
| Revenue | $ 861.3 | $ 774.4 | $ 169.8 | 1,805.5 |
| Operating expenses: | | | | |
| Depreciation, intangible amortization and impairments | 75.4 | 128.9 | 9.8 | 214.1 |
| Other operating expenses | 554.2 | 526.5 | 110.3 | 1,191.0 |
| | 629.6 | 655.4 | 120.1 | 1,405.1 |
| Operating income | 231.7 | 119.0 | 49.7 | 400.4 |
| Income from equity method investments | (103.9) | (12.7) | (13.1) | (129.7) |
| Other non-operating (income) and expenses: | | | | |
| Investment and other (income) loss | (13.6) | (6.6) | (1.8) | (22.0) |
| Interest expense | 50.7 | 24.0 | 8.3 | 83.0 |
| Imputed interest and contingent payment arrangements | (8.1) | (19.5) | 1.5 | (26.1) |
| | 29.0 | (2.1) | 8.0 | 34.9 |
| Income before income taxes | 306.6 | 133.8 | 54.8 | 495.2 |
| Income taxes | 63.7 | 10.7 | 9.4 | 83.8 |
| Net income | 242.9 | 123.1 | 45.4 | 411.4 |
| Net income (non-controlling interests) | (116.9) | (95.8) | (24.7) | (237.4) |
| Net income (controlling interest) | $ 126.0 | $ 27.3 | $ 20.7 | $ 174.0 |
| Total assets | $ 3,176.5 | $ 2,354.8 | $ 655.8 | $ 6,187.1 |
| Goodwill | $ 1,078.5 | $ 939.5 | $ 337.2 | $ 2,355.2 |

In 2010, 2011 and 2012, revenue attributable to clients domiciled outside the U.S. was approximately 33%, 39% and 41% of total revenue, respectively.

As of December 31, 2010, equity method investments of $630.1 million, $9.1 million and $39.7 million were included in the total assets of the Institutional, Mutual Fund and High Net Worth segments, respectively. As of December 31, 2011, equity method investments of $490.6 million, $75.6 million and $49.6 million were included in the total assets of the Institutional, Mutual Fund and High Net Worth segments, respectively. As of December 31, 2012, equity method investments of $879.6 million, $81.2 million and $70.5 million were included in the total assets of the Institutional, Mutual Fund and High Net Worth segments, respectively.

**Schedule II**
**Valuation and Qualifying Accounts**

| *(in millions)* | Balance Beginning of Period | Additions Charged to Costs and Expenses | Additions Charged to Other Accounts | Deductions | Balance End of Period |
|---|---|---|---|---|---|
| Income Tax Valuation Allowance | | | | | |
| Year Ending December 31, | | | | | |
| 2012 | $ 35.6 | $ — | $ — | $ 14.3 | $ 21.3 |
| 2011 | 38.4 | — | — | 2.8 | 35.6 |
| 2010 | 33.1 | 5.3 | — | — | 38.4 |
| | | | | | |
| Other Allowances[(1)] | | | | | |
| Year Ending December 31, | | | | | |
| 2012 | $ 9.6 | $ 0.1 | $ — | $ 1.3 | $ 8.4 |
| 2011 | 8.5 | 1.2 | — | 0.1 | 9.6 |
| 2010 | 13.2 | — | — | 4.7 | 8.5 |

(1) Other Allowances represents reserves on notes received in connection with transfers of our interests in certain Affiliates as well as other receivable amounts, which we consider uncollectible.

## Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

## Item 9A. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of December 31, 2012, 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. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that our disclosure controls and procedures are effective to ensure that (i) information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officers as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we and our management 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 are designed to provide reasonable assurance of achieving their stated objectives and our principal executive officer and principal financial officers concluded that our disclosure controls and procedures are effective at the reasonable assurance level. We review on an ongoing basis and document our disclosure controls and procedures, and our internal control over financial reporting, and we may from time to time make changes in an effort to enhance their effectiveness and ensure that our systems evolve with our business. See Item 8 for "Management's Report on Internal Control over Financial Reporting," which is incorporated by reference herein.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation report on our internal control over financial reporting, which is included in Item 8.

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 fiscal quarter ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Item 9B. Other Information

None.

# PART III

## Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this Item will be set forth in our proxy statement for our 2013 Annual Meeting of shareholders (to be filed within 120 days after December 31, 2012) (the "Proxy Statement"), and is incorporated herein by reference.

## Item 11. Executive Compensation.

Information relating to executive compensation will be set forth in our Proxy Statement, and is incorporated herein by reference.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information required by this item will be set forth in our Proxy Statement, and is incorporated herein by reference.

## Item 13. Certain Relationships and Related Transactions and Director Independence.

Information required by this item will be set forth in our Proxy Statement, and is incorporated herein by reference.

## Item 14. Principal Accountant Fees and Services.

Information relating to principal accountant fees and services will be set forth in our Proxy Statement, and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

(a) (1) Financial Statements: See Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedule: See Item 8 of this Annual Report on Form 10-K.

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

Table of Contents

## 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.

AFFILIATED MANAGERS GROUP, INC.
(Registrant)

Date: February 22, 2013

By: /s/ SEAN M. HEALEY

Sean M. Healey
*Chief Executive Officer and Chairman of the Board of Directors*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
| --- | --- | --- |
| /s/ SEAN M. HEALEY<br>Sean M. Healey | Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer) | February 22, 2013 |
| /s/ JAY C. HORGEN<br>Jay C. Horgen | Chief Financial Officer and Treasurer (Principal Financial and Principal Accounting Officer) | February 22, 2013 |
| /s/ SAMUEL T. BYRNE<br>Samuel T. Byrne | Director | February 22, 2013 |
| /s/ DWIGHT D. CHURCHILL<br>Dwight D. Churchill | Director | February 22, 2013 |
| /s/ HAROLD J. MEYERMAN<br>Harold J. Meyerman | Director | February 22, 2013 |
| /s/ WILLIAM J. NUTT<br>William J. Nutt | Director | February 22, 2013 |
| /s/ TRACY P. PALANDJIAN<br>Tracy P. Palandjian | Director | February 22, 2013 |
| /s/ RITA M. RODRIGUEZ<br>Rita M. Rodriguez | Director | February 22, 2013 |
| /s/ JIDE J. ZEITLIN<br>Jide J. Zeitlin | Director | February 22, 2013 |

**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., 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 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]

4.5 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[6]

4.6 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[6]

4.7 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[6]

4.8 Indenture related to the 3.95% Convertible Senior Notes due 2038, dated as of August 6, 2008, by and between Affiliated Managers Group, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee[7]

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

4.10 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]

4.11 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]

| | |
|---|---|
| 10.1 | Fifth Amended and Restated Credit Agreement, dated as of November 3, 2011, by and among Affiliated Managers Group, Inc., Bank of America, N.A., as Administrative Agent, and the several lenders from time to time parties thereto[10] |
| 10.2 | Term Credit Agreement, dated as of November 3, 2011, by and among Affiliated Managers Group, Inc., Bank of America, N.A., as Administrative Agent, and the several lenders from time to time parties thereto[10] |
| 10.3† | Affiliated Managers Group, Inc. Defined Contribution Plan[11] |
| 10.4† | Affiliated Managers Group, Inc. Executive Incentive Plan (f/k/a Long-Term Executive Incentive Plan)[12] |
| 10.5† | Affiliated Managers Group, Inc. Amended and Restated 1997 Stock Option and Incentive Plan[13] |
| 10.6† | Affiliated Managers Group, Inc. Amended and Restated 2002 Stock Option and Incentive Plan[13] |
| 10.7† | Affiliated Managers Group, Inc. 2006 Stock Option and Incentive Plan[3] |
| 10.8† | Affiliated Managers Group, Inc. Long-Term Stock and Investment Plan[2] |
| 10.9† | Affiliated Managers Group, Inc. Executive Retention Plan[14] |
| 10.10† | Affiliated Managers Group, Inc. Deferred Compensation Plan[15] |
| 10.11† | Affiliated Managers Group, Inc. Long-Term Equity Interests Plan 2010, LP[16] |
| 10.12† | Affiliated Managers Group, Inc. 2011 Stock Option and Incentive Plan[17] |
| 10.13† | Affiliated Managers Group, Inc. Long-Term Equity Interests Plan 2011, LP[18] |
| 10.14† | Affiliated Managers Group, Inc. Form of Long-Term Equity Interests Plan, LP* |
| 10.15 | Distribution Agency Agreement, dated as of July 26, 2011, by and among Affiliated Managers Group, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Bank of America, N.A.[19] |
| 10.16 | Form of Confirmation Letter Agreement, dated as of July 26, 2011, by and between Affiliated Managers Group, Inc. and Bank of America, N.A.[19] |
| 10.17 | Distribution Agency Agreement, dated as of July 26, 2011, by and among Affiliated Managers Group, Inc., Deutsche Bank Securities Inc., and Deutsche Bank AG, London Branch[19] |
| 10.18 | Form of Confirmation Letter Agreement, dated as of July 26, 2011, by and among Affiliated Managers Group, Inc., Deutsche Bank Securities Inc., and Deutsche Bank AG, London Branch[19] |
| 10.19 | Form of Indemnification Agreement entered into by each Director and Executive Officer[20] |
| 10.20 | Service Agreement, dated as of June 7, 2011, by and between Affiliated Managers Group Limited and Andrew Dyson[21] |
| 10.21 | Joinder Agreement, dated as of July 25, 2012, by and among Affiliated Managers Group, Inc., Royal Bank of Canada, and Bank of America, N.A., as Administrative Agent under the Registrant's Fifth Amended and Restated Credit Agreement[8] |
| 10.22 | 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] |
| 10.23 | 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] |

| | |
|---|---|
| 10.24 | 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) |
| 10.25 | 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) |
| 21.1 | Schedule of Subsidiaries* |
| 23.1 | Consent of PricewaterhouseCoopers LLP* |
| 31.1 | Certification of Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 31.2 | Certification of Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 32.1 | Certification of Registrant's Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002** |
| 32.2 | Certification of Registrant's Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002** |
| 101 | The following financial statements from the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 are furnished herewith, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income for the years ended December 31, 2012, 2011, and 2010, (ii) the Consolidated Balance Sheets at December 31, 2012 and December 31, 2011, (iii) the Consolidated Statement of Equity for the years ended December 31, 2012, 2011, and 2010, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011, and 2010, and (v) the Notes to the Consolidated Financial Statements. |

---

† 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 Current Report on Form 8-K (No. 001-13459), filed October 18, 2007

(7) Incorporated by reference to the Company's Current Report on Form 8-K (No. 001-13459), filed August 12, 2008

(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 November 4, 2011

(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 Quarterly Report on Form 10-Q (No. 001-13459), filed August 9, 2011

(20) 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

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

**Exhibit 10.14**

**LONG-TERM EQUITY INTERESTS PLAN, LP**

**LIMITED PARTNERSHIP AGREEMENT**

**December 31, 2012**

---

**TABLE OF CONTENTS**


| | | |
|---|---|---|
| ARTICLE I - DEFINITIONS | | 3 |
| Section 1.1 | Definitions | 3 |
| ARTICLE II - GENERAL PROVISIONS | | 3 |
| Section 2.1 | Continuation | 3 |
| Section 2.2 | Name | 3 |
| Section 2.3 | Term | 3 |
| Section 2.4 | Registered Agent and Registered Office | 3 |
| Section 2.5 | Principal Place of Business | 4 |
| Section 2.6 | Purposes and Powers | 4 |
| Section 2.7 | Title to Property | 4 |
| Section 2.8 | Certain Administrative Matters | 4 |
| Section 2.9 | Withdrawal of the Initial Limited Partner | 4 |
| ARTICLE III - MANAGEMENT OF THE PARTNERSHIP | | 4 |
| Section 3.1 | General Partner | 4 |
| Section 3.2 | Limited Partners | 5 |
| ARTICLE IV - CAPITAL ACCOUNTS; ALLOCATIONS AND DISTRIBUTIONS | | 5 |
| Section 4.1 | Capital Accounts | 5 |
| Section 4.2 | Allocations | 5 |
| Section 4.3 | Distributions | 6 |
| Section 4.4 | Distributions Upon Dissolution; Establishment of a Reserve Upon Dissolution | 7 |
| Section 4.5 | Certain Special Allocations; Proceeds from Capital Contributions | 7 |
| Section 4.6 | Federal Tax Allocations | 9 |
| Section 4.7 | Profits Interests | 9 |
| ARTICLE V - TRANSFERS; ADMISSIONS; RESIGNATION, REDEMPTION AND WITHDRAWAL | | 10 |
| Section 5.1 | Transferability of Partnership Interests | 10 |
| Section 5.2 | Substitute Partners | 11 |
| Section 5.3 | Allocations and Distributions as between Transferor and Transferee; Successor to Capital Accounts | 11 |
| Section 5.4 | Issuance of Additional Partnership Points | 12 |
| Section 5.5 | Resignation, Redemptions, Withdrawals | 12 |
| Section 5.6 | Additional Requirements | 13 |
| Section 5.7 | Representations of Partners | 13 |
| ARTICLE VI - LTEIP SERIES; VESTING; PUTS AND CALLS | | 13 |
| Section 6.1 | LTEIP Series | 13 |
| Section 6.2 | Vesting of Partnership Points | 14 |
| Section 6.3 | Termination Events; Forfeiture of Unvested Points | 14 |
| Section 6.4 | Fair Value Determination | 14 |
| Section 6.5 | Puts and Calls of Vested Points | 16 |
| Section 6.6 | Departure Calls of Vested Points | 18 |
| Section 6.7 | Miscellaneous | 19 |
| ARTICLE VII - DISSOLUTION AND TERMINATION | | 20 |
| Section 7.1 | No Dissolution | 20 |
| Section 7.2 | Events of Dissolution | 20 |
| Section 7.3 | Notice of Dissolution | 20 |




---


| | | |
|---|---|---|
| Section 7.4 | Liquidation | 20 |
| Section 7.5 | Termination | 21 |
| Section 7.6 | Claims of the Partners | 21 |
| ARTICLE VIII - RECORDS; TAX MATTERS | | 21 |
| Section 8.1 | Books and Records | 21 |
| Section 8.2 | Tax Year | 21 |
| Section 8.3 | Tax Matters | 21 |
| ARTICLE IX - LIABILITY, EXCULPATION AND INDEMNIFICATION | | 21 |
| Section 9.1 | Liability | 21 |
| Section 9.2 | Exculpation | 22 |
| Section 9.3 | Fiduciary Duty | 22 |
| Section 9.4 | Indemnification | 23 |
| Section 9.5 | Notice; Opportunity to Defend and Expenses | 23 |

| | | |
|---|---|---|
| Section 9.6 | Miscellaneous | 24 |
| ARTICLE X - MISCELLANEOUS | | 24 |
| Section 10.1 | Delivery of AMG Shares | 24 |
| Section 10.2 | Notices | 24 |
| Section 10.3 | Successors and Assigns | 25 |
| Section 10.4 | Amendments | 25 |
| Section 10.5 | No Partition | 25 |
| Section 10.6 | No Waiver; Cumulative Remedies | 26 |
| Section 10.7 | Dispute Resolution | 26 |
| Section 10.8 | Prior Agreements Superseded | 26 |
| Section 10.9 | Captions | 26 |
| Section 10.10 | Counterparts | 26 |
| Section 10.11 | Applicable Law; Jurisdiction | 26 |
| Section 10.12 | Interpretation | 26 |
| Section 10.13 | Exhibits and Schedules | 26 |
| Section 10.14 | Severability | 27 |
| Section 10.15 | Creditors | 27 |
| Section 10.16 | Expenses of the Partnership | 27 |
| Section 10.17 | Guaranty of AMG | 27 |



---

**LONG-TERM EQUITY INTERESTS PLAN, LP**
**LIMITED PARTNERSHIP AGREEMENT**

This Limited Partnership Agreement (this "Agreement") of Long-Term Equity Interests Plan, LP (the "Partnership") is made and entered into as of 11:45 p.m. on December 31, 2012 (the "Effective Time"), by and among the General Partner, the Initial Limited Partner (solely for purposes of Section 2.9), Affiliated Managers Group, Inc. ("AMG") (solely for purposes of Sections 2.8 and 10.17), the Persons identified as Limited Partners on Schedule A, and the Persons who become Limited Partners following the Effective Time in accordance with the provisions hereof.

