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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2002

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**
Income PRIDES	**New York Stock Exchange**

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

None

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 ☒ Noo

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ Noo

At June 28, 2002, the aggregate market value of the voting Common Stock held by non-affiliates of the Registrant, based upon the closing price of $61.50 on that date on the New York Stock Exchange, was $1,339,890,168. Calculation of holdings by non-affiliates is based upon the assumption, for these purposes only, that executive officers, directors and persons holding 10% or more of the Registrant's Common Stock are affiliates. There were 20,988,220 shares of the Registrant's Common Stock outstanding on March 25, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information called for by Part III of this report on Form 10-K is incorporated by reference from certain portions of the Proxy Statement of the Registrant to be filed pursuant to Regulation 14A and sent to stockholders in connection with the Annual Meeting of Stockholders to be held on June 3, 2003. Such Proxy Statement, except for the parts therein which have been specifically incorporated herein by reference, shall not be deemed "filed" as part of this report on Form 10-K.

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PART I

Item 1. Business

Overview

We are an asset management company with equity investments in a diverse group of mid-sized investment management firms (our "Affiliates"). As of December 31, 2002, our affiliated investment management firms managed approximately $70.8 billion in assets across a broad range of investment styles and in three principal distribution channels: High Net Worth, Mutual Fund and Institutional. We pursue a growth strategy designed to generate shareholder value through the internal growth of our existing business across these three channels, in addition to investments in mid-sized investment firms and strategic transactions and relationships designed to enhance our Affiliates' businesses and growth prospects.

In our investments in Affiliates, we typically hold a majority equity interest in each firm, with the remaining equity interests retained by the management of the Affiliate. Our investment approach addresses the succession and ownership transition issues facing the founders and principal owners of many mid-sized investment management firms by allowing them to preserve their firm's entrepreneurial culture and independence and to continue to participate in their firm's success. In particular, our structures are designed to:

- maintain and enhance Affiliate managers' 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 distribution, operations 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 by offering strategic support, broadening distribution channels and by developing new products and operational enhancements.

We believe that a substantial number of opportunities to make investments in mid-sized investment management firms will continue to arise as their founders approach retirement age and begin to plan for succession. Our management identifies and develops relationships with promising potential firms based on a thorough understanding of the universe of such firms derived from our proprietary database that includes information from third party vendors, public and industry sources and our own research. Within our target universe, we seek the strongest and most stable firms with the best growth prospects, which are typically characterized by a strong multi-

generational management team and culture of commitment to building a firm for its longer-term success, focused investment discipline and long-term investment track record, and diverse products and distribution channels.

Investment Management Operations

Through our Affiliates, we provide more than 150 products across a broad range of asset classes and investment styles in three principal distribution channels: High Net Worth, Mutual Fund and Institutional. We believe that our diversification across asset classes, investment styles and distribution channels helps to mitigate our exposure to changing market environments.

A summary of selected financial data attributable to our operations follows:

(in millions, except as noted)	2000	2001	2002
Assets under management (in billions)[1]			
High Net Worth	$ 22.2	$ 24.6	$ 20.6
Mutual Fund	9.3	14.4	16.4
Institutional	46.0	42.0	33.8
Total	$ 77.5	$ 81.0	$ 70.8
Revenue[2]			
High Net Worth	$ 138.9	$ 133.8	$ 139.8
Mutual Fund	97.4	113.6	164.6
Institutional	222.4	160.8	178.1
Total	$ 458.7	$ 408.2	$ 482.5
Net Income[2]			
High Net Worth	$ 19.4	$ 18.6	$ 16.8
Mutual Fund	12.7	15.6	22.8
Institutional	24.6	15.8	16.3
Total	$ 56.7	$ 50.0	$ 55.9
EBITDA[3]			
High Net Worth	$ 46.5	$ 45.1	$ 42.1
Mutual Fund	32.4	38.8	47.8
Institutional	63.5	48.2	48.9
Total	$ 142.4	$ 132.1	$ 138.8

(1) Balances as of December 31.

(2) Note 18 to the Consolidated Financial Statements describes the basis of presentation of our distribution channel operating results.

(3) EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. As a measure of liquidity, we believe that EBITDA is useful as an indicator of our ability to service debt, make new investments, meet working capital requirements and generate cash flow in each of our distribution channels. EBITDA is not a measure of liquidity under generally accepted accounting principles and should not be considered an alternative to cash flow from operations. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations." For purposes of our distribution channel operating results, holding company expenses have been allocated based on the proportion of aggregate cash flow distributions reported by each Affiliate in the particular distribution channel.

High Net Worth Distribution Channel

Affiliate clients in the High Net Worth distribution channel include high net worth and affluent individuals, family trusts and managed accounts at brokerage firms and other sponsors that are attributable to individuals. Through our Affiliates, we provide customized investment management services for high net worth individuals and families through direct relationships, as well as through more than 90 managed account programs.

Our two largest Affiliates (based on 2002 EBITDA) in the High Net Worth distribution channel are:

- Rorer Asset Management, LLC ("Rorer"), a Philadelphia-based investment adviser that employs a disciplined relative value investment process in managing equity portfolios; and

- Tweedy, Browne Company LLC ("Tweedy, Browne"), a New York-based investment adviser that employs a value-oriented investment approach advocated by Benjamin Graham to invest in global and domestic securities.

In addition, Welch & Forbes LLC, based in Boston, and Gofen and Glossberg, L.L.C., based in Chicago, are investment counseling firms that provide customized investment advisory and fiduciary services to a range of clients including personal trust, high net worth families and charitable foundations.

In 2002 and in the beginning of 2003, we undertook several initiatives to assist our Affiliates with High Net Worth distribution. In January 2002, we launched our first multi-Affiliate product, known as Multiple Attribute Portfolios (or "MAPs"), that allows sponsors to offer investors a series of portfolios, each managed by multiple independent Affiliates that employ separate and distinct investment styles. Together, the portfolios create a spectrum of asset, style and risk allocations designed to meet

the investment goals of a wide range of separate account investors and provide investors an opportunity to access a diverse group of independently managed products in a single account, at a reasonable asset level. The product is currently marketed through networks of registered representatives at various national financial services institutions.

In January 2003, we announced the formation of the Portfolio Services Group ("PSG") division of The Burridge Group LLC ("Burridge"), a Chicago-based Affiliate. PSG was developed as a platform to distribute single and multi-manager separate account products sold through brokerage firms and banks. PSG is presently distributing investment management products for the two other divisions of Burridge (Burridge Growth Partners and Sound Capital Partners), as well as selected products managed by three other Affiliates within our High Net Worth distribution channel, Essex Investment Management Company, LLC ("Essex"), Frontier Capital Management Company, LLC ("Frontier") and The Renaissance Group LLC ("Renaissance"). In addition, PSG works with various national financial services institutions to distribute MAPs.

Mutual Fund Distribution Channel

Through our Affiliates, we provide advisory or sub-advisory services to 36 domestic and offshore mutual funds. These funds are distributed to retail and institutional clients directly and through intermediaries, including independent investment advisers, retirement plan sponsors, broker-dealers, major fund marketplaces and bank trust departments.

Our two largest Affiliates (based on 2002 EBITDA) in the Mutual Fund distribution channel are:

- Tweedy, Browne, which advises the Tweedy, Browne Global Value Fund and the Tweedy, Browne American Value Fund, which are two domestic mutual funds, as well as certain offshore funds; and
- Friess Associates, LLC ("Friess"), a Delaware, Wyoming and Arizona-based adviser to three growth equity mutual funds—the Brandywine Fund, Brandywine Advisers Fund and Brandywine Blue Fund.

In addition, Third Avenue Management LLC ("Third Avenue") and The Managers Funds LLC ("Managers"), each described in further detail below, focus on providing investment management services in the Mutual Fund distribution channel.

In August 2002, we completed our most recent investment in the Mutual Fund distribution channel by acquiring a 60% interest in Third Avenue. The remaining 40% of the business is held by a broad group of Third Avenue's management team. Third Avenue is a New York-based investment manager that serves as the adviser to the Third Avenue family of no-load value mutual funds, including the flagship Third Avenue Value Fund, and as the sub-adviser to non-proprietary mutual funds and

annuities. Third Avenue employs a deep value approach to investing in equities and real estate and corporate debt securities.

Managers is a Norwalk, Connecticut-based adviser to two families of no-load mutual funds, The Managers Funds and Managers AMG Funds. We acquired Managers in 1999 to expand our business in the Mutual Fund distribution channel, and to support the growth and operations of our Affiliates by providing them a cost-effective way to access the Mutual Fund distribution channel. With Managers and our Affiliates, we formed Managers AMG Funds, a no-load mutual fund family sub-advised by several of our Affiliates and distributed to retail and institutional clients directly by Managers and through intermediaries. The Managers AMG fund family continued to grow in 2002 with the addition of funds managed by Systematic Financial Management, L.P. and Burridge.

Institutional Distribution Channel

Through our Affiliates, we offer investment products across more than 20 different investment styles in the Institutional distribution channel, including small, small/mid, mid and large capitalization value and growth equity. Through this distribution channel, we manage assets for foundations and endowments, defined benefit and defined contribution plans for corporations and municipalities and Taft-Hartley plans.

Our two largest Affiliates (based on 2002 EBITDA) in the Institutional distribution channel are:

- Essex, a Boston-based investment adviser that specializes in growth equity portfolios and employs fundamental research combined with active portfolio management; and
- Tweedy, Browne.

In 2002, we continued working closely with our Affiliates in executing and enhancing their institutional marketing and client service initiatives. Our efforts are designed to ensure that their products and services successfully address the competitive demands of the marketplace. Specifically, we provide our Affiliates with resources to improve sales and marketing materials, network with the pension consultant and plan sponsor communities, and establish new distribution alternatives. These resources provide our Affiliates the opportunity to tailor appropriate calling programs in each segment of the Institutional distribution channel.

Our Structure and Relationship with Affiliates

While we operate our business through our Affiliates in our three principal distribution channels, we strive to maintain each Affiliate's entrepreneurial culture and independence through our investment structure. Our principal investment structure involves the ownership of a majority interest in our Affiliates, with each Affiliate organized as a separate firm. Each Affiliate operating agreement is tailored to meet that Affiliate's particular characteristics and provides us the authority to cause or prevent certain actions to protect our interests.

We have revenue sharing arrangements with most of our Affiliates. Under these arrangements, a percentage of revenue (or in certain cases different percentages relating to the various sources or amounts of revenue of a particular Affiliate) is allocated for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses. We call this the "Operating Allocation." The remaining portion of the Affiliate's revenue is allocated to the owners of that Affiliate (including us), and called the "Owners' Allocation." Each Affiliate distributes its Owners' Allocation to its managers and to us generally in proportion to their and our respective ownership interests in that Affiliate although, as discussed below, in certain circumstances we may permit an Affiliate's management to use its portion of the Owners' Allocation to meet the Affiliate's operating expenses.

We only agree to a particular revenue sharing arrangement if we believe that the Operating Allocation will cover operating expenses of the Affiliate, including a potential increase in expenses or decrease in revenue without a corresponding decrease in operating expenses. To the extent that we are unable to anticipate changes in the revenue and expense base of an Affiliate, the agreed-upon Operating Allocation may not be large enough to pay for all of the Affiliate's operating expenses. The allocations and distributions of cash to us under the Owners' Allocation generally have priority over the allocations and distributions to the Affiliate's managers, which help to protect us if there are any expenses in excess of the Operating Allocation of the Affiliate. Thus, if an Affiliate's expenses exceed its Operating Allocation, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's managers until that portion is eliminated, and then reduce the portion allocated to us. Any such reduction in our portion of the Owners' Allocation is required to be paid back to us out of the portion of future Owners' Allocation allocated to the Affiliate's managers. Nevertheless, we may agree to adjustments to revenue sharing arrangements to accommodate our business needs or those of our Affiliates, including deferring or forgoing the receipt of some portion or all of our share of an Affiliate's revenue to permit the Affiliate to fund operating expenses or restructuring our relationship with an Affiliate, if we believe that doing so will maximize the long-term benefits to us. In addition, a revenue sharing arrangement may be modified to a profit-based arrangement (as described below) to better accommodate our business needs or those of our Affiliates.

One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for Affiliate managers by allowing them:

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

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

An Affiliate's managers therefore have incentives to increase revenue (thereby increasing the Operating Allocation and their share of the Owners' Allocation) and to control expenses (thereby increasing the amount of Operating Allocation available for their compensation).

Some of our Affiliates are not subject to a revenue sharing arrangement, but instead operate on a profit-based model similar to a wholly-owned subsidiary. In our profit-based Affiliates, we participate in a budgeting process with the Affiliate and receive as cash flow a share of its profits. As a result, we participate fully in any increase or decrease in the revenue or expenses of such firms. In those cases, we generally provide incentives to management through compensation arrangements based on the performance of the Affiliate. Currently, our profit-based Affiliates account for less than 10% of our EBITDA.

Our Purchase of Additional Interests in Our Existing Affiliates

In our investment structures, the management team at each Affiliate retains an equity interest in that Affiliate. We consider this a key way that we provide our Affiliates' managers with incentives to grow their firms as well as align their interests with ours. In order to further increase these incentives, we include in the organizational documents of each Affiliate "put" rights for its managers. The put rights require us, from time to time and at the request of an Affiliate's manager, to buy portions of his or her interests in the Affiliate. In this way, an Affiliate's managers can realize a portion of the equity value that they have created in their firm. In addition, organizational documents of some of our Affiliates provide us with "call" rights that permit us to require an Affiliate's managers to sell us portions of their interests in the Affiliate. Finally, the organizational documents of each Affiliate include provisions obligating each manager to sell his or her remaining interests to us at a point in the future, generally after the termination of his or her employment. The purchase price for these transactions is generally based on a multiple of the Affiliate's Owners' Allocation at the time the right

is exercised, which is intended to represent the fair value of the equity. We pay for these purchases in cash, shares of our Common Stock or other forms of consideration. Underlying these provisions is our basic philosophy that the managers of each Affiliate should maintain an ownership level in that Affiliate within a range that offers them sufficient incentives to grow and improve their business to create equity value for themselves.

The put rights are designed to permit the managers of an Affiliate to sell portions of their retained ownership to us. Instead of our purchase of a manager's interest in the Affiliate occurring only in the event of the termination of his or her employment, the put rights are designed to result in our purchase of additional interests in our Affiliates at a more gradual rate. We believe that our more gradual purchase of interests in Affiliates will enhance our ability to keep our ownership of each Affiliate within a desired range. We intend to continue providing equity participation opportunities in our Affiliates to more junior members of their management as well as to key employees.

In most cases, the put rights do not become exercisable for a period of several years from the date of our investment in an Affiliate. Once exercisable, the put rights generally are limited in the aggregate to a percentage of a manager's ownership interest. The most common formulation among the Affiliates is that a manager's put rights:

- do not commence until five years after the date of our investment (or, if later, the date he or she purchased his or her interest in the Affiliate);

- are limited, in the aggregate, to 50% of his or her interests in the Affiliate; and

- are limited, in any 12-month period, to 10% of the greatest interest he or she held in the Affiliate.

In addition, the organizational documents of the Affiliates often contain a limitation on the maximum total amount that management of any Affiliate may require us to purchase pursuant to their put rights in any 12-month period. Our current estimates of our financial obligations pursuant to our Affiliates' managers' put rights are presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Call rights are designed to provide a procedure for us and the managers of some of our Affiliates to facilitate a transition within the senior management team after an agreed-upon period of time. The call rights vary in each specific instance, but in all cases the timing and procedure are agreed upon when we make our investment.

The organizational documents of the Affiliates generally provide that an Affiliate's managers will realize the remaining equity value that they have created following the termination of their employment with the Affiliate. In general, upon a manager's retirement after an agreed-upon number of years, or upon his or her earlier death, permanent incapacity or termination without cause (but with our consent), he or she is required to sell to us (and we are required to purchase) his or her remaining interests. If an Affiliate collects any key-man life insurance or lump-sum disability insurance proceeds upon the death or permanent incapacity of a manager, the Affiliate generally must use that money to purchase that manager's interests. The purchase of interests by an Affiliate would have the effect of ratably increasing our ownership percentage as well as that of each of its remaining managers. By contrast, the purchase of interests by us only increases our ownership percentage.

Diversification of Assets under Management and EBITDA

The following table provides information regarding the composition of our assets under management and EBITDA for the year ended December 31, 2002.

	Year Ended December 31, 2002			
	Assets under Management	Percentage of Total	Pro Forma EBITDA[1]	Percentage of Total
	(in millions)		*(in thousands)*	
Distribution Channel:				
High net worth	$ 20,664	29%	$ 43,127	30%
Mutual fund	16,379	23%	53,210	36%
Institutional	33,766	48%	49,297	34%
Total	$ 70,809	100%	$ 145,634	100%
Asset Class:				
Equity	$ 59,215	84%	$ 137,271	94%
Fixed income	5,847	8%	5,817	4%
Other	5,747	8%	2,546	2%
Total	$ 70,809	100%	$ 145,634	100%
Geography:				
Domestic	$ 57,136	81%	$ 110,381	76%
Global	13,673	19%	35,253	24%
Total	$ 70,809	100%	$ 145,634	100%

(1) The definition of EBITDA is presented in Note (3) on page 2. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations." EBITDA amounts are pro forma to include our investment in Third Avenue as if it occurred on January 1, 2002. Our investment in Third Avenue closed in the third quarter of 2002.

Industry

The asset management industry is an important segment of the financial services industry in North America and has been a key driver of growth in financial services over the last decade. As of the end of 2001 (the most recently compiled industry data), the assets under management across our principal distribution channels totaled more than $30 trillion. While the aggregate value of assets managed by the industry has been reduced by equity market declines since that time, we believe prospects for overall industry growth (estimated by one industry consultant to increase at a rate of 7.5% annually over the next five years) remain strong. We expect that this growth will be driven by market-related increases in assets under management, broad demographic trends and wealth creation related to growth in gross domestic product, and will be experienced in varying degrees across all three of the principal distribution channels for our Affiliates' products: High Net Worth, Mutual Fund and Institutional.

In the High Net Worth distribution channel (comprised of high net worth and affluent individuals, family trusts and managed accounts), we believe that each of the three factors of market performance, demographics and gross domestic product growth will lead to asset growth. High net worth individuals (those having more than $1 million in investable assets) represent the primary component of this distribution channel. At the end of 2001, there were an estimated 2.2 million high net worth individuals, with aggregate assets of $7.6 trillion. One recent industry report forecasts this asset base to grow to a total of $11.2 trillion by the end of 2006, an annual growth rate of 8%. We also expect that assets in the High Net Worth distribution channel will grow as a result of recent innovations in product development and distribution that allow a growing number of affluent investors access to managed account products at lower investment levels than has been traditionally available.

In the Mutual Fund distribution channel, the Investment Company Institute reports that more than 93 million individuals in almost 55 million households in the United States are invested in mutual funds, representing a 98% penetration level in U.S. households with more than $20,000 in investable assets. In 2002, net inflows to mutual funds (excluding money market funds) totaled approximately $122 billion. Despite positive flows, aggregate mutual fund assets declined from $7 trillion at the end of 2001 to $6.4 trillion at the end of 2002, principally as a result of market declines. We anticipate that inflows to mutual funds will continue and that aggregate mutual fund assets, particularly those in equity mutual funds, will increase in line with longer-term market growth.

The substantial majority of assets in the Institutional distribution channel are in retirement plans, and, to a lesser extent, endowments and foundations. Recent industry data indicates that aggregate pension assets totaled nearly $9 trillion at the end of 2001. While growth in Institutional retirement plans has slowed in recent years, we anticipate that the combination of an aging work force, higher funding levels to pension plans that are deemed under-funded and longer-term market growth should contribute to the ongoing strength of this distribution channel.

Investment Advisers

Our principal targeted size range for prospective Affiliates is $500 million to $20 billion of assets under management. Within this size range, we have identified more than 1,450 investment management firms in the United States, Canada and the United Kingdom. We believe that, in the coming years, a substantial number of investment opportunities will arise as founders of such firms approach retirement age and begin to plan for succession. We also anticipate that there will be significant additional investment opportunities among firms that are currently wholly owned by larger entities. We believe that we are well positioned to take advantage of these investment opportunities because we have a management team with substantial industry experience and expertise in structuring and negotiating transactions, and an organized process for identifying and contacting investment prospects.

Competition

In each of our three principal distribution channels, we and our Affiliates compete with a large number of domestic and foreign investment management firms, including public companies, subsidiaries of commercial and investment banks and insurance companies. In comparison to us and our Affiliates, these firms generally have greater resources and assets under management, and many offer a 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 by new investment management firms, especially in the Institutional distribution channel. We believe that the most important factors affecting our and our Affiliates' ability to compete for clients in our three principal distribution channels are:

- the products offered;
- the abilities, performance records and reputation of the Affiliates and their management teams;
- the management fees charged;
- the level of client service offered; and
- the development of new investment strategies and the marketing of such strategies.

The relative importance of each of these factors can vary depending on the distribution channel and the type of investment management service involved. 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 conditions.

A component of our growth strategy is the acquisition of equity interests in additional mid-sized investment management firms. In seeking to make such acquisitions, we compete with many acquirers of investment management firms, including other investment management holding companies, insurance companies, broker-dealers, banks and private equity firms. Many of these companies have longer operating histories and greater resources than we do, which may make them more attractive to the owners of firms in which we are considering an investment and may enable them to offer greater consideration to such owners. 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 and operationally, to acquisition or investment arrangements offered by other potential purchasers; and
- the reputation and performance of our existing and future Affiliates, by which target firms may judge us and our future prospects.

Government Regulation

Our Affiliates' businesses are highly regulated, primarily by U.S. federal authorities and to a lesser extent by other authorities, including non-U.S. authorities. The failure of our Affiliates to comply with laws or regulations could result in fines, suspensions of individual employees or other sanctions, including revocation of an Affiliate's registration as an investment adviser, commodity trading advisor or broker-dealer. Each of our Affiliates is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and is subject to the provisions of the Investment Advisers Act and related regulations. The Investment Advisers Act requires registered investment advisers to comply with numerous obligations, including record keeping requirements, operational procedures and disclosure obligations. We do not directly engage in the business of providing investment advice and therefore are not registered as an investment adviser. Our Affiliates are also subject to regulation under the securities and fiduciary laws of various states. Moreover, many of our Affiliates act as advisers or sub-advisers to mutual funds, which are registered as investment companies with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940, as amended (the "1940 Act"). As an adviser or sub-adviser to a registered investment company, each of these Affiliates must comply with the requirements of the 1940 Act and related regulations. In addition, an adviser or sub-adviser to a registered investment company generally has obligations with respect to the qualification of the registered investment company under the Internal Revenue Code of 1986, as amended (the "Code").

Our Affiliates are also subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and related regulations, to the extent they are "fiduciaries" under ERISA with respect to some of their clients. ERISA and related provisions of the Code impose duties on persons who are fiduciaries under ERISA, and prohibit certain transactions involving the assets of each ERISA plan that is a client of an Affiliate, as well as certain transactions by the fiduciaries (and several other related parties) to such plans. One of our Affiliates, First Quadrant, L.P., is also registered with the Commodity Futures Trading Commission as a commodity trading advisor and is a member of the National Futures Association. Finally, Tweedy, Browne, a subsidiary of Managers and an affiliate of Third Avenue are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as broker-dealers and, therefore, are subject to extensive regulation relating to sales methods,

trading practices, the use and safekeeping of customers' funds and securities, capital structure, record keeping and the conduct of directors, officers and employees.

Furthermore, the Investment Advisers Act and the 1940 Act provide that each investment management contract under which our Affiliates manage assets for other parties either terminates automatically if assigned, or states that it is not assignable without consent. In general, the term "assignment" includes not only direct assignments, but also indirect assignments which may be deemed to occur upon the direct or indirect transfer of a "controlling block" of our voting securities or the voting securities of one of our Affiliates. The 1940 Act further provides that all investment contracts with mutual fund clients may be terminated by such clients, without penalty, upon no later than 60 days' notice.

Several of our affiliated investment management firms are also subject to the laws of non-U.S. jurisdictions and non-U.S. regulatory agencies. For example, First Quadrant Limited, located in London, is regulated by the Financial Services Authority of the United Kingdom, and some of our other affiliated investment management organizations are investment advisers to funds which are organized under non-U.S. jurisdictions, including Luxembourg (where the funds are regulated by the Institute Monetaire Luxembourgeois), Bermuda (where the funds are regulated by the Bermuda Monetary Authority) and Ireland (where the funds are regulated by the Central Bank of Ireland). In addition, DFD Select Group, N.V. distributes funds (some which are managed by our Affiliates) in a variety of foreign jurisdictions. DFD Select Group, N.V. and any of our affiliated investment management firms that manage such funds are therefore subject to the securities laws governing the investment management and distribution of such funds in the applicable jurisdictions.

The foregoing laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict any of the Affiliates from conducting their business in the event that they fail to comply with such laws and regulations. Possible sanctions that may be imposed in the event of such noncompliance include the suspension of individual employees, limitations on the Affiliate's business activities for specified periods of time, revocation of the Affiliate's registration as an investment adviser, commodity trading advisor, broker-dealer and/or other registrations, and other censures and fines. Changes in these laws or regulations could have a material adverse impact on our profitability and mode of operations.

Our officers, directors and employees and the officers and employees of each of the Affiliates may own securities that are also owned by one or more of the Affiliates' clients. We and each Affiliate have internal policies with respect to individual investments that require reports of certain securities transactions and restrict certain transactions so as to minimize possible conflicts of interest.

Employees and Corporate Organization

As of December 31, 2002, we had 46 employees and our Affiliates employed approximately 803 persons. Approximately 777 of these 849 employees were full-time employees. 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.

Corporate Liability and Insurance

Our Affiliates' operations entail the inherent risk of liability related to litigation from clients and actions taken by regulatory agencies. In addition, we face liability both directly as a control person of our Affiliates, and indirectly as a general partner or manager member of certain of our Affiliates. To protect our overall operations from such liability, we maintain errors and omissions and general liability insurance in amounts which we and our Affiliates consider appropriate. There can be no assurance, however, that a claim or claims will not exceed the limits of available insurance coverage, that any insurer will remain solvent and will meet its obligations to provide coverage, or that such coverage will

continue to be available with sufficient limits or at a reasonable cost. A judgment against one of our Affiliates in excess of available coverage could have a material adverse effect on us.

Cautionary Statements

Declines in the equity markets adversely affect our performance.

Our Affiliates' investment management contracts typically provide for payment based on the market value of assets under management, and payments will be adversely affected by declines in the equity markets. In addition, certain of our Affiliates' investment management contracts include fees based on investment performance, which are directly dependent upon investment results and thus often vary substantially from year to year. Unfavorable market performance, fluctuations in the prices of specific securities, asset withdrawals or other changes in the investment patterns of our Affiliates' clients 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.

Our growth strategy depends upon continued growth from our existing Affiliates and upon our making new investments in mid-sized investment management firms.

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

The success of our investment program will depend upon our ability to find suitable firms in which to invest and our ability to negotiate agreements with such firms on acceptable terms. 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.

The failure to receive regular distributions from our Affiliates would adversely affect us, and our holding company structure results in substantial structural subordination and may affect our ability to make payments on our obligations.

Because we are a holding company, we receive substantially all of our cash from distributions made to us by 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. Additionally, an Affiliate may default on some or all of the distributions that are payable to us. As a result, we cannot guarantee that we will always receive these distributions from our Affiliates. The failure to receive the distributions to which we are entitled under our agreements with our Affiliates 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 securities issued by us to participate in 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 Affiliates may not be large enough to pay for all of that 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 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 might have an adverse affect on our near-term or long-term profitability 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 will require additional capital. We may also need to repurchase some or all of our outstanding zero coupon senior convertible notes and floating rate senior convertible securities on various dates, the next of which is May 7, 2004, and we have obligations to purchase additional equity in existing Affiliates, which obligations will be triggered from time to time. These obligations may require more cash than is 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. These financing activities could increase our interest expense, decrease our Net Income and dilute the interests of our existing stockholders. Moreover, we may not be able to obtain such financing on acceptable terms, if at all.

Repurchase Obligations under Zero Coupon Senior Convertible Notes and under Floating Rate Senior Convertible Securities. In May 2001, we issued $251 million aggregate principal amount at maturity of zero coupon senior convertible notes due 2021. Subsequent to December 31, 2002, we repurchased $111.5 million principal amount at maturity of the zero coupon senior convertible notes in privately negotiated transactions. On May 7th of 2004, 2006, 2011 and 2016, holders may require us to repurchase all or a portion of these notes at their accreted value. In February 2003, we issued $300 million of floating rate senior convertible securities due 2033. The holders of the convertible securities may require us to repurchase such securities on February 25 of 2008, 2013, 2018, 2023 and 2028, at their principal amount. While we cannot predict whether or when holders of the notes or the convertible securities will choose to exercise their repurchase rights, we believe that they would become more likely to do so in the event that the price of our Common Stock does not exceed certain levels or if interest rates increase, or both. We may choose to pay the purchase price in cash or (subject to certain conditions) in shares of our Common Stock, or in a combination of both. We may wish to avoid paying the purchase price in Common Stock if we believe that doing so would be unfavorable. We currently intend to pay the repurchase price for the notes and the convertible securities with cash. Therefore, if a substantial portion of the notes or the convertible securities were to be submitted for repurchase on any of the repurchase dates, we might need to use a substantial amount of our available sources of liquidity for this purpose. This could have the effect of restricting our ability to fund new acquisitions or to meet other future working capital needs, as well as increasing our costs of borrowing. We may seek other means of refinancing or restructuring our obligations under the notes or the convertible securities, but this may result in terms less favorable than those under the existing notes or convertible securities.

Obligations to Purchase Additional Equity in Our Affiliates. Under our agreements with our Affiliates, we typically are obligated to purchase additional ownership interests in our Affiliates from their managers in certain circumstances. The price for these purchases may, in certain cases, be substantial and may result in us having more interest expense and less Net Income. These purchases will also result in our ownership of larger portions of our Affiliates, which may have an adverse effect on our cash flow and liquidity. In addition, in connection with these purchases, we may face the financing risks described above.

Revolving Credit Facility. We currently have a revolving credit facility under which we had no debt outstanding as of December 31, 2002 and the ability to borrow up to $250 million. Subject to the agreement of the lenders (or prospective lenders) in the facility to increase commitments, we have the option to increase the facility to $350 million. We have used our credit facilities in the past, and we may do so again in the future, to fund investments in new and existing Affiliates, and we also may use the credit facility for working capital purposes or to refinance other indebtedness.