WHEREAS, the Partnership was formed pursuant to the Act by filing the Certificate and entering into the Existing Agreement as of December 31, 2012; and

WHEREAS, the Partners desire to continue the Partnership as a limited partnership under the Act from and after the Effective Time, and to amend and restate the Existing Agreement in its entirety as herein set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows.

ARTICLE I - DEFINITIONS.

Section 1.1 Definitions. Capitalized terms used in this Agreement (including the Exhibits and Schedules hereto) but not defined in the body hereof are defined in Exhibit A.

ARTICLE II - GENERAL PROVISIONS.

Section 2.1 Continuation.

(a) The General Partner has formed the Partnership under and pursuant to the terms of the Act. The Partners agree to continue the Partnership as a limited partnership under and pursuant to the provisions of the Act, and further agree that the rights, duties and liabilities of the Partners shall be as provided in the Act, except as otherwise provided in this Agreement. The Existing Agreement is amended and restated in its entirety by this Agreement, effective as of the Effective Time.

(b) The General Partner shall execute, deliver and file any certificates required or permitted by the Act to be filed in the office of the Secretary of State of the State of Delaware.

Section 2.2 Name. The name of the Partnership shall be "Long-Term Equity Interests Plan, LP." At any time, the name of the Partnership may be changed by the General Partner.

Section 2.3 Term. The term of the Partnership shall continue in perpetuity, until the Partnership is dissolved in accordance with the provisions of this Agreement.

Section 2.4 Registered Agent and Registered Office. The Partnership's registered agent and registered office in Delaware shall be as set forth in the Certificate. At any time, the



---

General Partner may designate another registered agent and/or registered office.

Section 2.5 Principal Place of Business. The principal place of business of the Partnership shall be at the offices of the General Partner. At any time, the location of the Partnership's principal place of business may be changed by the General Partner.

Section 2.6 Purposes and Powers. The principal business activity and purpose of the Partnership shall be (a) to hold ownership interests in the Applicable Holding Companies, and (b) to provide guidance to AMG in relation to AMG's (or its applicable Controlled Affiliates') exercise of its rights and obligations as the managing member, general partner or managing partner (or the equivalent, as applicable) of each of the Applicable AMG Affiliates. In addition, the Partnership shall have the authority to engage in any other lawful business, purpose or activity permitted by the Act which is determined by the General Partner with a Supermajority Limited Partner Vote of each LTEIP Series, and it shall possess and may exercise all of the powers and privileges granted by the Act or which may be exercised by any Person, together with any powers incidental thereto, so far as such powers or privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Partnership.

Section 2.7 Title to Property. All property owned by the Partnership, real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have any ownership of such property.

Section 2.8 Certain Administrative Matters. In respect of the matters specified on Schedule D, AMG shall take all necessary actions in order to comply with the terms set forth thereon.

Section 2.9 Withdrawal of the Initial Limited Partner. Notwithstanding anything to the contrary in this Agreement, the parties hereto acknowledge and agree that LTEIP LP Holdings, LLC (the "Initial Limited Partner") hereby withdraws as a Partner as of the Effective Time.

ARTICLE III - MANAGEMENT OF THE PARTNERSHIP.

Section 3.1 General Partner. Subject to the other provisions contained herein, the management and control of the business of the Partnership shall be vested exclusively in the General Partner, and the General Partner shall have exclusive power and authority, in the name of and on behalf of the Partnership, to perform all acts and do all things which, in its sole discretion, it deems necessary or desirable to conduct the business of the Partnership, without the vote or consent of the Partners in their capacity as such; provided, however, that without a Supermajority Limited Partner Vote of each LTEIP Series that would reasonably be expected to be impacted by the proposed action, the Partnership shall not: (a) merge or consolidate with any other Person, or sell all or substantially all of its assets; (b) sell, transfer or otherwise dispose of all or any portion of its ownership interests in any Applicable Holding Company (other than sales, transfers or dispositions to third party purchasers for fair market value consideration and in which AMG also sells, transfers or disposes of its interest in such Applicable Holding Company); (c) agree to amend, modify or terminate any constituent or other governing documents of any Applicable Holding Company (other than (i) as provided in this Agreement, or



(ii) amendments and modifications which would not adversely impact the rights, obligations, powers or preferences of the Partnership or the Limited Partners); (d) (i) following the Issuance Date of a particular LTEIP Series, authorize or issue additional Partnership Points of such LTEIP Series, or (ii) at any time, authorize or issue any equity or ownership interests or other securities of any type of the Partnership if the issuance thereof would adversely impact the rights, obligations, powers or preferences of any Limited Partner as in effect as of immediately prior to such issuance (for the avoidance of doubt, the issuance of Partnership Points of a new LTEIP Series that do not have superior rights than, and would not economically dilute the holders of, Partnership Points of any of the existing LTEIP Series shall not be deemed to have such an adverse impact); (e) create, incur, assume or suffer to exist any Indebtedness; or (f) vote in favor of, or otherwise approve, in its capacity as shareholder or equityholder of any Applicable Holding Company, any action which would adversely impact the rights, obligations, powers or preferences of the Partnership or the Limited Partners.

Section 3.2 Limited Partners. Except as specifically provided in this Agreement, Limited Partners, in their capacity as such, shall have no right to amend or terminate this Agreement or to appoint, select, vote for or remove the General Partner or its agents, or to exercise voting rights or call a meeting of the Partners.

ARTICLE IV - CAPITAL ACCOUNTS; ALLOCATIONS AND DISTRIBUTIONS.

Section 4.1 Capital Accounts.

(a) There shall be established for each Partner a Capital Account. No Partner shall have the right to withdraw any part of his, her or its (including his, her or its predecessor's in interest) Capital Account until the dissolution and winding up of the Partnership, except as distributions pursuant to this Article IV may represent returns of capital, in whole or in part. No Partner shall be entitled to receive any interest on any Capital Account balance. No Partner shall have any personal liability for the repayment of any Capital Contribution of any other Partner. Except as specifically set forth herein or as may be required under applicable law, the Partners shall not be required to make any further contributions to the Partnership. No Partner shall make any contribution to the Partnership without the prior consent of the General Partner.

(b) The Capital Account of each Partner shall be increased by such Partner's allocable share of income and gain, if any, of the Partnership (as well as the Capital Contributions made by a Partner after the Effective Time), and shall be decreased by such Partner's allocable share of deductions and losses, if any, of the Partnership, and by the amount of all distributions made to such Partner. The amount of any distribution of assets other than cash shall be deemed to be the Fair Market Value of such assets (net of any liabilities encumbering such property that the distributee Partner is considered to assume or take subject to). Capital Accounts may also be adjusted upon the Transfer of Partnership Interests as set forth in Section 5.2(b).

Section 4.2 Allocations.

(a) Subject to Sections 4.2(c), 4.5 and 5.3, all items of Partnership income and gain in respect of each LTEIP Underlying Holdco Interest shall be allocated among the Partners' Capital Accounts at the end of every calendar quarter in accordance with (and in



proportion to) each such Partner's respective number of Partnership Points of the Corresponding LTEIP Series of such LTEIP Underlying Holdco Interest held by such Partner on the first day of such quarter.

(b) Subject to Sections 4.2(d), 4.2(e), 4.5 and 5.3, all items of Partnership loss and deduction in respect of each LTEIP Underlying Holdco Interest shall be allocated among the Partners' Capital Accounts at the end of every calendar quarter in accordance with (and in proportion to) each such Partner's respective number of Partnership Points of the Corresponding LTEIP Series of such LTEIP Underlying Holdco Interest held by such Partner on the first day of such quarter; provided, that no additional losses shall be allocated to a Partner once his, her or its Capital Account has been reduced to zero (0), unless all Partners' Capital Accounts have then been reduced to zero (0).

(c) If the Partnership has any Capital Surplus from the sale, exchange or disposition of an LTEIP Underlying Holdco Interest, then that Capital Surplus shall be allocated among the Partners' Capital Accounts in accordance with (and in proportion to) the number of Partnership Points of the Corresponding LTEIP Series of such LTEIP Underlying Holdco Interest held by each such Partner as of the effective date of the transaction.

(d) If the Partnership has any Capital Loss from the sale, exchange or disposition of an LTEIP Underlying Holdco Interest, then that Capital Loss shall be allocated among the Partners' Capital Accounts in accordance with (and in proportion to) the number of Partnership Points of the Corresponding LTEIP Series of such LTEIP Underlying Holdco Interest held by each such Partner as of the effective date of the transaction; provided, that no additional losses shall be allocated to a Partner once his, her or its Capital Account has been reduced to zero (0), unless all Partners' Capital Accounts have then been reduced to zero (0).

(e) To the extent that a Transfer of Partnership Interests from any Limited Partner is deemed, under GAAP, to be compensation granted to the transferee (the amount of such compensation under GAAP, a "Compensation Expense") and a contribution by the transferring Limited Partner, such Limited Partner's Capital Account shall (i) immediately prior to such Transfer, be increased by the amount of such Compensation Expense and (ii) immediately after such Transfer, be decreased by the amount of such Compensation Expense.

Section 4.3 Distributions.

(a) Subject to Section 4.4, within thirty (30) days after the end of each calendar quarter, to the extent cash is available therefor at the Partnership, the Partnership shall, based on the unaudited financial statements for such calendar quarter, distribute to each Partner an amount equal to the positive difference resulting from (i) the allocation of income and gain to such Partner pursuant to Section 4.2(a) for such calendar quarter, minus (ii) the allocation of loss and deduction to such Partner pursuant to Section 4.2(b) for such calendar quarter.

(b) Except to the extent distributions are provided for in Section 4.3(a), any other amounts available for distribution to the Partners shall be distributed to the Partners at such times as may be determined by the General Partner (but in any event, the General Partner shall cause the Partnership to distribute to the Partners such amount as is necessary to meet taxation obligations arising from the allocations of income and gain pursuant to this Article IV), provided that any such distribution shall be made among the Partners: (i) if attributable to



a sale of all, or a substantial portion (as determined by the General Partner) of the assets of the Partnership, then in the same manner and order as such distribution would have been made under Section 4.4 upon a dissolution; (ii) if attributable to a sale of any such asset other than as described in clause (i), a distribution of the resulting Capital Surplus shall be made in accordance with allocations of Capital Surplus pursuant to Section 4.2(c); and (iii) if attributable other than to a sale described in clause (i) or (ii), then in accordance with (and in proportion to) their respective number of Partnership Points as of the last day of the calendar quarter ending immediately prior to such distribution; provided, that no additional distribution shall be made to a Partner once its Capital Account has been reduced to zero (0).

(c) Notwithstanding any other provision of this Agreement, neither the Partnership, nor the General Partner on behalf of the Partnership, shall make a distribution to any Partner on account of its Partnership Interests if such distribution would violate the Act or other applicable law.

Section 4.4 Distributions Upon Dissolution; Establishment of a Reserve Upon Dissolution.

(a) Upon the dissolution of the Partnership, after payment (or the making of reasonable provision for the payment) of all liabilities of the Partnership owing to creditors, the General Partner, or if there is none, the Liquidating Trustee appointed as set forth in Section 7.4, shall set up such reserves as it deems reasonably necessary for any contingent, conditional or unmatured liabilities or other obligations of the Partnership. Such reserves may be paid over by the General Partner or Liquidating Trustee to a bank (or other third party), to be held in escrow for the purpose of paying any such contingent, conditional or unmatured liabilities or other obligations. At the expiration of such period(s) as the General Partner or Liquidating Trustee may deem advisable, such reserves, if any (and any other assets available for distribution), or a portion thereof, shall be distributed to the Partners (following the allocation to the Partners' Capital Accounts of any income, gain, loss, deduction, Capital Surplus or Capital Loss in the manner provided in Section 4.2) among the Partners in accordance with (and in proportion to) their respective Capital Accounts as of the date of dissolution.

(b) If any assets of the Partnership are to be distributed in kind in connection with such liquidation, such assets shall be distributed on the basis of their Fair Market Value net of any liabilities encumbering such assets and, to the greatest extent possible, shall be distributed pro rata in accordance with the total amounts to be distributed to each Partner. Immediately prior to the effectiveness of any such distribution in kind, each item of gain and loss that would have been recognized by the Partnership had the property being distributed been sold at Fair Market Value shall be determined and allocated to those persons who were Partners immediately prior to the effectiveness of such distribution in accordance with Sections 4.2(c) and 4.2(d).

Section 4.5 Certain Special Allocations; Proceeds from Capital Contributions.

(a) Notwithstanding any other provision in this Article IV, if there is a net decrease in Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain (determined in accordance with the principles of U.S. Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any taxable year, the Partners shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to their respective shares of such net decrease during such year, determined pursuant to

U.S. Treasury Regulations Sections 1.704-2(g)(2) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with U.S. Treasury Regulations Section 1.704-2(f). This Section 4.5(a) is intended to comply with the minimum gain chargeback requirements in such U.S. Treasury Regulations Sections and shall be interpreted consistently therewith; including that no chargeback shall be required to the extent of the exceptions provided in U.S. Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(b) In the event any Partner unexpectedly receives any adjustments, allocations, or distributions described in U.S. Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in his Capital Account created by such adjustments, allocations or distributions as promptly as possible.

(c) In the event any Partner has a deficit Capital Account at the end of any fiscal year which is in excess of the sum of (i) the amount such Partner is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of U.S. Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 4.5(c) shall be made only if and to the extent that a Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IV have been tentatively made as if Section 4.5(b) and this Section 4.5(c) were not in this Agreement.

(d) Nonrecourse Deductions shall be allocated among the Partners in accordance with their respective numbers of Partnership Points.

(e) Partner Nonrecourse Deductions for any taxable period shall be allocated to the Partner who bears the economic risk of loss with respect to the liability to which such Partner Nonrecourse Deductions are attributable in accordance with U.S. Treasury Regulations Section 1.704-2(j).

(f) The allocations set forth in Sections 4.5(a), (b), (c), (d) and (e) (the "Regulatory Allocations") are intended to comply with certain requirements of the U.S. Treasury Regulations. It is the intent of the Partners that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Partnership income, gain, loss or deduction pursuant to this Section 4.5(f), and to the extent Regulatory Allocations are necessary, it is the intent of the Partners that they be made in as consistent a manner with the provisions of Section 4.2 as practicable, subject to compliance with the U.S. Treasury Regulations. Therefore, notwithstanding any other provision of this Article IV (other than the Regulatory Allocations), the General Partner shall make such offsetting special allocations of Partnership income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Partner's Capital Account and net allocations are, to the extent possible, equal to the Capital Account balance and net allocation such Partner would have had if the Regulatory Allocations were not a part of this Agreement and all Partnership items were allocated pursuant to Section 4.2. In exercising its discretion under this Section 4.5(f), the General Partner shall take into account future Regulatory Allocations under Section 4.5(a) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 4.5(d) and (e).



---

(g) Capital Contributions made by any Partner may, in the sole discretion of the General Partner, be used for the benefit of the Partnership, or, may be distributed by the Partnership, in which case, any such proceeds shall be allocated and distributed among the Partners in accordance with (and in proportion to) their respective Capital Accounts as of immediately prior to such contribution (it being understood that in the case the proceeds are a note receivable, any such distribution shall only occur upon receipt by the Partnership of cash in respect thereof).

Section 4.6 Federal Tax Allocations. The General Partner shall, in its sole discretion, allocate the ordinary income and losses and capital gains and losses of the Partnership as determined for U.S. Federal income tax purposes (and each item of income, gain, loss, deduction or credit entering into the computation thereof), as the case may be, among the Partners for tax purposes in a manner that, to the greatest extent possible: (a) reflects the economic arrangement of the Partners under this Agreement (determined after taking into account the allocation and distribution provisions this Article IV) and (b) is consistent with the principles of Sections 704(b) and 704(c) of the Code. The Partners understand and agree that, with respect to any item of property (other than cash) contributed (or deemed to be contributed for U.S. federal income tax purposes) by a Partner to the capital of the Partnership, the initial tax basis of such property in the hands of the Partnership will be the same as the tax basis of such property in the hands of such Partner at the time so contributed. The Partners further understand and agree that the taxable income and taxable loss of the Partnership is to be computed for Federal income tax purposes by reference to the initial tax basis to the Partnership of any assets and properties contributed by the Partners (and not by reference to the Fair Market Value of such assets and properties at the time contributed). The Partners also understand that, pursuant to Section 704(c) of the Code, all taxable items of income, gain, loss and deduction with respect to such assets and properties shall be allocated among the Partners for Federal income tax purposes so as to take account of any difference between the initial tax basis of such assets and properties to the Partnership and their Fair Market Values at the time contributed, using any method authorized by the Income Tax Regulations under Section 704(c) and selected by the General Partner, in its sole discretion. For purposes of maintaining the Capital Accounts of the Partners, items of income, gain, loss and deduction relating to any asset or property contributed to the Partnership that are required to be allocated for tax purposes pursuant to Section 704(c) of the Code shall not be reflected in the Capital Accounts of the Partners.

Section 4.7 Profits Interests. The Partnership Points are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27, 1993-2 C.B. 343 (June 9, 1993) and 2001-43, 2001-2 C.B. 191 (August 20, 2001) ("Profits Interests") for federal income tax purposes, and the provisions of this Agreement shall be interpreted in a manner consistent with such intended treatment. The Partnership and each Partner agree to treat the Partnership Points as Profits Interests in accordance with the foregoing intent. The General Partner is authorized to cause the Partnership to make an election to value any Partnership Point at liquidation value (a "Safe Harbor Election"), as the same may be permitted pursuant to or in accordance with the finally promulgated successor rules to Proposed Treasury Regulation Section 1.83-3(l) and IRS Notice 2005-43, 2005-1 C.B. 1221 (May 20, 2005) (collectively, the "Proposed Rules"). Any such Safe Harbor Election shall be binding on the Partnership and on all of its Partners with respect to all transfers of Partnership Points thereafter made by the Partnership while a Safe Harbor Election is in effect. A Safe Harbor Election once made may be revoked by the Partnership as permitted by the Proposed Rules or any applicable rule. The Partnership shall file



---

or cause to be filed all returns, reports and other documentation as may reasonably be required to perfect and maintain the Safe Harbor Election. The General Partner is hereby authorized and empowered, without further vote or action of the Limited Partners to amend the Agreement as necessary to comply with the Proposed Rules or any rule, in order to provide for a Safe Harbor Election and the ability to maintain or revoke the same, and shall have the authority to execute any such amendment by and on behalf of each Limited Partner. Each Partner agrees to use commercially reasonable efforts to cooperate with any

reasonable request of the General Partner to perfect and maintain any Safe Harbor Election, and to timely execute and deliver any documentation with respect thereto reasonably requested by the Partnership. Notwithstanding the foregoing, no Covered Person shall be liable to the Partnership, its Controlled Affiliates or any other Covered Person for any loss, damage or claim incurred by reason of any failure of any Partnership Point to be treated as a Profits Interest within the meaning of Revenue Procedure 93-27, 1993-2 C.B. 343 (June 9, 1993), or any other act that may or may not be taken as contemplated by this Section 4.7. In the event that any of the Partnership, the General Partner or any Limited Partner receives written notice from the IRS that the Partnership Points do not constitute Profits Interests for federal income tax purposes, such Person shall promptly provide notice thereof to the General Partner, and the General Partner shall provide notice thereof to each Individual Equityholder as soon as reasonably practicable thereafter.

ARTICLE V - TRANSFERS; ADMISSIONS; RESIGNATION, REDEMPTION AND WITHDRAWAL.

Section 5.1 Transferability of Partnership Interests. No Partnership Interests held by any Partner (or transferee thereof), or direct or indirect ownership interest in any Partner which is not a natural person, may be Transferred and no such Transfer shall be binding upon the Partnership or any Partner, unless, in each case, it is expressly permitted by this Article V and the General Partner receives an executed copy of the documents effecting such Transfer (which shall be in form and substance reasonably satisfactory to the General Partner); provided, that a Change of Control of AMG (and the resulting Change of Control of the General Partner) shall not constitute such a Transfer, regardless of how structured. No transferee of Partnership Interests shall become a substitute Partner, and no Partner in which any direct or indirect ownership interests have been Transferred shall remain a Partner, in either case, except upon the terms and conditions set forth in Section 5.2. If a transferee of Partnership Interests of a Partner in the Partnership does not become (and until any such transferee becomes) a substitute Partner, or if a Partner in which an ownership interest has been Transferred does not remain a Partner following such Transfer, in either case, in accordance with the provisions of Section 5.2, such Person shall not be entitled to exercise or receive any of the rights, powers or benefits of a Partner other than the right to receive allocations of profits and losses and distributions which the assigning Partner has Transferred to such Person in compliance with this Article V, or if such Person does not remain a Partner by reason of the Transfer of an ownership interest in such Person, the allocations of profits and losses and distributions payable in respect of the Partnership Interest held by such Person. Subject to Section 5.6, a Partner's Partnership Interest, and in the case of a Partner which is not a natural person, a direct ownership interest in such Partner, may be Transferred solely as follows:

(a) in the case of a Limited Partner, (i) with the prior written consent of the General Partner, (ii) in accordance with the provisions of Article VI, (iii) upon the death of the Individual Equityholder related to such Limited Partner, by will or the laws of descent and



distribution, and (iv) to members of the Immediate Family of the Individual Equityholder related to such Limited Partner (excluding for this purpose, former spouses); and

(b) in the case of the General Partner, (i) upon a Supermajority Limited Partner Vote of each LTEIP Series, (ii) to a Permitted AMG Transferee (provided that immediately upon the transferee ceasing to be a Permitted AMG Transferee, the transferee shall automatically be deemed to have transferred back to the General Partner all of the rights and obligations assigned to it hereunder), (iii) AMG's and/or any of its Controlled Affiliates' (including the General Partner's) direct and indirect interests in the Partnership may be pledged and encumbered, and lien holders of AMG's and/or any of its Controlled Affiliates' (including the General Partner's) Partnership Interests may have and be able to exercise the rights of secured creditors with respect to such interests (including, without limitation, foreclosure on such interests by such Persons), and (iv) to an existing Limited Partner or to a Person who is not a Limited Partner but who becomes a Limited Partner;

provided, that in each case, (x) the Transferee enters into an agreement with the Partnership agreeing to be bound by the provisions hereof, and (y) whether or not the Transferee enters into such an agreement, the Transferred Partnership Interests shall thereafter remain subject to this Agreement to the same extent they would be if held by such Partner.

Section 5.2 Substitute Partners.

(a) The General Partner may admit, in its sole discretion as a substitute Partner (with respect to all or a portion of the Partnership Interests held by a Person), any Person that acquires Partnership Interests by Transfer from another Partner pursuant to Section 5.1 and the General Partner may in its sole discretion permit any Partner in which all of the ownership interests have been Transferred to remain a Partner of the Partnership (and such Partner otherwise automatically shall cease to be a Partner of the Partnership). The admission of a Transferee as a substitute Partner shall, in all events, be conditioned upon the execution of an instrument satisfactory to the General Partner whereby such Transferee becomes a party to this Agreement as a Partner.

(b) Immediately prior to the effectiveness of the admission of a Transferee of Partnership Interests of a Partner as a substitute Partner with respect to such Partnership Interests pursuant to the provisions of this Section 5.2, the General Partner may, in its sole discretion, elect to revalue the assets of the Partnership effective immediately prior to such admission. If the General Partner elects to revalue the assets of the Partnership then the Capital Accounts of all the Partners shall be adjusted as follows: (i) the General Partner shall determine the proceeds which would be realized if the Partnership sold all its assets immediately prior to the effectiveness of such admission, for a price equal to the Fair Market Value of such assets determined as provided for herein, and (ii) the General Partner shall allocate amounts equal to the net gain or net loss which would have been realized upon such a sale to the Capital Accounts of all the Partners immediately prior to the effectiveness of such admission, in accordance with the provisions of Section 4.2(c) or Section 4.2(d), as applicable.

Section 5.3 Allocations and Distributions as between Transferor and Transferee; Successor to Capital Accounts. Notwithstanding anything to the contrary in Section 4.2, in the event of a Transfer of Partnership Interests pursuant to this Agreement, (a) allocations pursuant to Article IV shall be made on a pro-rata basis to those Persons who held such Transferred



Partnership Interests during such calendar quarter based upon the respective number of calendar days during such calendar quarter that such Persons held such Partnership Interests prior to and following such Transfer, and (b) distributions pursuant to Article IV shall be made to those Persons who received the corresponding allocations of Partnership income and gain under Article IV. In connection with a Transfer by a Partner of Partnership Points of any LTEIP Series, the Transferee shall succeed to a pro rata (based on the percentage of such Partner's Partnership Points of such LTEIP Series so Transferred) portion of

the Transferor's Capital Account (net of amounts previously allocated but not yet distributed to such Partner hereunder), unless the Transferor and Transferee otherwise agree and so direct the Partnership and the General Partner in a written statement signed by both the Transferor and Transferee and, unless such agreement makes no change other than to reserve to the Transferor all or a portion of distributions pursuant to Article IV, consented to by the General Partner; provided, that in the case of a Transfer by the General Partner of Partnership Points, the Transferee shall not succeed to any portion of the General Partner's Capital Account unless the General Partner otherwise consents.

Section 5.4 Issuance of Additional Partnership Points.

(a) Subject to Section 5.6, additional Limited Partners (each, an "Additional Limited Partner") may be admitted to the Partnership, and such Additional Limited Partners may be issued Partnership Points of a new LTEIP Series, only upon the prior written consent of the General Partner (and upon such terms and conditions as may be established by the General Partner, including, without limitation, upon such Additional Limited Partner's execution of an instrument in form and substance satisfactory to the General Partner whereby such Person becomes a party to this Agreement as a Limited Partner).

(b) Subject to Section 5.6, existing Limited Partners may be issued Partnership Points of a new LTEIP Series only upon the prior written consent of the General Partner (and upon such terms and conditions as may be established by the General Partner).

Section 5.5 Resignation, Redemptions, Withdrawals.

(a) No Limited Partner shall have the right to resign as a Partner, to cause the redemption of any of its Partnership Interests, in whole or in part, or to withdraw from the Partnership, except (i) with the prior written consent of the General Partner, or (ii) as is expressly provided for in Section 2.9 or Article VI. Upon any resignation, redemption or withdrawal, the Limited Partner shall only be entitled to the consideration, if any, provided for in Article VI upon the purchase of its Partnership Interests, if and to the extent such Article provides for such a purchase (and shall in no event be entitled to a withdrawal, redemption or distribution of its Capital Account in whole or in part). If the Partnership Interests acquired from such Limited Partner pursuant to Article VI (together with all Partnership Interests previously acquired from such Limited Partner) constitutes all of the Partnership Interests owned by such Limited Partner prior to such acquisition, such Limited Partner automatically shall be deemed to have withdrawn from the Partnership and shall no longer have any rights under this Agreement, other than the right to receive payments as provided in Article VI if and to the extent such Article so provides.

(b) Without a Supermajority Limited Partner Vote of each LTEIP Series, the General Partner may not resign or withdraw as General Partner or have all or any portion of its



---

interest in the Partnership redeemed. Any resigned, withdrawn or removed General Partner shall retain its interest in the capital of the Partnership and its other economic rights under this Agreement as a Limited Partner having the number of Partnership Points held by the General Partner prior to its resignation, withdrawal or removal. If a General Partner who has resigned, withdrawn or been removed no longer has any economic interest in the Partnership, then upon such resignation, withdrawal or removal such Person shall cease to be a Partner of the Partnership.