Our credit facility matures in August 2005. While we intend to obtain a new credit facility prior to that time, we may not be able to obtain this financing on terms comparable to our current credit facility. Our failure to do so could increase our interest expense, decrease our Net Income and adversely affect our ability to fund new investments and otherwise use our credit facility as described above.

We may borrow under our credit facility only if we continue to meet certain financial tests, including interest and leverage ratios. In addition, our credit facility contains provisions for the benefit of our lenders that restrict the manner in which we can conduct our business, that may adversely affect our ability to make investments in new and existing Affiliates and that may have an adverse impact on the interests of our stockholders.

Because indebtedness under our credit facility bears interest at variable rates, increases in interest rates may increase our interest expense, which could adversely affect our cash flow, our ability to meet our debt service obligations and our ability to fund future investments. Although from time to time we are party to interest rate hedging contracts designed to offset a portion of our exposure to interest rate fluctuations, we cannot be certain that this strategy will be effective.

We have substantial intangibles on our balance sheet, and any re-valuation of our intangibles could adversely affect our results of operations and financial position.

At December 31, 2002, our total assets were $1.2 billion, of which $1.1 billion (or approximately 90%) were intangible assets consisting of acquired client relationships and goodwill. We cannot be certain that we will ever realize the value of such intangible assets. We are amortizing, or writing off, acquired client relationships with definite lives over a weighted average period of 16 years. Historically, we have also amortized goodwill and certain other intangible assets, but have ceased to do so as a result of recent accounting rule changes.

Under Financial Accounting Standard No. 142 ("FAS 142"), "Goodwill and Other Intangible Assets" (which generally became effective January 1, 2002), goodwill and other intangible assets that have indefinite lives are no longer amortized but are instead tested for impairment using a new fair value impairment test. Since the fair value test is more rigorous than the undiscounted cash flow methodology that companies previously used, companies that have intangible assets (including us) are now more likely to incur impairment charges.

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. Our officers do not have employment agreements with us, although each of them has a significant equity interest in us, including stock options subject to vesting provisions.

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, vesting provisions 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.

Moreover, since certain Affiliates contribute significantly to our revenue, the loss of key management personnel at these Affiliates could have a disproportionate impact on our business.

The loss of key management personnel or an inability to attract, retain and motivate sufficient numbers of qualified management personnel may adversely affect our business and our Affiliates' businesses. The market for investment managers is extremely competitive and is increasingly characterized by the frequent movement of investment managers among different firms. In addition, since individual investment managers at our Affiliates often maintain a strong, personal relationship with their clients that is based on their clients' trust in the manager, the departure of a manager could cause the Affiliate to lose client accounts, which could have a material adverse effect on the results of operations and financial condition of both the Affiliate and us.

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). We cannot be certain that our Affiliates will be able to retain their existing clients or to attract new clients. If our Affiliates' clients withdraw a substantial amount of funds, it is likely to harm our results.

Our industry is highly competitive.

Through our Affiliates, we compete with a broad range of investment managers, including public and private investment advisers, firms associated with securities broker-dealers, banks, insurance companies and other entities that serve our three principal distribution channels, all of whom may 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 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.

Our Affiliates' businesses are highly regulated.

Many aspects of our Affiliates' businesses are subject to extensive regulation by various U.S. federal regulatory authorities, certain state regulatory authorities and non-U.S. regulatory authorities. We cannot ensure that our Affiliates will fulfill all applicable regulatory requirements. The failure of any Affiliate to satisfy regulatory requirements could subject that Affiliate to sanctions that might materially impact the Affiliate's business and our business.

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, most of our Affiliates manage their own day-to-day operations, including investment management policies and fee levels, product development, client relationships, compensation programs and compliance activities. As a result, we may not become aware, for example, of an Affiliate's loss of a significant client or an Affiliate's non-compliance with a

regulatory requirement as quickly as if we were involved in the day-to-day business of the Affiliate, and we may not become aware of such event at all. 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.

Some of our Affiliates are partnerships of which we are, or an entity controlled by us is, the general partner. Consequently, to the extent that any of these Affiliates incurs 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 our available insurance coverage, that our insurers will remain solvent and will meet their obligations to provide coverage or that insurance coverage will continue to be available to us with sufficient limits and at a reasonable cost. A judgment against any of our Affiliates and/or us in excess of available insurance coverage could have a material adverse effect on the Affiliate and/or us.

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

Some of our Affiliates operate or advise clients outside of the United States, and one affiliated investment management firm, DFD Select Group, N.V., is based outside the United States. Accordingly, we and our affiliated investment management firms that have foreign operations are subject to risks inherent in doing business internationally, which 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, 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 foreign risks may have an adverse effect both on our Affiliates and on our consolidated business, financial condition and results of operations.

The price of our Common Stock historically has been volatile, and the sale of substantial amounts of our Common Stock could adversely impact the price of our Common Stock.

The market price of our Common Stock historically has experienced and may continue to experience high volatility, and the broader stock market has experienced significant price and volume fluctuations in recent years. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our Common Stock. 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.

In addition, the sale of substantial amounts of our Common Stock could adversely impact its price. We may issue additional shares of our Common Stock in connection with our financing activities, as described previously. Furthermore, as of December 31, 2002, options to purchase 4,267,007 shares of our Common Stock were outstanding (of which 2,215,869 were exercisable). 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.

Our Web Site

Our web site is located at http://www.amg.com. Our web site provides information on us and our Affiliates, as well as a link in the "Investor Information" 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 and any amendments to those reports filed with the Securities and Exchange Commission pursuant to the Exchange Act, following our filing of such material with the Securities and Exchange Commission.

Item 2. Properties

Our executive offices are located at 600 Hale Street, Prides Crossing, Massachusetts 01965. We have entered into an operating lease for these offices that expires in December 2006. The lease includes renewal options that can be exercised at the end of the lease term, and purchase options that can be exercised prior to the expiration of the lease term. We believe that the property is suitable for our use for the foreseeable future.

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. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of stockholders during the fourth quarter of the year covered by this Annual Report on Form 10-K.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Our Common Stock is traded on the New York Stock Exchange (symbol: AMG). The following table sets forth the high and low closing prices as reported on the New York Stock Exchange composite tape since January 1, 2001.

	High	Low
2001		
First Quarter	$ 62.00	$ 44.00
Second Quarter	63.90	43.60
Third Quarter	71.90	55.01
Fourth Quarter	73.34	56.79
2002		
First Quarter	$ 73.64	$ 65.55
Second Quarter	71.35	60.98
Third Quarter	62.68	40.51
Fourth Quarter	54.75	39.45
2003		
First Quarter[(1)]	$ 55.27	$ 37.00

(1) Data for this period reflects high and low closing prices from January 1, 2003 through March 25, 2003.

The closing price for a share of our Common Stock on the New York Stock Exchange on March 25, 2003 was $43.04.

As of December 31, 2002 and March 25, 2003, there were 44 stockholders of record.

We have not declared a dividend with respect to the periods presented. Since we intend to retain earnings to finance investments in new Affiliates, repay indebtedness, pay interest and income taxes, repurchase shares of our Common Stock when appropriate and develop our existing business, and since our credit facility prohibits us from making dividend payments to our stockholders, we do not anticipate paying dividends on our Common Stock in the foreseeable future.

Item 6. Selected Historical 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 financial statements and accompanying notes included elsewhere in this Form 10-K.

	For the Years Ended December 31,				
	1998	1999	2000	2001	2002
	(in thousands, except as indicated and per share data)				
Statement of Operations Data					
Revenue	$ 238,494	$ 518,726	$ 458,708	$ 408,210	$ 482,536
Net Income[(1)]	25,551	72,188	56,656	49,989	55,942
Earnings per share—diluted	1.33	3.18	2.49	2.20	2.48
Average shares outstanding—diluted[(2)]	19,223	22,693	22,749	22,732	22,577
Other Financial Data					
Assets under management (at period end, in millions)	$ 57,731	$ 82,041	$ 77,523	$ 81,006	$ 70,809

Cash Flow from (used in):					
Operating activities	$ 45,424	$ 89,119	$ 153,711	$ 96,925	$ 127,300
Investing activities	(72,665)	(112,939)	(111,730)	(343,674)	(138,917)
Financing activities	28,163	54,035	(63,961)	288,516	(34,152)
EBITDA[3]	76,312	166,801	142,378	132,143	138,831
Cash Net Income[4]	45,675	98,318	87,676	84,090	99,552
Balance Sheet Data					
Intangible assets[5]	$ 490,949	$ 571,881	$ 643,470	$ 974,956	$ 1,113,064
Total assets	605,334	909,073	793,730	1,160,321	1,242,994
Long-term obligations[6]	192,504	176,646	154,436	223,795	485,225
Stockholders' equity[2]	313,655	477,986	493,910	543,340	571,861

(1) Net Income for the year ended December 31, 2002 reflects changes in the accounting for intangible assets as a result of the implementation of FAS 142, "Goodwill and Other Intangible Assets," in 2002, and therefore is not directly comparable to the operating results presented for prior periods.

(2) In March 1999, we raised $102.3 million from our sale of 4.0 million shares of Common Stock.

(3) The definition of EBITDA is presented in Note (3) on page 2. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(4) Cash Net Income is defined as Net Income plus the non-cash expenses of depreciation, amortization and deferred taxes. We believe that this measure best represents the performance of our investment management operations before non-cash expenses relating to our acquisition of interests in our affiliated investment management firms. Cash Net Income is not a measure of financial performance under generally accepted accounting principles and, as calculated by us, may not be consistent with computations of Cash Net Income by other companies. Our use of Cash Net Income, including a reconciliation of Cash Net Income to Net Income, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations." As discussed in that section, for periods prior to our adoption of FAS 142 in 2002, we defined Cash Net Income as "Net Income plus depreciation and amortization."

(5) Intangible assets have increased with each investment in an affiliated investment management firm.

(6) Long-term obligations include borrowings under the Company's revolving credit facility and certain balances related to our convertible debt securities. As discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," in May 2001 we issued zero coupon senior convertible notes and in December 2001 we completed a public offering of mandatory convertible debt securities. In anticipation of a possible repurchase of some or all of the outstanding zero coupon senior convertible notes prior in May 2004, we issued $300 million of floating rate senior convertible notes in February 2003. We have subsequently repurchased $111.5 million principal amount at maturity of zero coupon senior convertible notes in privately negotiated transactions. The issuance of the floating rate senior convertible notes and the subsequent repurchase of a portion of the zero coupon senior convertible notes are discussed in greater detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 future 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," "believes," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including, among others, the following:

- *our performance is directly affected by changing conditions in the financial 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 the cash flow distributable to us from our Affiliates and our operating results;*
- *we cannot be certain that we will be successful in finding or investing in additional investment management firms on favorable terms, 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 stock or other securities in order to finance investments in additional investment management firms or additional investments in our affiliated investment management firms, 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 "Business-Cautionary Statements."*

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

Overview

We are an asset management company with equity investments in a diverse group of mid-sized investment management firms (our "Affiliates"). As of December 31, 2002, our affiliated investment management firms managed approximately $70.8 billion in assets across a broad range of investment styles and in three principal distribution channels: High Net Worth, Mutual Fund and Institutional. We pursue a growth strategy designed to generate shareholder value through the internal growth of our existing businesses across these three channels, in addition to investments in mid-sized investment management firms and strategic transactions and relationships designed to enhance our Affiliates' businesses and growth prospects.

Through our Affiliates, we provide more than 150 investment products across a broad range of asset classes and investment styles and in our three principal distribution channels. We believe that our diversification across asset classes, investment styles and distribution channels helps to mitigate our exposure to the risks created by changing market environments. The following summarizes our operations in our three principal distribution channels.

- Affiliate clients in the High Net Worth distribution channel include high net worth and affluent individuals, family trusts and managed accounts at brokerage firms and other sponsors that are attributable to individuals. Through our Affiliates, we provide customized investment management services for high net worth individuals and families through direct relationships, as well as through more than 90 managed account programs.

- Our Affiliates provide advisory or sub-advisory services to 36 domestic and offshore mutual funds. These funds are distributed to retail and institutional clients directly and through intermediaries, including independent investment advisers, retirement plan sponsors, broker-dealers, major fund marketplaces and bank trust departments.

- Through our Affiliates, we offer investment products across more than 20 different investment styles in the Institutional distribution channel, including small, small/mid, mid and large capitalization value and growth equity. Through this distribution channel, we manage assets for foundations and endowments, defined benefit and defined contribution plans for corporations and municipalities and Taft-Hartley plans.

While we operate our business through our Affiliates in our three principal distribution channels, we strive to maintain each Affiliate's entrepreneurial culture and independence through our investment structure. Our principal investment structure involves the ownership of a majority interest in our Affiliates, with each Affiliate organized as a separate firm. Each Affiliate operating agreement is tailored to meet that Affiliate's particular characteristics and provides us the authority to cause or prevent certain actions to protect our interests.

We have revenue sharing arrangements with most of our Affiliates. Under these arrangements, a percentage of revenue (or in certain cases different percentages relating to the various sources or amounts of revenue of a particular Affiliate) is allocated for use by management of that Affiliate in paying operating expenses of the Affiliate, including salaries and bonuses. We call this the "Operating Allocation." The remaining portion of the Affiliate's revenue is allocated to the owners of that Affiliate (including us), and called the "Owners' Allocation." Each Affiliate distributes its Owners' Allocation to its managers and to us generally in proportion to their and our respective ownership interests in that Affiliate although, as discussed below, in certain circumstances we may permit an Affiliate's management to use its portion of the Owners' Allocation to meet the Affiliate's operating expenses.

We only agree to a particular revenue sharing arrangement if we believe that the Operating Allocation will cover operating expenses of the Affiliate, including a potential increase in expenses or decrease in revenue without a corresponding decrease in operating expenses. To the extent that we are unable to anticipate changes in the revenue and expense base of an Affiliate, the agreed-upon Operating Allocation may not be large enough to pay for all of the Affiliate's operating expenses. The allocations and distributions of cash to us under the Owners' Allocation generally have priority over the allocations and distributions to the Affiliate's managers, which help to protect us if there are any expenses in excess of the Operating Allocation of the Affiliate. Thus, if an Affiliate's expenses exceed its Operating Allocation, the excess expenses first reduce the portion of the Owners' Allocation allocated to the Affiliate's managers until that portion is eliminated, and then reduce the portion allocated to us. Any such reduction in our portion of the Owners' Allocation is required to be paid back to us out of the portion of future Owners' Allocation allocated to the Affiliate's managers. Nevertheless, we may agree to adjustments to revenue sharing arrangements to accommodate our business needs or those of our Affiliates, including deferring or forgoing the receipt of some portion or all of our share of an Affiliate's revenue to permit the Affiliate to fund operating expenses or restructuring our relationship with an Affiliate, if we believe that doing so will maximize the long-term benefits to us. In addition, a revenue sharing arrangement may be modified to a profit-based arrangement (as described below) to better accommodate our business needs or those of our Affiliates.

One of the purposes of our revenue sharing arrangements is to provide ongoing incentives for Affiliate managers by allowing them:

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

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

An Affiliate's managers therefore have incentives to increase revenue (thereby increasing the Operating Allocation and their share of the Owners' Allocation) and to control expenses (thereby increasing the amount of Operating Allocation available for their compensation).

Some of our Affiliates are not subject to a revenue sharing arrangement, but instead operate on a profit-based model similar to a wholly-owned subsidiary. In our profit-based Affiliates, we participate in a budgeting process with the Affiliate and receive as cash flow a share of its profits. As a result, we participate fully in any increase or decrease in the revenue or expenses of such firms. In those cases, we generally provide incentives to management through compensation arrangements based on the performance of the Affiliate. Currently, our profit-based Affiliates account for less than 10% of our EBITDA.

Net Income on our income statement reflects the consolidation of substantially all of the revenue of our Affiliates, reduced by:

- the operating expenses of our Affiliates;

- our operating expenses (i.e., our holding company expenses, including interest, amortization and income taxes); and

- the profits allocated to our Affiliates' management owners (referred to on our income statement as "minority interest").

As discussed above, for Affiliates with revenue sharing arrangements, the operating expenses of the Affiliate as well as its managers' minority 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 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 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;

- the receipt of Owners' Allocation at 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 expenses incurred for holding company operations, including compensation for our employees; and
- the level of taxation to which we are subject.

Through our affiliated investment management firms, 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. 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"). For example, 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. Advisory fees billed in advance will not reflect subsequent changes in the market value of assets under management for that period. Conversely, advisory fees billed in arrears will reflect changes in the market value of assets under management for that period. In addition, in the High Net Worth and Institutional distribution channels, certain clients are billed on the basis of investment performance ("performance fees"). Performance fees are inherently dependent on investment results, and therefore may vary substantially from year to year.

Principally, our assets under management are directly managed by our Affiliates. One of our Affiliates also manages assets in the Institutional distribution channel using an overlay strategy. Overlay assets (assets managed subject to strategies which employ futures, options or other derivative securities) generate asset-based fees that are typically substantially lower than the asset-based fees generated by our Affiliates' other investment strategies. Therefore, changes in directly managed assets generally have a greater impact on our revenue from asset-based fees than changes in total assets under management (a figure which includes overlay assets).

In addition to the revenue derived from providing investment management services, we derive a small portion of our revenue from transaction-based brokerage fees and distribution fees at certain Affiliates. In the case of the transaction-based brokerage business at Third Avenue Management LLC ("Third Avenue"), our percentage participation in Third Avenue's brokerage fee revenue is substantially less than our percentage participation in the investment management fee revenue realized by Third Avenue and our other Affiliates. For this reason, increases or decreases in our consolidated revenue that are attributable to Third Avenue brokerage fees will not affect our Net Income and EBITDA in the same manner as investment management services revenue from Third Avenue and our other Affiliates.

Results of Operations

The following tables present our Affiliates' reported assets under management by operating segment (which are also referred to as distribution channels in this report) and a statement of changes for each period.

Assets under Management—Operating Segment

	At December 31,		
(dollars in billions)	2000	2001	2002
High Net Worth	$ 22.2	$ 24.6	$ 20.6
Mutual Fund	9.3	14.4	16.4
Institutional	46.0	42.0	33.8
	$ 77.5	$ 81.0	$ 70.8
Directly managed assets—percent of total	85%	88%	91%
Overlay assets—percent of total	15%	12%	9%
	100%	100%	100%

Assets under Management—Statement of Changes

	Year Ended December 31,		
(dollars in billions)	2000	2001	2002
Beginning of period	$ 82.0	$ 77.5	$ 81.0
New investments[1]	5.2	10.9	4.6
Sale of Affiliate equity investment[2]	—	—	(1.0)
Net client cash flows—directly managed assets	0.2	2.8	0.3
Net client cash flows—overlay assets	(7.4)	(1.3)	(1.1)
Investment performance	(2.5)	(8.9)	(13.0)
End of period	$ 77.5	$ 81.0	$ 70.8

(1) We closed new Affiliate investments in Third Avenue in the third quarter of 2002, Friess Associates, LLC ("Friess") and Welch & Forbes LLC ("Welch & Forbes") in the fourth quarter of 2001 and Frontier Capital Management Company, LLC in the first quarter of 2000.

(2) In the second quarter of 2002, we sold our minority equity investment in Paradigm Asset Management, L.L.C.

Our assets under management at the end of 2002 were $70.8 billion, 12.6% lower than at the end of 2001. The decrease in assets under management was primarily attributable to the broad decline in the equity markets during 2002, a decline that was partially offset by the closing of our investment in Third Avenue in the third quarter of 2002.

The operating segment analysis presented in the table below is based on average assets under management. For the High Net Worth and Institutional distribution channels, average assets under management represents an average of the assets under management at the end of each calendar quarter. For the Mutual Fund distribution channel, average assets under management represents an average of the daily net assets for the year. 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)	2000	2001	% Change	2002	% Change
Average assets under management (in billions)[1]					
High Net Worth	$ 20.0	$ 23.1	16%	$ 22.5	(3%)
Mutual Fund	8.6	10.1	17%	15.4	52%
Institutional	57.4	39.7	(31%)	37.7	(5%)
Total	$ 86.0	$ 72.9	(15%)	$ 75.6	4%
Revenue[2]					
High Net Worth	$ 138.9	$ 133.8	(4%)	$ 139.8	4%
Mutual Fund	97.4	113.6	17%	164.6	45%
Institutional	222.4	160.8	(28%)	178.1	11%
Total	$ 458.7	$ 408.2	(11%)	$ 482.5	18%
Net Income[2]					
High Net Worth	$ 19.4	$ 18.6	(4%)	$ 16.8	(10%)
Mutual Fund	12.7	15.6	23%	22.8	46%
Institutional	24.6	15.8	(36%)	16.3	3%
Total	$ 56.7	$ 50.0	(12%)	$ 55.9	12%
EBITDA[3]					
High Net Worth	$ 46.5	$ 45.1	(3%)	$ 42.1	(7%)
Mutual Fund	32.4	38.8	20%	47.8	23%
Institutional	63.5	48.2	(24%)	48.9	1%
Total	$ 142.4	$ 132.1	(7%)	$ 138.8	5%

(1) Assets under management attributable to investments that closed during the relevant periods are included on a weighted average basis for the period from the closing date of the investments.

(2) Note 18 to our Consolidated Financial Statements describes the basis of presentation of the financial results of our three operating segments.

(3) The definition of EBITDA is presented in Note 3 on page 2. Our use of EBITDA, including a reconciliation to cash flow from operations, is discussed in greater detail in "Liquidity and Capital Resources" below. We believe EBITDA is useful as an indicator of cash flow generated by each of our operating segments.

Revenue

Our revenue is generally determined by the following factors:

- our assets under management (including increases or decreases relating to new investments, net client cash flows or changes in the value of assets that are attributable to fluctuations in the equity markets);
- the portion of our assets across the three operating segments and our Affiliates, which realize different fee rates;
- the portion of our directly managed and overlay assets, which realize different fee rates;
- the recognition of any performance fees charged by certain Affiliates; and
- the level of transaction-based brokerage fees.

In addition, the billing patterns of our Affiliates will have an impact on revenue in cases of rising or falling markets. As described previously, advisory fees billed in advance will not reflect subsequent

changes in the market value of assets under management for that period, while advisory fees billed in arrears will reflect changes in the market value of assets under management for that period. As a consequence, when equity market declines result in decreased assets under management in a particular period, revenue reported on accounts that are billed in advance of that period may appear to have a relatively higher quarterly fee rate.

Our revenue increased 18% in 2002 from 2001, following an 11% decrease in revenue in 2001 from 2000. The increase in revenue in 2002 was primarily a result of our investments in Friess and Welch & Forbes in the fourth quarter of 2001, and Third Avenue in the third quarter of 2002. Further contributing to the growth in revenue, though to a lesser extent, were higher performance fees in 2002 as compared to 2001. These increases were partially offset by the decline in assets under management at existing Affiliates which, in turn, was primarily a result of the broad decline in the equity markets during 2002. The decrease in revenue in 2001 resulted primarily from declines in directly managed assets attributable to declines in the value of assets under management, which resulted principally from a broad decline in the equity markets. These declines were partially offset by revenue generated by positive net client cash flows from directly managed assets and from our investments in new Affiliates.

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

High Net Worth Distribution Channel

The increase in revenue of 4% in the High Net Worth distribution channel in 2002 from 2001 resulted primarily from our investments in Welch & Forbes in the fourth quarter of 2001, Third Avenue in the third quarter of 2002 and, to a lesser extent, Friess in the fourth quarter of 2001. The increase in revenue from these investments was partially offset by a decline in average assets under management, resulting principally from a broad decline in the equity markets. Unrelated to the change in assets under management, revenue also increased because of a proportional shift in assets under management within this distribution channel to accounts that realize higher fees (which shift principally resulted from our new investments) and, to a lesser extent, because of the effects of advance billing (as previously discussed), which is the primary billing method used in the High Net Worth distribution channel.

The decrease in revenue of 4% in the High Net Worth distribution channel in 2001 from 2000 resulted from a decline in performance fees and a shift in assets under management within this distribution channel to client relationships that realize lower fee rates, and was partially offset by the increase in average assets under management. The increase in average assets under management of 16% in 2001 was primarily attributable to positive net client cash flows and our investment in Welch & Forbes, and was partially offset by a decline in average assets under management resulting principally from a broad decline in the equity markets.

Mutual Fund Distribution Channel

The increase in revenue of 45% in the Mutual Fund distribution channel in 2002 from 2001 resulted principally from an increase in average assets under management. The increase in average assets under management of 52% in 2002 was primarily attributable to our investments in Friess in the fourth quarter of 2001 and Third Avenue in the third quarter of 2002 and to positive net client cash flows, and was partially offset by a decline in assets under management resulting principally from a broad decline in the equity markets. The increase in revenue was proportionately less than the growth of average assets under management because of an increase in assets under management in mutual funds that realize lower fees, principally a result of the investments in Friess and Third Avenue.

The increase in revenue of 17% in the Mutual Fund distribution channel in 2001 from 2000 resulted principally from an increase in average assets under management. The increase in average assets under management of 17% in 2001 was primarily attributable to positive net client cash flows

from directly managed assets and our investment in Friess and was partially offset by a decline in average assets under management resulting principally from a broad decline in the equity markets.

Institutional Distribution Channel

The increase in revenue of 11% in the Institutional distribution channel in 2002 from 2001 resulted from our investments in Friess and Third Avenue and an increase in performance fees. This increase in revenue was partially offset by a decline in average assets under management, resulting principally from a broad decline in the equity markets. Unrelated to the change in assets under management, revenue also increased because of a shift in assets under management within this distribution channel to accounts that realize higher fees, principally as a result of our investment in Friess and net client cash outflows from overlay assets.

The decrease in revenue of 28% in the Institutional distribution channel in 2001 from 2000 resulted from the decrease in average assets under management, and in particular from the decrease in our directly managed assets. The decrease in average assets under management of 31% in 2001 was primarily attributable to net client cash outflows from directly managed and overlay assets, as well as a decline in average assets under management resulting principally from a broad decline in the equity markets.

Operating Expenses

A substantial portion of our operating expenses is incurred by our Affiliates, and a substantial majority of Affiliate expenses is incurred at Affiliates with revenue sharing arrangements. For Affiliates with revenue sharing arrangements, an Affiliate's Operating Allocation generally determines its operating expenses, and therefore our consolidated operating expenses are generally impacted by increases or decreases in Affiliate revenue and corresponding increases or decreases in our Affiliates' Operating Allocations. Similarly, our consolidated compensation and related expenses generally increase or decrease in proportion to increases or decreases in revenue. In the case of profit-based Affiliates, we participate fully in any increase or decrease in the expenses of such Affiliates.

The following table summarizes our consolidated operating expenses.

(dollars in millions)	2000	2001	% Change	2002	% Change
Compensation and related expenses	$ 174.8	$ 134.9	(23%)	$ 165.9	23%
Selling, general and administrative	68.2	73.8	8%	84.5	14%
Amortization of intangible assets	26.4	28.4	8%	14.5	(49%)
Depreciation and other amortization	4.6	5.7	24%	5.8	2%
Other operating expenses	10.3	11.1	8%	16.0	44%
Total operating expenses	$ 284.3	$ 253.9	(11%)	$ 286.7	13%

Compensation and related expenses increased 23% in 2002, following a 23% decrease in 2001. The increase in 2002 resulted principally from an increase in aggregate Affiliate expenses resulting from our investments in Friess, Welch & Forbes and Third Avenue. The increase in compensation expense in 2002 was also from investment spending for distribution initiatives and increased holding company compensation. Aggregate increases in compensation expenses in 2002 were partially offset by compensation expense reductions at certain Affiliates that were greater than the proportionate decrease in revenue at such Affiliates. The decrease in compensation and related expenses in 2001 was primarily a result of the relationship of revenue and operating expenses at Affiliates with revenue sharing arrangements, which experienced declines in revenue and, accordingly, reported lower compensation. The decrease in compensation expense in 2001 was also attributable to lower holding company compensation.

Selling, general and administrative expenses increased 14% in 2002 and 8% in 2001. The increase in selling, general and administrative expenses in 2002 was principally attributable to our investments in Friess, Welch & Forbes and Third Avenue, and was partially offset by a decrease in sub-advisory and distribution expenses at The Managers Funds LLC ("Managers") resulting from a decrease in its assets under management. The increase in selling, general and administrative expenses in 2001 was principally attributable to increases in spending by our Affiliates from their Operating Allocations, and an increase in aggregate Affiliate expenses resulting from our investments in Friess and Welch & Forbes.

The decrease in amortization of intangible assets of 49% in 2002 resulted from our adoption of Financial Accounting Standard No. 142 ("FAS 142"), "Goodwill and Other Intangible Assets," under which goodwill and certain other intangible assets are no longer amortized. This decrease was partially offset by increases in amortization as a result of our investments in Friess, Welch & Forbes and Third Avenue. The increase in amortization of intangible assets of 8% in 2001 resulted from our purchase of additional interests in existing Affiliates and, to a lesser extent, our investments in Friess and Welch & Forbes.

Depreciation and other amortization expenses increased 2% in 2002 and 24% in 2001. The increase in 2002 was principally attributable to the incremental depreciation associated with our investments in Friess and Welch & Forbes and other fixed asset purchases at the holding company and Affiliates. The increase in 2001 was principally related to fixed asset purchases at the holding company and Affiliates.

Other operating expenses increased 44% in 2002 and 8% in 2001. The increase in 2002 was principally attributable to the incremental expenses associated with our investments in Friess and Welch & Forbes and increased spending from the Operating Allocation at Affiliates with revenue sharing arrangements. The increase in 2001 was principally related to increased spending from the Operating Allocation at Affiliates with revenue sharing agreements.

Other Income Statement Data

The following table summarizes other income statement data.

(dollars in millions)	2000	2001	% Change	2002	% Change
Minority interest	$ 65.3	$ 61.4	(6%)	$ 80.8	32%
Income tax expense	39.0	33.3	(15%)	37.3	12%
Interest expense	15.8	14.7	(7%)	25.2	71%
Investment and other income	2.3	5.1	122%	3.5	(31%)

Minority interest increased 32% in 2002, following a 6% decrease in 2001. The increase in minority interest in 2002 resulted principally from the previously discussed increase in revenue in 2002. This increase was proportionately greater than the 18% increase in revenue because of our investment in Friess, in which we currently own 51% of this firm's Owners' Allocation, representing a relatively lower percentage ownership than our other Affiliate investments. The decrease in minority interest in 2001 resulted from the previously discussed decline in revenue in 2001, and was partially offset by the growth in revenue at Affiliates in which we own relatively lower percentages of Owners' Allocation.