Section 5.6 Additional Requirements. As additional conditions to the validity of any Transfer pursuant to Section 5.1 or of any issuance pursuant to Section 5.4, such Transfer or issuance shall not: (a) violate the registration provisions of the Securities Act or the securities laws of any applicable jurisdiction, (b) cause the Partnership or any class of its securities to become subject to registration under the Exchange Act, (c) cause the Partnership to become subject to regulation as an "investment company" under the 1940 Act and the rules and regulations of the SEC thereunder, (d) result in the termination of any contract to which any of the Applicable AMG Affiliates is a party and which individually or in the aggregate is material (it being understood that any contract pursuant to which an Applicable AMG Affiliate provides Investment Management Services is material), or (e) result in the treatment of the Partnership as an association taxable as a corporation or as a "publicly traded partnership" for Federal or state income tax purposes. The General Partner may require reasonable evidence as to the foregoing, including, without limitation, a favorable opinion of counsel, which expense shall be borne by the parties to such transaction. To the fullest extent permitted by law, any Transfer or issuance that violates the conditions of this Section 5.6 shall be null and void.

Section 5.7 Representations of Partners. Each Partner hereby represents and warrants to the Partnership and each other Partner, and acknowledges, that (a) he, she or it has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of an investment in the Partnership and making an informed investment decision with respect thereto, (b) he, she or it is able to bear the economic and financial risk of an investment in the Partnership for an indefinite period of time, (c) he, she or it is acquiring an interest in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, (d) the Partnership Interests have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with, and (e) the execution, delivery and performance of this Agreement by such Partner do not require him, her or it to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any existing law or regulation applicable to him, her or it, or any agreement or instrument to which he, she or it is a party or by which he, she or it is bound.

## ARTICLE VI - LTEIP SERIES; VESTING; PUTS AND CALLS.

Section 6.1 LTEIP Series.

(a) As of the Effective Time, the Partnership had one LTEIP Series outstanding, namely the 2012 Points, which were issued to the Partners in the amounts specified on Schedule A.



---

(b) From time to time following the Effective Time, the General Partner may in its sole discretion cause the Partnership to issue Partnership Points of additional LTEIP Series in accordance with the terms of this Agreement.

Section 6.2 Vesting of Partnership Points. Partnership Points of each LTEIP Series held by a Limited Partner shall vest in accordance with the vesting schedule with respect to such LTEIP Series as is set forth opposite the name of such Limited Partner on Schedule A (the vested Partnership Points of a particular LTEIP Series, the "Vested Points"); provided, however, that upon (x) the death or permanent disability of the Individual Equityholder related to such Limited Partner, or (y) a Change of Control of AMG, all of such Limited Partner's Partnership Points of each LTEIP Series shall immediately become Vested Points of such LTEIP Series. At any time, Partnership Points of an LTEIP Series held by a Limited Partner which have not yet vested pursuant to the terms of this Section 6.2, shall be referred to as "Unvested Points." Notwithstanding the foregoing, the General Partner may in its sole discretion accelerate the vesting of all or any portion of the Unvested Points held by any Limited Partner. For the avoidance of doubt, any Partnership Points of an LTEIP Series held by the General Partner shall be deemed to be Vested Points while held by the General Partner (including, without, limitation, Partnership Points which are forfeited to the General Partner pursuant to Section 6.3).

Section 6.3 Termination Events; Forfeiture of Unvested Points.

(a) In the event that the General Partner provides written notice to any Individual Equityholder that the Partnership shall no longer avail itself of the services provided to the Partnership by such Individual Equityholder for any reason (a "Termination Event" with respect to such Individual Equityholder), such Individual Equityholder and each of his or her related Limited Partners shall forfeit to the General Partner (a "Forfeiture", and such written notice, a "Termination Notice") all of the Unvested Points held by such Person, with no further obligation on the part of the Partnership or any Partner to such Person with respect thereto.

(b) Without any action on the part of any of the Partnership, such Individual Equityholder or any Partner, such Forfeiture shall take place immediately and automatically upon the delivery of such Termination Notice. Upon any Forfeiture, the General Partner shall be deemed to have acquired all of the Unvested Points of such Individual Equityholder and each of his or her related Limited Partners (including the entire Partnership Interest with respect thereto). Such Person shall, upon such Forfeiture, cease to have any rights hereunder in respect of such Unvested Points and the related Partnership Interest.

Section 6.4 Fair Value Determination.

(a) The General Partner shall, on or prior to the last business day of each February immediately preceding an applicable Purchase Date under Section 6.5(a), determine the fair value ("Fair Value") of the outstanding Partnership Points of each LTEIP Series, as of December 31st of the preceding calendar year, and provide written statements to the Individual Equityholders notifying each such Individual Equityholder of the Fair Value of the Partnership Points of each LTEIP Series then held by such Individual Equityholder and all of his or her related Limited Partners.

(b) In addition, for purposes of determining the Purchase Price for Purchased Points in connection with any Put, Departure Call, Cash Flow Call or Competition Call, the



General Partner shall determine the Fair Value of such Purchased Points as of the last day of the most recently completed calendar quarter preceding the applicable Purchase Date (the "Applicable Valuation Date"). For purposes of any determination of Fair Value hereunder by the General Partner or an Appraiser (as applicable), the parties acknowledge and agree that (i) the Fair Value shall be based upon the Partnership's implied share of the run-rate income (or so called "Owners' Allocation," if applicable) of the Applicable AMG Affiliates as derived from the Corresponding LTEIP Underlying Holdco Interests of the applicable LTEIP Series without regard to any expenses, obligations, expenditures or other costs incurred by AMG or its Controlled Affiliates (including, without limitation, the General Partner, the Partnership, AMG WP and the Applicable AMG Affiliates) (provided, that such run-rate income shall take into account any expected "Owners' Allocation Expenditures" and similar expenses of the Applicable AMG Affiliates) (the "Applicable Cash Flow"), (ii) the Fair Value shall assume a transaction between a willing buyer and willing seller when neither is under compulsion to buy or sell and both have reasonable knowledge of the relevant facts, (iii) the methodologies used to determine the Fair Value of any Partnership Points under this Agreement shall be consistently applied among all Limited Partners, all LTEIP Series and all periods, and (iv) the General Partner may (at the expense of the General Partner) engage an Appraiser to assist it with any determination of Fair Value. Subject to Section 6.4(c), any such determination of the Fair Value of the Partnership Points shall be final and binding on each of the General Partner and the applicable Limited Partners.

(c) Notwithstanding the foregoing, (i) any Individual Equityholder who delivers or receives a Purchase Notice under Section 6.5 or 6.6 shall have the right (on behalf of himself or herself and all of his or her related Limited Partners) to require that the Fair Value of the Purchased Points of any LTEIP Series be determined by an Appraiser (at the expense of the General Partner) if the quotient obtained by (A) the Purchase Price in respect of such Purchased Points, as calculated by the General Partner, divided by (B) the product of (I) the Applicable Cash Flow in respect of the LTEIP Series corresponding to such Purchased Points, and (II) a fraction, (x) the numerator of which is the number of Purchased Points of such LTEIP Series being purchased from the Individual Equityholder and his or her related Limited Partners on such date and (y) the denominator of which is the total number of outstanding Partnership Points of the LTEIP Series corresponding to such Purchased Points as of the applicable Purchase Date (including those to be purchased on such date) is less than six (6.0), and (ii) the General Partner shall have the right to require that the Fair Value of the Purchased Points be determined by an Appraiser (at the expense of the General Partner) if the quotient obtained by (A) the Purchase Price in respect of such Purchased Points, as calculated by the General Partner, divided by (B) the product of (I) the Applicable Cash Flow in respect of the LTEIP Series corresponding to such Purchased Points, and (II) a fraction, (x) the numerator of which is the number of Purchased Points of such LTEIP Series being purchased from the Individual Equityholder and his or her related Limited Partners on such date and (y) the denominator of which is the total number of outstanding Partnership Points of the LTEIP Series corresponding to such Purchased Points as of the applicable Purchase Date (including those to be purchased on such date) is greater than eleven (11.0). The Individual Equityholder or the General Partner (as applicable) may exercise his, her or its right to such appraisal by providing written notice to the other Person no later than the third (3rd) business day after the Individual Equityholder is informed of the applicable Purchase Price in respect of such Purchased Points. The Appraiser shall be selected by the Individual Equityholder (if the Individual Equityholder is requiring the appraisal) or the General Partner (if the General Partner is requiring the appraisal); provided, that if more than one Individual Equityholder (on

behalf of himself or herself and all of his or her related Limited Partners) is selling Partnership Points on the applicable Purchase Date and requiring an appraisal, the Appraiser shall be the Person selected by plurality vote of such Individual Equityholders (with each Individual Equityholder being deemed to have voted a number of votes equal to such Individual Equityholder's and his or her related Limited Partners' total Purchased Points of each LTEIP Series, and the General Partner shall select among the nominated Appraisers to the extent any one Appraiser fails to receive a plurality of the votes). The Appraiser shall be instructed to complete its appraisal as soon as reasonably practicable, and the Purchase Date shall occur as soon as reasonably practicable after the Appraiser has completed its appraisal; provided, that the foregoing shall not result in the delay of the closing of any Cash Flow Call. Notwithstanding anything to the contrary contained herein, the Appraiser's determination of the Fair Value of the Purchased Points shall be final and binding on each of the General Partner and the applicable Limited Partner(s) and shall be used to calculate the Purchase Price.

Section 6.5 Puts and Calls of Vested Points.

(a) An Individual Equityholder may, at such Individual Equityholder's option, subject to the terms and conditions set forth in this Section 6.5, cause the General Partner to purchase (and in such event the General Partner shall purchase) (a "Put") from such Individual Equityholder and his or her related Limited Partners (collectively, the "Selling Partner") up to a number of such Selling Partner's Vested Points of any LTEIP Series equal to twenty-five percent (25%) of the number of Partnership Points of such LTEIP Series that were issued to such Individual Equityholder on the applicable Issuance Date (or such other percentage and/or date specified by the General Partner with respect to a particular Individual Equityholder to the extent that such Individual Equityholder acquires Partnership Points after such Issuance Date) (in addition to any Vested Points which previously could have been sold by such Selling Partner pursuant to this Section 6.5 but were not previously sold) annually, on the last business day of the first calendar quarter of each calendar year (a "Purchase Date"), starting with the Applicable Put Start Date in respect of such LTEIP Series.

(b) In addition, an Individual Equityholder may exercise his or her Put right hereunder with respect to all or any portion of such Selling Partner's Vested Points of any LTEIP Series in connection with (x) a Change of Control of AMG, or (y) the death or permanent disability of such Individual Equityholder, and, in each case, the Purchase Date for such Put shall be the later of: (i) the last business day of the second (2nd) full month following the delivery by such Individual Equityholder of a Purchase Notice, or (ii) the last business day of the first (1st) month following the delivery by such Individual Equityholder of a Purchase Notice which would allow the Applicable Valuation Date to be more than six (6) months after the date on which such Partnership Points became Vested Points; provided, however, that if such Purchase Date would otherwise fall on or prior to the last business day of the month following the month in which occurred the second (2nd) anniversary of the applicable Issuance Date, then the applicable Individual Equityholder may elect to delay the Purchase Date until such last business day. In addition to the foregoing, an Individual Equityholder may exercise his or her Put right hereunder with respect to all or any portion of such Selling Partner's Vested Points of any LTEIP Series at any time upon the receipt by any of the Partnership, the General Partner or any Individual Equityholder or Limited Partner of written notice from the IRS that the Partnership Points do not constitute Profits Interests for federal income tax purposes, and in such event the Purchase Date for such Put shall be the later of: (x) the last business day of the second (2nd) full month following the delivery by such Individual Equityholder of a Purchase



Notice, or (y) the last business day of the first (1st) month following the delivery by such Individual Equityholder of a Purchase Notice which would allow the Applicable Valuation Date to be more than six (6) months after the date on which such Partnership Points became Vested Points.

(c) In the event that an Individual Equityholder engages in Competitive Activity at any time, the General Partner may, at its option, subject to the terms and conditions set forth in this Section 6.5, cause the applicable Selling Partner to sell (and in such event such Selling Partner shall sell) all or any portion of the Vested Points of any LTEIP Series held by such Selling Partner (a "Competition Call") and, in such case, the Purchase Date for such Competition Call shall be the later of: (x) the last business day of the second (2nd) full month following the delivery by the General Partner of a Purchase Notice, or (y) the last business day of the first (1st) month following the delivery by the General Partner of a Purchase Notice which would allow the Applicable Valuation Date to be more than six (6) months after the date on which such Partnership Points became Vested Points; provided, however, that if such Purchase Date would otherwise fall on or prior to the last business day of the month following the month in which occurred the second (2nd) anniversary of the applicable Issuance Date, then the applicable Individual Equityholder may elect to delay the Purchase Date until such last business day.

(d) The General Partner may, at its option, subject to the terms and conditions set forth in this Section 6.5, cause any Selling Partner to sell (and in such event such Selling Partner shall sell) (a "Cash Flow Call") all or any portion of such Selling Partner's Vested Points of any LTEIP Series on any date designated by the General Partner (effective as of 12:01 a.m. on such date) (a "Purchase Date") starting with the Applicable Call Start Date in respect of such LTEIP Series; provided, that (i) the General Partner may not exercise a Cash Flow Call with respect to a particular Selling Partner if the applicable Purchase Date is on or after the Applicable Twenty Year Service Date of the applicable Individual Equityholder and a Termination Event with respect to such Individual Equityholder did not occur prior to such Applicable Twenty Year Service Date; and (ii) the General Partner may not exercise a Cash Flow Call in respect of a Purchase Date that would fall during the calendar quarter immediately following any particular Applicable Valuation Date if the Fair Value of the Vested Points calculated as of such Applicable Valuation Date is less than or equal to eighty-five percent (85%) of the Fair Value of such Vested Points calculated as of the date that is twelve (12) months prior to such Applicable Valuation Date. In the case of any conflict between this Section 6.5(d) and any other sub-section of this Section 6.5, this Section 6.5(d) shall control.