The 12% increase in income taxes in 2002 was attributable to the increase in income before taxes, as our effective tax rate did not change over the prior year. The 15% decrease in income taxes in 2001 was attributable to the decrease in income before taxes, and to a decrease in our effective tax rate from 41% to 40%. Our effective tax rate decreased in 2001 as a result of a reduction in state taxes (which resulted from the addition of Affiliates in lower tax rate jurisdictions) and our implementation of an incentive compensation plan that limited certain non-deductible expenses.

Interest expense increased 71% in 2002 following a 7% decrease in 2001. The increase in interest expense in 2002 resulted principally from our issuance of mandatory convertible debt securities in December 2001 and January 2002, on which we pay interest at the annual rate of 6%. The increase was partially offset by a decrease in weighted average debt outstanding on our senior revolving credit facility and decreased interest expense associated with lower reported amortization of our transition adjustment under Financial Accounting Standard No. 133 ("FAS 133"), "Accounting for Derivative Instruments and Certain Hedging Activities," which is discussed below in "Recent Accounting Developments." The decrease in interest expense in 2001 resulted principally from the restructuring of our long-term debt to effect lower costs of borrowing and a decrease in the effective interest rate of our senior revolving credit facility. In May 2001, we completed the private placement of $251 million principal amount at maturity of zero coupon senior convertible notes accreting at a rate of 0.50% per year, and used $101 million of the net proceeds of approximately $221 million to repay debt under our credit facility. The decrease in the effective interest rate of our senior revolving credit facility was the result of a decrease in LIBOR rates. The decrease in interest expense in 2001 was partially offset by $3.2 million of amortization of debt issuance costs on the zero coupon senior convertible notes and expenses of $2.0 million related to our FAS 133 transition adjustment.

Investment and other income decreased 31% in 2002, following a 122% increase in 2001. The decrease in 2002 was attributable to the maintenance of lower levels of excess cash at the holding company as a result of our investments in Friess and Welch & Forbes in the fourth quarter of 2001 and Third Avenue in the third quarter of 2002. The increase in investment and other income in 2001 was attributable to the maintenance of higher levels of excess cash as a result of the sale of zero coupon senior convertible notes described above.

Net Income

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

(dollars in millions)	2000	2001	% Change	2002	% Change
Net Income	$ 56.7	$ 50.0	(12%)	$ 55.9	12%

Net Income for 2002 reflects changes in the accounting for intangible assets as a result of the implementation of FAS 142, "Goodwill and Other Intangible Assets," in the first quarter of 2002, and therefore is not directly comparable to the operating results presented for 2001 and 2000. Note 12 to our Consolidated Financial Statements presents our Net Income for 2001 and 2000 as though we had adopted FAS 142 on January 1, 2001 and January 1, 2000, respectively.

The 12% increase in Net Income in 2002 resulted principally from the increases in revenue described above and lower reported amortization expense as a result of our adoption of FAS 142. These factors were partially offset by the increases in operating expenses (other than our amortization expense), interest expense and minority interest expense, as described above. The 12% decrease in Net Income in 2001 resulted principally from decreases in revenue and corresponding decreases in operating expenses and minority interest expense as described above, offset partially by an increase in investment and other income, also described above.

Supplemental Performance Measure

As supplemental information, we provide a non-GAAP performance measure that we refer to as Cash Net Income. This measure is provided in addition to, but not as a substitute for, Net Income. Cash Net Income is defined as Net Income plus the non-cash expenses of depreciation, amortization and deferred taxes. We consider Cash Net Income an important measure of our financial performance, as we believe it best represents the performance of our investment management operations before non-cash expenses relating to the acquisition of interests in our affiliated investment management firms.

Since our acquired assets do not generally depreciate or require replacement, and since they generate deferred tax expenses that are unlikely to reverse (as discussed below in greater detail), we add back these non-cash expenses. Cash Net Income is used by our management and Board of Directors as a principal performance benchmark, including as a measure for aligning executive compensation with stockholder value.

Our measure of Cash Net Income was modified to include certain deferred taxes in response to our adoption of FAS 142 on January 1, 2002. Deferred tax expenses are accrued because intangible assets are amortized over different periods for financial reporting and income tax purposes (since we structure our investments as taxable transactions, and since our cash taxes are reduced by amortization deductions over the periods prescribed by tax laws). While FAS 142 eliminated the amortization of goodwill and certain other intangible assets, it continues to require the accrual of deferred tax expenses for these assets. Since nearly all our deferred tax expenses would reverse only in the event of a future sale of an Affiliate or an impairment charge, we believe deferred tax accruals should be added back in calculating Cash Net Income to best reflect the performance of our investment management operations before non-cash expenses. Accordingly, since January 2002, we have defined Cash Net Income as "Net Income plus depreciation, amortization and deferred taxes." For periods prior to 2002 and our adoption of FAS 142, we defined Cash Net Income as "Net Income plus depreciation and amortization," and results for such periods are presented on that basis in this report.

The following table provides a reconciliation of Cash Net Income to Net Income for each of the past three years.

(dollars in millions)	2000	2001	2002
Net Income	$ 56.7	$ 50.0	$ 55.9
Depreciation	4.6	5.7	5.9
Amortization	26.4	28.4	14.5
Deferred taxes	—	—	23.2
Cash Net Income[(1)]	$ 87.7	$ 84.1	$ 99.5

(1) As described above, Cash Net Income for 2002 reflects the change to our definition of Cash Net Income that resulted from the implementation of FAS 142 in the first quarter of 2002, and therefore is not directly comparable to the operating results presented for 2001 and 2000. If we had adopted FAS 142 on January 1, 2001 or January 1, 2000 and our definition of Cash Net Income had been modified accordingly, Cash Net Income for 2001 and 2000 would have been $89.8 million and $94.2 million, respectively.

Cash Net Income increased 18% in 2002, primarily as a result of the previously described factors affecting Net Income and related changes in the accounting for intangible assets resulting from our adoption of FAS 142. In 2001, Cash Net Income decreased 4% primarily as a result of the previously described factors affecting Net Income, excluding the changes in depreciation and amortization during these periods.

Liquidity and Capital Resources

The following table summarizes certain key financial data relating to our liquidity and capital resources as of December 31 in the years indicated below:

(dollars in millions)	2000	2001	2002
Balance Sheet Data			
Cash and cash equivalents	$ 31.6	$ 73.4	$ 27.7
Senior bank debt	151.0	25.0	—
Zero coupon convertible debt	—	227.9	229.0
Mandatory convertible debt	—	200.0	230.0
Cash Flow Data			
Operating cash flow	$ 153.7	$ 96.9	$ 127.3
Investing cash flow	(111.7)	(343.7)	(138.9)
Financing cash flow	(64.0)	288.5	(34.2)
EBITDA[(1)]	142.4	132.1	138.8

(1) The definition of EBITDA is presented in Note 3 on page 2.

We have met our cash requirements primarily through cash generated by operating activities, the issuance of convertible debt securities and equity and borrowings under our senior credit facility. For 2002, the principal use of cash was to make investments in new Affiliates, make distributions to Affiliate managers, repay indebtedness, pay income taxes, repurchase shares of our Common Stock, make additional investments in existing Affiliates (including our purchase of Affiliate

managers' retained equity) and for working capital purposes. We expect that our principal uses of cash for the foreseeable future will be for additional investments, distributions to Affiliate managers, payment of principal and interest on outstanding debt, additional investments in existing Affiliates (including our purchase of Affiliate managers' retained equity), the repurchase of shares of our Common Stock and for working capital purposes.

In August 2002, we replaced our former senior revolving credit facility with a new senior revolving credit facility (the "Facility") with several major commercial banks. The Facility, which is scheduled to mature in August 2005, currently provides that we may borrow up to $250 million at rates of interest (based either on the Eurodollar rate or the Prime rate as in effect from time to time) that vary depending on our credit ratings. Subject to the agreement of the lenders (or prospective lenders) to increase commitments, we have the option to increase the Facility to $350 million. The Facility contains financial covenants with respect to net worth, leverage and interest coverage, and requires us to pay a quarterly commitment fee on any unused portion. The Facility also contains customary affirmative and negative covenants, including limitations of indebtedness, liens, dividends and fundamental corporate changes. All borrowings under the Facility are collateralized by pledges of all capital stock or other equity interests owned by us.

We have a cash management program that enables our Affiliates to invest their excess cash with us to achieve a competitive rate of return. At December 31, 2002, our Affiliates had invested $70.1 million with us in this program. As these investments represent intercompany loans, they are eliminated for accounting purposes and are not reflected on our Consolidated Balance Sheet.

In May 2001, we completed the private placement of zero coupon senior convertible notes in which we sold a total of $251 million principal amount at maturity of zero coupon senior convertible notes due 2021, accreting at a rate of 0.50% per annum. Each $1,000 zero coupon senior convertible note is convertible into 11.62 shares of our Common Stock upon the occurrence of any of the following events: (i) if the closing price of a share of our Common Stock exceeds specified levels for specified periods; (ii) if the credit rating assigned by Standard & Poor's is below BB-; (iii) if we call the

securities for redemption; or (iv) if we take certain corporate actions. We have the option to redeem the securities for cash on or after May 7, 2006, and the holders may require us to repurchase the securities at their accreted value on May 7 of 2004, 2006, 2011 and 2016. The purchase price for such repurchases may be paid in cash or shares of our Common Stock. It is our current intention to repurchase the securities with cash. Subsequent to December 31, 2002, we repurchased $111.5 million principal amount at maturity of these notes in privately negotiated transactions. If our Common Stock continues to trade at or near current market prices, we anticipate that some or all of the outstanding securities may be redeemed by investors at their book value for cash in May 2004.

In December 2001, we completed a public offering of $200 million of mandatory convertible debt securities. A sale of an over-allotment of the securities was completed in January 2002, increasing the amount outstanding to $230 million. The securities initially consist of (i) a senior note due November 17, 2006 with a principal amount of $25 on which we pay interest quarterly at the annual rate of 6%, and (ii) a forward purchase contract pursuant to which the holder has agreed to purchase, for $25 per contract, shares of our Common Stock on November 17, 2004, with the number of shares to be determined based upon the average trading price of our Common Stock for a period preceding that date. Depending on the average trading price in that period, the number of shares of Common Stock to be issued in the settlement of the contracts will range from 2,736,000 to 3,146,000.

Each of the senior notes is pledged to us to collateralize the holder's obligations under the forward purchase contracts. Beginning in 2004, the senior notes will be remarketed to new investors. If successful, the remarketing will generate $230 million of proceeds to be used by the original holders of the securities to honor their obligations on the forward purchase contracts. In exchange for the additional $230 million in payment on the forward purchase contracts, we will issue shares of our Common Stock. The senior notes will remain outstanding until November 2006 and (assuming a successful remarketing) will be held by the new investors.

In anticipation of a possible repurchase of the outstanding zero coupon senior convertible notes, we completed a private placement of $300 million of floating rate senior convertible securities in February 2003. These securities bear interest at a rate equal to 3-month LIBOR minus 0.50%, payable in cash quarterly. Each $1,000 floating rate senior convertible security is convertible into shares of our Common Stock upon the occurrence of any of the following events: (i) if the closing price of our Common Stock on the New York Stock Exchange exceeds $97.50 per share over certain periods; (ii) if the credit rating assigned by Standard & Poor's is below BB-; (iii) if we exercise our option to call the convertible securities for redemption; or (iv) in the event that we take certain corporate actions. Upon conversion, the holders will receive 12.3077 shares of our Common Stock for each $1,000 floating rate senior convertible security. In addition, if at the time of conversion the market price of our Common Stock exceeds $81.25 per share, holders will receive additional shares of our Common Stock based on the price of our Common Stock at the time of the conversion. We may redeem the floating rate senior convertible securities for cash at any time on or after February 25, 2008, at their principal amount. The holders of the convertible securities may require us to repurchase such securities on February 25 of 2008, 2013, 2018, 2023 and 2028, at their principal amount. We may choose to pay the purchase price for such repurchases in cash or shares of our Common Stock. It is our current intention to repurchase these securities with cash.

The floating rate senior convertible securities are considered contingent payment debt instruments under federal income tax regulations. These regulations require us to deduct interest expense at the rate at which we would issue a non-contingent, non-convertible, fixed-rate debt instrument. When the implied interest rate for tax purposes is greater than the actual interest rate, a deferred tax expense is generated. Whereas the implied interest rate for these securities for tax purposes is 5.62%, the actual rate is three-month LIBOR minus 0.50% (as of March 25, 2003, this rate equaled 0.79%). Based on current LIBOR rates, we believe our issuance of these securities will increase our deferred taxes by approximately $5.7 million per year. While these deferred tax liabilities may never reverse, all will

reverse if, on the fifth anniversary of the issuance of the securities or later, the securities are redeemed, and if our Common Stock is trading at $81.25 per share or less. All deferred taxes will be reclassified to equity if the securities convert and our Common Stock is trading at more than $91.35 per share when it is delivered to holders.

A portion of the net proceeds received on the sale of the floating rate senior convertible securities was used to repurchase $25 million of our Common Stock and $111.5 million principal amount at maturity of the zero coupon senior convertible notes, as described above. The following table provides updated unaudited balance sheet data as of March 25, 2003.

(dollars in millions)	
Holding company cash and cash equivalents	$ 125.9
Senior bank debt	0.0
Zero coupon convertible debt	127.4
Mandatory convertible debt	230.0
Floating rate convertible debt	300.0

At March 25, 2003, balances outstanding under our Affiliate cash management program totaled $29.0 million.

Our obligations to purchase additional equity in our Affiliates extend over the next 19 years. These payment obligations will occur at varying times and in varying amounts over that period, and the actual timing and amounts of such obligations cannot be predicted with any certainty. As one measure of the potential magnitude of such obligations, assuming that all such obligations had become due as of December 31, 2002, the aggregate amount of these obligations would have totaled approximately $575.6 million. Assuming the closing of such additional purchases, we would own the prospective cash flow distributions associated with all additional equity so purchased, estimated to be approximately $67.2 million on an annualized basis as of December 31, 2002. In order to provide the funds necessary for us to meet such obligations and for us to continue to acquire interests in investment management firms, it may be necessary for us to incur, from time to time, additional debt and/or to issue equity or debt securities, depending on market and other conditions. These potential obligations, combined with our other cash needs, may require more cash than is available from operations, and therefore, we may need to raise capital by making additional borrowings or by selling shares of our stock or other equity or debt securities, or to otherwise refinance a portion of these obligations.

Operating Cash Flow

The increase in cash flow from operations in 2002 resulted from an increase in operating income (which resulted from our revenue growth exceeding increases in operating expenses), an increase in our deferred income tax provision (attributable to tax benefits acquired in our investments in Friess, Welch & Forbes and Third Avenue) and an increase in our accounts payable and accrued expenses. The increase in our accounts payable and accrued expenses was primarily attributable to timing differences of compensation payments and our investment in Third Avenue.

Supplemental Liquidity Measure

As supplemental information in this report, we have provided information regarding our EBITDA, a non-GAAP liquidity measure. This measure is provided in addition to, but not as a substitute for, cash flow from operations. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. As a measure of liquidity, we believe EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements.

The following table provides a reconciliation of EBITDA to cash flow from operations for the last three years:

(dollars in millions)	2000	2001	2002
Cash flow from operations	$ 153.7	$ 96.9	$ 127.3
Interest expense, net	15.8	9.8	20.9
Current tax provision	32.4	27.6	14.1
(Increase) decrease in minority interest	32.1	(8.4)	4.6
(Increase) decrease in other assets and liabilities	(91.6)	6.2	(28.1)
EBITDA	$ 142.4	$ 132.1	$ 138.8

Investing Cash Flow

Changes in net cash flow from investing activities result primarily from our investments in new and existing Affiliates. Net cash flow used to make investments was $136.5 million, $336.0 million and $104.4 million, for the years ended December 31, 2002, 2001 and 2000, respectively. In the third quarter of 2002, we closed our investment in Third Avenue using working capital and borrowings under the Facility. In 2002, we also made payments to acquire interests in existing Affiliates. During 2002, we also terminated our employee loan program, and all loans under that program were repaid.

Financing Cash Flow

The decrease in net cash flow from financing activities in 2002 and the increase in 2001 were attributable to our issuance of the zero coupon senior convertible notes and the mandatory convertible debt securities in 2001. The principal sources of cash from financing activities over the last three years have been issuances of convertible debt securities and borrowings under our senior credit facility. Our uses of cash from financing activities during 2002 were for the repayment of debt and for the repurchase of shares of our Common Stock.

During 2002, we repurchased 581,800 shares of our Common Stock at an average price of $52.31 per share under our share repurchase program. Our share repurchase program was authorized by the Board of Directors in April 2000, permitting us to repurchase up to 5% of our issued and outstanding shares of Common Stock. In July 2002, our Board of Directors approved an increase to the existing share repurchase program authorizing the purchase of up to an additional 5% of our issued and outstanding shares of Common Stock. The timing and amount of purchases are determined at the discretion of our management. From January 1, 2003 through March 25, 2003, we repurchased 744,500 shares of our Common Stock under the share repurchase program. At March 25, 2003, a total of 291,733 shares of Common Stock remained authorized for repurchase under the program.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2002:

		Payments Due			
(dollars in millions)	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Long-term debt[1]	$ 459.0	$ —	$ —	$ 230.0	$ 229.0
Leases	64.3	12.6	21.3	15.3	15.1
Purchases of Affiliate equity[2]	575.6	11.2	139.3	129.6	295.5
Other liabilities[3]	34.4	12.3	17.6	4.0	0.5

(1) Long-term debt reflects the principal payments on the zero coupon senior convertible notes and mandatory convertible debt securities, each described above. After December 31, 2002, we repurchased $111.5 million of principal amount at maturity of the zero coupon senior convertible notes in privately negotiated transactions.

(2) Purchases of Affiliate equity reflect estimates of our obligations to purchase additional equity in our Affiliates. As described previously, these payment obligations will occur in varying amounts over the next 19 years, and the actual timing and amounts of such obligations cannot be predicted with any certainty. As one measure of the potential magnitude of such obligations, assuming that all such obligations had become due as of December 31, 2002, the aggregate amount of these obligations would have totaled approximately $575.6 million. Assuming the closing of such additional purchases, we would own the prospective cash flow distributions associated with all additional equity so purchased, estimated to be approximately $67.2 million on an annualized basis as of December 31, 2002. Unlike other purchase obligations, the timing of which is uncertain, in the case of our investment in Friess we are scheduled to purchase 19% of the firm in the fourth quarter of 2004, for an amount to be determined based on a multiple of Owners' Allocation at the time of the purchase, which is intended to approximate fair value.

(3) Other liabilities reflect notes payable to Affiliate management partners that were issued in connection with our purchase of additional Affiliate equity interests.

Interest Rate Sensitivity

Our revenue is derived primarily from fees which are based on the values of assets managed. Such values are affected by changes in the broader financial markets which are, in part, 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.

With respect to any debt financing, we may be exposed to potential fluctuations in the amount of interest expense resulting from changing interest rates. We may seek to offset such interest rate exposure in part by entering into hedging contracts.

Market Risk

In the past we have used interest rate derivative contracts to manage market exposures associated with our variable rate debt by creating offsetting market exposure. During February 2001, we became a party to $50 million notional amount of interest rate swap contracts. In February 2002, we closed $25 million notional amount of these contracts and entered into a new $25 million notional amount contract, which was subsequently closed in June 2002. In December 2002 our remaining $25 million notional amount interest rate swap contract expired. Although we don't currently have any interest rate swap contracts in place, we may enter into such contracts, or engage in similar hedging activities, in the future.

In using these derivative instruments, we face certain risks that are not directly related to market movements including, but not limited to, credit risk. Credit risk, or the risk of loss arising from a counterparty's failure or inability to meet payment or performance terms of a contract, is a particularly significant element of an interest rate swap contract. We attempt to control this risk through analysis of our counterparties and ongoing examinations of outstanding payments and delinquencies. There can be no assurance that we will use such derivative contracts in the future or that the amount of coverage we might obtain will cover all of our indebtedness outstanding at any such time. Therefore, there can be no assurance that any possible derivative contracts will meet their overall objective of reducing our interest expense.

Recent Accounting Developments

In January 2003, the Financial Accounting Standards Board (the "FASB") issued Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which addresses reporting and disclosure requirements for Variable Interest Entities ("VIEs"). FIN 46 defines a VIE as an entity that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires consolidation of a VIE by the enterprise that has the majority of the risks and rewards of ownership, referred to as the primary beneficiary. It also requires additional disclosures for an enterprise that holds a significant variable interest in a VIE, but is not the primary beneficiary. The consolidation and disclosure provisions of FIN 46 are effective immediately for VIEs created after January 31, 2003, and for reporting periods beginning after June 15, 2003 for VIEs created before February 1, 2003. FIN 46 also requires interim disclosures in all financial statements issued after January 31, 2003, regardless of the date on which the VIE was created, if it is reasonably possible that an enterprise will consolidate or disclose information about a VIE when FIN 46 becomes effective. While we do not expect the adoption of FIN 46 to have a material impact on our results of operations or financial condition, we may be required to consolidate the building and financing of our corporate headquarters, which is discussed in Note 3 to our Consolidated Financial Statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure" ("FAS 148"). FAS 148 amends Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition to the fair value method of accounting for stock-based compensation when companies elect to expense stock options at fair value at the time of grant. As we currently follow the intrinsic value method described in APB Opinion No. 25, "Accounting for Stock Issued to Employees," the transition provision of FAS 148 will not apply to us. FAS 148 also requires additional interim disclosure for all companies with stock-based employee compensation. The interim disclosure requirements are effective for periods that begin after December 15, 2002. We will provide the required disclosure in our quarterly report on Form 10-Q for the quarter ended March 31, 2003.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"), which addresses financial accounting and reporting for companies that issue certain guarantees. Under FIN 45, we are required to recognize a liability for the fair value of all guarantees entered into or modified after December 31, 2002, even when the likelihood of making any payments under the guarantee is remote. FIN 45 also requires enhanced disclosures for guarantees existing at December 31, 2002. The impact of the adoption of FIN 45 on our reported operating results and financial position is not expected to be material.

In October 2001, the FASB issued Financial Accounting Standard No. 144 ("FAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS 144 establishes new rules for the recognition and measurement of asset impairment as well as the reporting of disposals of a business

segment and the recognition of losses from the discontinuation of operations. Our adoption of FAS 144 on January 1, 2002 did not have a material effect on our financial statements.

In July 2001, the FASB issued Financial Accounting Standard No. 141 ("FAS 141"), "Business Combinations," and FAS 142 ("Goodwill and Other Intangible Assets"). FAS 141 limits the method of accounting for business combinations to the purchase method and establishes new criteria for the recognition of other intangible assets. FAS 142 requires that goodwill and other intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually. We adopted FAS 141 on July 1, 2001 and FAS 142 on January 1, 2002. Note 12 to our Consolidated Financial Statements presents our Net Income for 2001 and 2000 as though we had adopted FAS 142 on January 1, 2001 and January 1, 2000, respectively.

In 1998, the FASB deferred the effective date of FAS 133 to financial statements for fiscal years beginning after June 15, 2000. We adopted FAS 133 on January 1, 2001 and reported a $2.2 million transition adjustment, which was reclassified into earnings in 2001 and 2002. The transition adjustment became fully amortized in 2002.

Critical Accounting Policies

Revenue Recognition

The majority of our consolidated revenue represents advisory fees (asset-based and performance-based). While most asset-based advisory fees are billed by our Affiliates quarterly, some are billed before services are rendered ("in advance") and others are billed after services are rendered ("in arrears"). In each case, revenue is recognized as the services are rendered. Any fees billed in advance are deferred and recognized as revenue over the period of service. Unlike asset-based fees, which are calculated based upon a contractual percentage of a client's assets under management, performance-based fees are generally assessed as a percentage of the investment performance realized on a client's account in a quarterly or annual period. Performance-based fees are recognized in the quarter in which the fee becomes billable.

Intangible Assets

In allocating the purchase price of our acquisitions and assessing the recoverability of our intangible assets, we must make estimates and assumptions to determine the value of each asset and, where applicable, its useful life. In this analysis, we estimate future cash flows and remaining lives of certain assets. Additionally, we utilize assumptions concerning valuation multiples, client attrition, tax benefits and discount rates in our valuations. If these estimates or their related assumptions change in the future, we may be required to record impairment charges or otherwise increase amortization expense.

At December 31, 2002, the carrying amount of our intangible assets is as follows:

(dollars in billions)	
Goodwill	$ 739.1
Other Intangible assets—definite-lived	180.9
Other Intangible assets—indefinite-lived	193.1

We test the carrying amount of each of our intangible assets at least once a year. We test goodwill for each of our operating segments by comparing the carrying amount of goodwill to its fair value. Similarly, we test each of our indefinite-lived intangible assets, which represent captive mutual fund contracts, by comparing their carrying amounts to their related fair value. We test our definite-lived intangible assets by comparing their carrying amounts to the remaining projected undiscounted cash flows attributable to the assets.

Deferred Taxes

Deferred taxes reflect the expected future tax consequences of temporary differences between the book carrying amounts and tax bases of our assets and liabilities. Historically, our deferred taxes have been comprised primarily of deferred tax liabilities attributable to intangible assets and deferred tax assets from state credits and loss carryforwards.

In measuring the amount of our deferred taxes each period, we must project the impact on our future tax payments of any reversal of deferred tax liabilities (which would increase our tax payments), and any use of our state credits and carryforwards (which would decrease our tax payments). In forming these estimates, we make assumptions about future federal and state income tax rates and the apportionment of future taxable income to states in which we have operations. An increase or decrease in federal or state income tax rates could have a material impact on our deferred income tax liabilities and assets and would result in a current income tax charge or benefit. For example, a 1% increase to our projected average tax rate would increase our deferred tax liabilities and income tax expense by $1.5 million.

In the case of our deferred tax assets, we regularly assess the need for valuation allowances, which would reduce these assets to their recoverable amounts. In forming these estimates, we make assumptions of future taxable income that may be generated to utilize these assets, which have limited lives. If we determine that these assets will be realized, we record an adjustment to the valuation allowance, which would decrease tax expense in the period such determination was made. Likewise, should we determine that we would be unable to realize additional amounts of our deferred tax assets, an adjustment to the valuation allowance would be charged to tax expense in the period such determination was made. For example, if we were to make an investment in a new Affiliate located in a state where we have operating loss carryforwards, the projected taxable income from the new Affiliate could be offset by these operating loss carryforwards, justifying a reduction to the valuation allowance.

Headquarters Lease

In 2001, we entered into a lease agreement with an owner-lessor entity ("Lessor") to finance the construction of our corporate headquarters building in Prides Crossing, Massachusetts (the "Building"). In accordance with Statement of Financial Accounting Standard No. 13 "Accounting for Leases" and related interpretations, the Building and the related financing obligations of the Lessor are not included on our consolidated balance sheet. As previously discussed, in January 2003 the FASB released FIN 46, which upon its effectiveness in the third quarter of 2003 will require the consolidation of a VIE by the enterprise that has the majority of the risks and rewards of ownership, referred to as the primary beneficiary. As a result, if we are determined to be the primary beneficiary, we would be required to consolidate the Building and its related financing (approximately $20 million), as more fully described in Note 3 to our Consolidated Financial Statements.

Earnings Per Share

Basic Earnings per share ("EPS") is calculated by dividing Net Income by the weighted average number of shares of our Common Stock outstanding. Diluted EPS is similar to basic EPS, but adjusts for the effect of the potential issuance of incremental shares of our Common Stock including, but not limited to, stock options or convertible bonds. Diluted EPS does not include approximately 1.6 million shares of our Common Stock that may be issued upon the conversion of the outstanding zero coupon senior convertible notes because of a contingent conversion feature, which provides for conversion in certain limited circumstances.

Economic and Market Conditions

The asset management industry is an important segment of the financial services industry in North America and has been a key driver of growth in financial services over the last decade. As of the end of 2001 (the most recently compiled industry data), the assets under management across our principal distribution channels totaled

more than $30 trillion. While the aggregate value of assets managed by the industry has been reduced by equity market declines since that time, we believe prospects for overall industry growth (estimated by one industry consultant to increase at a rate of 7.5% annually over the next five years) remain strong. We expect that this growth will be driven by market-related increases in assets under management, broad demographic trends and wealth creation related to growth in gross domestic product, and will be experienced in varying degrees across all three of the principal distribution channels for our Affiliates' products: High Net Worth, Mutual Fund and Institutional.

In the High Net Worth distribution channel (comprised of high net worth and affluent individuals, family trusts and managed accounts), we believe that each of the three factors of market performance, demographics and gross domestic product growth will lead to asset growth. High net worth individuals (those having more than $1 million in investable assets) represent the primary component of this distribution channel. At the end of 2001, there were an estimated 2.2 million high net worth individuals, with aggregate assets of $7.6 trillion. One recent industry report forecasts this asset base to grow to a total of $11.2 trillion by the end of 2006, an annual growth rate of 8%. We also expect that assets in the High Net Worth distribution channel will grow as a result of recent innovations in product development and distribution that allow a growing number of affluent investors access to managed account products at lower investment levels than has been traditionally available.

In the Mutual Fund distribution channel, the Investment Company Institute reports that more than 93 million individuals in almost 55 million households in the United States are invested in mutual funds, representing a 98% penetration level in U.S. households with more than $20,000 in investable assets. In 2002, net inflows to mutual funds (excluding money market funds) totaled approximately $122 billion. Despite positive flows, aggregate mutual fund assets declined from $7 trillion at the end of 2001 to $6.4 trillion at the end of 2002, principally as a result of market declines. We anticipate that inflows to mutual funds will continue and that aggregate mutual fund assets, particularly those in equity mutual funds, will increase in line with longer-term market growth.

The substantial majority of assets in the Institutional distribution channel are in retirement plans, and, to a lesser extent, endowments and foundations. Recent industry data indicates that aggregate pension assets totaled nearly $9 trillion at the end of 2001. While growth in Institutional retirement plans has slowed in recent years, we anticipate that the combination of an aging work force, higher funding levels to pension plans that are deemed under-funded and longer-term market growth should contribute to the ongoing strength of this distribution channel.

International Operations

First Quadrant Limited, an affiliate of First Quadrant, L.P., is organized and headquartered outside of London, England. Tweedy, Browne Company LLC, which is based in New York, maintains a research office in London. DFD Select Group, S.A.R.L., a subsidiary of DFD Select Group, N.V. (in which we own a minority interest), is organized and headquartered in Paris, France. In the future, we may invest in other investment management firms which are located and/or conduct a significant part of their operations outside of the United States. 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, political instability, fluctuations in currency exchange rates, expatriation controls 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 affiliated investment management firms that have

international operations or on other investment management firms in which we may invest in the future 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.

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 herein by reference.

Item 8. Financial Statements and Supplementary Data

Report of Independent Accountants

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 operations, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of Affiliated Managers Group, Inc. at December 31, 2001 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 and Note 12 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002.

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 26, 2003

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31,	
	2001	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,427	$ 27,708
Investment advisory fees receivable	57,148	50,798
Other current assets	9,464	11,009
Total current assets	140,039	89,515
Fixed assets, net	17,802	19,228
Equity investment in Affiliate	1,732	—
Acquired client relationships, net of accumulated amortization of $46,033 in 2001 and $60,562 in 2002	319,645	374,011
Goodwill, net of accumulated amortization of $68,113 in 2001 and 2002	655,311	739,053
Other assets	25,792	21,187
Total assets	$ 1,160,321	$ 1,242,994
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 67,136	$ 81,404
Notes payable to related party	—	12,348
Zero coupon convertible debt	227,894	—
Senior bank debt	25,000	—
Total current liabilities	320,030	93,752
Zero coupon convertible debt	—	229,023
Mandatory convertible debt	200,000	230,000
Deferred income taxes	38,081	61,658
Other long-term liabilities	23,795	26,202
Total liabilities	581,906	640,635
Commitments and contingencies	—	—
Minority interest	35,075	30,498
Stockholders' equity:		
Common Stock ($.01 par value; 80,000 shares authorized; 23,519 shares outstanding in 2001 and 2002)	235	235
Additional paid-in capital	405,087	405,769
Accumulated other comprehensive income (loss)	(846)	(244)
Retained earnings	190,502	246,444
	594,978	652,204
Less: treasury stock, at cost (1,309 shares in 2001 and 1,786 shares in 2002)	(51,638)	(80,343)
Total stockholders' equity	543,340	571,861
Total liabilities and stockholders' equity	$ 1,160,321	$ 1,242,994

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share data)

	For the Years Ended December 31,		
	2000	2001	2002
Revenue	$ 458,708	$ 408,210	$ 482,536
Operating expenses:			
Compensation and related expenses	174,710	134,900	165,909

Amortization of intangible assets	26,409	28,432	14,529
Depreciation and other amortization	4,611	5,669	5,847
Selling, general and administrative	68,216	73,779	84,453
Other operating expenses	10,327	11,143	15,970
	284,273	253,923	286,708
Operating income	174,435	154,287	195,828
Non-operating (income) and expenses:			
Investment and other income	(2,264)	(5,105)	(3,473)
Interest expense	15,750	14,728	25,217
	13,486	9,623	21,744
Income before minority interest and income taxes	160,949	144,664	174,084
Minority interest	(65,341)	(61,350)	(80,846)
Income before income taxes	95,608	83,314	93,238
Income taxes	38,952	33,325	37,296
Net Income	$ 56,656	$ 49,989	$ 55,942
Earnings per share—basic	$ 2.54	$ 2.26	$ 2.54
Earnings per share—diluted	$ 2.49	$ 2.20	$ 2.48
Average shares outstanding—basic	22,307,476	22,136,410	22,019,482
Average shares outstanding—diluted	22,748,595	22,732,129	22,577,233
Supplemental disclosure of total comprehensive income:			
Net Income	$ 56,656	$ 49,989	$ 55,942
Other comprehensive income	(287)	(504)	602
Total comprehensive income	$ 56,369	$ 49,485	$ 56,544

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Years Ended December 31,		
	2000	2001	2002
Cash flow from operating activities:			
Net Income	$ 56,656	$ 49,989	$ 55,942
Adjustments to reconcile Net Income to cash flow from operating activities:			
Amortization of intangible assets	26,409	28,432	14,529
Amortization of debt issuance costs	—	4,362	3,582
Depreciation and other amortization	4,611	5,669	5,847
Deferred income tax provision	6,561	5,731	23,234
FAS 133 transition adjustment	—	(2,203)	(708)
Reclassification of FAS 133 adjustment to Net Income	—	1,958	245
Accretion of interest	—	751	1,129
Changes in assets and liabilities:			
Decrease in investment advisory fees receivable	182,241	15,143	6,901
Decrease (increase) in other current assets	(8,639)	6,347	(2,212)
Decrease (increase) in non-current other receivables	5,064	90	(627)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(87,073)	(27,742)	24,015
Increase (decrease) in minority interest	(32,119)	8,398	(4,577)
Cash flow from operating activities	153,711	96,925	127,300
Cash flow used in investing activities:			
Purchase of fixed assets	(6,235)	(7,230)	(6,151)
Costs of investments, net of cash acquired	(104,438)	(335,968)	(136,499)
Distributions received from Affiliate equity investment	428	670	—

Increase in other assets	(699)	(1,146)	(213)
Loans to employees	(786)	—	3,946
Cash flow used in investing activities	(111,730)	(343,674)	(138,917)
Cash flow from (used in) financing activities:			
Borrowings of senior bank debt	193,500	222,300	290,000
Repayments of senior bank debt	(217,000)	(348,300)	(315,000)
Issuances of debt securities	—	427,143	30,000
Issuances of equity securities	8,412	9,130	3,453
Repayments of notes payable	—	—	(7,113)
Repurchase of stock	(48,858)	(9,113)	(30,432)
Debt issuance costs	(15)	(12,644)	(5,060)
Cash flow from (used in) financing activities	(63,961)	288,516	(34,152)
Effect of foreign exchange rate changes on cash flow	(287)	48	50
Net increase (decrease) in cash and cash equivalents	(22,267)	41,815	(45,719)
Cash and cash equivalents at beginning of year	53,879	31,612	73,427
Cash and cash equivalents at end of year	$ 31,612	$ 73,427	$ 27,708
Supplemental disclosure of cash flow information:			
Interest paid	$ 17,025	$ 9,727	$ 19,112
Income taxes paid	52,415	17,732	10,080
Supplemental disclosure of non-cash financing activities:			
Common Stock issued for Affiliate equity purchases	—	2,276	2,113
Notes issued for Affiliate equity purchases	—	24,458	15,825
Common Stock received for the exercise of stock options	1,027	—	—
Common Stock received in repayment of loans	—	—	2,263
Capital lease obligations for fixed assets	816	—	—
Notes received for Affiliates equity sales	—	—	1,800

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

AFFILIATED MANAGERS GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(dollars in thousands)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Treasury Shares at Cost
December 31, 1999	23,455,497	$ 235	$ 405,883	$ 83,802	(518,900)	$ (11,934)
Issuance of Common Stock	63,547	—	1,227	—	328,938	8,266
Purchase of Common Stock	—	—	(53)	—	(1,287,401)	(49,885)
Net Income	—	—	—	56,656	—	—
Other comprehensive income	—	—	—	(287)	—	—
December 31, 2000	23,519,044	235	407,057	140,171	(1,477,363)	(53,553)
Issuance of Common Stock	—	—	(1,970)	—	325,622	11,028
Purchase of Common Stock	—	—	—	—	(157,100)	(9,113)
Net Income	—	—	—	49,989	—	—
Other comprehensive income	—	—	—	(504)	—	—
December 31, 2001	23,519,044	235	405,087	189,656	(1,308,841)	(51,638)
Issuance of Common Stock	—	—	682	—	177,449	5,566
Purchase of Common Stock	—	—	—	—	(654,932)	(34,271)
Net Income	—	—	—	55,942	—	—
Other comprehensive income	—	—	—	602	—	—
December 31, 2002	23,519,044	$ 235	$ 405,769	$ 246,200	(1,786,324)	$ (80,343)

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

1. Business and Summary of Significant Accounting Policies

Organization and Nature of Operations

Affiliated Managers Group, Inc. ("AMG" or the "Company") is an asset management company with equity investments in a diverse group of mid-sized investment management firms ("Affiliates"). AMG's Affiliates provide investment management services, primarily in the United States, to high net worth individuals, mutual funds and institutional clients.

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

All material intercompany balances and transactions have been eliminated. All dollar amounts except per share data in the text and tables herein are stated in thousands unless otherwise indicated. Certain reclassifications have been made to prior years' financial statements to conform to the current year's presentation.

Accounting for Investments

These Consolidated Financial Statements include the accounts of AMG and each Affiliate in which AMG has a controlling interest. In each such instance, AMG is, directly or indirectly, the sole general partner (in the case of Affiliates which are limited partnerships) or sole manager member (in the case of Affiliates which are limited liability companies). For Affiliate operations consolidated into these financial statements, the portion of the Owners' Allocation allocated to owners other than AMG is included in minority interest in the Consolidated Statements of Operations. Minority interest on the Consolidated Balance Sheets includes capital and undistributed Owners' Allocation owned by the managers of the consolidated Affiliates.

Investments where AMG or an Affiliate does not hold a controlling interest are generally accounted for under the equity method of accounting, and AMG's portion of Net Income is included in investment and other income. Investments in which AMG or the Affiliate owns less than a 20% interest and does not exercise significant influence are accounted for under the cost method. Under the cost method, AMG's portion of Net Income is not included in the Consolidated Statements of Operations and dividends are recorded when, and if, declared. Nevertheless, charges are recognized in the Consolidated Statements of Operations if events or circumstances indicate an other than temporary decline of the carrying value.

Revenue Recognition

The Company's consolidated revenue represents advisory fees billed monthly, quarterly and annually by Affiliates for managing the assets of clients. Asset-based advisory fees are recognized monthly as services are rendered and are based upon a percentage of the market 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 recognized when earned based upon either the positive difference

between the investment returns on a client's portfolio compared to a benchmark index or indices, or an absolute percentage of gain in the client's account as measured at the end of the contract period.

Cash and Cash Equivalents

The Company considers all highly liquid investments 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.

Fixed Assets

Equipment and other fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease.

Acquired Client Relationships and Goodwill

The purchase price for the acquisition of interests in Affiliates is allocated based on the fair value of net assets acquired, primarily acquired client relationships. In determining the allocation of purchase price to 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. As a result of the Company's adoption of Financial Accounting Standard No. 142 ("FAS 142"), "Goodwill and Other Intangible Assets," the cost assigned to indefinitely lived acquired client relationships, generally mutual fund management contracts, is no longer amortized. The cost assigned to all other acquired client relationships is amortized using the straight-line method over a weighted average life of 16 years. The expected useful lives of acquired client relationships are analyzed separately for each acquired Affiliate and determined based on an analysis of the historical and potential future attrition rates of each Affiliate's existing clients, as well as a consideration of the specific attributes of the business of each Affiliate. In accordance with FAS 142, goodwill is no longer amortized, but instead, reviewed annually for impairment.

The excess of purchase price for the acquisition of interests in Affiliates over the fair value of net assets acquired, including acquired client relationships, is classified as goodwill. Prior to the adoption of FAS 142, goodwill was amortized using the straight-line method over a weighted average life of 32 years. In determining the amortization period for goodwill, the Company considered a number of factors including: the firm's historical and potential future operating performance; the characteristics of the firm's clients, products and investment styles; and the firm's history and perceived franchise or brand value.

As further described in Note 11, the Company periodically purchases additional equity interests in Affiliates from minority interest owners. Resulting payments made to such owners are generally considered purchase price for such acquired interests. The estimated cost of equity that has been awarded in connection with employment is

accrued (net of estimated forfeitures) over the service period as equity-based compensation.

Debt Issuance Costs

Debt issuance costs incurred in securing credit facility financing are amortized over the term of the credit facility using the effective interest method. Debt issuance costs incurred in issuing the zero coupon senior convertible securities were amortized over the period to the first investor put date. Debt issuance costs incurred in issuing the mandatory convertible securities are amortized over the period of the forward stock purchase contract component of such securities.

Derivative Financial Instruments

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

The Company is exposed to interest rate risk inherent in its variable rate debt liabilities. The Company's risk management strategy uses financial instruments, specifically interest rate swap contracts, to hedge certain interest rate exposures. In entering into these contracts, AMG intends to offset cash flow gains and losses that occur on its existing debt liabilities with cash flow losses and gains on the contracts hedging these liabilities. For example, the Company may agree with a counterparty (typically a major commercial bank) to exchange the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount.

The Company records all derivatives on the balance sheet at fair value. As the Company's hedges are designated and qualify as cash flow hedges, the effective portion of the unrealized gain or loss on the derivative instrument is recorded in accumulated other comprehensive income as a separate component of stockholders' equity and reclassified into earnings when periodic settlement of variable rate liabilities are recorded in earnings. For interest rate swaps, hedge effectiveness is measured by comparing the present value of the cumulative change in the expected future variable cash flows of the hedged contract with the present value of the cumulative change in the expected future variable cash flows of the hedged item, both of which are based on Eurodollar rates. To the extent that the critical terms of the hedged item and the derivative are not identical, hedge ineffectiveness is reported in earnings as interest expense. Hedge ineffectiveness was not material in 2001 and 2002.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected consequences of temporary differences between the financial statement basis and tax basis of the Company's assets and liabilities. A deferred tax valuation allowance is established if, in management's opinion, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized.

Foreign Currency Translation

The assets and liabilities of non-U.S. based Affiliates are translated into U.S. dollars at the exchange rates in effect as of the balance sheet date. Revenue and expenses are translated at the average monthly exchange rates then in effect.

Equity-Based Compensation Plans

Financial Accounting Standard No. 123 ("FAS 123"), "Accounting for Stock-Based Compensation," encourages but does not require adoption of a fair value-based accounting method for stock-based compensation arrangements. An entity may continue to apply Accounting Principles Board Opinion No. 25 ("APB 25") and related interpretations, provided the entity discloses its pro forma Net Income and Earnings per share as if the fair value-based method had been applied in measuring compensation cost.

The Company continues to apply APB 25 and related interpretations in accounting for its equity-based compensation arrangements. Under the fair value method prescribed by FAS 123, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the expected service period. If the Company's expense for equity-based compensation arrangements had been determined based on the fair value method promulgated by FAS 123, the Company's Net Income and Earnings per share would have been as follows:

	Year Ended December 31,		
	2000	2001	2002
Net Income—as reported	$ 56,656	$ 49,989	$ 55,942
Net Income—FAS 123 pro forma	48,962	41,192	46,179
Earnings per share—basic—as reported	2.54	2.26	2.54
Earnings per share—basic—pro forma	2.19	1.85	2.10
Earnings per share—diluted—as reported	2.49	2.20	2.48
Earnings per share—diluted—pro forma	2.15	1.81	2.05

The weighted average fair value of options granted in the years ended December 31, 2000, 2001 and 2002 were estimated at $26.11, $15.69 and $10.53 per option, respectively, using the Black-Scholes option pricing model. The following weighted average assumptions were used for the option valuations.

	Year Ended December 31,		
	2000	2001	2002
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	53.3%	30.0%	27.5%
Risk-free interest rate	5.7%	4.4%	3.4%
Expected life of options (in years)	7.2	5.0	4.6

In December 2002, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 148, ("FAS 148"), "Accounting for Stock-Based Compensation—Transition and Disclosure." FAS 148 amends FAS 123 to provide alternative methods of transition to the fair value method of accounting for stock-based compensation when companies elect to expense stock options at fair value at the time of grant. As the Company currently follows the intrinsic value method described in APB 25, the transition provision of FAS 148 does not apply. FAS 148 also requires additional interim disclosure for all companies with stock-based employee compensation. The interim disclosure requirements are effective for periods that begin after December 15, 2002, and the Company will provide the required disclosure in its unaudited financial statements for the period ending March 31, 2003.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Recent Accounting Developments

In October 2001, the FASB issued Financial Accounting Standard No. 144 ("FAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS 144 establishes new rules for the recognition and measurement of asset impairment as well as the reporting of disposals of a business segment and the recognition of losses from the discontinuation of operations. The Company's adoption of FAS 144 on January 1, 2002, did not have a material effect on the Company's financial statements.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which addresses financial accounting and reporting for companies that issue certain guarantees. FIN 45 requires the recognition of a liability for the fair value of all guarantees entered into or modified after December 31, 2002, even when the likelihood of making any payments under the guarantee is remote. FIN 45 also requires enhanced disclosures for guarantees existing at December 31, 2002. The impact of the adoption of FIN 45 on the Company's reported operating results and financial position is not expected to be material.

In January 2003, the FASB issued Financial Accounting Standards Board Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," which addresses reporting and disclosure requirements for Variable Interest Entities ("VIEs"). FIN 46 defines a VIE as an entity that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires consolidation of a VIE by the enterprise that has the majority of the risks and rewards of ownership, referred to as the primary beneficiary. It also requires additional disclosures for an enterprise that holds a significant variable interest in a VIE, but is not the primary beneficiary. The consolidation and disclosure provisions of FIN 46 are effective immediately for VIEs created after January 31, 2003, and for reporting periods beginning after June 15, 2003 for VIEs created before February 1, 2003. FIN 46 also requires interim disclosures in all financial statements issued after January 31, 2003, regardless of the date on which the VIE was created, if it is reasonably possible that an enterprise will consolidate or disclose information about a VIE when FIN 46 becomes effective. As a result, the Company may be required to consolidate the building and financing of the Company's corporate headquarters in its financial statements for periods beginning with the third quarter of 2003.

2. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and investment advisory fees receivable. The Company maintains cash and cash equivalents, short-term investments and, at times, certain off-balance sheet financial instruments with various financial institutions. These financial institutions are typically located in cities in which AMG and its Affiliates operate. For AMG and certain Affiliates, cash deposits at a financial institution may exceed FDIC insurance limits.

3. Fixed Assets and Lease Commitments

Fixed assets consist of the following:

	At December 31,	
	2001	2002
Office equipment	$ 15,306	$ 15,625
Furniture and fixtures	11,649	11,705
Leasehold improvements	8,181	13,182
Computer software	3,837	4,534
Total fixed assets	38,973	45,046
Accumulated depreciation	(21,171)	(25,818)
Fixed assets, net	$ 17,802	$ 19,228

The Company and its Affiliates lease computer equipment and office space for their operations. At December 31, 2002, the Company's aggregate future minimum payments for operating leases having initial or noncancelable lease terms greater than one year are payable as follows:

Year Ending December 31,	Required Minimum Payments
2003	$ 12,612
2004	11,497

2005	9,848
2006	8,248
2007	7,016
Thereafter	15,092

Consolidated rent expense for 2000, 2001 and 2002 was $10,327, $11,143 and $15,970, respectively.

In 2001, the Company entered into a lease agreement with an owner-lessor entity ("Lessor") to finance the construction of its corporate headquarters building in Prides Crossing, Massachusetts (the "Building"). In accordance with Statement of Financial Accounting Standards No. 13 "Accounting for Leases" and related interpretations, the Building and the related financing obligations are not included on the Company's consolidated balance sheet. The initial lease term is approximately five years, beginning at the date of the completion of construction, which occurred in December 2001. At the end of the lease term, the Company has the option to extend the lease or purchase the Building for the then outstanding amounts expended by the Lessor for the Building. If the lease is not extended and the Company elects not to acquire the Building, then the Company would be contingently liable for 85% of the construction costs, or approximately $17 million. The Company would also have contingent payment obligations to the Lessor if an event of default should occur during the lease period. If the Company defaults, then its obligation would equal up to 100% of the Lessor's investment in the Building, which could exceed the aforementioned contingent liability.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	At December 31,	
	2001	2002
Accounts payable	$ 1,634	$ 2,379
Accrued compensation	38,738	40,519
Accrued income taxes	5,615	10,429
Accrued rent	1,772	1,125
Accrued interest	115	163
Deferred revenue	1,546	1,237
Accrued professional services	764	1,631
Other	16,952	23,921
	$ 67,136	$ 81,404

5. Benefit Plans

The Company has two defined contribution plans consisting of a qualified employee profit-sharing plan covering substantially all of its full-time employees and four of its Affiliates, and a non-qualified plan for certain senior employees. Twelve of AMG's other Affiliates 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 to qualified plan participants up to IRS limits. Consolidated expenses related to the Company's qualified and non-qualified plans in 2000, 2001 and 2002 were $10,759, $5,669 and $7,325, respectively.

The Company contributed $6,225 to the non-qualified plan (the "Plan") in the year ended December 31, 2000. This irrevocable contribution was expensed when it was contributed. Plan balances are invested equally between the Company's Common Stock and Affiliate investment products. Realized gains on undistributed balances are paid currently to participants. Upon a participant's termination, undistributed employee plan balances are reallocated to the remaining participants in accordance with the terms of the Plan.

6. Long-Term Debt

At December 31, 2002, long-term senior debt was $459,023, consisting of $229,023 of zero coupon senior convertible notes and $230,000 of mandatory convertible debt securities. At December 31, 2001, long-term senior debt consisted of $200,000 of mandatory convertible debt securities.

In August 2002, the Company replaced its former senior revolving credit facility with a new senior revolving credit facility (the "Facility") with several major commercial banks. The Facility, which is scheduled to mature in August 2005, currently provides that the Company may borrow up to $250,000 at rates of interest (based either on the Eurodollar rate or the Prime rate as in effect from time to time) that vary depending on the Company's credit ratings. The effective interest rate on the outstanding borrowings at December 31, 2001 was 2.6%. There were no outstanding borrowings at December 31, 2002. Subject to the agreement of the lenders (or prospective lenders) to increase their commitments, the Company has the option to increase the Facility to $350,000. The Facility contains financial covenants with respect to net worth, leverage and interest coverage. The Facility also contains

customary affirmative and negative covenants, including limitations on indebtedness, liens, dividends and fundamental corporate changes. All borrowings under the Facility are collateralized by pledges of all capital stock or other equity interests owned by AMG. The Company pays a quarterly commitment fee on the daily unused portion of the Facility, which fee amounted to $252, $474 and $705 for the years ended December 31, 2000, 2001, and 2002 respectively.

In December 2001, the Company completed a public offering of mandatory convertible debt securities ("FELINE PRIDES"). A sale of an over-allotment of the securities was completed in January 2002, and increased the amount outstanding to $230,000. Each FELINE PRIDE initially consists of (i) a senior note due November 17, 2006 with a principal amount of $25 per note (each, a "Senior Note"), on which the Company pays interest quarterly at the annual rate of 6%, and (ii) a forward purchase contract pursuant to which the holder has agreed to purchase, for $25 per contract, shares of the Company's Common Stock on November 17, 2004 with the number of shares to be determined based upon the average trading price of the Company's Common Stock for a period preceding that date. Depending on the average trading price in that period, the number of shares of the Company's Common Stock to be issued in the settlement of the contracts will range from 2,736,000 to 3,146,000.

Each of the Senior Notes is pledged to the Company to collateralize the holder's obligations under the forward purchase contracts. Beginning in August 2004, the Senior Notes will be remarketed to new investors. If successful, the remarketing will generate $230,000 of proceeds to be used by the original holders of the FELINE PRIDES to honor their obligations on the forward purchase contracts. In exchange for the additional $230,000 in payment on the forward purchase contracts, the Company will issue shares of its Common Stock. The number of shares of Common Stock to be issued will be determined by the price of the Company's Common Stock at that time. The Senior Notes will remain outstanding until November 2006 and (assuming a successful remarketing) will be held by the new investors.

In May 2001, the Company completed a private placement of zero coupon senior convertible notes. In this private placement, the Company sold a total of $251,000 principal amount at maturity of zero coupon senior convertible notes due 2021, with each note issued at 90.50% of such principal amount and accreting at a rate of 0.50% per annum. The Company has the option to redeem the securities for cash on or after May 7, 2006 and may be required to repurchase the securities at the accreted value at the option of the holders on May 7 of 2004, 2006, 2011 and 2016. If the holders exercise this option, the Company may elect to repurchase the securities with cash, shares of its Common Stock or some combination thereof. It is the Company's current intention to repurchase the securities with cash.

In connection with the purchase of additional Affiliate equity interests in 2001 and 2002, the Company issued $17,157 and $15,825, respectively, of notes to Affiliate partners. Of these amounts, $12,088 is due in 2003 and is included in the Company's Consolidated Financial Statements as a current liability. The balance of these notes, which is included in other long-term liabilities, bears interest at a weighted average interest rate of 5.1% and has maturities that range from 2004 to 2006.

7. Income Taxes

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

	Year Ended December 31,		
	2000	2001	2002
Federal:			
Current	$ 27,854	$ 24,144	$ 12,916
Deferred	5,606	5,016	20,331
State:			
Current	4,537	3,450	1,146
Deferred	955	715	2,903
Provision for income taxes	$ 38,952	$ 33,325	$ 37,296

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:

	Year Ended December 31,		
	2000	2001	2002
Tax at U.S. federal income tax rate	35%	35%	35%
Nondeductible expenses	2	2	1
State income taxes, net of federal benefit	4	3	2
Valuation allowance	—	—	2
	41%	40%	40%

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

	December 31,	
	2001	2002
Deferred assets (liabilities):		
State net operating loss and credit carryforwards	$ 2,345	$ 5,385
Intangible amortization	(43,067)	(66,727)
Deferred compensation	1,716	452
Accruals	2,721	4,042
	(36,285)	(56,848)
Valuation allowance	(1,796)	(4,810)
Net deferred income taxes	$ (38,081)	$ (61,658)

At December 31, 2002, the Company had state net operating loss carryforwards that will expire over a 15-year period beginning in the year 2003. The Company also has state tax credit carryforwards, which will expire over a 10-year period beginning in 2003. The valuation allowance at December 31, 2001 and 2002 is related to the uncertainty of the realization of most of these loss and credit carryforwards, whose use depends upon the Company's generation of sufficient taxable income prior to their expiration.

8. Derivative Financial Instruments

At December 31, 2001, the Company had a $25,000 notional amount interest rate swap contract outstanding with a major commercial bank as counter party to exchange the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

In February 2002, the Company entered into a second $25,000 notional amount interest rate swap contract. This contract, which did not qualify for hedge accounting, was closed in the second quarter of 2002, and the realized loss, which was not material, was recorded in earnings.

In December 2002, the Company's $25,000 notional amount of interest rate swap contract expired. At December 31, 2002, the Company did not have any net unrealized losses on derivative instruments.

9. Comprehensive Income

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

	For the year ended December 31,		
	2000	2001	2002
Net Income	$ 56,656	$ 49,989	$ 55,942
Change in unrealized foreign currency gains (losses)	(287)	48	50
Change in net unrealized loss on derivative instruments	—	(830)	830
Reclassification of unrealized (gain) loss on derivative instruments to Net Income	—	425	(425)
Cumulative effect of change in accounting principle—FAS 133 transition adjustment	—	(1,321)	—
Reclassification of FAS 133 transition adjustment to Net Income	—	1,174	147
Comprehensive income	$ 56,369	$ 49,485	$ 56,544

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

	December 31,	
	2001	2002
Foreign currency translation adjustment	$ (294)	$ (244)
Unrealized loss on derivative instruments	(552)	—
Accumulated other comprehensive income (loss)	$ (846)	$ (244)

10. 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 fashion unfavorable to the Company or its Affiliates. The Company and its Affiliates establish accruals for matters for which the outcome is probable and 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 consolidated financial condition or results of operations of the Company.

11. Acquisitions

On August 8, 2002, the Company acquired 60% of New York-based Third Avenue Management LLC ("Third Avenue"). The results of Third Avenue's operations have been included in the Consolidated Financial Statements since that date. Third Avenue serves as the adviser to the Third Avenue family of no-load mutual funds and the sub-adviser to non-proprietary mutual funds and annuities, and also manages separate accounts for high net worth individuals and institutions. The transaction was financed through the Company's working capital and borrowings under the Facility, as described in greater detail in Note 6. During 2002, the Company also made payments to acquire interests in existing Affiliates, which were financed through working capital and the issuance of notes and shares of the Company's Common Stock. The total cost of investments made during 2002 was $152,324 and goodwill recognized in these transactions amounted to $83,742.

On October 31, 2001, the Company acquired 51% of Friess Associates, LLC ("Friess"). The results of Friess' operations have been included in the Consolidated Financial Statements since that date. Friess is an investment adviser to the Brandywine family of mutual funds and institutional and high net worth accounts and is based in Delaware, Wyoming and Arizona. A summary of the fair values of the net assets acquired in this acquisition is as follows:

Current assets, net	$ 3,239
Fixed assets	433
Acquired client relationships	110,475
Goodwill	130,638
Total purchase price, including acquisition costs	$ 244,785

The fair value of amortizable acquired client relationships of $13,221 is being amortized over 15 years, and the remaining acquired client relationships that are attributable to mutual fund management contracts are not being amortized. All of these intangible assets are deductible for tax purposes.

In addition, in 2001 the Company made the following investments for a total cost of $124,211, which was paid in cash, notes payable issued, and the Company's Common Stock:

- a 60% voting interest in Welch & Forbes LLC ("Welch & Forbes"), a Boston-based investment adviser to personal trusts, high net worth families and charitable foundations;
- through The Renaissance Group LLC, a 60% interest in Bowling Portfolio Management, a Cincinnati-based investment adviser to institutional and high net worth clients;
- a minority interest in DFD Select Group, N.V., a Paris-based sponsor of an Irish-registered and listed umbrella trust of hedge funds; and
- several additional purchases of management equity in existing Affiliates.

Goodwill recognized in these transactions amounted to $96,731, all of which is deductible for tax purposes.

Unaudited pro forma data for the years ended December 31, 2001 and December 31, 2002 are set forth below, giving consideration to the acquisitions occurring in the respective two-year period as if such transactions occurred as of the beginning of 2001, assuming revenue sharing arrangements had been in effect for the entire period and after making certain other pro forma adjustments.

	Year Ended December 31,	
	2001	2002
Revenue	$ 536,533	$ 519,059
Net Income	58,423	60,306
Earnings per share—basic	$ 2.64	$ 2.74
Earnings per share—diluted	2.57	2.67

In conjunction with certain acquisitions, the Company has entered into agreements and is contingently liable, upon achievement of specified financial targets, to make additional purchase payments of up to $9,695. If required, these contingent payments will be settled for cash beginning in August 2003 and will be accounted for as an adjustment to the purchase price of the Affiliate.