(e) Any Individual Equityholder (on behalf of himself or herself and all of his or her related Limited Partners) or the General Partner may exercise a Put, a Cash Flow Call or a Competition Call, as applicable, by delivering to the other Person a written notice in the form attached as Exhibit B (a "Purchase Notice") stating, with respect to a particular LTEIP Series, the number of Vested Points of such LTEIP Series to be sold and purchased in such Put, Cash Flow Call or Competition Call (as applicable) (the "Purchased Points"), as follows:

(i) In the case of a Put to be exercised pursuant to Section 6.5(a), during the period from March 1st through March 15th preceding the applicable Purchase Date;

(ii) In the case of a Put to be exercised pursuant to the first sentence of Section 6.5(b), at any time following the announcement of such Change of Control of AMG or following



the death or permanent disability of such Individual Equityholder (as applicable);

(iii) In the case of a Put to be exercised pursuant to the second sentence of Section 6.5(b), at any time following receipt of the notice described therein;

(iv) In the case of a Cash Flow Call to be exercised pursuant to Section 6.5(d), at any time on or prior to the last day of the calendar quarter in which occurred the applicable Purchase Date (with such Purchase Notice having retroactive effect if delivered after such Purchase Date); and

(v) In the case of a Competition Call to be exercised pursuant to Section 6.5(c), at any time following the applicable Individual Equityholder's engagement in Competitive Activity.

(f) Payment by the General Partner of the Purchase Price to the Selling Partner shall be made by any combination (at the General Partner's election) of Cash Payment and/or AMG Shares (the "Payment Method") (i) in the case of any Put or Competition Call, at the closing of such Put or Competition Call on the applicable Purchase Date, and (ii) in the case of any Cash Flow Call, on a date set by the General Partner which is no later than the last day of the calendar quarter in which occurred the applicable Purchase Date (and for the avoidance of doubt, the closing of such Cash Flow Call shall have retroactive effect as of such Purchase Date), in each case, against delivery of representations and warranties that such Selling Partner is the sole record and beneficial owner of the Purchased Points, free and clear of any Liens other than those imposed by this Agreement.

Section 6.6 Departure Calls of Vested Points.

(a) Upon a Termination Event with respect to an Individual Equityholder, the General Partner shall have the right to purchase (a "Departure Call") from such Individual Equityholder and his or her related Limited Partners (collectively, the "Selling Partner") (and in such event the Selling Partner shall sell) all or any portion of the Vested Points of any LTEIP Series then held by such Selling Partner, subject to the terms and conditions set forth in this Section 6.6 (all of the Vested Points of a particular LTEIP Series to be purchased in such Departure Call, the "Purchased Points"), and the date for such purchase (the "Purchase Date") shall be the later of: (x) the last business day of the second (2nd) full month following the delivery of a Purchase Notice by the General Partner to such Individual Equityholder, or (y) the last business day of the first (1st) month following the delivery of such Purchase Notice which would allow the Applicable Valuation Date to be more than six (6) months after the date on which such Partnership Points became Vested Points; provided, however, that if such Purchase Date would otherwise fall on or prior to the last business day of the month following the month in which occurred the second (2nd) anniversary of the applicable Issuance Date, then the applicable Individual Equityholder may elect to delay the Purchase Date until such last business day. Notwithstanding anything to the contrary in this Section 6.6, the General Partner may in no event exercise a Departure Call with respect to a particular Selling Partner if the Termination Event with respect to the applicable Individual Equityholder occurred after the Applicable Twenty Year Service Date of such Individual Equityholder.

(b) The General Partner may exercise a Departure Call by delivering to the Individual Equityholder (on behalf of each Limited Partner related to such Individual Equityholder) a written notice of such exercise in the form attached as Exhibit B (a "Purchase



Notice") at any time following the Termination Event with respect to such Individual Equityholder.

(c) Payment by the General Partner of the Purchase Price in respect of the Purchased Points of a particular LTEIP Series shall be made to the applicable Selling Partner, against delivery of representations and warranties that such Selling Partner is the sole record and beneficial owner of such Purchased Points, free and clear of any Liens other than those imposed by this Agreement, on the applicable Purchase Date, as follows:

(i) in the case of a Departure Call exercised in connection with a Termination Event (A) occurring on or after the seventh (7th) anniversary of the Issuance Date of such LTEIP Series, or (B) at any time, resulting from death or permanent disability, by the Payment Method; and

(ii) in the case of a Departure Call exercised in connection with any other Termination Event, either (at the General Partner's election) by (A) the Payment Method, or (B) a combination of (I) Cash Payment equal to the product of such Purchase Price and the highest combined federal, state and local marginal tax rate on long-term capital gain then applicable to an individual resident of the city and state in which the Individual Equityholder then resides, and (II) delivery of a Promissory Note having a principal amount equal to the difference of such Purchase Price minus the amount calculated under clause (I).

(d) In the event that, at any time following the delivery to a Selling Partner of one or more Promissory Notes pursuant to Section 6.6(c), the General Partner determines (in its sole discretion) that the Individual Equityholder related to such Selling Partner has engaged in Competitive Activity, then, effective as of the engagement by such Individual Equityholder in such Competitive Activity, all of the obligations of AMG, the General Partner and any of their assignees (including, without limitation, any obligation to repay any outstanding amounts) under any such Promissory Notes, and all of the rights of the holders thereof, shall terminate and cease and such Promissory Notes shall automatically be cancelled and of no further force and effect.

Section 6.7 Miscellaneous.

(a) As of an applicable Purchase Date, the Selling Partner shall cease to hold the Purchased Points purchased on such Purchase Date and shall cease to hold a pro rata portion of such Selling Partner's Capital Account (which shall have been transferred to the General Partner) and shall no longer have any rights with respect to such portion of his, her or its Partnership Interest.

(b) In the event that a Selling Partner is required to sell all or any portion of his, her or its Partnership Interest pursuant to Section 6.5 or 6.6 and for any reason fails to execute and deliver the agreements required by Section 6.5 or 6.6 and otherwise to consummate such sale in accordance with such Section, the General Partner may deposit the amount payable and any Promissory Note deliverable in respect of such Partnership Interest (subject to offset for any amounts owed by the Selling Partner to the General Partner or its Affiliates, including, without limitation, estimated escrow account fees, as calculated by the General Partner) with any bank doing business within fifty (50) miles of the Partnership's principal place of business, with the Partnership's accounting firm or such Selling Partner's

counsel, as agent for such Selling Partner, to be held by such bank, accounting firm or counsel for the benefit of and for delivery to such Selling Partner. Upon such deposit by the General Partner and upon notice thereof given to such Selling Partner, such Selling Partner shall have no further rights under this Agreement with respect to such Partnership Interests (other than the right to withdraw the payment therefor or receive the Promissory Note(s), if any, held by the agent described in the preceding sentence). Each Selling Partner does hereby irrevocably constitute and appoint the General Partner with full power of substitution, the true and lawful attorney-in-fact and agent of such Selling Partner, to execute and deliver, in such Selling Partner's (or his, her or its assignee's) name, place and stead, all instruments (including, without limitation, any Promissory Note), documents and certificates as the General Partner may determine to be necessary, appropriate or convenient to consummate any sale contemplated by Section 6.5 or 6.6 and/or make any deposit contemplated by this Section 6.7(b). This power of attorney shall be deemed to be coupled with an interest, shall be irrevocable, shall survive and not be affected by the dissolution, bankruptcy, incompetence or legal disability of any Selling Partner and shall extend to such Selling Partner's successors and assigns.

(c) The General Partner may (without the need for any vote or consent of any Partner) assign any or all of its rights and obligations under Section 6.5, Section 6.6 or this Section 6.7, in one or more instances, to any other Person; provided, however, that no such assignment shall relieve the General Partner of its obligation to make payment and/or deliver a Promissory Note (as applicable) in respect of a Purchase Price to the extent not paid or delivered by any such assignee.

## ARTICLE VII - DISSOLUTION AND TERMINATION.

Section 7.1 No Dissolution. The Partnership shall not be dissolved by the admission of substitute Partners or by the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Partner.

Section 7.2 Events of Dissolution. The Partnership shall be dissolved and its affairs wound up upon the occurrence of any of the following events: (a) a date designated and approved in writing by the General Partner and a Supermajority Limited Partner Vote of each LTEIP Series; or (b) upon the entry of a decree of judicial dissolution under §17-802 of the Act.

Section 7.3 Notice of Dissolution. The General Partner shall promptly notify the Partners of any dissolution of the Partnership pursuant to Section 7.2 or otherwise pursuant to the Act.

Section 7.4 Liquidation. Upon the dissolution of the Partnership, the General Partner, or if there is none, the Person or Persons approved by the holders of more than fifty percent (50%) of the Partnership Points then outstanding shall carry out the winding up of the Partnership (in such capacity, the "Liquidating Trustee") and shall immediately commence to wind up the Partnership's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the satisfaction of liabilities to creditors so as to enable the Partners to minimize the normal losses attendant upon a liquidation. The Partners shall continue to share in allocations and distributions during liquidation in the same proportions, as specified in Article IV, as before liquidation. The proceeds of liquidation shall be distributed as set forth in Section 4.4.



Section 7.5 Termination. The Partnership shall terminate when all of the assets of the Partnership, after payment of or due provision for all debts, liabilities and obligations of the Partnership, shall have been distributed to the Partners in the manner provided for in Section 4.4 and the Certificate shall have been canceled in the manner required by the Act.

Section 7.6 Claims of the Partners. All Partners and former Partners shall look solely to the Partnership's assets for any return of their Capital Contributions and if the assets of the Partnership remaining after payment of or due provision for all debts, liabilities and obligations of the Partnership are insufficient to return such Capital Contributions, the Partners and former Partners shall have no recourse against the Partnership or any other Partner.

## ARTICLE VIII - RECORDS; TAX MATTERS.

Section 8.1 Books and Records. The Partnership shall keep complete and accurate books of account with respect to the operations of the Partnership, prepared in accordance with GAAP.

Section 8.2 Tax Year. The taxable year of the Partnership shall be the twelve (12) months ended December 31st or such other taxable year as the General Partner may designate.

Section 8.3 Tax Matters.

(a) The General Partner shall cause to be prepared and filed on or before the due date (or any extension thereof) federal, state, local and foreign tax or information returns required to be filed by the Partnership and shall provide to the other Partners, as soon as reasonably practicable following the close of each taxable year of the Partnership, any information which the General Partner has which is necessary to allow the Partners to timely prepare and file any federal, state or local income tax returns (including IRS Schedule K-1). The General Partner, to the extent that Partnership funds are available, shall cause the Partnership to pay any taxes payable by the Partnership; provided that the General Partner shall not be required to cause the Partnership to pay any tax so long as the General Partner or the Partnership is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Partnership and adequate reserves therefor have been set aside by the Partnership. Neither the Partnership nor any Partner shall do anything or take any action which would be inconsistent with the foregoing or with the General Partner's actions as authorized by the foregoing provisions of this Section 8.3(a).

(b) The General Partner shall be the "tax matters partner" for the Partnership pursuant to Sections 6221 through 6233 of the Code.

## ARTICLE IX - LIABILITY, EXCULPATION AND INDEMNIFICATION.

Section 9.1 Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Partnership, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Partnership, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Partnership solely by reason of being a Covered Person.

Section 9.2 Exculpation.

(a) No Covered Person shall be liable to the Partnership or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Partnership and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of any action or inaction of such Covered Person which constituted fraud, gross negligence, bad faith, willful misconduct or a breach of this Agreement.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Partnership and upon such information, opinions, reports or statements presented to the Covered Person by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Partnership of such Covered Person.

Section 9.3 Fiduciary Duty.

(a) To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to any Partner, a Covered Person acting under this Agreement shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between the General Partner and any other Partner the resolution or manner of resolution of which is not specifically provided for herein, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that the General Partner shall act in a manner that is, or provides terms that are, fair and reasonable to the Partnership or any Partner, the General Partner shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the General Partner, the resolution, action or term so made, taken or provided by the General Partner shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the General Partner at law or in equity or otherwise.

(c) Whenever in this Agreement the General Partner is permitted or required to make a decision (i) in its "sole discretion" or under a grant of similar authority or latitude, the General Partner shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or any other Person, or (ii) in its "good faith", "reasonable discretion" or under another express standard, the General Partner shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

(d) Wherever in this Agreement a factual determination is called for and the



applicable provision of this Agreement does not indicate what party or parties are to make the applicable factual determination, and/or the applicable standard to be used in making the factual determination, such determination shall be made by the General Partner in the exercise of its good faith discretion.

Section 9.4 Indemnification. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Partnership for any loss, damage or claim (including any amounts paid in settlement of any such claims) incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Partnership and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of any action or inaction of such Covered Person which constituted fraud, gross negligence, bad faith, willful misconduct or a breach of this Agreement; provided, however, that any indemnity under this Section 9.4 shall be provided out of and to the extent of Partnership assets only, and no Covered Person shall have any personal liability to provide indemnity on account thereof.

Section 9.5 Notice; Opportunity to Defend and Expenses.

(a) Promptly after receipt by any Covered Person from any third party of notice of any demand, claim or circumstance that, immediately or with the lapse of time, would reasonably be expected to give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in any loss, damage or claim with respect to which the Covered Person might be entitled to indemnification from the Partnership under Section 9.4, the Covered Person shall give notice thereof (the "Claims Notice") to the Partnership; provided, however, that a failure to give such notice shall not prejudice the Covered Person's right to indemnification hereunder except to the extent that the Partnership is actually prejudiced thereby. The Claims Notice shall describe the Asserted Liability in such reasonable detail as is practicable under the circumstances, and shall, to the extent practicable under the circumstances, indicate the amount (estimated, if necessary) of the loss or damage that has been or may be suffered by the Covered Person.

(b) The Partnership may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability; provided, however, that if the named parties to any action or proceeding include (or could reasonably be expected to include) both the Partnership and a Covered Person, or more than one Covered Persons, and the Partnership is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Covered Person may engage separate counsel at the expense of the Partnership. If the Partnership elects to compromise or defend such Asserted Liability, it shall within twenty (20) business days (or sooner, if the nature of the Asserted Liability so requires) notify the Covered Person of its intent to do so, and the Covered Person shall cooperate, at the expense of the Partnership, in the compromise of, or defense against, such Asserted Liability. If the Partnership elects not to compromise or defend the Asserted Liability, fails to notify the Covered Person of its election as herein provided, contests its obligation to provide indemnification under this Agreement, or fails to make or ceases making a good faith and diligent defense, the Covered Person may pay, compromise or defend such Asserted Liability all at the expense of the Covered Person. Except as set forth in the

preceding sentence, neither the Partnership nor the Covered Person may settle or compromise any claim over the objection of the other; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event, the Partnership and the Covered Person may participate at their own expense, in the defense of such Asserted Liability. If the Covered Person chooses to participate in the defense of any claim, the Covered Person shall make available to the Partnership any books, records or other documents within its control that are necessary or appropriate for such defense, all at the expense of the Partnership.

(c) If the Partnership elects not to compromise or defend an Asserted Liability, or fails to notify the Covered Person of its election as above provided, then, to the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any Asserted Liability, shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon satisfaction of any conditions required by applicable law and receipt by the Partnership of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 9.4. The Partnership may, if the General Partner deems it appropriate, require any Covered Person for whom expenses are advanced, to deliver adequate security to the Partnership for his obligation to repay such indemnification.

Section 9.6 Miscellaneous.

(a) The right of indemnification hereby provided shall not be exclusive of, and shall not affect, any other rights to which a Covered Person may be entitled. Nothing contained in this Article IX shall limit any lawful rights to indemnification existing independently of this Article IX.

(b) The indemnification rights provided by this Article IX shall also inure to the benefit of the heirs, executors, administrators, successors and assigns of a Covered Person and any officers, directors, partners, shareholders, employees and Affiliates of such Covered Person (and any former officer, director, member, shareholder or employee of such Covered Person, if the loss, damage or claim was incurred while such person was an officer, director, member, shareholder or employee of such Covered Person). The General Partner may extend the indemnification called for by Section 9.4 to non-employee agents of the Partnership, the General Partner or its Affiliates.

ARTICLE X - MISCELLANEOUS.

Section 10.1 Delivery of AMG Shares. In the event that the General Partner elects to pay all or any portion of a Purchase Price by the delivery of AMG Shares, the number of AMG Shares required to be delivered by the General Partner shall be equal to the quotient obtained by dividing (i) that portion of the Purchase Price to be paid in AMG Shares by (ii) the Average AMG Stock Price. In the event that there is a stock split (or reverse stock split), stock dividend or other similar event during the relevant measuring periods under the foregoing calculation, equitable and appropriate adjustments shall be made in the application of such calculation of the Average AMG Stock Price to take account of such event.

Section 10.2 Notices. All notices, statements, requests, elections, consents or demands permitted or required to be made under this Agreement (“Notices”) shall be in writing, signed by the Person or Persons giving such notice, statement, request, election, consent or demand and



shall be delivered personally or by confirmed facsimile, or sent by registered or certified mail, or by commercial courier to the other Partners, at their addresses set forth on the signature pages hereof or on Schedule A, or at such other addresses as may be supplied by written notice given in conformity with the terms of this Section 10.2. All Notices to the Partnership shall be made to the General Partner c/o John Kingston III, Affiliated Managers Group, Inc., 600 Hale Street, Prides Crossing, Massachusetts 01965. The date of any such personal or facsimile delivery or the date of delivery by an overnight courier or the date five (5) days after the date of mailing by registered or certified mail, as the case may be, shall be the date of such notice.

Section 10.3 Successors and Assigns. Subject to the restrictions on Transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Partners, the Individual Equityholders and their respective successors, successors-in-title, heirs and assigns, and each and every successor-in-interest to any Partner or Individual Equityholder, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, and each shall hold such interest subject to all of the terms and provisions of this Agreement.

Section 10.4 Amendments. Amendments may be made to this Agreement only with (a) a Supermajority Limited Partner Vote of each LTEIP Series and (b) the prior written consent of the General Partner; provided, however, that, without the vote, consent or approval of any Partner, (x) the General Partner shall make such amendments and additions to Schedule A, Schedule B and Schedule C as are required by the provisions hereof, (y) the General Partner may amend this Agreement to correct any printing, stenographic or clerical errors or omissions, and (z) in connection with the issuance of Partnership Points of a new LTEIP Series, the General Partner may amend this Agreement as necessary in order to implement the terms applicable to such new LTEIP Series so long as such amendment would not adversely impact the rights, obligations, terms or preferences of any Limited Partner as in effect as of immediately prior to such amendment. Except as otherwise specifically provided for herein, (x) an amendment or a modification increasing any liability of a Partner or Individual Equityholder to the Partnership or the other Partners or Individual Equityholders, or adversely affecting the limitation of the liability of a Partner or Individual Equityholder with respect to the Partnership, shall be effective only with that Partner’s or Individual Equityholder’s prior written consent, and (y) an amendment or modification that by its explicit terms would alter or change the rights, obligations, powers or preferences of any Partner or Individual Equityholder in a disproportionate and adverse manner compared to other Partners or Individual Equityholders shall be effective only with the prior written consent of the Partner or Individual Equityholder which would be so affected.

Section 10.5 No Partition. No Partner nor any successor-in-interest to any Partner, shall have the right while this Agreement remains in effect to have the property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Partnership partitioned, and each Partner, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intent of the Partners that during the term of this Agreement, the rights of the Partners and Individual Equityholders and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Partner or successors-in-interest to Transfer or otherwise dispose of his interest in the Partnership shall be subject to the limitations and restrictions of this Agreement.

Section 10.6 No Waiver; Cumulative Remedies. The failure of any Partner or Individual Equityholder to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Partner's or Individual Equityholder's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. For the avoidance of doubt, the General Partner may in its sole discretion waive any requirement or obligation hereunder (including, without limitation, under Section 6.5 or 6.6) with respect to any particular Limited Partner or Individual Equityholder without waiving such requirement or obligation with respect to any other Limited Partner or Individual Equityholder. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Section 10.7 Dispute Resolution. All disputes arising in connection with this Agreement shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be held in Boston, Massachusetts before a single arbitrator selected by the General Partner, who shall have substantial business experience in the investment advisory industry.

Section 10.8 Prior Agreements Superseded. This Agreement and the Exhibits and Schedules hereto supersede the prior understandings and agreements among the parties with respect to the subject matter hereof.

Section 10.9 Captions. Titles or captions of Articles or Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 10.10 Counterparts. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Partners and Individual Equityholders notwithstanding that all Partners and Individual Equityholders have not signed the same counterpart.

Section 10.11 Applicable Law; Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware, without applying the choice of law or conflicts of law provisions thereof.

Section 10.12 Interpretation. All terms herein using the singular shall include the plural; all terms using the plural shall include the singular; in each case, the term shall be as appropriate to the context of each sentence. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine and neuter, whichever shall be applicable.

Section 10.13 Exhibits and Schedules.

(a) The name, identity of any Individual Equityholder, Partnership Points of



each LTEIP Series, vesting schedule with respect to Partnership Points of each LTEIP Series that are not vested, and Applicable Twenty Year Service Date, of each Partner shall be listed on Schedule A. The General Partner shall update Schedule A, Schedule B and Schedule C from time to time as necessary to reflect accurately the information to be contained therein. Any amendment or revision to Schedule A, Schedule B or Schedule C shall not be deemed an amendment to this Agreement. Any reference in this Agreement to Schedule A, Schedule B or Schedule C shall be deemed to be a reference to Schedule A, Schedule B or Schedule C as amended and in effect from time to time.

(b) All Exhibits and Schedules attached to this Agreement are incorporated and shall be treated as if set forth herein. Only the General Partner shall have the right to review Schedule A and each Limited Partner expressly waives its rights under the Act (including, without limitation, under Section 17-305 thereof) to review Schedule A (and acknowledges and agrees that such waiver is reasonable in light of the interests of the Partnership and its Partners). Each Limited Partner shall have the right to receive a copy of this Agreement and the Exhibits and Schedules attached hereto, provided that (i) Schedule A will be redacted with respect to information regarding the other Partners, and (ii) Schedule B and Schedule C will be redacted as to any LTEIP Series with respect to which such Limited Partner does not hold Partnership Points, and such Limited Partner shall have the right to review only that information regarding such Limited Partner's own Partnership Points and vesting schedule with respect to Partnership Points that are not vested. Notwithstanding the foregoing, the General Partner may furnish to any one or more Limited Partners (and to the exclusion of any one or more other Limited Partners) such additional information relating to such Schedules as the General Partner determines from time to time.

Section 10.14 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

Section 10.15 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of (a) any Partner, or (b) the Partnership, other than a Partner who is also a creditor of the Partnership.

Section 10.16 Expenses of the Partnership. Notwithstanding anything to the contrary in this Agreement (including without limitation Section 4.2), the General Partner shall bear all expenses incurred by or on behalf of the Partnership.

Section 10.17 Guaranty of AMG. AMG hereby unconditionally and irrevocably guarantees the timely performance by the General Partner of its obligations under Sections 6.5, 6.6 and 10.16.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Partners have executed and delivered this Agreement as of the Effective Time.

LTEIP 2011 GP HOLDINGS CORP.

By: Affiliated Managers Group, Inc., its sole shareholder

By: ____________________________
Name: John Kingston, III
Title: Vice Chairman and General Counsel

Solely for purposes of Section 2.9:

LTEIP LP HOLDINGS, LLC

By: Affiliated Managers Group, Inc., its Manager and Sole Member

By: ____________________________
Name: John Kingston, III
Title: Vice Chairman and General Counsel

Solely for purposes of Sections 2.8 and 10.17:

AFFILIATED MANAGERS GROUP, INC.

By: ____________________________
Name: John Kingston, III
Title: Vice Chairman and General Counsel



---

**Exhibit A**

**Defined Terms**

"1940 Act" shall mean the Investment Company Act of 1940, as it may be amended from time to time, and any successor to such act.

"2012 Points" shall mean, as of any date, with respect to a Partner, the number of 2012 Points of such Partner as set forth on Schedule A. 2012 Points shall have the rights and preferences set forth in this Agreement.

"Act" shall mean the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. §17-101, et seq. (as it may be amended from time to time and any successor to such act).

"Additional Limited Partner" shall have the meaning specified in Section 5.4(a).

"Advisers Act" shall mean the Investment Advisers Act of 1940, as it may be amended from time to time, and any successor to such act.

"Affiliate" shall mean, with respect to any Person (herein the "first party"), any other Person that directly or indirectly controls, or is controlled by, or is under common control with, such first party. The term "control" as used herein (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to (i) vote or dispose of, or direct the voting or disposition of, twenty-five percent (25%) or more of the outstanding voting securities of such Person, or (ii) otherwise direct the management or policies (or exercise approval rights over certain fundamental matters) of such Person by contract or otherwise.

"Agreement" shall have the meaning specified in the preamble of this Agreement.

"AMG" shall have the meaning specified in the preamble of this Agreement.

"AMG Shares" shall mean shares of AMG's common stock which are at the time of issuance, and for at least twenty (20) days thereafter, listed on a national or international securities exchange (and not at the time of issuance subject to de-listing or removal for failure to meet public float or share price requirements) and eligible to be sold immediately pursuant to a resale shelf or other registration statement under the Securities Act (subject to customary restrictions applicable to the use of a resale shelf or other applicable type of registration statement, as applicable).

"AMG WP" shall mean AMG Wealth Partners, LP.

"Applicable AMG Affiliates" shall mean each of the Persons set forth on Part 1 and Part 2 of Schedule B under the heading "Name of Applicable AMG Affiliate".

"Applicable Cash Flow" shall have the meaning specified in Section 6.4(b).

"Applicable Holding Company" shall mean, with respect to (i) any Applicable AMG Affiliate listed on Part 1 of Schedule B, the Person set forth on Schedule B opposite such Applicable AMG Affiliate's name, and (ii) any Applicable AMG Affiliate listed on Part 2 of Schedule B, AMG WP LP Holdings, LLC.

"Applicable Call Start Date" shall mean, with respect to Partnership Points of any LTEIP Series, the first day following the seventh (7th) anniversary of the Issuance Date of such LTEIP Series.

"Applicable Put Start Date" shall mean, with respect to Partnership Points of any LTEIP Series, the last business day of the first calendar quarter in the year following the fourth (4th) anniversary of the Issuance Date of such LTEIP Series.

"Applicable Twenty Year Service Date" shall mean, with respect to an Individual Equityholder, the date set forth on Schedule A opposite such Individual Equityholder's name.

"Applicable Valuation Date" shall have the meaning specified in Section 6.4(b).

"Appraiser" shall mean a nationally recognized independent valuation expert with experience and expertise in evaluating and valuing investment management businesses.

"Asserted Liability" shall have the meaning specified in Section 9.5(a).

"Average AMG Stock Price" shall mean the average (arithmetic mean) Stock Price of AMG Shares during the twenty (20) consecutive trading days ending on (and including) the third complete trading day immediately prior to the applicable Purchase Date.

"Capital Account" shall mean the capital account maintained by the Partnership for each Partner in accordance with the capital accounting rules described in Section 4.2.

"Capital Contribution" shall mean, as to each Partner, the aggregate amount of cash and the Fair Market Value of any property contributed to the capital of the Partnership by such Partner (or any prior holders of the Capital Account of such Partner).

"Capital Loss" shall mean, with respect to an LTEIP Underlying Holdco Interest (upon the sale, exchange or other disposition of such LTEIP Underlying Holdco Interest), the shortfall (if any) of such amount received in respect of the disposition of such LTEIP Underlying Holdco Interest below its LTEIP Underlying Holdco Interest Issuance Date FMV.

"Capital Surplus" shall mean, with respect to an LTEIP Underlying Holdco Interest (upon the sale, exchange or other disposition of such LTEIP Underlying Holdco Interest), the excess (if any) of such amount received in respect of the disposition of such LTEIP Underlying Holdco Interest over its LTEIP Underlying Holdco Interest Issuance Date FMV.

"Cash Flow Call" shall have the meaning specified in Section 6.5(d).



"Cash Payment" shall mean a payment to an applicable Selling Partner in immediately available funds by check or wire transfer in lawful money of the United States of America to an account designated in writing by the applicable Individual Equityholder (on behalf of such Selling Partner) to the General Partner at least two (2) business days prior to applicable Purchase Date.

"Certificate" shall mean the Certificate of Limited Partnership of the Partnership required under the Act, as such Certificate may be amended and/or restated from time to time.

"Change of Control" shall mean the occurrence of any one of the following events: (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than AMG, any of its Affiliates, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of AMG or any of its Affiliates), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Exchange Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of AMG representing twenty-five percent (25%) or more of the combined voting power of AMG's then outstanding securities having the right to vote in an election of AMG's Board of Directors ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from AMG); or (ii) the consummation of (A) any consolidation or merger of AMG where the stockholders of AMG, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate fifty percent (50%) or more of the voting shares of the corporation (or other business entity) issuing cash or securities in the consolidation or merger (or of its ultimate parent, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of AMG, or (C) the liquidation or dissolution of AMG. Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by AMG which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person to twenty-five percent (25%) or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from AMG), then a "Change of Control" shall be deemed to have occurred for purposes of the foregoing clause (i).

"Claims Notice" shall have the meaning specified in Section 9.5(a).

"Code" or "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as from time to time amended, and any successor code thereto. A reference to a specific section of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the Effective Time, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Agreement containing such reference.



---

"Compensation Expense" shall have the meaning specified in Section 4.2(e).

"Competing Business" shall mean a business or a division of a business conducted anywhere in the United States of America which, as a primary or substantial part of its business, invests in, or undertakes other similar and related activities with respect to, investment managers and advisers.