The Company's operating agreements provide Affiliate managers the right to require AMG to purchase their retained equity interests at certain intervals. The Company is also obligated to purchase all remaining interests held by an Affiliate manager upon his or her death, disability or termination of employment. These purchases are generally calculated based on a multiple of the Affiliate's cash flow distributions, which is intended to represent fair value. In addition, to ensure the availability of continued ownership participation for future key employees, the Company can purchase certain equity interests retained by Affiliate managers. At December 31, 2002, the maximum amount of the Company's obligations under these arrangements equaled approximately $575,600. Assuming the closing of all such transactions, AMG would own the prospective cash flow distributions associated with all interests owned by Affiliate managers so purchased, currently estimated to represent approximately $67,242 on an annualized basis.

12. Goodwill and Other Intangible Assets

In July 2001, the FASB issued Financial Accounting Standard No. 141 ("FAS 141"), "Business Combinations," and FAS No. 142, "Goodwill and Other Intangible Assets." FAS 141 limits the method of accounting for business combinations to the purchase method and establishes new criteria for the recognition of other intangible assets. FAS 142 requires that goodwill and other intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually. The Company adopted FAS 141 on July 1, 2001 and FAS 142 on January 1, 2002. In accordance with FAS 141, goodwill and any other intangible assets determined to have indefinite lives that were acquired in a purchase business combination completed after June 30, 2001 were not amortized from the date of their acquisition. Pursuant to FAS 142, the Company has reviewed the intangibles acquired in prior business combinations for impairment, and determined that there was no impairment.

The following table reflects the Company's operating results adjusted as though the Company had not amortized goodwill and other indefinitely lived intangible assets in 2000 or 2001.

	Year Ended December 31,		
	2000	2001	2002
Net Income (as reported)	$ 56,656	$ 49,989	$ 55,942
Add back: intangible asset amortization	18,493	19,351	—
Tax effect at effective tax rate	(7,397)	(7,739)	—
Adjusted Net Income	$ 67,752	$ 61,601	$ 55,942
Earnings per share—basic—as reported	$ 2.54	$ 2.26	$ 2.54
Earnings per share—basic—as adjusted	3.04	2.78	2.54
Earnings per share—diluted—as reported	2.49	2.20	2.48
Earnings per share—diluted—as adjusted	2.98	2.71	2.48

As previously described in Note 11, in 2002 the Company completed its investment in Third Avenue and made payments to acquire interests in existing Affiliates of the Company. The increase in goodwill associated with such transactions, as well as the carrying amounts of goodwill, are reflected in the following table for each of the Company's operating segments, which are discussed in greater detail in Note 18:

	High Net Worth	Mutual Fund	Institutional	Total
Balance, as of December 31, 2001	$ 169,429	$ 214,741	$ 271,141	$ 655,311
Goodwill acquired	11,778	53,793	18,171	83,742
Balance, as of December 31, 2002	$ 181,207	$ 268,534	$ 289,312	$ 739,053

The following table reflects the components of intangible assets as of December 31, 2002:

	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:		
Acquired client relationships	$ 230,599	$ 49,722
Non-amortized intangible assets:		
Acquired client relationships—mutual fund management contracts	203,974	10,840
Goodwill	807,166	68,113

Amortizable acquired client relationships are amortized using the straight-line method over a weighted average life of approximately 16 years. Amortization expense was $28,432 and $14,529 for the years ended December 31, 2001 and 2002, respectively. The Company estimates that amortization expense will be approximately $16,000 per year from 2003 through 2007, assuming no additional investments in new or existing Affiliates.

13. Stockholders' Equity

Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of Preferred Stock in classes or series and to fix the designations, powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereon as set forth in the stock certificate. 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

In April 2000, the Company's Board of Directors authorized a share repurchase program permitting AMG to repurchase up to 5% of its issued and outstanding shares of Common Stock. In July 2002, the Board of Directors approved an increase to the existing share repurchase program authorizing AMG's repurchase of up to an additional 5% of its issued and outstanding shares of Common Stock. The timing and amount of purchases are determined at the discretion of AMG's management. In the year ended December 31, 2002, AMG repurchased 581,800 shares of Common Stock at an average price of $52.31 per share. In the year ended December 31, 2001, the Company repurchased 157,100 shares of Common Stock at an average price of $57.97 per share.

Stock Option and Incentive Plans

The Company has established the 1997 Stock Option and Incentive Plan (as amended and restated), under which it is authorized to grant options to employees, directors and other key persons. In 2002, stockholders approved an amendment to increase to 5,250,000 the shares of the Company's Common Stock available for issuance under this plan.

In 2002, the Company's Board of Directors established the 2002 Stock Option and Incentive Plan, under which the Company is authorized to grant non-qualified stock options and certain other awards to employees and directors. This plan requires that the majority of grants under the plan in any three-year period must be issued to employees of the Company who are not executive officers or directors of the Company. This plan has not been approved by the Company's shareholders. There are 2,250,000 shares of the Company's Common Stock available for issuance under this plan.

The plans are administered by a committee of the Board of Directors. The exercise price of stock options is the fair market value of the Common Stock on the date of grant, or such other amount as the committee may determine in accordance with the relevant plan. The stock options generally vest over periods ranging up to four years and expire seven to ten years after the grant date.

The following table summarizes the transactions of the Company's stock option and incentive plans for the three-year period ended December 31, 2002.

	Number of Shares	Weighted Average Exercise Price
Unexercised options outstanding—		
December 31, 1999	2,015,250	$ 27.40
Activity in 2000		
Options granted	869,000	49.86
Options exercised	(324,225)	21.46

Options forfeited	(100,875)	29.80
Unexercised options outstanding—		
December 31, 2000	2,459,150	$ 36.02
Activity in 2001		
Options granted	1,190,750	63.68
Options exercised	(213,617)	28.17
Options forfeited	(24,875)	38.28
Unexercised options outstanding—		
December 31, 2001	3,411,408	$ 46.15
Activity in 2002		
Options granted	968,000	47.14
Options exercised	(111,651)	29.92
Options forfeited	(750)	60.19
Unexercised options outstanding—		
December 31, 2002	4,267,007	$ 46.80
Exercisable options		
December 31, 2000	1,011,460	$ 30.84
December 31, 2001	1,475,870	36.69
December 31, 2002	2,215,869	41.41

The following table summarizes information about the Company's stock options at December 31, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding as of 12/31/02	Weighted Avg. Remaining Contractual Life (years)	Weighted Avg. Exercise Price	Exercisable as of 12/31/02	Weighted Avg. Exercise Price
$10-20	2,300	5.8	$ 14.25	2,300	$ 14.25
20-30	1,002,706	6.1	27.06	841,456	26.71
30-40	298,938	5.5	34.70	286,748	34.68
40-50	835,750	7.9	44.10	319,807	45.45
50-60	1,486,563	7.1	54.38	600,688	55.57
60-70	85,000	7.0	65.19	25,935	64.03
70-80	555,750	6.0	70.03	138,935	70.03
	4,267,007	6.8	$ 46.80	2,215,869	$ 41.41

14. Earnings Per Share

The calculation for basic Earnings per share is based on the weighted average number of shares of the Company's Common Stock outstanding during the period. The following is a reconciliation of the numerators and denominators of the basic and diluted Earnings per share computations. Diluted Earnings per share is similar to basic Earnings per share, but adjusts for the effect of the potential issuance of incremental shares of the Company's Common Stock related to stock options and, in certain instances, the Company's convertible securities, which are described in Note 6. Unlike all other dollar amounts in these Notes, Net Income in this table is not presented in thousands.

	2000	2001	2002
Numerator:			
Net Income	$ 56,656,000	$ 49,989,000	$ 55,942,000
Denominator:			
Average shares outstanding—basic	22,307,476	22,136,410	22,019,482
Incremental common shares	441,119	595,719	557,751
Average shares outstanding—diluted	22,748,595	22,732,129	22,577,233
Earnings per share:			
Basic	$ 2.54	$ 2.26	$ 2.54
Diluted	2.49	2.20	2.48

On May 25, 2000, the Company's shareholders approved an increase in the number of authorized shares of voting Common Stock from 40,000,000 to 80,000,000. For the years ended December 31, 2000, 2001 and 2002, the Company repurchased a total of 1,261,800, 157,100 and 581,800 shares of Common Stock under various stock repurchase programs.

15. Financial Instruments and Risk Management

The Company is exposed to market risks brought on by changes in interest rates. Derivative financial instruments may be used by the Company to reduce those risks, as explained in this Note.

(a) 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 swap 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 swaps 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. The Company generally does not give or receive collateral on interest rate swaps because of its own credit rating and that of its counterparties.

(b) Interest Rate Risk Management

The Company enters into interest rate swaps to reduce exposure to interest rate risk connected to existing liabilities. The Company does not hold or issue derivative financial instruments for trading purposes. Interest rate swaps allow the Company to achieve a level of variable-rate and fixed-rate debt that is acceptable to management, and to cap 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.

(c) Fair Value

Financial Accounting Standard No. 107 ("FAS 107"), "Disclosures about Fair Value of Financial Instruments," requires the Company to disclose the estimated fair values for certain of its financial instruments. Financial instruments include items such as loans, interest rate contracts, notes payable and other items as defined in FAS 107.

Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices are used when available; otherwise, management estimates fair value based on prices of financial instruments with similar characteristics or by using valuation techniques such as discounted cash flow models. Valuation techniques involve uncertainties and require assumptions and judgments regarding prepayments, credit risk and discount rates. Changes in these assumptions will result in different valuation estimates. The fair value presented would not necessarily be realized in an immediate sale; nor are there typically plans to settle liabilities prior to contractual maturity. Additionally, FAS 107 allows companies to use a wide range of valuation techniques; therefore, it may be difficult to compare the Company's fair value information to other companies' fair value information.

The carrying amount of cash and cash equivalents approximates fair value because of the short-term nature of these instruments. The carrying value of notes receivable approximate 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 note. The carrying value of senior bank debt approximates fair value because the debt is a revolving credit facility with variable interest based on selected short-term rates. The fair market value of the zero coupon senior convertible debt and the mandatory convertible debt at December 31, 2002 was $224,959 and 237,900, respectively. The fair values of interest rate hedging agreements are quoted market prices based on the estimated amount necessary to terminate the agreements. The fair market values of interest rate hedging agreements were ($1,383) and $0 at December 31, 2001 and 2002, respectively.

16. Selected Quarterly Financial Data (Unaudited)

The following is a summary of the unaudited quarterly results of operations of the Company for 2001 and 2002.

	2001			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 100,475	$ 100,663	$ 96,584	$ 110,488
Operating income	37,312	37,890	35,674	43,411
Income before income taxes	19,883	21,845	20,585	21,001
Net Income	11,930	13,107	12,352	12,600
Earnings per share—diluted	$ 0.53	$ 0.58	$ 0.54	$ 0.55

	2002			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 119,335	$ 129,631	$ 115,258	$ 118,312
Operating income	49,738	55,560	45,225	45,305
Income before income taxes	24,180	25,588	21,366	22,104
Net Income	14,508	15,353	12,819	13,262
Earnings per share—diluted	$ 0.63	$ 0.67	$ 0.57	$ 0.60

During each quarter of 2002, the Company experienced an increase in revenue, operating income and income before income taxes from the same period in 2001, primarily as a result of the Company's investments in Friess and Welch & Forbes in the last quarter of 2001 and Third Avenue in the third quarter of 2002. Net Income and Earnings per share are also higher in each quarter of 2002 because of the adoption of FAS 142 on January 1, 2002.

17. Related Party Transactions

During 2002, the Company terminated its employee loan program, and all loans were repaid. At December 31, 2002, there were no loans outstanding, while at December 31, 2001, loans outstanding totaled $6,220.

In connection with the purchase of additional Affiliate equity interests in 2001 and 2002, the Company issued $17,157 and $15,825, respectively, of notes to Affiliate partners. Of these amounts, $12,088 is due in 2003 and is included as a current liability.

18. Segment Information

Financial Accounting Standard No. 131 ("FAS 131"), "Disclosures about Segments of an Enterprise and Related Information," establishes disclosure requirements relating to operating segments in annual and interim financial statements. Management has assessed the requirements of FAS 131 and determined that the Company operates in three business segments representing the Company's three principal distribution channels: High Net Worth, Mutual Fund and Institutional.

Revenue in the High Net Worth distribution channel is earned from relationships with wealthy individuals, family trusts and managed account programs. Revenue in the Mutual Fund distribution channel is earned from advisory and sub-advisory relationships with mutual funds. Revenue in the Institutional distribution channel is earned from relationships with foundations and endowments, defined benefit and defined contribution plans and Taft-Hartley plans. In the case of Affiliates with transaction-based brokerage fee businesses, revenue reported in each distribution channel includes fees earned for transactions on behalf of clients in that channel.

As described in greater detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations," 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.

	2000			
	High Net Worth	Mutual Fund	Institutional	Total
Revenue	$ 138,930	$ 97,410	$ 222,368	$ 458,708
Operating expenses:				
Depreciation and amortization	8,094	7,551	15,375	31,020
Other operating expenses	74,873	53,548	124,832	253,253
	82,967	61,099	140,207	284,273
Operating income	55,963	36,311	82,161	174,435
Non-operating (income) and expenses:				
Investment and other income	1,226	(606)	(2,884)	(2,264)
Interest expense	5,669	3,438	6,643	15,750
	6,895	2,832	3,759	13,486
Income before minority interest and income taxes	49,068	33,479	78,402	160,949
Minority interest	(16,293)	(12,086)	(36,962)	(65,341)
Income before income taxes	32,775	21,393	41,440	95,608
Income taxes	13,354	8,716	16,882	38,952
Net Income	$ 19,421	$ 12,677	$ 24,558	$ 56,656
Total assets	$ 195,880	$ 194,163	$ 403,687	$ 793,730
Goodwill	$ 103,116	$ 124,217	$ 216,783	$ 444,116

	2001			
	High Net Worth	Mutual Fund	Institutional	Total
Revenue	$ 133,780	$ 113,621	$ 160,809	$ 408,210
Operating expenses:				
Depreciation and amortization	8,861	8,569	16,671	34,101
Other operating expenses	71,475	60,812	87,535	219,822
	80,336	69,381	104,206	253,923
Operating income	53,444	44,240	56,603	154,287
Non-operating (income) and expenses:				
Investment and other income	(977)	(1,545)	(2,583)	(5,105)
Interest expense	5,346	4,120	5,262	14,728
	4,369	2,575	2,679	9,623
Income before minority interest and income taxes	49,075	41,665	53,924	144,664

Minority interest	(18,116)	(15,583)	(27,651)	(61,350)
Income before income taxes	30,959	26,082	26,273	83,314
Income taxes	12,384	10,433	10,508	33,325
Net Income	$ 18,575	$ 15,649	$ 15,765	$ 49,989
Total assets	$ 294,053	$ 381,882	$ 484,386	$ 1,160,321
Goodwill	$ 169,429	$ 214,741	$ 271,141	$ 655,311

	2002			
	High Net Worth	Mutual Fund	Institutional	Total
Revenue	$ 139,789	$ 164,607	$ 178,140	$ 482,536
Operating expenses:				
Depreciation and amortization	6,122	1,197	13,057	20,376
Other operating expenses	77,392	89,849	99,091	266,332
	83,514	91,046	112,148	286,708
Operating income	56,275	73,561	65,992	195,828
Non-operating (income) and expenses:				
Investment and other income	(956)	(1,222)	(1,295)	(3,473)
Interest expense	7,998	8,573	8,646	25,217
	7,042	7,351	7,351	21,744
Income before minority interest and income taxes	49,233	66,210	58,641	174,084
Minority interest	(21,270)	(28,176)	(31,400)	(80,846)
Income before income taxes	27,963	38,034	27,241	93,238
Income taxes	11,185	15,213	10,898	37,296
Net Income	$ 16,778	$ 22,821	$ 16,343	$ 55,942
Total assets	$ 290,227	$ 498,154	$ 454,613	$ 1,242,994
Goodwill	$ 181,207	$ 268,534	$ 289,312	$ 739,053

19. Subsequent Events (Unaudited)

In February 2003, the Company completed a private placement of floating rate senior convertible securities due 2033 ("convertible securities") with an aggregate principal amount of $300 million. The convertible securities bear interest at a floating rate equal to 3-month LIBOR minus 0.50%, payable in cash quarterly. Each $1,000 convertible security is convertible into shares of AMG Common Stock upon the occurrence of any of the following events: (i) if the closing price of a share of AMG's Common Stock on the New York Stock Exchange exceeds $97.50 over certain periods; (ii) if the credit rating assigned by Standard & Poor's is below BB-; (iii) if AMG calls the convertible securities for redemption; or (iv) in the event that AMG takes certain corporate actions. Upon conversion, holders of the securities will receive 12.3077 shares of AMG Common Stock for each $1,000 convertible security. In addition, if at the time of conversion the market price of AMG's Common Stock exceeds $81.25 per share, holders will receive additional shares of AMG Common Stock based on AMG's stock price at the time of the conversion. AMG may redeem the convertible securities for cash at any time on or after February 25, 2008, at their principal amount. AMG may be required to repurchase the convertible securities at the option of the holders, on February 25 of 2008, 2013, 2018, 2023 and 2028, at their principal amount. AMG may choose to pay the purchase price for such repurchases in cash or shares of AMG Common Stock. It is the Company's current intention to repurchase the securities with cash.

From January 1, 2003 through March 25, 2003, the Company repurchased 744,500 shares of its Common Stock and $111,500 principal amount at maturity of zero coupon senior convertible notes.

Schedule II
Valuation and Qualifying Accounts

(dollars in thousands)	Balance Beginning of Period	Additions Charged to Costs and Expenses	Balance End of Period
Income Tax Valuation Allowance			
Year Ended December 31,			
2002	$ 1,796	$ 3,014	$ 4,810
2001	1,281	515	1,796
2000	1,173	108	1,281

Report of Independent Accountants on Financial Statement Schedule

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

Our audits of the consolidated financial statements referred to in our report dated March 26, 2003 appearing in the 2002 Annual Report to Shareholders of Affiliated Managers Group, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 26, 2003

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

None.

PART III

Item 10. Directors and Officers of the Registrant

Information pertaining to our directors and executive officers is incorporated by reference to our definitive proxy statement (the "Proxy Statement"), which will be filed with the Securities and Exchange Commission in connection with our Annual Meeting of Stockholders to be held on June 3, 2003.

Item 11. Executive Compensation

Information pertaining to executive compensation is incorporated by reference to our Proxy Statement.

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

Information pertaining to security ownership of management and certain beneficial owners of our Common Stock is incorporated by reference to our Proxy Statement.

Equity Compensation Plan Information

We have two equity compensation plans. The 1997 Stock Option and Incentive Plan (as amended and restated) authorizes us to grant stock options to employees, directors and other key persons. In 2002, stockholders approved an amendment to increase to 5,250,000 the shares of our Common Stock available for issuance under this plan. In addition, in 2002 our Board of Directors established the 2002 Stock Option and Incentive Plan, under which we are authorized to grant non-qualified stock options and certain other awards to our employees and directors. This plan requires that the majority of grants under the plan in any three-year period must be issued to our employees who are not executive officers or directors. This plan has not been approved by our shareholders. There are 2,250,000 shares of our Common Stock available for issuance under this plan.

The plans are administered by a committee of the Board of Directors. The exercise price of stock options is the fair market value of the Common Stock on the date of grant, or such other amount as the committee may determine in accordance with the relevant plan. The stock options generally vest over periods ranging up to four years and expire seven to ten years after the grant date.

The following table summarizes our equity compensation plans.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by stockholders[2]	3,870,507	$ 46.85	699,274
Equity compensation plans not approved by stockholders[3]	396,500	46.30	1,853,500

Total	4,267,007	$ 46.80	2,552,774

(1) Does not include any restricted stock as such shares are already reflected in our outstanding shares of Common Stock.

(2) Consists of the 1997 Stock Option and Incentive Plan.

(3) Consists of the 2002 Stock Option and Incentive Plan.

The total number of stock options issued under these plans was 869,000, 1,190,750 and 968,000 in 2000, 2001 and 2002, respectively.

Item 13. Certain Relationships and Related Transactions

Information pertaining to certain relationships and related transactions is incorporated by reference to our Proxy Statement.

Item 14. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the date of this Annual Report on Form 10-K, 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. 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. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that 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. In connection with the new rules, we continue to review and document our disclosure controls and procedures, including our internal controls and procedures for 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.

(b) *Changes in Internal Controls*

None.

PART IV

Item 15. Exhibits, Financial Statement Schedule and Reports on Form 8-K

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

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

(3) Exhibits

2.1 Purchase Agreement dated August 15, 1997 by and among the Registrant, Tweedy, Browne Company L.P. and the partners of Tweedy, Browne Company L.P. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

2.2 Agreement and Plan of Reorganization dated August 15, 1997 by and among the Registrant, AMG Merger Sub, Inc., GeoCapital Corporation, GeoCapital, LLC and the stockholders of GeoCapital Corporation (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

2.3 Stock Purchase Agreement dated as of January 17, 1996 by and among the Registrant, First Quadrant Holdings, Inc., Talegen Holdings, Inc., certain employees of First Quadrant Corp. and the other parties identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

2.4 Amendment to Stock Purchase Agreement by and among the Registrant, First Quadrant Holdings, Inc., Talegen Holdings, Inc., certain managers of First Quadrant Corp. and the Management Corporations identified therein, effective as of March 28, 1996 (2)

2.5 Partnership Interest Purchase Agreement dated as of June 6, 1995 by and among the Registrant, Mesirow Asset Management, Inc., Mesirow Financial Holdings, Inc., Skyline Asset Management, L.P., certain managers of Mesirow Asset Management, Inc. and the Management Corporations identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

2.6 Amendment, made by and among Mesirow Financial Holdings, Inc. and the Registrant, to Partnership Interest Purchase Agreement by and among the Registrant, Mesirow Asset Management, Inc., Mesirow Financial Holdings, Inc., Skyline Asset Management, L.P., certain managers of Mesirow Asset Management, Inc. and the Management Corporations identified therein, effective as of August 30, 1995 (2)

2.7 Agreement and Plan of Reorganization dated January 15, 1998 by and among the Registrant, Constitution Merger

Sub, Inc., Essex Investment Management Company, Inc. and certain of the stockholders of Essex Investment Management Company, Inc. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (3)

2.8 Amendment to Agreement and Plan of Reorganization dated March 19, 1998 by and among the Registrant, Constitution Merger Sub, Inc., Essex Investment Management Company, Inc. and certain of the stockholders of Essex Investment Management Company, Inc. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (3)

2.9 Stock Purchase Agreement dated November 9, 1998 by and among the Registrant, Edward C. Rorer & Co., Inc. and the stockholders of Edward C. Rorer & Co., Inc. (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (4)

3.1 Amended and Restated Certificate of Incorporation (2)

3.2 Amended and Restated By-laws (2)

3.3 Certificate of Designations, Preferences and Rights of a Series of Stock (5)

4.1 Specimen certificate for shares of Common Stock of the Registrant (2)

4.2 Credit Agreement dated as of August 7, 2002 between the Registrant, Bank of America, N.A., as Administrative Agent and Swingline Lender, The Bank of New York as Syndication Agent, Bank of America Securities, LLC, as Lead Arranger and Sole Book Manager, and the Financial Institutions named therein as Lenders (excluding exhibits and schedules, which we agree to furnish supplementally to the Securities and Exchange Commission upon request), including an amended schedule of lender commitments reflecting the increase of commitments to $250,000,000 (13)

4.3 Stock Purchase Agreement dated November 7, 1995 by and among the Registrant, TA Associates, NationsBank, The Hartford, and the additional parties listed on the signature pages thereto (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

4.4 Preferred Stock and Warrant Purchase Agreement dated August 15, 1997 between the Registrant and Chase Equity Associates (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

4.5 Amendment No. 1 to Preferred Stock and Warrant Purchase Agreement dated as of October 9, 1997 between the Registrant and Chase Equity Associates (2)

4.6 Securities Purchase Agreement dated August 15, 1997 between the Registrant and Chase Equity Associates (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

4.7 Securities Purchase Agreement Amendment No. 1 dated as of October 9, 1997 between the Registrant and Chase Equity Associates (2)

4.8 Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Purchase Agreement, Dated as of May 1, 2001, by and between the Registrant and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (10)

4.9 Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Indenture, Dated as of May 7, 2001, First Union National Bank, Trustee (10)

4.10 Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Registration Rights Agreement, Dated as of May 7, 2001, by and between the Registrant and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (10)

4.11 Indenture, dated December 21, 2001, between the Registrant and First Union National Bank, as Trustee (12)

4.12 First Supplemental Indenture, dated December 21, 2001, between the Registrant and First Union National Bank, as Trustee (12)

4.13 Purchase Contract Agreement, dated December 21, 2001, between the Registrant and First Union National Bank, as Purchase Contract Agent (12)

4.14 Pledge Agreement, dated December 21, 2001, between the Registrant and First Union National Bank, as Collateral Agent, Custodial Agent, Purchase Contract Agent and Securities Intermediary (12)

4.15 Remarketing Agreement, dated December 21, 2001, by and among the Registrant, First Union National Bank, as Purchase Contract Agent, and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as Remarketing Agent and Reset Agent (12)

4.16 Form of Income Prides Certificate (included as Exhibit A to Exhibit 4.13) (12)

4.17 Form of Growth Prides Certificate (included as Exhibit B to Exhibit 4.13) (12)

4.18 Form of 6% Senior Note (included as part of Exhibit 4.12) (12)

4.19 Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Purchase Agreement, dated as of May 1, 2001, by and between the Registrant and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (10)

4.20 Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Indenture, dated as of May 7, 2001, First Union National Bank, Trustee (10)

4.21 Liquid Yield Option Notes due May 7, 2021 (Zero Coupon-Senior) Registration Rights Agreement, dated as of May 7, 2001, by and between the Registrant and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (10)

4.22 Floating Rate Convertible Senior Debentures due February 25, 2033 Purchase Agreement, dated as of February 19, 2003, by and between the Registrant and Merrill Lynch, Pierce, Fenner & Smith Incorporated (1)

4.23 Floating Rate Convertible Senior Debentures due February 25, 2033 Indenture, dated as of February 19, 2003, The Bank of New York, Trustee (1)

4.24 Floating Rate Convertible Senior Debentures due February 25, 2033 Registration Rights Agreement, dated as of February 25, 2003, by and between the Registrant and Merrill Lynch, Pierce, Fenner & Smith Incorporated (1)

10.1 Amended and Restated Stockholders' Agreement dated October 9, 1997 by and among the Registrant and TA Associates, NationsBank, The Hartford, Chase Capital and the additional parties listed on the signature pages thereto (2)

10.2 Tweedy, Browne Company LLC Limited Liability Company Agreement dated October 9, 1997 by and among the Registrant and the other members identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

10.3 GeoCapital, LLC Amended and Restated Limited Liability Company Agreement dated September 30, 1997 by and among the Registrant and the members identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

10.4 First Quadrant, L.P. Amended and Restated Limited Partnership Agreement dated March 28, 1996 by and among the Registrant and the partners identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

10.5 Amendment to First Quadrant, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of October 1, 1996 (2)

10.6 Second Amendment to First Quadrant, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of December 31, 1996 (2)

10.7 First Quadrant U.K., L.P. Limited Partnership Agreement dated March 28, 1996 by and among the Registrant and the partners identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

10.8 Skyline Asset Management, L.P. Amended and Restated Limited Partnership Agreement dated August 31, 1995 by and among the Registrant and the partners identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (2)

10.9 Amendment to Skyline Asset Management, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of August 1, 1996 (2)

10.10 Second Amendment to Skyline Asset Management, L.P. Amended and Restated Limited Partnership Agreement by and among the Registrant and the partners identified therein, effective as of December 31, 1996 (2)

10.11 Affiliated Managers Group, Inc. Amended and Restated 1997 Stock Option and Incentive Plan (7)

10.12 Affiliated Managers Group. Inc. 1995 Incentive Stock Plan (2)

10.13 Form of Tweedy, Browne Employment Agreement (2)

10.14 Essex Investment Management Company, LLC Amended and Restated Limited Liability Company Agreement dated March 20, 1998 by and among the Registrant and the members identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (3)

10.15 Form of Essex Employment Agreement (3)

10.16 Rorer Asset Management, LLC Amended and Restated Limited Liability Company Agreement dated January 6, 1999

	by and among the Registrant and the members identified therein (excluded schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (6)
10.17	Form of Rorer Employment Agreement (6)
10.18	Affiliated Managers Group, Inc. Defined Contribution Plan (8)
10.19	Purchase Agreement dated as of August 28, 2001 by and among the Registrant, Friess Associates, Inc., Friess Associates of Delaware, Inc., the Stockholders of Friess Associates, Inc., the Stockholders of Friess Associates of Delaware, Inc., NCCF Support, Inc. and The Community Foundation of Jackson Hole (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (11)
10.20	Friess Management Owner Purchase Agreement dated as of August 28, 2001 by and among the Registrant and the management owner parties thereto (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (11)
10.21	Employment Agreement dated August 28, 2001 by and among FA (WY) Acquisition Company, Inc., Friess Associates, LLC and Foster S. Friess (11)
10.22	Form of Employment Agreement dated August 28, 2001 by and among FA (DE) Acquisition Company, LLC and Friess Associates of Delaware, LLC, or FA (WY) Acquisition Company, Inc. and Friess Associates, LLC, and each of Messrs. William F. D'Alonzo, Jon S. Fenn and John P. Ragard, as applicable (11)

10.23	Form of Put Option Agreement dated August 28, 2001 with respect to Messrs. William F. D'Alonzo, Jon S. Fenn, Foster S. Friess and John P. Ragard (11)
10.24	Form of Make-Whole Bonus Agreement dated August 28, 2001 with respect to Messrs. William F. D'Alonzo, Jon S. Fenn, Foster S. Friess and John P. Ragard (11)
10.25	Friess Associates, LLC Amended and Restated Limited Liability Company Agreement dated as of August 28, 2001 by and among the persons identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (11)
10.26	Friess Associates of Delaware, LLC Amended and Restated Limited Liability Company Agreement dated as of August 28, 2001 by and among the persons identified therein (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (11)
10.27	Affiliated Managers Group, Inc. Long-Term Executive Incentive Plan (9)
10.28	Affiliated Managers Group, Inc. 2002 Stock Option and Incentive Plan (1)
10.29	(AMG) LLC Interest Purchase Agreement by and among the Registrant and the parties thereto, dated as of February 5, 2003 (excluding schedules and exhibits, which the Registrant agrees to furnish supplementally to the Commission upon request) (1)
21.1	Schedule of Subsidiaries (1)
23.2	Consent of PricewaterhouseCoopers LLP (1)
99.1	Certifications of Registrant's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)

(1) Filed herewith

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

(3) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997

(4) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the three months ended September 30, 1998

(5) Incorporated by reference to the Registrant's Registration Statement on Form S-3 (No. 333-71561), filed February 1, 1999, as amended

(6) Incorporated by reference to the Registrant's Current Report on Form 8-K filed January 21, 1999

(7) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the three months ended June 30, 1999

(8) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999

(9) Incorporated by reference to the Registrant's Proxy Statement on Schedule 14A filed April 19, 2000

(10) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q filed May 15, 2001

(11) Incorporated by reference to the Registrant's Current Report on Form 8-K filed November 15, 2001

(12) Incorporated by reference to the Registrant's Current Report on Form 8-K filed December 31, 2001

(13) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q filed November 14, 2002

(b) Reports on Form 8-K

We filed the following Reports on Form 8-K during the quarter ended December 31, 2002.