"Competition Call" shall have the meaning specified in Section 6.5(c).

"Competitive Activity" shall mean, with respect to any Individual Equityholder, (i) directly or indirectly, whether as owner, partner, shareholder, member, consultant, agent, employee, co-venturer or otherwise, engaging, participating or investing in any Competing Business (provided, however, that (A) acting as an agent for a Competing Business in the course of such Individual Equityholder's employment for a business which is not a Competing Business shall not constitute "Competitive Activity" for purposes of this Agreement, and (B) such Individual Equityholder may own up to five percent (5%) of the outstanding stock of a publicly held corporation which constitutes or is affiliated with a Competing Business) (together with the holdings of his or her Affiliates and members of his or her Immediate Family and their Affiliates); (ii) directly or indirectly, taking any action to negotiate or discuss with any person or entity or solicit or entertain from any person or entity, any investment, purchase, proposal, offer or indication of interest regarding (A) any investment in any entity in which AMG or any of its subsidiaries or Affiliates holds any securities or other investment interests or (B) any investment in any other entity with whom AMG or any of its subsidiaries or Affiliates is or was discussing or negotiating any possible investment therein at any time during the one (1) year preceding the Termination Event with respect to such Individual Equityholder; (iii) directly or indirectly, employing, attempting to employ, recruiting or otherwise soliciting, inducing or influencing any person to leave employment with AMG and its subsidiaries or Affiliates (other than terminations of employment of subordinate employees undertaken in the course of such Individual Equityholder's employment with AMG or any of its subsidiaries or Affiliates); or (iv) soliciting or encouraging any client or other person or entity to terminate or otherwise modify adversely its business relationship with AMG and its subsidiaries and Affiliates.

"Controlled Affiliate" shall mean, with respect to a Person, any Affiliate of such Person under its "control," as the term "control" is defined in the definition of Affiliate.

"Corresponding LTEIP Series" shall mean, with respect to a particular LTEIP Underlying Holdco Interest, the LTEIP Series that is set forth in the first row of the column corresponding to such LTEIP Underlying Holdco Interest on Schedule C.

"Corresponding LTEIP Underlying Holdco Interest" shall mean, with respect to a particular LTEIP Series, any LTEIP Underlying Holdco Interest that is set forth in the column corresponding to such LTEIP Series on Schedule C.

"Covered Person" shall mean a Partner, any Affiliate of a Partner, any officer, director, shareholder, partner, employee or member of a Partner or any of its Affiliates, any officer of the Partnership.



---

"Departure Call" shall have the meaning specified in Section 6.6(a).

"Effective Time" shall have the meaning specified in the preamble of this Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Existing Agreement" shall mean the Limited Partnership Agreement of the Partnership, dated as of December 31, 2012.

"Fair Market Value" shall mean the fair market value as determined by the General Partner (or, for purposes of Section 4.4, if there shall be no General Partner, the Liquidating Trustee).

"Fair Value" shall have the meaning specified in Section 6.4(a).

"Forfeiture" shall have the meaning specified in Section 6.3(a).

"GAAP" shall mean U.S. generally accepted accounting principles.

"General Partner" shall mean LTEIP 2011 GP Holdings Corp., a Delaware corporation, and any Person who becomes a successor General Partner pursuant to the provisions of this Agreement.

"Governmental Authority" shall mean any foreign, federal, state or local court, governmental authority or regulatory body.

"Immediate Family" shall mean, with respect to any individual, such individual's spouse, former spouse, parents, grandparents, children, grandchildren, siblings (and estates, trusts, partnerships and other entities and legal relationships of which a substantial majority in interest of the beneficiaries, owners, investors, members or participants at all times in question are, directly or indirectly, one or more of the Persons described above and/or such individual).

"Income Tax Regulations" shall mean the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Indebtedness” shall mean, with respect to a Person: (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices); (ii) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument; (iii) all obligations of such Person under any financing leases; (iv) all obligations of such Person in respect of acceptances issued or created for the account of such Person; (v) all obligations of such Person under non-competition agreements reflected as liabilities on a balance sheet of such Person in accordance with GAAP; (vi) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof; and (vii) all net obligations



of such Person under interest rate, commodity, foreign currency and financial markets swaps, options, futures and other hedging obligations.

“Independent Public Accountants” shall mean any independent certified public accountant selected by the General Partner.

“Individual Equityholder” shall mean (i) in the case of any Limited Partner who is a natural person and provides services to the Partnership, such Limited Partner, (ii) in the case of any Limited Partner who is a natural person but does not provide services to the Partnership, that certain natural person who provides services to the Partnership and is related to such Limited Partner and is listed as such on Schedule A, and (iii) in the case of any Limited Partner that is not a natural person, that certain natural person who provides services to the Partnership and is related to such Limited Partner and is listed as such on Schedule A.

“Initial Limited Partner” shall have the meaning specified in Section 2.9.

“Investment Management Services” shall mean any services which involve: (i) the management of an investment account or fund (or portions thereof or a group of investment accounts or funds); (ii) the giving of advice with respect to the investment and/or reinvestment of assets or funds (or any group of assets or funds); or (iii) otherwise acting as an “investment adviser” within the meaning of the Advisers Act, including, without limitation, in each of the foregoing cases, performing activities related or incidental thereto.

“IRS” shall mean the Internal Revenue Service of the United States Department of the Treasury.

“Issuance Date” shall mean (i) with respect to the 2012 Points, December 31, 2012, and (ii) with respect to any other LTEIP Series, the date on which Partnership Points of such LTEIP Series are first issued by the Partnership.

“Lien” shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any financing lease having substantially the same economic effect as any of the foregoing).

“Limited Partner” shall mean any Person admitted to the Partnership as a Partner pursuant to the provisions of this Agreement, other than the General Partner.

“Liquidating Trustee” shall have the meaning specified in Section 7.4.

“LTEIP Participation Threshold” shall mean, with respect to any LTEIP Series, the dollar amount specified opposite the name of each Applicable AMG Affiliate in the column corresponding to such LTEIP Series on Schedule B, as may be adjusted by the General Partner (i) to the extent required in accordance with this Agreement, or (ii) to the extent required to reflect any complete or partial sale or liquidation of an Applicable AMG Affiliate (or of a parent



company or subsidiary thereof or other entity associated with the business of such Applicable AMG Affiliate).

“LTEIP Percentage” shall mean, with respect to any LTEIP Series, the percentage specified opposite the name of each Applicable AMG Affiliate in the column corresponding to such LTEIP Series on Schedule B, as may be adjusted by the General Partner to the extent required in accordance with this Agreement.

“LTEIP Series” shall mean, as of any date of determination, each of the series of outstanding Partnership Points set forth on the first row of Schedule C. As of the Effective Time, the 2012 Points were the only LTEIP Series.

“LTEIP Underlying Holdco Interest” shall mean, with respect to any Applicable Holding Company, each of the Partnership’s equity interests in such Applicable Holding Company set forth opposite the name of such Applicable Holding Company on Schedule C.

“LTEIP Underlying Holdco Interest Issuance Date FMV” shall mean, with respect to any LTEIP Underlying Holdco Interest, the Fair Market Value of such LTEIP Underlying Holdco Interest as of the Issuance Date of the Corresponding LTEIP Series of such LTEIP Underlying Holdco Interest (or, to the extent the Partnership acquired such LTEIP Underlying Holdco Interest after such Issuance Date, as of the date the Partnership acquired such LTEIP Underlying Holdco Interest).

“Nonrecourse Deductions” shall have the meaning set forth in U.S. Treasury Regulations Section 1.704-2(b). The amount of Nonrecourse Deductions for a partnership taxable year equals the net increase, if any, in the amount of Partnership Minimum Gain during that partnership taxable year, reduced (but not below zero) by the aggregate distributions made during the year of proceeds of a nonrecourse liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of U.S. Treasury Regulations Section 1.704-2(c).

“Notices” shall have the meaning specified in Section 10.2.

"Partner" shall mean any Person admitted to the Partnership as a "partner" within the meaning of the Act, which includes the General Partner and the Limited Partners. For all purposes of the Act, the Partners shall constitute one (1) class or group of partners.

"Partner Nonrecourse Debt Minimum Gain" shall mean an amount with respect to each partner nonrecourse debt (as defined in U.S. Treasury Regulations Section 1.704-2(b)(4)) equal to the Partnership Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in U.S. Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with U.S. Treasury Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Deductions" shall have the meaning set forth in U.S. Treasury Regulations Section 1.704-2(i)(2).



"Partnership" shall have the meaning set forth in the preamble of this Agreement.

"Partnership Interest" shall mean, as of any date, with respect to a Partner, a Partner's interest in the Partnership, which includes such Partner's Partnership Points of each LTEIP Series, as well as such Partner's Capital Account and other rights under this Agreement and the Act.

"Partnership Minimum Gain" shall have the meaning set forth in U.S. Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Partnership Points" shall mean, as of any date with respect to a Partner, the number of Partnership Points of any LTEIP Series held by such Partner as set forth on Schedule A.

"Payment Method" shall have the meaning specified in Section 6.5(f).

"Permitted AMG Transferee" means a subsidiary, all or substantially all of the voting and economic interests of which are owned directly or indirectly by AMG (or that is otherwise owned, directly or indirectly, by AMG in a manner having substantially the same effect).

"Person" shall mean any individual, partnership (limited or general), corporation, limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

"Profits Interests" shall have the meaning specified in Section 4.7.

"Promissory Note" shall mean a promissory note of AMG containing the terms and conditions set forth on Exhibit C.

"Proposed Rules" shall have the meaning specified in Section 4.7.

"Purchase Date" shall have the meaning specified in Section 6.5(a), 6.5(d) or 6.6(a) (as the context requires).

"Purchase Notice" shall have the meaning specified in Section 6.5(e) or 6.6(b) (as the context requires).

"Purchase Price" shall mean an amount equal to the Fair Value, as of the Applicable Valuation Date, of the Purchased Points of a particular LTEIP Series that are being purchased from a Selling Partner in connection with any Put, Competition Call, Cash Flow Call or Departure Call.

"Purchased Points" shall have the meaning specified in Section 6.5(e) or 6.6(a) (as the context requires).

"Put" shall have the meaning specified in Section 6.5(a).

"Regulatory Allocations" shall have the meaning specified in Section 4.5(f).



"Safe Harbor Election" shall have the meaning specified in Section 4.7.

"SEC" shall mean the Securities and Exchange Commission, and any successor Governmental Authority thereto.

"Securities Act" shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor thereto.

"Selling Partner" shall have the meaning specified in Section 6.5(a) or Section 6.6(a) (as the context requires).

"Stock Price" shall mean, for any trading day, the closing price for one AMG Share, which shall be the last sale price or, in the case no such sale takes place on such trading day, the average of the closing bid and asked prices, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange or other market on which AMG Shares are listed or admitted to trading; or, if on any such trading day no bids are quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such security reasonably selected by the General Partner.

"Supermajority Limited Partner Vote" shall mean, with respect to any LTEIP Series, the affirmative approval, by vote or written consent, of Limited Partners holding eighty percent (80%) of the Partnership Points of such LTEIP Series then held by all Limited Partners.

"Termination Event" shall have the meaning specified in Section 6.3(a).

"Termination Notice" shall have the meaning specified in Section 6.3(a).

“Transfer” shall mean any sale, assignment, transfer, exchange, charge, pledge, gift, hypothecation, conveyance or encumbrance (such meaning to be equally applicable to verb and noun forms of such term), or any offer to do any of the foregoing.

“Unvested Points” shall have the meaning specified in Section 6.2.

“Vested Points” shall have the meaning specified in Section 6.2.



---

**Exhibit B**

**FORM OF PUT/COMPETITION CALL/CASH FLOW CALL/DEPARTURE CALL NOTICE**

**LONG-TERM EQUITY INTERESTS PLAN, LP**

Reference is made to that certain Limited Partnership Agreement of Long-Term Equity Interests Plan, LP, dated as of December 31, 2012 (the “Partnership Agreement”). Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Partnership Agreement.

WHEREAS, pursuant to the terms of the Partnership Agreement, [the undersigned Individual Equityholder has the option, subject to the terms and conditions set forth in Section 6.5 of the Partnership Agreement, to cause the General Partner to purchase Vested Points held by such Individual Equityholder and all of his or her related Limited Partners (collectively, the “Selling Partner”)] / [the General Partner has the option, subject to the terms and conditions set forth in Section 6.5 of the Partnership Agreement, to cause [insert name of applicable Individual Equityholder] (the “Individual Equityholder”) and all of his or her related Limited Partners (collectively, the “Selling Partner”) to sell Vested Points held by such Selling Partner]/ [the General Partner has the option, subject to the terms and conditions set forth in Section 6.6 of the Partnership Agreement, to cause [insert name of applicable Individual Equityholder] (the “Individual Equityholder”) and all of his or her related Limited Partners (collectively, the “Selling Partner”) to sell Vested Points held by such Selling Partner].

NOW, THEREFORE, [the undersigned Individual Equityholder hereby provides notice in accordance with Section 6.5(e) of the Partnership Agreement that such Selling Partner elects to sell to the General Partner Vested Points (and a pro rata portion of such Selling Partner’s Capital Account)] / [the General Partner hereby provides notice in accordance with Section 6.5(e) of the Partnership Agreement that it elects to purchase from [insert name of applicable Selling Partner(s)] Vested Points (and a pro rata portion of such Selling Partners’ Capital Account)] / [the General Partner hereby provides notice in accordance with Section 6.6(b) of the Partnership Agreement that it elects to purchase from [insert name of applicable Selling Partner(s)] Vested Points (and a pro rata portion of such Selling Partners’ Capital Account)].

IN WITNESS WHEREOF, the undersigned has executed and delivered this Purchase Notice as of [ ].

[General Partner / Individual Equityholder]

By: ______________________________

---

**Exhibit C**

**Promissory Note Terms**

Principal: The principal amount shall be the amount calculated under Section 6.6(c)(ii)(B)(II).

Interest: The Promissory Note shall bear interest at a rate per annum equal to the short-term or mid-term (as applicable) annual “Applicable Federal Rate” as published by the IRS for the month in which the Purchase Date occurs. Interest shall be paid annually in arrears.

Payment of Principal: The principal amount shall be payable either (as determined by the General Partner in its sole discretion): (i) on the seventh (7th) anniversary of the Issuance Date applicable to the Purchased Points, (ii) in equal annual installments during the period between the Purchase Date and the seventh (7th) anniversary of the Issuance Date applicable to the Purchased Points, or (iii) on such other payment schedule determined by the General Partner.

Prepayment: The principal amount, together with all accrued and unpaid interest thereon, may be prepaid, in whole or in part and without premium or penalty, at any time.

Termination: If the General Partner determines (in its sole discretion) that the Individual Equityholder related to the holder of such Promissory Note has engaged in Competitive Activity, then effective as of the engagement by the Individual Equityholder in such Competitive Activity, the Promissory Note shall automatically terminate and be cancelled and of no further force and effect, and all of the (i) obligations of AMG, the General Partner and any of their assignees (including, without limitation, any obligation to repay any outstanding amounts) under the Promissory Note, and (ii) rights of the holder of the Promissory Note shall, in each case, terminate.

Subordination: The Promissory Note shall contain provisions with respect to subordination that are in form and substance consistent with those customarily contained in promissory notes issued by AMG.

**Exhibit 21.1**

**SCHEDULE OF SUBSIDIARIES**
**(in alphabetical order)**

Below is a list comprised of (i) wholly-owned subsidiaries of Affiliated Managers Group, Inc. (the “Company”), (ii) entities in which the Company has a majority interest (direct and indirect) and (iii) entities in which the Company has a minority investment (direct and indirect), as of December 31, 2012. Minority investments are indicated via asterisk (*).

1588153 Ontario Limited, an Ontario corporation
4444582 Canada Inc., a Canada corporation
9106-6001 Quebec Inc., a Quebec corporation
Advantage Outsourcing Solutions, LLC, a Delaware limited liability company
Affiliated Managers Group (Hong Kong) Limited, a limited company incorporated in Hong Kong
Affiliated Managers Group Limited, a limited company incorporated in the United Kingdom
Affiliated Managers Group Pty Ltd, a limited company incorporated in Australia
AKH Holdings LLC, a Delaware limited liability company
AMG Boston Holdings, LLC, a Delaware limited liability company
AMG Canada Corp., a Nova Scotia corporation
AMG Canada Holdings LLC, a Delaware limited liability company
AMG FL Holdings, LLC, a Delaware limited liability company
AMG Genesis, LLC, a Delaware limited liability company
AMG Global, Inc., a Delaware corporation
AMG LGP Acquisition, LLC, a Delaware limited liability company
AMG London Holdings Corp., a Delaware corporation
AMG New York Holdings Corp., a Delaware corporation
AMG Northeast Holdings, Inc., a Delaware corporation
AMG Northeast Investment Corp., a Delaware corporation
AMG PA Holdings Partnership, a Delaware general partnership
AMG Plymouth UK Holdings (1) Limited, a limited company incorporated in England and Wales
AMG Properties LLC, a Delaware limited liability company
AMG Renaissance Holdings LLC, a Delaware limited liability company
AMG TBC, LLC, a Delaware limited liability company
AMG Wealth Partners, LP, a Delaware limited partnership
AMG WF Holdings LLC, a Delaware limited liability company
AMG WP GP Holdings Corp., a Delaware corporation
AMG WP LP Holdings, LLC, a Delaware limited liability company
AMG/FAMI Investment Corp., a Nova Scotia corporation
AMG/Midwest Holdings, Inc., a Delaware corporation
AMG/Midwest Holdings, LLC, a Delaware limited liability company
AMG/North America Holding Corp., a Delaware corporation
AMG/TBC Holdings, Inc., a Delaware corporation
AQR Capital Management Holdings, LLC, a Delaware limited liability company*
AQR Capital Management II, LLC, a Delaware limited liability company*
AQR Capital Management, LLC, a Delaware limited liability company*
Arrow Acquisition LLC, a Delaware limited liability company
Arrow Bidco Limited, a limited company incorporated in the United Kingdom
Artemis Asset Management Limited, a limited company incorporated in the United Kingdom
Artemis Fund Managers Limited, a limited company incorporated in the United Kingdom
Artemis Investment Management LLP, a United Kingdom limited liability partnership
Artemis Strategic Asset Management Limited, a limited company incorporated in the United Kingdom
Aston Asset Management, LP, a Delaware limited partnership
Beutel, Goodman & Company Ltd., a limited company incorporated in Canada*
BlueMountain Capital Management, LLC, a Delaware limited liability company*
BlueMountain GP Holdings, LLC, a Delaware limited liability company*
BMCM Acquisition, LLC, a Delaware limited liability company
Bowman Partners GP Co., a Cayman Islands exempted company
Catalyst Acquisition II, Inc., a Delaware corporation

---

Channel Ventures GP Limited, a Cayman Islands exempted company
Chicago Acquisition, LLC, a Delaware limited liability company
Chicago Equity Partners, LLC, a Delaware limited liability company
Cinegate Financial Services Inc., an Ontario corporation
Cinegate Production Management Services 2001 Inc., a Canada corporation
Deans Knight Capital Management Ltd., a Canada corporation*
El-Train Acquisition LLC, a Delaware limited liability company
FA (DE) Acquisition Company, LLC, a Delaware limited liability company
FA (WY) Acquisition Company, Inc., a Delaware corporation
FCMC Holdings LLC, a Delaware limited liability company
FIAMI Production Management Services 2001 Inc., a Canada corporation
First Asset Capital Management (III) Inc., an Ontario corporation
First Asset Resources Inc., an Ontario corporation

First Quadrant Corp., a New Jersey corporation
First Quadrant Holdings, LLC, a Delaware limited liability company
First Quadrant, L.P., a Delaware limited partnership
Foyston, Gordon & Payne Inc., a Canada corporation
Friess Associates of Delaware, LLC, a Delaware limited liability company
Friess Associates, LLC, a Delaware limited liability company
Frontier Capital Management Company, LLC, a Delaware limited liability company
Frontier Capital Management Incentive, LLC, a Delaware limited liability company
Gannett Welsh & Kotler, LLC, a Delaware limited liability company
GE Asia GP LLC, a Delaware limited liability company
Genesis Asset Managers, LLP, a Delaware limited liability partnership
Genesis Investment Management, LLP, a United Kingdom limited liability partnership*
Gotham Acquisition GP, LLC, a Delaware limited liability company
Gotham Acquisition LP, LLC, a Delaware limited liability company
Harding Loevner LP, a Delaware limited partnership
HWL Holdings Corp., a Delaware corporation
J.M. Hartwell Limited Partnership, a Delaware limited partnership
Klee Asia I GP, LLC, a Delaware limited liability company
Klee Europe I GP, LLC, a Delaware limited liability company
Klee Europe II GP, LLC, a Delaware limited liability company
Klee USA I GP, LLC, a Delaware limited liability company
Klee USA II GP, LLC, a Delaware limited liability company
Lattice Strategies LLC, a Delaware limited liability company*
Long-Term Equity Interests Plan 2010, LP, a Delaware limited partnership*
Long-Term Equity Interests Plan 2011, LP, a Delaware limited partnership*
Long-Term Equity Interests Plan, LP, a Delaware limited partnership*
LTEIP 2011 GP Holdings Corp., a Delaware corporation
LTEIP GP Holdings, LLC, a Delaware limited liability company
LTEIP LP Holdings, LLC, a Delaware limited liability company
M.J. Whitman LLC, a Delaware limited liability company
Managers Distributors, Inc., a Delaware corporation
Managers Investment Group LLC, a Delaware limited liability company
Manor LLC, a Delaware limited liability company
Monteverdi GP Limited, a limited company incorporated in Scotland
Montrusco Bolton Focus Global Fund Inc., a Cayman Islands corporation*
Montrusco Bolton Investments Inc., a Canada corporation*
New GAML Holdco, Ltd., a Cayman Islands exempted company
New Millennium Venture Partners Inc., an Ontario corporation
Odin GP, LLC, a Delaware limited liability company
Pantheon (US) LLC, a Delaware limited liability company
Pantheon Birkin GP LLC, a Delaware limited liability company
Pantheon BVK GP LLC, a Delaware limited liability company
Pantheon Capital (Asia) Limited, a limited company incorporated in Hong Kong
Pantheon Capital Partners GP, LLC, a Delaware limited liability company
Pantheon Global Co-Investment Opportunities GP Ltd, a Cayman Islands exempted company
Pantheon GP Limited, a limited company incorporated in England and Wales

---

Pantheon Holdings Limited, a limited company incorporated in England and Wales
Pantheon Industriens GP, LLC, a Delaware limited liability company
Pantheon KSA GP, LLC, a Delaware limited liability company
Pantheon Lille GP Limited, a limited company incorporated in Scotland
Pantheon OPERS GP, LLC, a Delaware limited liability company
Pantheon Partners Participation GP, LLC, a Delaware limited liability company
Pantheon PSI GP, LLC, a Delaware limited liability company
Pantheon Standard GP, LLC, a Delaware limited liability company
Pantheon Ventures (Guernsey) Limited, a Guernsey limited company
Pantheon Ventures (HK) LLP, an England and Wales limited liability partnership
Pantheon Ventures (Scotland) GP Limited, a limited company incorporated in Scotland
Pantheon Ventures (UK) LLP, an England and Wales limited liability partnership
Pantheon Ventures (US) Holdings LLP, a Delaware limited liability partnership
Pantheon Ventures (US) LP, a Delaware limited partnership
Pantheon Ventures Inc., a California corporation
Pantheon Ventures Limited, a limited company incorporated in England and Wales
Papillon GP, LLC, a Delaware limited liability company
PASIA V GP Limited, a limited company incorporated in Guernsey
PASIA VI GP, LLC, a Delaware limited liability company
PEAF VI GP, LLC, a Delaware limited liability company
PEMF (ex-Asia) GP, LLC, a Delaware limited liability company
PEURO IV GP, LLC, a Delaware limited liability company
PEURO V GP Limited, a limited company incorporated in Guernsey
PEURO VI GP Limited, a limited company incorporated in Guernsey
PEURO VII GP Limited, a limited company incorporated in Guernsey
PGCO II GP, LLC, a Delaware limited liability company

PGIF GP Limited, a limited company incorporated in Guernsey
PGIF GP, LLC, a Delaware limited liability company
PGSF II GP, LLC, a Delaware limited liability company
PGSF III GP Limited, a limited company incorporated in Guernsey
PGSF III GP, LLC, a Delaware limited liability company
PGSF IV Feeder GP Limited, a limited company incorporated in England and Wales
PGSF IV GP, LLC, a Delaware limited liability company
PGSH GP, LLC, a Delaware limited liability company
Prides Crossing Holdings LLC, a Delaware limited liability company
Private Debt LLC, a Delaware limited liability company
PUSA VI GP, LLC, a Delaware limited liability company
PUSA VII GP, LLC, a Delaware limited liability company
PUSA VIII Feeder GP Limited, a limited company incorporated in England and Wales
PUSA VIII GP, LLC, a Delaware limited liability company
PUSA IX Feeder GP Limited, a limited company incorporated in England and Wales
PUSA IX GP, LLC, a Delaware limited liability company
PUSA SFP IX GP, LLC, a Delaware limited liability company
PVP II GP, LLC, a Delaware limited liability company
Quartet Capital Corporation, an Ontario corporation
Red Mile Syndication Inc., an Ontario corporation
Rorer Asset Management, LLC, a Delaware limited liability company
SCP GP, LLC, a Delaware limited liability company
Shamrock GP Limited, a limited company incorporated in Guernsey
SPO GP, LLC, a Delaware limited liability company
Squam Acquisition GP, LLC, a Delaware limited liability company
Squam Acquisition LP, LLC, a Delaware limited liability company
Systematic Financial Management, L.P., a Delaware limited partnership
The Renaissance Group LLC, a Delaware limited liability company
Third Avenue Holdings Delaware LLC, a Delaware limited liability company
Third Avenue Management LLC, a Delaware limited liability company
TimesSquare Capital Management, LLC, a Delaware limited liability company
TimesSquare Manager Member, LLC, a Delaware limited liability company
Titan NJ GP Holdings, Inc., a Delaware corporation

---

Titan NJ LP Holdings, LLC, a Delaware limited liability company
TMF Corp., a Delaware corporation
Topspin Acquisition, LLC, a Delaware limited liability company
Trident NYC Acquisition, LLC, a Delaware limited liability company
Trilogy Global Advisors International LLP, a limited liability partnership incorporated in the United Kingdom
Trilogy Global Advisors UK Holdings Limited, a limited company incorporated in the United Kingdom
Trilogy Global Advisors, LP, a Delaware limited partnership
Tweedy, Browne Company LLC, a Delaware limited liability company
Tweedy, Browne Incentive LLC, a Delaware limited liability company*
VA Partners I, LLC, a Delaware limited liability company*
VA Partners III, LLC, a Delaware limited liability company*
VA SmallCap Partners, LLC, a Delaware limited liability company*
Value Partners Group Limited, a Cayman Islands exempted company*
ValueAct Capital Management, L.P., a Delaware limited partnership*
ValueAct Capital Management, LLC, a Delaware limited liability company *
ValueAct Holdings GP, LLC, a Delaware limited liability company*
ValueAct Holdings, L.P., a Delaware limited partnership*
ValueAct SmallCap Management, LLC, a Delaware limited liability company*
ValueAct SmallCap Management, L.P., a Delaware limited partnership*
Veritable, LP, a Delaware limited partnership
Welch & Forbes LLC, a Delaware limited liability company
Welch & Forbes, Inc., a Massachusetts corporation
Wilshire Financial Services Inc., an Alberta corporation*
Yacktman Asset Management LP, a Delaware limited partnership

---

QuickLinks -- Click here to rapidly navigate through this document

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-3 (No. 333-168627) and S-8 (No. 333-175912, No. 333-135416, No. 333-129748, No. 333-100628, No. 333-84485, and No. 333-72967) of Affiliated Managers Group, Inc. of our report dated February 22, 2013 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 22, 2013

QuickLinks

Exhibit 23.1

QuickLinks -- Click here to rapidly navigate through this document

**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 Annual Report on Form 10-K 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 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: February 22, 2013

/s/ SEAN M. HEALEY

Sean M. Healey
*Chief Executive Officer and Chairman*

QuickLinks

Exhibit 31.1

QuickLinks -- Click here to rapidly navigate through this document

**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 Annual Report on Form 10-K 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 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: February 22, 2013

/s/ JAY C. HORGEN

Jay C. Horgen
*Chief Financial Officer and Treasurer*

QuickLinks

Exhibit 31.2

**Exhibit 32.1**

**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 of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2012 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: February 22, 2013

/s/ SEAN M. HEALEY

Sean M. Healey
*Chief Executive Officer*

QuickLinks

Exhibit 32.1

**Exhibit 32.2**

**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 of Affiliated Managers Group, Inc. (the "Company") for the period ended December 31, 2012 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: February 22, 2013

/s/ JAY C. HORGEN

Jay C. Horgen
*Chief Financial Officer and Treasurer*

QuickLinks

Exhibit 32.2