1. Current Report on Form 8-K filed October 24, 2002, containing our press release announcing the Company's financial and operating results for the period ended September 30, 2002.

2. Current Report on Form 8-K filed November 14, 2002, containing a certification by our Chief Executive Officer and Chief Financial Officer concerning our Quarterly Report on Form 10-Q filed November 14, 2002.

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: March 28, 2003

By: /s/ WILLIAM J. NUTT

William J. Nutt
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 in the capacities and on the dates indicated.

/s/ WILLIAM J. NUTT (William J. Nutt)	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	March 28, 2003
/s/ SEAN M. HEALEY (Sean M. Healey)	President, Chief Operating Officer, and Director	March 28, 2003
/s/ DARRELL W. CRATE (Darrell W. Crate)	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Principal Accounting Officer)	March 28, 2003
/s/ RICHARD E. FLOOR (Richard E. Floor)	Director	March 28, 2003
/s/ STEPHEN J. LOCKWOOD (Stephen J. Lockwood)	Director	March 28, 2003
/s/ HAROLD J. MEYERMAN (Harold J. Meyerman)	Director	March 28, 2003
/s/ RITA M. RODRIGUEZ (Rita M. Rodriguez)	Director	March 28, 2003
/s/ WILLIAM F. WELD (William F. Weld)	Director	March 28, 2003

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

I, William J. Nutt, certify that:

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

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual 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-14 and 15d-14) for the registrant and we have:

   a) Designed such disclosure controls and procedures 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 Annual Report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and

   c) Presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ WILLIAM J. NUTT

William J. Nutt
Chairman and Chief Executive Officer

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

I, Darrell W. Crate, certify that:

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

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual 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-14 and 15d-14) for the registrant and we have:

   a) Designed such disclosure controls and procedures 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 Annual Report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and

   c) Presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ DARRELL W. CRATE

Darrell W. Crate
Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT 4.22

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AFFILIATED MANAGERS GROUP, INC.

(a Delaware corporation)

$250,000,000

Floating Rate Convertible Senior Debentures
Due February 25, 2033

PURCHASE AGREEMENT

Dated: As of February 19, 2003

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AFFILIATED MANAGERS GROUP, INC.

(a Delaware corporation)

$250,000,000

Floating Rate Convertible Senior Debentures
Due February 25, 2033

PURCHASE AGREEMENT

February 19, 2003

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 World Financial Center
New York, New York 10080

Ladies and Gentlemen:

Affiliated Managers Group, Inc., a Delaware corporation (the "Company"), confirms its agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Initial Purchaser"), with respect to the issue and sale by the Company and the purchase by the Initial Purchaser, of $250,000,000 aggregate principal amount of the Company's Floating Rate Convertible Senior Debentures Due February 25, 2033 (the "Debentures"), and with respect to the grant by the Company to the Initial Purchaser of the option described in Section 2(b) hereof to purchase all or any part of an additional $50,000,000 aggregate principal amount of Debentures to cover over-allotments, if any. The aforesaid $250,000,000 aggregate principal amount of Debentures (the "Initial Securities") to be purchased by the Initial Purchaser and all or any part of the $50,000,000 aggregate principal amount of Debentures subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities." The Securities are to be issued pursuant to a senior indenture, to be dated as of February 25, 2003 (the "Indenture"), between the Company and The Bank of New York, as trustee (the "Trustee"). The terms of the Debentures will be set forth in the Offering Memorandum (as defined below), the Indenture and the Debentures. Certain terms of the Debentures are described in Schedule A hereto.

The Securities are convertible into shares of common stock, par value $0.01 per share, of the Company (the "Common Stock") in accordance with the terms of the Securities and the Indenture, at the initial conversion price of $81.25. Securities issued in book-entry form will be issued to Cede & Co. as nominee of The Depository Trust Company ("DTC") pursuant to a letter

agreement, to be dated as of the Closing Time (as defined in Section 2(c)), among the Company, the Trustee and DTC.

The Company understands that the Initial Purchaser proposes to make an offering of the Securities on the terms and in the manner set forth herein and agrees that the Initial Purchaser may resell, subject to the conditions set forth herein, all or a portion of the Securities to purchasers ("Subsequent Purchasers") at any time after the date of this Agreement. The Securities are to be sold to the Initial Purchaser and offered and resold by the Initial Purchaser without being registered under the Securities Act of 1933, as amended (the "1933 Act"), in reliance upon exemptions therefrom. Pursuant to the terms of the Securities and the Indenture, investors that acquire Securities may only resell or otherwise transfer such Securities if such Securities are hereafter registered under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act (including the exemption afforded by Rule 144A ("Rule 144A") of the rules and regulations promulgated under the 1933 Act by the Securities and Exchange Commission (the "Commission")). On or prior to the Closing Time, the Company will enter into with the Initial Purchaser an agreement (the "Registration Rights Agreement") pursuant to which, subject to the conditions set forth therein, the Company is required to file and use its reasonable efforts to have declared effective a registration statement under the 1933 Act to register resales of the Debentures and the shares of Common Stock issuable upon conversion thereof.

The Company has prepared and delivered to the Initial Purchaser copies of an offering memorandum dated February 19, 2003 (the "Offering Memorandum"), to be used by the Initial Purchaser in connection with its solicitation of purchases of, or offering of, the Securities. "Offering Memorandum" means, with respect to any date or time referred to in this Agreement, the offering memorandum (any amendment or supplement to such document), including exhibits thereto and any documents incorporated therein by reference, which has been prepared and delivered by the Company to the Initial Purchaser in connection with its solicitation of purchases of, or offering of, the Securities.

All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "stated" or "described" in the Offering Memorandum shall be deemed to mean and include all such financial statements and schedules and other information which are expressly incorporated by reference in the Offering Memorandum; and all references in this Agreement to amendments or supplements to the Offering Memorandum shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934 (the "1934 Act") which are expressly incorporated by reference in the Offering Memorandum.

SECTION 1. REPRESENTATIONS AND WARRANTIES.

(a) REPRESENTATIONS AND WARRANTIES BY THE COMPANY. The Company represents and warrants to the Initial Purchaser as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof (in

each case, a "Representation Date"), and agrees with the Initial Purchaser, as follows:

(i) OFFERING MEMORANDUM. The Offering Memorandum does not, and at the Closing Time referred to in Section 2 (and, if any Option Securities are purchased, at the Date of Delivery) will not, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties in this subsection shall not apply to statements in or omissions from the Offering Memorandum made in reliance upon and in conformity with information furnished to the Company in writing by the Initial Purchaser expressly for use in the Offering Memorandum.

(ii) INCORPORATED DOCUMENTS. The documents incorporated by reference in the Offering Memorandum (the "Incorporated Documents"), at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Offering Memorandum, at the date of the Offering Memorandum and at the Closing Time (and if any Option Securities are purchased, at the Date of Delivery), did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(iii) INDEPENDENT ACCOUNTANTS. The accountants who certified the financial statements and supporting schedules included in the Offering Memorandum are independent public accountants as required by the 1933 Act and the regulations of the Commission thereunder (the "1933 Act Regulations").

(iv) FINANCIAL STATEMENTS. The financial statements included in or incorporated into the Offering Memorandum, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved, except as stated therein. The supporting schedules incorporated by reference in the Offering Memorandum present fairly in accordance with GAAP the information required to be stated in the Incorporated Documents. The selected financial data and the summary financial information included in the Offering Memorandum present fairly the information shown therein and have been compiled on a basis consistent in all material respects with that of the audited financial statements included in or incorporated by reference in the Offering Memorandum.

(v) NO MATERIAL ADVERSE CHANGE IN BUSINESS. Since the respective dates as of

which information is given in the Offering Memorandum, except as otherwise stated therein, (A) there has been no material adverse change or prospective material adverse change in the business, management, financial position, stockholders equity or results of operations of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), and (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vi) GOOD STANDING OF THE COMPANY. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Memorandum and to enter into and perform its obligations under, or as contemplated by, this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vii) GOOD STANDING OF SUBSIDIARIES. Each subsidiary of the Company has been duly organized or formed and is validly existing as a corporation, limited partnership, limited liability company, Massachusetts business trust or general partnership, as the case may be, under the laws of its jurisdiction of organization and is in good standing under the laws of its jurisdiction of organization, has power (corporate or otherwise) and authority to own, lease and operate its properties and to conduct its business as described in the Offering Memorandum or in the Incorporated Documents and is duly qualified as a foreign corporation, limited

partnership, limited liability company, Massachusetts business trust or general partnership, as the case may be, to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the Offering Memorandum or in the Incorporated Documents, all of the issued shares of capital stock of each subsidiary of the Company which is a corporation, have been duly authorized and validly issued, and are fully paid and non-assessable, and (except for directors' qualifying shares and as described generally in the Offering Memorandum and in the Incorporated Documents) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, in each case with such exceptions, individually or in the aggregate, as would not have a Material Adverse Effect. The partnership interests, membership interests and shares of beneficial interest of each subsidiary of the Company which is a partnership, limited liability company or Massachusetts business trust have

been validly issued in accordance with applicable law and the partnership agreement, limited liability agreement or declaration of trust, as applicable, of such subsidiary, and (except as described generally in the Offering Memorandum or in the Incorporated Documents) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except, in the case of each subsidiary of the Company, for liens, encumbrances, equities or claims which individually or in the aggregate would not be material to the Company's ownership of such subsidiary or to the Company's exercise of its rights with respect to such subsidiary; and none of the outstanding shares of capital stock, partnership interests, membership interests or shares of beneficial interests, as the case may be, of any subsidiary was issued in violation of any preemptive or similar rights of any securityholder of such subsidiary.

(viii) CAPITALIZATION. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the Offering Memorandum in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Offering Memorandum or in the Incorporated Documents or pursuant to the exercise of convertible securities or options referred to in the Offering Memorandum or in the Incorporated Documents). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of any preemptive or other similar rights of any securityholder of the Company.

(ix) AUTHORIZATION OF AGREEMENT AND THE REGISTRATION RIGHTS AGREEMENT. This Agreement has been, and at or prior to the Closing Time, the Registration Rights Agreement will have been, duly authorized, executed and delivered by the Company.

(x) AUTHORIZATION OF THE INDENTURE. The Indenture has been duly authorized by the Company and, when duly executed and delivered by the Company and the Trustee, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

(xi) AUTHORIZATION OF THE SECURITIES. The Securities have been duly authorized and, at the Closing Time, will have been duly executed by the Company and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the purchase price therefor as provided in this Agreement, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

(xii) DESCRIPTION OF THE SECURITIES AND THE INDENTURE. The description of the Securities and the Indenture set forth in the Offering Memorandum is correct in all material respects.

(xiii) AUTHORIZATION AND DESCRIPTION OF COMMON STOCK. The Common Stock conforms to all statements relating thereto incorporated by reference in the Offering Memorandum, and such description conforms in all material respects to the rights set forth in the instruments defining the same. Upon issuance and delivery of the Securities in accordance with this Agreement

and the Indenture, the Securities will be convertible at the option of the holder thereof for shares of Common Stock in accordance with the terms of the Securities and the Indenture; the shares of Common Stock issuable upon conversion of the Securities have been duly authorized and reserved for issuance upon such conversion by all necessary corporate action and such shares, when issued upon such conversion, will be validly issued and will be fully paid and non-assessable; and the issuance of such shares upon such conversion will not be subject to the preemptive or other similar rights of any securityholder of the Company.

(xiv) ABSENCE OF DEFAULTS AND CONFLICTS. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or other constituting or organizational document or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement, the Registration Rights Agreement, the Indenture and the Securities and the consummation of the transactions contemplated herein and in the Offering Memorandum (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Offering Memorandum under the caption "Use of Proceeds" and the issuance of the shares of Common Stock issuable upon conversion of the Securities) and compliance by the Company with its obligations hereunder, and under the Indenture, the Registration Rights Agreement and the Securities, have been duly authorized by all necessary corporate action and do not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws or other constituting or organizational instrument as in effect on the date hereof of the Company or any subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government

instrumentality or court, domestic or foreign, having jurisdiction over the Company or any subsidiary or any of their assets, properties or operations, except for any such violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree of law which would not result in a Material Adverse Effect. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any subsidiary.

(xv) ABSENCE OF LABOR DISPUTE. No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent.

(xvi) ABSENCE OF PROCEEDINGS. Except as disclosed in the Offering Memorandum or in the Incorporated Documents, there is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any subsidiary, which, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect, or which would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder.

(xvii) ACCURACY OF EXHIBITS. All of the descriptions of contracts or other documents contained or incorporated by reference in the Offering Memorandum are accurate and complete descriptions in all material respects of such contracts or other documents.

(xviii) POSSESSION OF INTELLECTUAL PROPERTY. The Company and its subsidiaries own or possess the intellectual property necessary to carry on the business now operated by them, and neither the Company nor, to the best of the Company's knowledge, any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any such intellectual property or of any facts or circumstances which would render any such intellectual property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xix) ABSENCE OF FURTHER REQUIREMENTS. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder or under the Registration Rights Agreement or the Indenture, in connection with the offering, issuance or sale of the Securities hereunder, the issuance of shares of Common Stock upon conversion of Securities or the

consummation of the transactions contemplated by this Agreement, or for the due execution, delivery or performance of the Agreement, the Registration Rights Agreement or the Indenture, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations in connection with the transactions contemplated by the Registration Rights Agreement or state securities laws and except for the qualification of the Indenture under the Trust Indenture Act of 1939, as amended (the "1939 Act").

(xx) POSSESSION OF LICENSES AND PERMITS. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except in any such case where the failure to so possess or to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xxi) TITLE TO PROPERTY. The Company and its subsidiaries have good and marketable title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Offering Memorandum or (b) would not, singly or in the aggregate, result in a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Offering Memorandum or in the Incorporated Documents, are in full force and effect, and neither the Company nor any subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xxii) INVESTMENT COMPANY ACT. Neither the Company nor any of its subsidiaries are, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Offering Memorandum will be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxiii) ENVIRONMENTAL LAWS. Except as described in the Offering Memorandum or in the Incorporated Documents and except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the best knowledge

of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries, and (D) to the best knowledge of the Company, there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or the violation of any Environmental Laws.

(xxiv) NO INTEGRATION. The Company has not, directly or indirectly, solicited any offer to buy or offered to sell, and will not, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Securities in a manner that would require the Securities to be registered under the 1933 Act.

(xxv) RULE 144A. The Securities are eligible for resale pursuant to Rule 144A and will not for purposes of Rule 144A(d)(3)(i) be, at the Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the 1934 Act, or quoted in a U.S. automated interdealer quotation system.

(xxvi) NO GENERAL SOLICITATION OR GENERAL ADVERTISING. None of the Company, its affiliates (as defined in Rule 501(b) under the 1933 Act) or any person (other than the Initial Purchaser and its respective affiliates, as to whom the Company makes no representation) acting on its behalf has or shall offer or sell the Securities by any form of general solicitation or general advertising within the meaning of Rule 502(c) under Regulation D of the 1933 Act.

(xxvii) NO REGISTRATION REQUIRED. Subject to compliance by the Initial Purchaser

with the representations and warranties set forth in Section 2 and the procedures set forth in Section 6 hereof, the compliance of the Initial Purchaser with the offering and transfer procedures and restrictions described in the Offering Memorandum, the accuracy of the representations and warranties made in accordance with the Purchase Agreement and the Offering Memorandum by purchasers to whom the Initial Purchaser initially resells Debentures and the condition that Subsequent Purchasers receive a copy of the Offering Memorandum prior to such sale, it is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchaser and to each Subsequent Purchaser in the manner contemplated by this Agreement and the Offering Memorandum to register the Securities under the 1933 Act or to qualify the Indenture under the 1939 Act.

(xxviii) ADVISER ACTIVITIES AND BROKER-DEALER BUSINESS. The Company is not required to register as an "investment adviser" or as a "broker-dealer" within the Investment Advisers Act of 1940, as amended (the "Advisers Act") or the 1934 Act, respectively, and the rules and regulations of the Commission promulgated thereunder. The Company is not required to be registered, licensed or qualified as an investment adviser or broker-dealer under the laws requiring any such registration, licensing or qualification in any jurisdiction in which it or its subsidiaries conduct business.

Each of the subsidiaries has been duly registered as an investment adviser under the Advisers Act, and has been duly registered as a broker-dealer under the 1934 Act, and each such registration is in full force and effect, in each case to the extent such registration is required and with such exceptions as would not reasonably be expected to have a Material Adverse Effect. Each of the subsidiaries is duly registered, licensed or qualified as an investment adviser and broker-dealer under state and local laws where such registration, licensing or qualification is required by such laws and is in compliance with all such laws requiring any such registration, licensing or qualification, in each case with such exceptions, individually or in the aggregate, as would not reasonably be expected to have a Material Adverse Effect.

(xxix) COMPLIANCE WITH LAWS. Each of the subsidiaries which is required to be registered as an investment adviser or broker-dealer is and has been in compliance with all applicable laws and governmental rules and regulations, as may be applicable to its investment advisory or broker-dealer business, except to the extent that such non-compliance would not reasonably be expected to result in a Material Adverse Effect and none of such subsidiaries is prohibited by any provision of the Advisers Act or the 1940 Act from acting as an investment adviser. Each subsidiary of the Company which is required to be registered as a broker-dealer is a member in good standing of the National Association of Securities Dealers, Inc. No subsidiary which is required to be registered as an investment adviser or

broker-dealer is in default with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any foreign, federal, state, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, or by any self-regulatory authority relating to any aspect of its investment advisory or broker-dealer business, which would

need to be disclosed pursuant to Rule 206(4)-4(b) under the Advisers Act, or which is reasonably likely to give rise to an affirmative answer to any of the questions in Item 11, Part 1 of the Form ADV of such registered investment adviser or which is reasonably likely to give rise to an affirmative answer to any of the questions in Item 7 of the Form BD of such broker-dealer.

(xxx) REGISTRATION OF FUNDS. Each mutual fund (the "Mutual Funds") has been since inception, is currently and will be immediately after consummation of the transactions contemplated herein, a duly registered investment company in compliance with the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the rules and regulations promulgated thereunder and duly registered or licensed, except where any failure to be duly registered, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. Since their initial offering, shares of each of the Mutual Funds have been duly qualified for sale under the securities laws of each jurisdiction in which they have been sold or offered for sale at such time or times during which such qualification was required, and, if not so qualified, the failure to so qualify would not reasonably be expected to have a Material Adverse Effect. The offering and sale of shares of each of the Mutual Funds have been registered under the 1933 Act during such period or periods for which such registration is required; the related registration statement has become effective under the 1933 Act; no stop order suspending the effectiveness of any such registration statement has been issued and no proceedings for that purpose have been instituted or, to the best knowledge of the Company, are contemplated. The registration statement of each Mutual Fund, together with the amendments and supplements thereto, under the Investment Company Act and the 1933 Act has, at all times when such registration statement was effective, complied in all material respects with the requirements of the Investment Company Act and the Securities Act then in effect and neither such registration statement nor any amendments or supplements thereto contained, at the time and in light of the circumstances in which they were made, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, at the time and in the light of the circumstances under which they were made, not misleading. All shares of each of the Mutual Funds were sold pursuant to an effective registration statement, or pursuant to a valid exemption from registration, and have been duly authorized and are validly issued, fully paid and non-assessable. Each of the Mutual Funds' investments has been made in accordance with its investment policies and restrictions set forth in its registration statement in effect at the time the investments were made and have been held in accordance with its respective investment policies and restrictions, to the extent applicable and in effect at the time such investments were held, except to the extent any failure to comply with such policies and restrictions, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(xxxi) AGREEMENTS. The Company is not party to any investment advisory agreement or distribution agreement and is not serving or acting as an investment adviser

to any person. Each of the investment advisory agreements to which any of the subsidiaries is a party is a legal and valid obligation of such subsidiary and complies with the applicable requirements of the Advisers Act and the rules and regulations of the Commission thereunder. Each of the investment advisory agreements and distribution agreements between a subsidiary and a Mutual Fund is a legal and valid obligation of such subsidiary and complies with the applicable requirements of the Investment Company Act, and in the case of such distribution agreements, with the applicable requirements of the 1934 Act, except where the failure to so comply would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No investment advisory agreement or distribution agreement to which any of the subsidiaries is a party that was either in effect on January 1, 2002 or entered into by a subsidiary since January 1, 2002 has been terminated or expired, except where the failure to so comply or any such termination or expiration would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. None of such subsidiaries is in breach or violation of or in default under any such investment advisory agreement or distribution agreement, with such exceptions individually or in the aggregate as would not reasonably be expected to have a Material Adverse Effect. No subsidiary is serving or

acting as an investment adviser to any person except pursuant to an agreement to which such subsidiary is a party and which is in full force and effect, other than any agreement the non-existence of which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The consummation of the transaction contemplated herein will not constitute an "assignment" as such term is defined in the Advisers Act and the 1934 Act.

(b) OFFICER'S CERTIFICATES. Any certificate signed by any officer of the Company delivered to the Initial Purchaser or to counsel for the Initial Purchaser in connection with the offering of the Securities shall be deemed a representation and warranty by the Company to the Initial Purchaser as to the matters covered thereby on the date of such certificate and, unless subsequently amended or supplemented, at each Representation Date subsequent thereto.

SECTION 2. SALE AND DELIVERY TO INITIAL PURCHASER; CLOSING.

(a) INITIAL SECURITIES. On the basis of the representations, warranties and agreements herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to the Initial Purchaser, and the Initial Purchaser agrees to purchase from the Company, at the price set forth in Schedule A, $250,000,000 in aggregate principal amount of Initial Securities.

(b) OPTION SECURITIES. In addition, on the basis of the representations, warranties and agreements herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Initial Purchaser to purchase at their election up to an additional $50,000,000 aggregate principal amount of Securities at the same price per Security set forth in Schedule A for the Initial Securities, plus accrued interest, if any, from the Closing Time to the Date of Delivery (as defined below). The option hereby granted will expire 13 days

after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Initial Purchaser to the Company setting forth the number of Option Securities as to which the Initial Purchaser is then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Initial Purchaser, but shall not be later than seven full business days or earlier than two full business days after the exercise of said option unless otherwise agreed in writing by the parties hereto, nor in any event prior to the Closing Time, as hereinafter defined.

(c) PAYMENT. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Sidley Austin Brown & Wood LLP, 787 Seventh Avenue, New York, New York 10019, or at such other place as shall be agreed upon by the Initial Purchaser and the Company, at 10:00 A.M. (Eastern time) on the fourth business day after the date hereof, or such other time not later than ten business days after such date as shall be agreed upon by the Initial Purchaser and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Initial Purchaser, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Initial Purchaser and the Company, on each Date of Delivery as specified in the notice from the Initial Purchaser to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the Initial Purchaser of certificates for the Securities to be purchased by it.

(d) DENOMINATIONS; REGISTRATION. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations ($1,000 or integral multiples thereof) and registered in such names as the Initial Purchaser may request in writing at least one full business day prior to the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Initial Purchaser in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

(e) QUALIFICATION OF INITIAL PURCHASER. The Initial Purchaser hereby represents and warrants to, and agrees with, the Company that the Initial Purchaser (i) is a "qualified institutional buyer" within the meaning of Rule 144A under the 1933 Act (a "Qualified Institutional Buyer") and an "accredited investor" within the meaning of Regulation D under the 1933 Act (an "Accredited Investor"); (ii) has not and will not solicit offers for, or offer or sell the Securities by any form of general solicitation or general advertising within the meaning of Rule 502(c) under Regulation D under the 1933 Act; and (iii) will otherwise act in accordance with

the terms and conditions set forth in this Agreement, including Section 6 hereof, and in the section entitled "Transfer Restrictions" in the Offering Memorandum in connection with the placement of the Securities contemplated hereby.

SECTION 3. COVENANTS OF THE COMPANY. The Company covenants with the Initial Purchaser as follows:

(a) DELIVERY OF OFFERING MEMORANDUM. The Company, as promptly as possible, will furnish to the Initial Purchaser, without charge, such number of copies of the Offering Memorandum and any amendments and supplements thereto and any documents incorporated by reference therein as the Initial Purchaser may reasonably request.

(b) FILINGS; MATERIAL CHANGES. Until the Initial Purchaser has delivered the Offering Memorandum to Subsequent Purchasers pursuant to Section 6(v) hereto, the Company will immediately notify the Initial Purchaser, and confirm such notice in writing, of (x) any filing made by the Company of information relating to the offering of the Securities with any securities exchange or any other regulatory body in the United States or any other jurisdiction, and (y) prior to the completion of the placement of the Securities by the Initial Purchaser as evidenced by a notice from the Initial Purchaser to the Company, any material changes in or affecting the earnings, business affairs or business prospects of the Company and its subsidiaries which (i) make any statement in the Offering Memorandum false or misleading in any material respect or (ii) if not disclosed in the Offering Memorandum, would constitute a material omission therefrom. In such event, or if during such time any event shall occur as a result of which it is necessary, in the reasonable opinion of the Company, its counsel, the Initial Purchaser or counsel for the Initial Purchaser, to amend or supplement the Offering Memorandum in order that the Offering Memorandum as of the time delivered to a Subsequent Purchaser not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances under which they were made, the Company will forthwith amend or supplement the Offering Memorandum by preparing and furnishing to the Initial Purchaser an amendment or amendments of, or a supplement or supplements to, the Offering Memorandum (in form and substance satisfactory in the reasonable opinion of counsel for the Initial Purchaser) so that, as so amended or supplemented, the Offering Memorandum as of the time delivered to a Subsequent Purchaser will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) AMENDMENTS AND SUPPLEMENTS. Until the Initial Purchaser has delivered the Offering Memorandum to Subsequent Purchasers pursuant to Section 6(v) hereto, the Company will advise the Initial Purchaser promptly of any proposal to amend or supplement the Offering Memorandum, will furnish the Initial Purchaser with copies of such amendment or supplement a reasonable amount of time prior thereto, and will not effect any such amendment or supplement to which the Initial Purchaser shall reasonably object. Neither the consent of the Initial Purchaser, nor the Initial Purchaser's delivery of any such amendment or supplement, shall

constitute a waiver of any of the conditions set forth in Section 5 hereof.

(d) BLUE SKY QUALIFICATIONS. The Company will use its reasonable efforts, in cooperation with the Initial Purchaser, to qualify the Securities and the shares of Common Stock issuable upon conversion of Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Initial Purchaser may designate; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities or such shares of Common Stock issuable upon conversion of the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for so long as may be required in connection with the distribution of the Securities.

(e) USE OF PROCEEDS. The Company will use the net proceeds received by it from the sale of the Securities in the manner indicated in the Offering Memorandum under "Use of Proceeds."

(f) RESTRICTION ON SALE OF COMMON STOCK. During a period of 60 days after the date of the Offering Memorandum, the Company will not, without the prior written consent of Merrill Lynch, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract

to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company pursuant to existing options, employee benefit agreements or incentive stock or director stock unit plans or (C) any shares of Common Stock or such other securities issued as consideration for investments in or acquisition of entities involved in the investment advisory or investment management activities or other financial services related businesses made by the Company or any subsidiary of the Company.

(g) NO INTEGRATION. The Company agrees that no future offer and sale of debt securities of the Company of any class will be made if, as a result of the doctrine of "integration" referred to in Rule 502 under the 1933 Act, such offer and sale would render invalid (for the purpose of (i) the sale of the Securities by the Company to the Initial Purchaser, (ii) the resale of the Securities by the Initial Purchaser to Subsequent Purchasers, or (iii) the resale of the Securities by such Subsequent Purchasers to others) the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof or by Rule 144A.

(h) RULE 144A INFORMATION. The Company agrees that, in order to render the Securities eligible for resale pursuant to Rule 144A under the 1933 Act, while any of the Securities are "restricted securities" within the meaning of the 1933 Act, to make available, upon request, to any holder of Securities or prospective purchasers of Securities the information specified in Rule 144A(d)(4), unless the Company furnishes information to the Commission pursuant to Section 13 or 15(d) of the 1934 Act.

(i) NO PURCHASES. Until the expiration of two years after the original issuance of the Securities, the Company will not (directly or through a subsidiary), and will use its reasonable efforts to cause its "affiliates" (as such term is defined in Rule 144(a)(1) under the 1933 Act) not to, purchase or agree to purchase or otherwise acquire any Securities which are "restricted securities" (as such term is defined under Rule 144(a)(3) under the 1933 Act), whether as beneficial owner or otherwise (except as agent on behalf of and for the account of customers in the ordinary course of business as a securities broker in unsolicited broker's transactions) unless, immediately upon any such purchase, the Company or any such affiliate shall submit such Securities to the Trustee for cancellation.

(j) PORTAL. The Company will use its reasonable efforts to permit the Securities to be designated as PORTAL securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. relating to the PORTAL Market.

(k) REASONABLE INQUIRIES; INFORMATION. In connection with the original distribution of the Securities, the Company agrees that, prior to any offer or resale of the Securities by the Initial Purchaser, the Initial Purchaser and counsel for the Initial Purchaser shall have the right to make reasonable inquiries into the business of the Company and its subsidiaries. The Company also agrees to provide each prospective Subsequent Purchaser of Securities who so requests information of the type specified in Rule 502(b)(2)(v) under the 1933 Act.

(l) REGISTRATION RIGHTS AGREEMENT; TRUST INDENTURE ACT. The Company agrees that it will comply with all the terms and conditions of the Registration Rights Agreement, and that prior to any registration of the Securities pursuant to the Registration Rights Agreement, or at such earlier time as may be required by applicable law, that it will cause the Indenture to be qualified under the 1939 Act.

SECTION 4. PAYMENT OF EXPENSES.

(a) EXPENSES. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the printing of the Offering Memorandum and of each amendment or supplement thereto, (ii) the printing or reproduction of this Agreement and the Indenture and relating documents, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Initial Purchaser, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors or agents (including transfer agents and registrars), any depositary and their respective counsel, (v) the qualification of the Securities and the shares of Common Stock issuable upon conversion of the Securities under securities laws in

accordance with the provisions of Section 3(d), including filing fees and the fees and disbursements of counsel for the Initial Purchaser in connection therewith and in connection with the preparation of the Blue Sky Survey, (vi) any fees of the National Association of Securities Dealers, Inc., (vii) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee in connection with the Indenture, and (viii) the fees charged by nationally recognized statistical rating organizations for the rating of the Securities, if applicable; provided that the Initial Purchaser shall reimburse the Company for the reasonable amount of all such expenses in an amount not to exceed 0.25% of the aggregate principal amount of Securities purchased hereunder.

(b) TERMINATION OF AGREEMENT. If this Agreement is terminated by the Initial Purchaser in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Initial Purchaser for all of its out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Initial Purchaser.

SECTION 5. CONDITIONS OF INITIAL PURCHASER'S OBLIGATIONS. The obligation of the Initial Purchaser to purchase and pay for the Securities pursuant to this Agreement are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) OPINION OF COUNSEL FOR THE COMPANY. At the Closing Time, the Initial Purchaser shall have received the favorable opinion, dated as of Closing Time, of Goodwin Procter LLP, counsel for the Company, in form and substance satisfactory to the Initial Purchaser and counsel for the Initial Purchaser. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the Commonwealth of Massachusetts, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Initial Purchaser. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of the officers of the Company and certificates of public officials.

(b) OPINION OF COUNSEL FOR INITIAL PURCHASER. At the Closing Time, the Initial Purchaser shall have received the favorable opinion, satisfactory to the Initial Purchaser, dated as of Closing Time, of Sidley Austin Brown & Wood LLP, counsel for the Initial Purchaser. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Initial Purchaser. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and certificates of public officials.

(c) OFFICERS' CERTIFICATE. At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Offering

Memorandum, any material adverse change or prospective material adverse change in the business, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Initial Purchaser shall have received a certificate of the President or an Executive Vice President or a Senior Vice President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, and (iii) the Company has complied with all of the agreements entered into in connection with the transaction contemplated herein and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time.

(d) ACCOUNTANT'S COMFORT LETTER. At the time of the execution of this Agreement, the Initial Purchaser shall have received from PricewaterhouseCoopers LLP a letter dated such date, in form and substance satisfactory to the Initial Purchaser, containing statements and information of the type ordinarily included in accountants' "comfort letters" to initial purchasers with respect to the financial statements and certain financial information contained in the Offering Memorandum.

(e) BRING-DOWN COMFORT LETTER. At the Closing Time, the Initial Purchaser shall have received from PricewaterhouseCoopers LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (d) of this Section, except that the

specified date referred to shall be a date not more than three business days prior to the Closing Time.

(f) PORTAL MARKET. At the Closing Time, the Securities and the Common Stock issuable upon conversion of the Securities shall have been designated PORTAL eligible securities in accordance with the rules and regulations of the National Association of Securities Dealers, Inc., subject to official notice of issuance.

(g) MAINTENANCE OF RATING. At the Closing Time, the Securities shall be rated at least BBB- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and the Company shall have delivered to the Initial Purchaser a letter dated the Closing Time, from such rating agency, or other evidence satisfactory to the Initial Purchaser, confirming that the Securities have such rating; and since the date of this Agreement, there shall not have occurred a downgrading in the rating assigned to the Securities or any of the Company's other debt securities by any "nationally recognized statistical rating agency," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act, and no such organization shall have publicly announced that it has under surveillance or review its rating of the Securities or any of the Company's other debt securities.

(h) LOCK-UP AGREEMENTS. At the date of this Agreement, the Initial Purchaser shall have received an agreement substantially in the form of Exhibit A hereto signed by the persons listed on Schedule B hereto.

(i) INDENTURE AND REGISTRATION RIGHTS AGREEMENT. At or prior to the Closing Time, the Company and the Trustee shall have executed and delivered the Indenture and the Company and the Initial Purchaser shall have executed and delivered the Registration Rights Agreement.

(j) CONDITIONS TO PURCHASE OF OPTION SECURITIES. In the event that the Initial Purchaser exercises its option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Initial Purchaser shall have received:

(i) OFFICERS' CERTIFICATE. A certificate, dated such Date of Delivery, of the President or an Executive Vice President or a Senior Vice President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(c) hereof remains true and correct as of such Date of Delivery.

(ii) OPINION OF COUNSEL FOR COMPANY. The favorable opinion of Goodwin Procter LLP, counsel for the Company, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(a) hereof.

(iii) OPINION OF COUNSEL FOR INITIAL PURCHASER. The favorable opinion of Sidley Austin Brown & Wood LLP, counsel for the Initial Purchaser, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iv) BRING-DOWN COMFORT LETTER. A letter from PricewaterhouseCoopers LLP, dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Initial Purchaser pursuant to Section 5(e) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(v) NO DOWNGRADING. Subsequent to the date of this Agreement, no downgrading shall have occurred in the rating accorded the Securities or of any of the Company's other securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act, and no such organization shall have publicly announced that it has under surveillance or review its ratings of any of the Company's securities.

(k) ADDITIONAL DOCUMENTS. At Closing Time and at each Date of Delivery, counsel for the Initial Purchaser shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the

representations or warranties, or the fulfillment of any of the conditions,

herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance in the reasonable judgment of the Initial Purchaser and counsel for the Initial Purchaser.

(l) TERMINATION OF AGREEMENT. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities, on a Date of Delivery which is after the Closing Time, the obligations of the Initial Purchaser to purchase the relevant Option Securities, may be terminated by the Initial Purchaser by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. SUBSEQUENT OFFERS AND RESALES OF THE SECURITIES.

(a) Each of the Initial Purchaser and the Company, as the case may be, hereby establish and agree to observe the following procedures in connection with the offer and sale by the Initial Purchaser of the Securities.

(i) Offers and sales of the Securities will be made by the Initial Purchaser only to institutional investors that are reasonably believed to qualify as Qualified Institutional Buyers.

(ii) The Securities will be offered by the Initial Purchaser only by approaching prospective Subsequent Purchasers on an individual basis. No general solicitation or general advertising (within the meaning of Rule 502(c) under the 1933 Act) will be used in connection with the offering of the Securities.

(iii) In the case of a Subsequent Purchaser of a Security acting as a fiduciary for one or more third parties, in connection with an offer and sale to such purchaser pursuant to clause (i) above, each third party shall, in the judgment of the Initial Purchaser, be a Qualified Institutional Buyer.

(iv) Until the completion of the placement of the Securities by the Initial Purchaser, the transfer restrictions and the other provisions set forth in Section 2.12 of the Indenture, including the legend required thereby, shall apply to the Securities except as otherwise agreed by the Company and the Initial Purchaser. Following the sale of the Securities by the Initial Purchaser to each Subsequent Purchaser pursuant to the terms hereof, the Initial Purchaser shall not be liable or responsible to the Company for any losses, damages or liabilities suffered or incurred by the Company, including any losses, damages or liabilities under the 1933 Act, arising from or relating to any subsequent resale or transfer of any Security, except to the extent caused by failure to deliver an amended or supplemented Offering Memorandum.

(v) The Initial Purchaser will deliver at or prior to sale to each purchaser of the Securities from such Initial Purchaser, in connection with its original distribution of the Securities, a copy of the Offering Memorandum, as amended and supplemented at the date of such delivery.

(vi) In connection with the original distribution of the Securities, the Company agrees that, prior to any offer or resale of the Securities by the Initial Purchaser, the Initial Purchaser and counsel for the Initial Purchaser shall have the right to make reasonable inquiries into the business of the Company and its subsidiaries.

(vii) The Initial Purchaser will promptly notify the Company in writing of the completion of the placement of the Securities by it.

SECTION 7. INDEMNIFICATION.

(a) INDEMNIFICATION OF INITIAL PURCHASER. The Company agrees to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls the Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act to the extent and in the manner set forth in clauses (i), (ii) and (iii) below.

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, resulting from any untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid

in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 7(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the reasonable fees and disbursements of counsel chosen by the Initial Purchaser), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

PROVIDED, HOWEVER, that this indemnity agreement shall not apply to any loss, liability, claim,

damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser expressly for use in the Offering Memorandum (or any amendment or supplement thereto).

(b) INDEMNIFICATION OF COMPANY, DIRECTORS AND OFFICERS. The Initial Purchaser agrees to indemnify and hold harmless the Company, its directors, its officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Offering Memorandum (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser expressly for use in the Offering Memorandum (or any amendment or supplement thereto).

(c) ACTIONS AGAINST PARTIES; NOTIFICATION. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 7(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 7(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 7 or Section 8 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) SETTLEMENT WITHOUT CONSENT IF FAILURE TO REIMBURSE. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of

the nature contemplated by Section 7(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into, and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence,

if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, an indemnifying party shall not be liable for any settlement of the nature contemplated by Section 7(a)(ii) effected without its consent if such indemnifying party (i) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (ii) provides written notice to the indemnified party substantiating the unpaid balance as unreasonable, in each case prior to the date of such settlement.

SECTION 8. CONTRIBUTION. If the indemnification provided for in Section 7 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Initial Purchaser on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Initial Purchaser on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Initial Purchaser on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total purchase discount received by the Initial Purchaser, in each case as set forth in the Offering Memorandum, bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company on the one hand and the Initial Purchaser on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Initial Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation or by any other

method of allocation which does not take account of the equitable considerations referred to above in this Section 8. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 8, the Initial Purchaser shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which the Initial Purchaser has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 8, each person, if any, who controls the Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Initial Purchaser, and each director of the Company, each officer of the Company, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company.

SECTION 9. TERMINATION OF AGREEMENT.

(a) TERMINATION; GENERAL. The Initial Purchaser may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Offering Memorandum (exclusive of any supplement or amendment), any Material Adverse Effect, or (ii) if there has occurred any material adverse change in the financial markets in

the United States or in the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Initial Purchaser, impracticable or inadvisable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange or if trading generally on the New York Stock Exchange or the American Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority or a material disruption has occurred in commercial banking or

securities settlement or clearance services in the United States, or (iv) if a banking moratorium has been declared by either federal or New York authorities.

(b) LIABILITIES. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Initial Purchaser shall be directed to Merrill Lynch at 4 World Financial Center, New York, New York 10080, attention of Paul A. Pepe, Managing Director; and notices to the Company shall be directed to it at 600 Hale Street, Prides Crossing, MA 01965, attention of Treasurer.

SECTION 11. PARTIES. This Agreement shall inure to the benefit of and be binding upon each of the Initial Purchaser and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Initial Purchaser and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Initial Purchaser and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from the Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.

SECTION 12. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 13. EFFECT OF HEADINGS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

[Signature page follows]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Initial Purchaser and the Company in accordance with its terms.

Very truly yours,

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Darrell W. Crate

Name:
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH

INCORPORATED

By: /s/ Jay Horgen

Authorized Signatory

SCHEDULE A

AFFILIATED MANAGERS GROUP, INC.

$250,000,000 Floating Rate Convertible Senior Debentures Due February 25, 2033

The following description of certain terms of the Debentures does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, the provisions of the Offering Memorandum, the Debentures and the Indenture.

1. The initial offering price of the Securities shall be 100% of the principal amount of each Debenture. The purchase price paid by the Initial Purchaser will be 97.75% of the principal amount of each Debenture.

2. The Debentures shall bear interest at a rate equal to 3-month LIBOR (as defined in the Debenture) less 0.50%, payable as set forth in the Debentures; provided however regardless of the level of 3-month LIBOR, the annual interest rate on the Debentures will never be less than zero and, after February 25, 2008, the annual interest rate will not exceed 3.25%.

3. The Securities shall be convertible into shares of common stock, par value $0.01 per share, of the Company at an initial conversion price of $81.25 per share under the circumstances set forth below. If the average of the closing stock prices over the five-trading-day period starting the third trading day following the conversion date (the "Stock Price") is equal to or less than $81.25, the conversion ratio will be 12.3077 (subject to adjustment). If Stock Price is greater than $81.25, the conversion ratio will be:

12.3077 + [7.5000*(1-$81.25/Stock Price)].

The conversion ratio will also be subject to adjustment upon the occurrence of certain corporate events.

For each Debenture surrendered for conversion, if the conditions for conversion are satisfied, a holder will receive the conversion ratio in shares of Common Stock. In lieu of delivering shares of its Common Stock upon conversion of all or any portion of its Debentures, the Company may elect to pay cash or a combination of cash and Common Stock for the Debentures surrendered.

Beginning after June 30, 2003, holders may surrender Debentures for conversion in any calendar quarter if, as of the last day of the preceding calendar quarter, the closing sale price of Common Stock for at least 20 trading days during the 30 consecutive trading days ending on the last trading day of such preceding calendar quarter is more than $97.50 (subject to adjustment upon the occurrence of certain corporate events) on the last day of such preceding calendar quarter.

Holders may also surrender Debentures for conversion when the credit rating assigned to the Debentures is below BB- by Standard & Poor's Ratings Services.

Debentures called for redemption may be surrendered for conversion until the close of business on the second business day prior to the redemption date. In addition, if the Company makes a distribution to its stockholders with a per share value of more than 15% of the closing sale price of its Common Stock on the day before the declaration of such distribution, or if the Company is a party to certain consolidations, mergers or binding share exchanges, Debentures may be surrendered for conversion. The ability to surrender Debentures for conversion will expire at the close of business on February 24th, 2033.

4. The Debentures shall bear quarterly contingent cash interest during any six-month period from February 26 to July 25, and from July 26 to February 25, with the initial six-month period commencing on February 26th, 2008, if the average market price of a Debenture for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the principal amount of the Debentures to the day immediately preceding the relevant six-month period.

The contingent cash interest payable per Debenture in respect of any quarterly period within any six-month period in which contingent cash interest is payable will equal 0.0625% multiplied by the market price of a Debenture.

5. Prior to February 25, 2008, the Debentures will not be redeemable at the Company's option. Beginning on February 25, 2008, the Company may redeem the Debentures for cash as a whole or in part at any time, subject to 30 days notice at a redemption price equal to the principal amount of the Debentures.

6. On the purchase dates of February 25, 2008, February 25, 2013, February 25, 2018, February 25, 2023 and February 25, 2028, the Company will, at the option of the holder, be required to purchase any outstanding Debenture for which a written purchase notice has been properly delivered by the holder and not withdrawn, at a purchase price equal to the principal amount of the Debentures.

7. In the event of any Change in Control occurring on or prior to February 25, 2008, each holder will have the right, at the holder's option, subject to the terms and conditions of the indenture, to require the Company to purchase all or any portion of the holder's Debentures at a cash price equal to the principal amount of the Debentures on the purchase date.

SCHEDULE B

List of persons and entities
subject to lock-up

William J. Nutt.....Chairman and Chief Executive Officer

Sean M. Healey.....President and Chief Operating Officer

Seth W. Brennan.....Executive Vice President, New Investments

Darrell W. Crate.....Executive Vice President, Chief Financial Officer and Treasurer

Nathaniel Dalton.....Executive Vice President

Richard E. Floor.....Director

Stephen J. Lockwood.....Director

Harold J. Meyerman.....Director

Dr. Rita M. Rodriguez.....Director

William F. Weld.....Director

Exhibit A

[FORM OF LOCK-UP PURSUANT TO SECTION 5(h)]

February -, 2003

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 Word Financial Center
New York, New York 10080

Re: Proposed Offering of Floating Rate
Convertible Senior Debentures by Affiliated
Mangers Group, Inc.

Dear Sirs:

The undersigned, a stockholder [and an officer and/or director] of Affiliated Managers Group, Inc., a Delaware corporation (the "Company"), understands that Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") proposes to enter into a Purchase Agreement (the "Purchase Agreement') with the Company providing for the offering of $250,000,000 aggregate principal amount of the Company's Floating Rate Convertible Senior Debentures (the "Securities"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder [and an officer and/or director] of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with Merrill Lynch that, during a period of 60 days from the date of the offering memorandum relating to the offer and sale of the Securities, the undersigned will not, without the prior written consent of Merrill Lynch, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or

contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any shares of the Company's Common Stock, par value $.01 per share (the "Common Stock"), or any securities convertible into or exchangeable or exercisable for or repayable with Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of

ownership of Common Stock or any securities convertible into or exchangeable for Common Stock, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Very truly yours,

Signature: ----------

Print Name: ----------

EXHIBIT 4.23

- ---

AFFILIATED MANAGERS GROUP, INC.

Floating Rate Convertible
Senior Debentures due 2033

INDENTURE

Dated as of February 25, 2003

THE BANK OF NEW YORK

TRUSTEE

- ---

AFFILIATED MANAGERS GROUP, INC.
CROSS REFERENCE SHEET*

THIS CROSS REFERENCE SHEET SHOWS THE LOCATION IN THE INDENTURE OF THE PROVISIONS INSERTED PURSUANT TO SECTION 310-318(a), INCLUSIVE, OF THE TIA.

SECTIONS OF TRUST INDENTURE ACT	INDENTURE
310(a)(1)	
(2)	5.9
(3)	
(4)	Inapplicable
(5)	5.9
(b)	5.7 and 5.9
(b)(1)(A)	
(C)	Inapplicable
(c)	Inapplicable
311(a)	
(b)	5.10 and 6.3
(c)	Inapplicable
313(a)	
6.3 (b)(1)	
	Inapplicable
(2)	6.3
(c)	15.3
(d)	6.3
314(a)	6.4, 9.4 and 15.3
(b)	Inapplicable
(c)(1)	
(2)	1.2
(3)	Inapplicable
(d)	Inapplicable
(e)	1.2
315(a)	
(c)	
(d)	5.1
(b)	5.5
(e)	4.14
316(a)	
(1)	4.12 and 4.13
(2)	Inapplicable
(b)	4.8
(c)	4.15

317(a).....
4.3 and 4.4
(b).....
9.3 318(a)
(c)..... 1.5
(b).....
Inapplicable

- ----------
* The Cross Reference Sheet is not part of the Indenture.

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ANNEX A Form of Global Security

ANNEX B Projected Payment Schedule

INDENTURE, dated as of the 25th day of February, 2003, between AFFILIATED MANAGERS GROUP, INC., a Delaware corporation (the "Company"), and THE BANK OF NEW YORK, a New York banking corporation (the "Trustee").

WHEREAS, for its lawful corporate purposes, the Company deems it necessary to issue its securities and has duly authorized the execution and delivery of this Indenture to provide for the issuance of its Floating Rate Convertible Senior Debentures due 2033 (the "Securities").

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed by the Company and

by the Trustee, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 CERTAIN TERMS DEFINED.

(a) Definitions.

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Stock Price" means, in respect of a Conversion Date, the average of the Sale Prices per share of Common Stock over the five-trading day period starting the third trading day following such Conversion Date.

"Authorized Newspaper" means a newspaper printed in the English language and customarily published at least once a day on each business day in each calendar week and of general circulation in the Borough of Manhattan, the City and State of New York, whether or not such newspaper is published on Saturdays, Sundays and legal holidays.

"Base Conversion Price" means the dollar amount derived by dividing the Principal Amount by the Base Conversion Rate.

"Base Conversion Rate" means 12.3077 shares of Common Stock, subject to adjustment as set forth in Section 11.10.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close, provided such day is also a London banking day.

"Capital Stock" for any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that corporation.

"Commission" means the Securities and Exchange Commission.

"Common Stock" shall mean the shares of Common Stock, $0.01 par value, of the Company as it exists on the date of this Indenture or any other shares of capital stock of the Company into which the Common Stock shall be reclassified or changed.

"Company" means the party named as the "Company" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any such subsequent successor or successors.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any two Officers and delivered to the Trustee.

"Contingent Interest" shall have the meaning set forth in the form of the Security attached as Annex A hereto.

"Conversion Rate" with respect to any Conversion Date means:

(1) if the Applicable Stock Price is less than or equal to the Base Conversion Price, the Base Conversion Rate; or

(2) if the Applicable Stock Price is greater than the Base Conversion Price, the number of shares of Common Stock determined in accordance with the following formula:

Base Conversion Rate + [(the applicable stock price - the base conversion price)

x the Incremental Share Factor]
---
the Applicable Stock Price

"Corporate Trust Office" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the dated hereof is located at 101 Barclay St., 8th Floor West, New York, New York 10286, Attention: Corporate Trust

Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Holders and the Company).

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

"Global Security" or "Global Securities" means Securities that are in the form of the Securities attached hereto as Annex A.

"Holder" means a person in whose name a Security is registered on the Registrar's books.

"Indebtedness" means obligations (other than nonrecourse obligations) of the Company for borrowed money or evidenced by bonds, debentures, notes or similar instruments.

"Incremental Share Factor" means 7.5 shares of Common Stock, subject to the same proportional adjustment as the Base Conversion Rate.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

"Interest Payment Date" means any date specified in the Security for the payment of an installment of interest on such Security.

"Issue Date" of any Security means the date on which the Security was originally issued or deemed issued as set forth on the face of the Security.

"Legal Holiday" means a day which is not a Business Day.

"London banking day" means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

"Officer" means the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate containing the information specified in Section 1.2, signed in the name of the Company by any two Officers and delivered to the Trustee. An Officers' Certificate given pursuant to Section 9.4 shall be signed by the principal executive, financial or accounting officer of the Company but need not contain the information specified in Sections 1.2.

"Opinion of Counsel" means a written opinion containing the information specified in Section 1.2, from legal counsel. The counsel may be an employee of, or counsel to, the Company.

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Amount" of a Security means the Principal Amount as set forth on the face of the Security.

"Redemption Date" means the date specified for redemption of the Securities in accordance with the terms of the Securities and this Indenture.

"Redemption Price" means, when used with respect to any Security to be redeemed, the price at which it is to be redeemed by or pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date means the date specified in the Security as the applicable "Regular Record Date."

"Responsible Officer", when used with respect to the Trustee, means any officer within the corporate trust department (or any successor group) including without limitation any vice president, any assistant vice president, any trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Securities" or "Security" means any of the Company's Floating Rate Convertible Senior Debentures due 2033, as amended or supplemented from time to time, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

"Security Register" means the register maintained by the Registrar that evidences ownership of the Securities.

"Special Record Date" means, for the payment of any Defaulted Interest, the date fixed by the Trustee pursuant to Section 2.13.

"Stated Maturity", when used with respect to any Security, means the date specified in such Security as the fixed date on which an amount equal to the Principal Amount of such Security is due and payable.

"Subsidiary" means (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by the Company, by one or more Subsidiaries of the Company or by the Company and one or more Subsidiaries of the Company, (ii) a partnership in which the Company or a Subsidiary of the Company, one or more Subsidiaries of the Company or the Company and one or more Subsidiaries of the Company holds a majority interest in the equity capital or profits of such partnership, or (iii) any other person (other than a corporation) in which the Company, one or more Subsidiaries of the Company or the Company and one or more Subsidiaries of the Company, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such person.

"Tax Original Issue Discount" means the amount of ordinary interest income on a Security that must be accrued as original issue discount for United States Federal income tax purposes pursuant to Treasury Regulation Section 1.1275-4.

"TIA" means the Trust Indenture Act of 1939 as in effect on the date of this Indenture, provided, however, that in the event the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

"trading day" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"Trustee" means the party named as the "Trustee" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

(b) Other Definitions.

Defined in Term	Section
"Act"	1.4(a)
"Agent Members"	2.11(f)
"Applicable Rating"	11.3
"applicants"	6.2(b)
"Associate"	13.1
"Average Sale Price"	11.10(b)
"Bankruptcy Law"	4.1
"Change in Control"	13.1(a)
"Change in Control Purchase Date"	13.1(a)
"Change in Control Purchase Notice"	13.1(c)
"Change in Control Purchase Price"	13.1(a)
"Company Notice"	12.5
"Company Notice Date"	12.3
"Conversion Agent"	2.3
"Conversion Date"	11.6
"Custodian"	4.1
"Defaulted Interest"	2.13
"Depositary"	2.1
"Event of Default"	4.1
"Ex-Dividend Date"	11.10(c)(2)
"Ex-Dividend Time"	11.10(b)
"Extraordinary Cash Dividend"	11.10(c)
"Legend"	2.5(f)
"Market Price"	12.4
"Measurement Period"	11.10(c)
"Notice of Default"	4.1
"Paying Agent"	2.3
"Purchase Date"	12.1
"Purchase Notice"	12.1
"Purchase Price"	12.1
"QIB"	2.1
"Registrar"	2.3
"Relevant Cash Dividends"	11.10(c)
"Rights"	11.18
"Rights Agreement"	11.18
"Sale Price"	12.4
"Standard & Poor's"	11.3
"Time of Determination"	11.10(b)

Section 1.2 COMPLIANCE CERTIFICATES AND OPINIONS. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the

Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions

contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.3 FORM OF DOCUMENTS DELIVERED TO TRUSTEE. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer actually knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care (but without having made an investigation specifically for the purpose of rendering such opinion) should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.4 ACTS OF HOLDERS. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 5.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient and in accordance with such reasonable rules as the Trustee may determine.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may, but shall not be obligated to, set a record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture. If a record date is fixed, those persons who were Holders of Securities at such record date (or their duly designated proxies), and only those persons, shall be entitled to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such persons continue to be Holders after such record date. No action approved by such vote or consent shall be taken more than six months after such record date.

Section 1.5 CONFLICT WITH TRUST INDENTURE ACT OF 1939. If any provision hereof limits, qualifies or conflicts with a provision of the TIA that is required under the TIA to be part of and govern this Indenture, the TIA shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, such provision shall be deemed either to apply to this Indenture so modified or to be excluded, as the case may be.

Section 1.6 EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7 SEPARABILITY CLAUSE. In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.8 BENEFITS OF INDENTURE. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.9 LEGAL HOLIDAYS. Subject to the next two succeeding sentences, if any specified date (including a date for giving notice) on which action is to be taken under this Indenture is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday. In any case where an Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date, Purchase Date or Change in Control Purchase Date) of a Security falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day, provided that, if such Business Day falls in the next succeeding calendar month, the Interest Payment Date will be the Business Day immediately preceding such Interest Payment Date. If the Stated Maturity, Redemption Date, Purchase Date or Change in Control Purchase Date of a Security would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Stated Maturity, Redemption Date, Purchase Date or Change in Control Purchase Date to such next succeeding Business Day.

ARTICLE II

THE SECURITIES

Section 2.1 FORM AND DATING. The Securities designated "Floating Rate Convertible Senior Debentures due 2033" of the Company shall be substantially in the form set forth in Annex A hereto, which is incorporated into and shall be deemed a part of this Indenture, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers of the Company executing the Securities, as evidenced by their execution of the Securities. Each Security shall be dated the date of its authentication.

All of the Securities are initially being offered and sold to qualified institutional buyers as defined in Rule 144A (collectively, "QIBs" or individually a "QIB") in reliance on Rule 144A

under the Securities Act and shall be issued initially in the form of one or more restricted Global Securities, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Trustee, at its Corporate Trust Office, as custodian for the depositary, The Depository Trust Company (such depositary, or any successor thereto, being hereinafter referred to as the "Depositary"), and registered in the name of its nominee, Cede & Co., duly executed by the Company and authenticated by the Trustee as hereinafter provided.

Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate Principal Amount of outstanding Securities from time to time endorsed thereon and that the aggregate Principal Amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions, purchases or conversions of such Securities. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the Principal Amount of outstanding Securities

represented thereby shall be made by the Trustee in accordance with the standing instructions and procedures existing between the Depositary and the Trustee.

Certificated Securities shall be issued only under the limited circumstances provided in Sections 2.11(b) hereof.

Section 2.2 EXECUTION AND AUTHENTICATION. The Securities shall be executed by the Company by any Officer. The signature of any of these Officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of authentication of such Securities.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

The Trustee shall authenticate and deliver Securities for original issue in an aggregate Principal Amount of $300,000,000 upon a Company Order without any further action by the Company. The Securities shall be issued only in registered form without coupons and only in denominations of $1,000 of Principal Amount and any integral multiple thereof. The aggregate Principal Amount of Securities outstanding at any time may not exceed the amount set forth in the foregoing sentence, subject to the proviso set forth therein, except as provided in Section 2.6.

Section 2.3 REGISTRAR, PAYING AGENT AND CONVERSION AGENT. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency where Securities may be presented for purchase or payment ("Paying Agent") and an office or agency where Securities may be presented for

conversion ("Conversion Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars, one or more additional paying agents and one or more additional conversion agents. The term Paying Agent includes any additional paying agent and the term Conversion Agent includes any additional conversion agent.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Conversion Agent or co-registrar (other than the Trustee). The agreement shall implement the provisions of this Indenture that relate to the duties of such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent or Conversion Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 5.6. The Company or any Subsidiary or an Affiliate of either of them may act as Paying Agent, Registrar, Conversion Agent or co-registrar.

The Company initially appoints the Trustee as Registrar, Conversion Agent and Paying Agent in connection with the Securities.

Section 2.4 PAYING AGENT TO HOLD MONEY AND SECURITIES IN TRUST. Except as otherwise provided herein, on or prior to each due date of payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money (in immediately available funds if deposited on the due date) or, if applicable, Common Stock sufficient to make such payments when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders and/or the Trustee all money and Common Stock held by the Paying Agent for the making of payments in respect of the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, the Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all money and Common Stock so held in trust. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money and Common Stock held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money and Common Stock held by it to the Trustee and to account for any funds and Common Stock disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money or Common Stock.

Section 2.5 TRANSFER AND EXCHANGE. (a) Subject to Section 2.11 hereof, upon surrender for registration of transfer of any Security, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing, at the office or agency of the Company designated as Registrar or co-registrar

pursuant to Section 2.3, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations, of a like aggregate Principal Amount. The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the Holder requesting such transfer or exchange.

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities in respect of which a Purchase Notice or Change in Control Purchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be purchased in part, the portion thereof not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Security remains outstanding and is held by or on behalf of the Depositary, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.11 and this Section 2.5(b). Transfers of a Global Security shall be limited to transfers of such Global Security in whole, or in part, to nominees of the Depositary or to a successor of the Depositary or such successor's nominee.

(c) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Securities.

(d) Any Registrar appointed pursuant to Section 2.3 hereof shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by such Registrar of Securities upon transfer or exchange of Securities.

(e) No Registrar shall be required to make registrations of transfer or exchange of Securities during any periods designated in the text of the Securities or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(f) If Securities are issued upon the transfer, exchange or replacement of Securities subject to restrictions on transfer and bearing the legends on the form of Security attached hereto as Annex A setting forth such restrictions (collectively, the "Legend"), or if a request is made to remove the Legend on a Security, the Securities so issued shall bear the Legend, or the Legend shall not be removed, as the case may be, unless (i) there is delivered to the Company and the Registrar such satisfactory evidence, which shall include an Opinion of Counsel, as may be reasonably required by the Company and the Registrar, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or that such Securities are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon (i) provision of such satisfactory evidence, or (ii) notification by the Company to the Trustee and Registrar of the sale of such Security pursuant to a registration statement that is effective at the time of such sale, the Trustee, at the written direction of the Company, shall authenticate and deliver a Security that does not bear the Legend. If the Legend is removed from the face of a Security and the Security is subsequently held by an Affiliate of the Company, the Legend shall be reinstated.

(g) Nothing in this Indenture or in the Securities shall prohibit the sale or other transfer of any Securities (including beneficial interests in Global Securities) to the Company or any of its Subsidiaries, which Securities shall thereupon be canceled in accordance with Section 2.9 of this Indenture.

Section 2.6 REPLACEMENT SECURITIES. If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Principal Amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become

or is about to become due and payable, or is about to be purchased by the Company pursuant to Articles XII or XIII hereof, the Company in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.7 OUTSTANDING SECURITIES; DETERMINATIONS OF HOLDERS' ACTION. Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those delivered to it pursuant to Section 2.6 and those described in this Section 2.7 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate thereof holds the Security; PROVIDED, HOWEVER, that in determining whether the Holders of the requisite Principal Amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles IV and VIII).

If a Security is replaced pursuant to Section 2.6, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date, or on the Business Day following the Purchase Date or a Change in Control Purchase Date, or on Stated Maturity, money or securities, if permitted hereunder, sufficient to pay Securities payable on that date, then immediately after such Redemption Date, Purchase Date, Change in Control Purchase Date or Stated Maturity, as the case may be, such Securities shall cease to be outstanding and interest (including Contingent Interest, if any) on such Securities shall cease to accrue; provided, that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made.

If a Security is converted in accordance with Article XI, then from and after the time of conversion on the Conversion Date, such Security shall cease to be outstanding and interest (including Contingent Interest, if any) shall cease to accrue on such Security.

Section 2.8 TEMPORARY SECURITIES. Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.3, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like Principal Amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 2.9 CANCELLATION. All Securities surrendered for payment, purchase by the Company pursuant to Articles XII and XIII, conversion,

redemption or registration of transfer or exchange shall, if surrendered to any person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article XI. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All

canceled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary practice.

Section 2.10 PERSONS DEEMED OWNERS. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of the Security or the payment of any Redemption Price, Purchase Price or Change in Control Purchase Price in respect thereof, and interest thereon, for the purpose of conversion and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 2.11 GLOBAL SECURITIES.

(a) Notwithstanding any other provisions of this Indenture or the Securities, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.5 and this Section 2.11. A Global Security may not be transferred, in whole or in part, to any Person other than the Depositary or a nominee or any successor thereof, and no such transfer to any such other Person may be registered; provided that this clause (a) shall not prohibit any transfer of a Security that is issued in exchange for a Global Security but is not itself a Global Security. No transfer of a Security to any Person shall be effective under this Indenture unless and until such Security has been registered in the name of such Person.

(b) Notwithstanding any other provisions of this Indenture or the Securities, a Global Security shall not be exchanged in whole or in part for a Security registered in the name of any Person other than the Depositary or one or more nominees thereof, provided that a Global Security may be exchanged for Securities registered in the names of any person designated by the Depositary in the event that (i) the Depositary has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or such Depositary has ceased to be a "clearing agency" registered under the Exchange Act, and a successor Depositary is not appointed by the Company within 90 days, (ii) the Company decides to discontinue the use of the system of book-entry transfer through the Depositary (or any successor Depositary) or (iii) an Event of Default has occurred and is continuing with respect to the Securities. Any Global Security exchanged pursuant to clause (i) above shall be so exchanged in whole and not in part, and any Global Security exchanged pursuant to clause (iii) above may be exchanged in whole or from time to time in part as directed by the Depositary. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security; provided that any such Security so issued that is registered in the name of a Person other than the Depositary or a nominee thereof shall not be a Global Security.

(c) Securities issued in exchange for a Global Security or any portion thereof shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate Principal Amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depositary shall designate and shall bear the applicable Legends provided for herein. Any Global Security to be exchanged in whole shall be surrendered by the Depositary to the Trustee, as Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be

so surrendered for exchange or, if the Trustee is acting as custodian for the Depositary or its nominee with respect to such Global Security, the Principal Amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depositary or an authorized representative thereof.

(d) Subject to the provisions of Section 2.11(f) below, the registered Holder may grant proxies and otherwise authorize any Person, including Agent Members (as defined below) and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this

Indenture or the Securities.

(e) In the event of the occurrence of any of the events specified in Section 2.11(b) above, the Company will promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form, without interest coupons.

(f) Neither any members of, or participants in, the Depositary (collectively, the "Agent Members") nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Security registered in the name of the Depositary or any nominee thereof, or under any such Global Security, and the Depositary or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company or the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or such nominee, as the case may be, or impair, as between the Depositary, its Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

Section 2.12 LEGENDS.

(a) Subject to the succeeding paragraph, every Security shall be subject to the restrictions on transfer provided in the Legend including the delivery of a certification or an Opinion of Counsel, if so requested by the Company or the Registrar.

(b) The restrictions imposed by the Legend upon the transferability of any Security shall cease and terminate when such Security has been sold pursuant to an effective registration statement under the Securities Act or transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or, if earlier, upon the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision). Any Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon a surrender of such Security for exchange to the Registrar in accordance with the provisions of this Section 2.12 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Company, addressed to the Company and the Registrar and in form acceptable to the

Company, to the effect that the transfer of such Security has been made in compliance with Rule 144 or such successor provision), be exchanged for a new Security, of like tenor and aggregate Principal Amount, which shall not bear the restrictive Legend. The Company shall inform the Trustee of the effective date of any registration statement registering the Securities under the Securities Act. The Trustee and the Registrar shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel or registration statement.

(c) As used in the preceding two paragraphs of this Section 2.12, the term "transfer" encompasses any sale, pledge, transfer, hypothecation or other disposition of any Security.

Section 2.13 PAYMENT OF INTEREST; INTEREST RIGHTS PRESERVED. Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 9.2; PROVIDED, HOWEVER, that each installment of interest on any Security may at the Company's option be paid by mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 15.3, to the address of such Person as it appears on the Security Register.

Any interest on any Security of which is payable but is not punctually paid or duly provided for on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company shall

deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or

Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

On conversion of a Holder's Securities, such Holder shall not receive any cash payment of interest. The Company's delivery to a Holder of the full number of shares of Common Stock into which a Security is convertible, together with any cash payment for such Holder's fractional shares, or cash or a combination of cash and Common Stock in lieu thereof, shall be deemed to satisfy the Company's obligation to pay the Principal Amount of the Security and to satisfy the Company's obligation to pay accrued but unpaid interest (including Contingent Interest, if any) attributable to the period from the most recent Interest Payment Date through the Conversion Date.

Notwithstanding the above, if any Securities are converted after a Regular Record Date but prior to the next succeeding Interest Payment Date, Holders of such Securities at the close of business on such Regular Record Date shall receive the interest payable on such Securities on the corresponding Interest Payment Date notwithstanding the conversion. Such Securities, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the Principal Amount of the Securities so converted, unless such Securities have been called for redemption on a Redemption Date that occurs between a Regular Record Date and the Interest Payment Date to which it relates, in which case no such payment shall be required.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 2.14 CUSIP NUMBERS. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

Section 2.15 CALCULATION OF TAX ORIGINAL ISSUE DISCOUNT. The Company agrees, and each Holder and any beneficial owner of a Security by its purchase thereof shall be deemed to agree, to treat, for United States federal income tax purposes, the Securities as debt instruments that are subject to Treasury Regulation Section 1.1275-4(b). For United States federal income tax purposes, the Company agrees, and each Holder and any beneficial owner of a Security by its

purchase thereof shall be deemed to agree, to treat the fair market value of the Common Stock received upon the conversion of a Security, or upon the Holder's or beneficial owner's exercise of a put right where the Company elects to pay in Common Stock, as a contingent payment for purposes of Treasury Regulation Section 1.1275-4(b) and to accrue interest with respect to outstanding

Securities as original issue discount for United States federal income tax purposes (i.e., Tax Original Issue Discount) according to the "noncontingent bond method," set forth in Section 1.1275-4(b) of the Treasury Regulations, using the comparable yield set forth in Annex B to this Indenture compounded semiannually and the projected payment schedule attached as Annex B to this Indenture.

The Company acknowledges and agrees, and each Holder and any beneficial owner of a Security by its purchase thereof shall be deemed to acknowledge and agree, that (i) the comparable yield means the annual yield the Company would pay, as of the Issue Date, on a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the Securities, (ii) the schedule of projected payments is determined on the basis of an assumption of linear growth of the stock price and is not determined for any purpose other than for the determination of interest accruals and adjustments thereof in respect of the Securities for United States federal income tax purposes and (iii) the comparable yield and the schedule of projected payments do not constitute a projection or representation regarding the amounts payable on the Securities.

ARTICLE III

SATISFACTION AND DISCHARGE

Section 3.1 SATISFACTION AND DISCHARGE OF INDENTURE. This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.6 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 9.3) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable,

(ii) will become due and payable at their Stated Maturity within six months, or

(iii) are to be called for redemption within six months under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 5.6 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 3.2 and the last paragraph of Section 9.3 shall survive such satisfaction and discharge.

Section 3.2 APPLICATION OF TRUST MONEY. (a) Subject to the provisions of the last paragraph of Section 9.3, all money deposited with the Trustee pursuant to Section 3.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying

Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

Section 3.3 REPAYMENT OF MONEYS HELD BY PAYING AGENT. In connection with the satisfaction and discharge of this Indenture all moneys then held by any Paying Agent (other than the Trustee, if the Trustee is a Paying Agent) under the provisions of this Indenture shall, upon demand of the Company, be repaid to it or paid to the Trustee and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

Section 3.4 REPAYMENT OF MONEYS HELD BY TRUSTEE. Any moneys deposited with the Trustee or any Paying Agent for the payment of the principal of or interest on any Security and not applied but remaining unclaimed by the Holders for two years after the date upon which the principal of or interest on such Security shall have become due and payable, shall be repaid to the Company by the Trustee or such Paying Agent on demand; and the Holder of any of the Securities entitled to receive such payment shall thereafter look only to the Company for the payment thereof and all liability of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Section 3.5 DISCHARGE OF LIABILITY ON SECURITIES. When (i) the Company delivers to the Trustee or any Paying Agent all outstanding Securities (other than Securities replaced pursuant to Section 2.6 of the Indenture) for cancellation or (ii) all outstanding Securities have become due and payable, whether at Stated Maturity, any Redemption Date, any Purchase Date, a Change in Control Purchase Date, or upon conversion or otherwise, and the Company deposits with the Trustee, any Paying Agent or the Conversion Agent, if applicable, cash or, if expressly permitted by the terms of the Securities, Common Stock sufficient to pay all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.6), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 5.6, cease to be of further effect, except for the indemnification of the Trustee, which shall survive such satisfaction and discharge. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the reasonable cost and expense of the Company.

ARTICLE IV

REMEDIES

Section 4.1 EVENTS OF DEFAULT. "Event of Default," wherever used herein with respect to the Securities, shall mean any one of the following events:

(a) a default in the payment of the Principal Amount, Redemption Price, Purchase Price or Change in Control Purchase Price with respect to any Security when such payment becomes due and payable pursuant to the terms hereof; and

(b) a default in the payment of any interest (including Contingent Interest, if any) on the Securities, when the same becomes due and payable, for a period of 30 days; and

(c) the failure by the Company to comply with any of its other agreements in the Securities or this Indenture (other than those referred to in clauses (a) or (b) above) upon receipt by the Company of notice of such default from the Trustee or from Holders of not less than 25% in aggregate Principal Amount of the Securities then outstanding and such failure (or failure to obtain a waiver thereof) continues for 30 days after receipt by the Company of a Notice of Default; and

(d) the failure by the Company to make any payment by the end of any applicable grace period after maturity of Indebtedness in an amount (taken together with amounts under clause (e) below) in excess of $30,000,000 and continuance of such failure for a period of 30 days after the receipt by the Company of a Notice of Default; and

(e) the acceleration of Indebtedness of the Company in an amount (taken together with amounts under clause (d) above) in excess of $30,000,000 because of a default with respect to such Indebtedness, without, in the case of clause (d) above or this clause (e), such Indebtedness having been discharged or such acceleration having been

cured, waived, rescinded or annulled, for a period of 30 days after receipt by the Company of a Notice of Default; PROVIDED HOWEVER, if any such failure or acceleration referred to in clause (d) above or this clause (e)

shall cease or be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed not to have occurred; and

(f) final unsatisfied judgments not covered by insurance aggregating in excess of $30,000,000 rendered against the Company or any of their Affiliates and not stayed, bonded or discharged within 60 days; and

(g) the Company pursuant to or under or within the meaning of any Bankruptcy Law:

(1) commences a voluntary case or proceeding;

(2) consents to the entry of an order for relief against it in an involuntary case or proceeding or the commencement of any case against it;

(3) consents to the appointment of a Custodian of it or for any substantial part of its property;

(4) makes a general assignment for the benefit of its creditors;

(5) files a petition in bankruptcy or answer or consent seeking reorganization or relief; or

(6) consents to the filing of such petition or the appointment of or taking possession by a Custodian; and

(h) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Company in an involuntary case or proceeding, or adjudicates the Company insolvent or bankrupt;

(2) appoints a Custodian of the Company or for any substantial part of the property of the Company; or

(3) orders the winding up or liquidation of the Company;

and the order or decree remains unstayed and in effect for 60 days.

"Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors.

"Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clauses (c), (d) or (e) above is not an Event of Default until the Trustee notifies the Company, or the Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding notify the Company and the Trustee, of the Default and the Company does not cure such Default (and such Default is not waived) within the time specified in clauses (c), (d) or (e) above after actual receipt of such notice. Any such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Company shall deliver to the Trustee, within 30 days after it becomes aware of the occurrence thereof, written notice of any event which with the giving of notice or the lapse of time, or both, would become an Event of Default under clause (c) or clause (e) above, its status and what action the Company is taking or proposes to take with respect thereto.

Section 4.2 ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT. If an Event of Default (other than an Event of Default specified in Section 4.1(g) or (h)) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding by notice to the Company and the Trustee, may declare the principal of the Securities through the date of such declaration, and any accrued and unpaid interest (including Contingent Interest, if any) through the date of such declaration, on all the Securities to be immediately due and payable. Upon such a declaration, such principal, and such accrued and unpaid interest (including Contingent Interest, if any) shall be due and payable immediately. If an Event of Default specified in Section 4.1(g) or (h) occurs and is continuing, the principal, and any accrued and unpaid interest (including Contingent Interest, if any) on all the Securities to the date of the occurrence of such Event of Default shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

At any time after such a declaration of acceleration with respect to Securities has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in Principal Amount of the outstanding

Securities, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest (including Contingent Interest, if any) on all Securities,

(B) the principal of the Securities which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is enforceable under applicable law, interest upon overdue interest to the date of such payment or deposit at the rate or rates prescribed therefor in such Securities or, if no such rate or rates are so prescribed, at the rate borne by the Securities during the period of such default, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to the Securities, other than the non-payment of the principal of the Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 4.13.

No such waiver or rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 4.3 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE. The Company covenants that (1) in case default shall be made in the payment of any installment of interest (including Contingent Interest, if any) on any Security, as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (2) in case default shall be made in the payment of the principal of any Security when the same becomes due in accordance with the terms thereof and such default shall have continued for a period of five business days then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the Holders of such Securities, the whole amount that then shall have become due and payable on all such Securities for principal or interest (including Contingent Interest, if any), or both, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law) upon overdue installments of interest at the rate borne by the Securities during the period of such default; and, in addition thereto, such further amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its own negligence or willful misconduct.

If an Event of Default with respect to Securities occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 4.4 TRUSTEE MAY FILE PROOFS OF CLAIM. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price or interest (including Contingent Interest, if any) in respect of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any such amount) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the entire Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price or interest (including Contingent Interest, if any) owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee

(including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 5.6.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 4.5 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF SECURITIES. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 4.6 APPLICATION OF MONEY COLLECTED. Any money collected by the Trustee pursuant to this Article shall be applied in the following order:

FIRST: To the payment of all amounts due the Trustee under Section 5.6;

SECOND: To the payment of the amounts then due and unpaid for Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price or interest (including Contingent Interest, if any) on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities; and

THIRD: To the payment of the remainder, if any, to the Company or as a court of competent jurisdiction may direct.

Section 4.7 LIMITATION ON SUITS. No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities;

(2) the Holders of not less than 25% in aggregate Principal Amount of the outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders shall have offered to the Trustee reasonable indemnity satisfactory to it as it may require against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(5) no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 4.12 during such 60-day period by the Holders of a majority in Principal Amount of the outstanding Securities;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable and common benefit of all of such Holders.

Section 4.8 UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL AND INTEREST. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price or interest (including Contingent Interest, if any) on such Security after the respective due dates expressed in such Security, and to convert the Securities in accordance with Article XI, and to institute suit for the enforcement of any such payment on or after such respective dates, and such rights shall not be impaired without the consent of such Holder.

Section 4.9 RESTORATION OF RIGHT AND REMEDIES. If the Trustee or any has Holder instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 4.10 RIGHTS AND REMEDIES CUMULATIVE. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.11 DELAY OR OMISSION NOT WAIVER. No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 4.12 CONTROL BY HOLDERS. The Holders of a majority in aggregate Principal Amount of the outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities; PROVIDED, HOWEVER, that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

(3) such direction is not unduly prejudicial to the rights of Holders not taking part in such direction, and

(4) such direction would not involve the Trustee in personal liability, as the Trustee, upon being advised by counsel, shall reasonably determine.

Section 4.13 WAIVER OF PAST DEFAULTS. The Holders of at least a majority in aggregate Principal Amount of the outstanding Securities may on behalf of the Holders of all the Securities by notice to the Trustee waive any past default hereunder with respect to such Securities and its consequences, except a Default:

(1) which is an Event of Default described in Section 4.1(a) or (b); or

(2) in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the Holder of each outstanding Security; or

(3) which constitutes a failure to convert any Security in accordance with the terms of Article XI.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, and the Company, the Trustee and Holders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent

thereon.

Section 4.14 UNDERTAKING FOR COSTS. All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in Principal Amount of the outstanding Securities, or to any suit instituted by any Holder pursuant to Section 4.8. This Section 4.14 shall be in lieu of Section 315(e) of the TIA and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 4.15 WAIVER OF STAY OR EXTENSION LAWS. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the Principal Amount, Redemption Price, Purchase Price or Change in Control Purchase Price or interest (including Contingent Interest) in respect of Securities, as contemplated herein, or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE V

THE TRUSTEE

Section 5.1 DUTIES OF TRUSTEE. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in case of any such certificates or opinions which by provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

This Section 5.1(b) shall be in lieu of Section 315(a) of the TIA and such Section 315(a) is hereby expressly excluded from this Indenture, as permitted by the TIA.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph (c) does not limit the effect of paragraph (b) of this Section 5.1;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 4.12.

Subparagraphs (c)(1), (2) and (3) shall be in lieu of Sections 315(d)(1), 315(d)(2) and 315(d)(3) of the TIA and such Sections 315(d)(1), 315(d)(2) and 315(d)(3) are hereby expressly excluded from this Indenture, as permitted by the TIA.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (e) of this Section 5.1.

(e) The Trustee may refuse to perform any duty or exercise any right or power or extend or risk its own funds or otherwise incur any financial liability unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee (acting in any capacity hereunder) shall be under no liability for interest on any money received by it hereunder unless otherwise agreed in writing with the Company.

Section 5.2 RIGHTS OF TRUSTEE. Subject to its duties and responsibilities under the TIA,

(a) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) Subject to the provisions of Section 5.1(c), the Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel selected by it and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(h) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(i) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person

authorized to sign an Officers' Certificate, including any person specified as

so authorized in any such certificate previously delivered and not superseded.

Section 5.3 INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, Conversion Agent or co-registrar may do the same with like rights. However, the Trustee must comply with Sections 5.9 and 5.10.

Section 5.4 TRUSTEE'S DISCLAIMER. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use or application of the proceeds from the Securities, it shall not be responsible for any statement in the registration statement for the Securities under the Securities Act or in the Indenture or the Securities (other than its certificate of authentication), or the determination as to which beneficial owners are entitled to receive any notices hereunder.

Section 5.5 NOTICE OF DEFAULTS. If a Default occurs and if it is known to the Trustee, the Trustee shall give to each Holder notice of the Default within 90 days after it occurs unless such Default shall have been cured or waived before the giving of such notice. Except in the case of a Default described in Section 4.1(a) or (b), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Holders. The second sentence of this Section 5.5 shall be in lieu of the proviso to Section 315(b) of the TIA and such proviso is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 5.6 COMPENSATION AND INDEMNITY. The Company agrees:

(a) to pay to the Trustee from time to time such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited (to the extent permitted by law) by any provision of law in regard to the compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses, advances and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall be determined to have been caused by its own negligence or willful misconduct; and

(c) to fully indemnify the Trustee or any predecessor trustee and their agents for, and to hold them harmless against, any loss, damage, claim, liability, cost or expense (including reasonable attorney's fees and expenses and taxes (other than taxes based upon, measured by or determined by the income of the Trustee)) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim (whether asserted by the Company, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

To secure the Company's payment obligations in this Section 5.6, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay the Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price or interest, if any, as the case may be, on particular Securities.

The Company's payment obligations pursuant to this Section 5.6 shall survive the discharge of this Indenture and resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 4.1(g) or (h), the expenses, including the reasonable fees and expenses of its counsel, are intended to constitute expenses of administration under any Bankruptcy Law.

Section 5.7 REPLACEMENT OF TRUSTEE. The Trustee may resign by so notifying the Company; PROVIDED, HOWEVER, no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 5.7. The Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding may remove the Trustee by so notifying the Trustee and the Company. The Company shall remove the Trustee if:

(a) the Trustee fails to comply with Section 5.9;

(b) the Trustee is adjudged bankrupt or insolvent;

(c) a receiver or public officer takes charge of the Trustee or its property; or

(d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint, by resolution of its Board of Directors, a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company satisfactory in form and substance to the retiring Trustee and the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall upon payment of its charges hereunder promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 5.6.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the expense of the Company), the Company or the Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 5.9, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Section 5.8 SUCCESSOR TRUSTEE BY MERGER. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another

corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Section 5.9 ELIGIBILITY; DISQUALIFICATION. The Trustee shall at all times satisfy the requirements of TIA Sections 310(a)(1) and 310(b). The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. Nothing herein contained shall prevent the Trustee from filing with the Commission the application referred to in the penultimate paragraph of TIA Section 310(b).

Section 5.10 PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE VI

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 6.1 COMPANY TO FURNISH TRUSTEE INFORMATION AS TO NAMES AND ADDRESSES OF HOLDERS. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee:

(a) Semi-annually, not later than May 1 and November 1 in each year, commencing May 1, 2004, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of a date not more than 15 days prior to the time such list is furnished and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

PROVIDED, HOWEVER, that so long as the Trustee is the Registrar, no such list shall be required to be furnished.

Section 6.2 PRESERVATION OF INFORMATION; COMMUNICATIONS TO HOLDERS. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders of Securities (1) contained in the most recent list furnished to it as provided in Section 6.1 and (2) received by it in the capacity of Paying Agent or Registrar (if so acting) hereunder.

The Trustee may destroy any list furnished to it as provided in Section 6.1 upon receipt of a new list so furnished.

(b) In case three or more Holders of Securities (hereinafter called "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other

Holders of Securities with respect to their rights under this Indenture or under the Securities, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(1) afford such applicants access to the information preserved a the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.2, or

(2) inform such applicants as to the approximate number of Holders of Securities of such series or of all series, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.2, and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of Securities whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.2, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of Securities, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any Registrar or any Paying Agent shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with the provisions of subsection (b) of this Section 6.2, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

Section 6.3 REPORTS BY TRUSTEE. Within 60 days after each May 15 beginning with May 15, 2004, the Trustee shall mail to each Holder a brief report dated as of such May 15 that

complies with TIA Section 313(a), if required by such Section 313(a). The Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Holders shall be filed with the Commission and each securities exchange, if any, on which the Securities are listed. The Company agrees to promptly notify the Trustee whenever the Securities become listed on any securities exchange and of any delisting thereof.

Section 6.4 REPORTS BY COMPANY. The Company shall file with the Trustee, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the Commission, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. In the event the Company is at any time no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, it shall continue to provide the Trustee with reports containing substantially the same information as would have been required to be filed with the Commission had the Company continued to have been subject to such reporting requirements. In such event, such reports shall be provided at the times the Company would have been required to provide reports had it continued to have been subject to such reporting requirements. The Company also shall comply with the other provisions of TIA Section 314(a).

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not

constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

If at any time while any of the Securities are "restricted securities" within the meaning of Rule 144, the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will prepare and will furnish to any Holder, any beneficial owner of Securities and any prospective purchaser of Securities designated by a Holder or a beneficial owner of Securities, promptly upon request, the information required pursuant to Rule 144A(d)(4) (or any successor thereto) under the Securities Act in connection with the offer, sale or transfer of Securities.

ARTICLE VII

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 7.1 CONSOLIDATIONS AND MERGERS OF COMPANY PERMITTED SUBJECT TO CERTAIN CONDITIONS. The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(a) either (1) the Company shall be the continuing corporation or (2) the person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease the properties and assets of the

Company substantially as an entirety (i) shall be organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and (ii) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Securities and this Indenture;

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(c) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this Article VII and that all conditions precedent herein provided for relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise) of the properties and assets of one or more Subsidiaries (other than to the Company or another Subsidiary), which, if such assets were owned by the Company, would constitute all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The successor person formed by such consolidation or into which the Company is merged or the successor person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and thereafter, except in the case of a lease and obligations the Company may have under a supplemental indenture pursuant to Section 11.15, the Company shall be discharged from all obligations and covenants under this Indenture and the Securities. Subject to Section 8.3, the Company, the Trustee and the successor person shall enter into a supplemental indenture to evidence the succession and substitution of such successor person and such discharge and release of the Company.

Section 7.2 RIGHTS AND DUTIES OF SUCCESSOR CORPORATION. Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 7.1, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.1 SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF HOLDERS. The Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of the execution thereof) for one or more of the following purposes:

(1) to evidence the succession of another corporation or entity to the Company, or successive successions, and the assumption by the successor corporation or entity of the covenants, agreements and obligations of the Company under this Indenture;

(2) to add to the covenants of the Company or to add additional rights for the benefit of the Holders of Securities or to surrender any right or power herein conferred upon the Company;

(3) to cure any ambiguity, omission, defect or inconsistency herein, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, or to make such other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities in any material respect;

(4) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder;

(5) to add any additional Events of Default for the benefit of the Holders of Securities;

(6) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in coupon form, registrable or not registrable as to principal, and to provide for exchangeability of such Securities with Securities issued hereunder in fully registered form;

(7) to secure the Securities; and

(8) to comply with any requirement of the Commission in connection with the qualification of the Indenture under the TIA.

Any amendment described in clause (3) above made solely to conform this Indenture to the final offering memorandum provided to investors in connection with the initial offering of the Securities by the Company will not be deemed to materially and adversely affect the interests of Holders.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder.

Any supplemental indenture authorized by the provisions of this Section 8.1 may be executed by the Company and the Trustee without the consent of the Holders of any of the outstanding Securities, notwithstanding any of the provisions of Section 8.2.

Section 8.2 SUPPLEMENTAL INDENTURES WITH CONSENT OF HOLDERS. With the consent of the Holders of at least a majority in Principal Amount of the outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of Securities; PROVIDED, HOWEVER, that no such supplemental indenture shall

(1) change the maturity of any payment of principal of, or any installment of interest (including the payment of Contingent Interest, if any) on the Securities, or reduce the Principal Amount thereof or the rate of interest or any premium thereon, or change the place of payment where, or the coin or currency in which the Securities or any premium or interest (including the payment of Contingent Interest, if any) thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity thereof (or, in the case of redemption or purchase, on or after the Redemption Date or the Purchase Date or a Change in Control Purchase Date, as the case may be), adversely affect the conversion rights of the Holders under Article XI of this Indenture or the right of Holders to require the Company to purchase the Securities under Articles XII and XIII of this Indenture;

(2) reduce the percentage in aggregate Principal Amount of the outstanding Securities, the consent of whose Holders is required for any such modification, or the consent of whose Holders is required for any waiver of compliance with the provisions of this Indenture or for any waiver of an Event of Default; or

(3) modify this Section 8.2, except to increase any percentages required for approval or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected thereby.

Upon the request of the Company accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture. It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.3 EXECUTION OF SUPPLEMENTAL INDENTURES. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be provided with, and (subject to Section 5.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.4 EFFECT OF SUPPLEMENTAL INDENTURES. Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.5 REFERENCE IN SECURITIES TO SUPPLEMENTAL INDENTURES. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Securities.

ARTICLE IX

COVENANTS OF THE COMPANY

Section 9.1 PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST. The Company covenants and agrees that it will duly and punctually pay or cause to be paid all payments in respect of the Securities in accordance with the terms of the Securities and this Indenture. Any amounts to be given to the Trustee or Paying Agent shall be deposited with the Trustee or Paying Agent by 10:00 a.m. New York City time by the Company at the latest on the day such payment is due. Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest, if any), shall be considered paid on the applicable date due if on such date (or, in the case of a Purchase Price or Change in Control Purchase Price, on the Business Day following the applicable Purchase Date or Change in Control Purchase Date, as the case may be) the Trustee or the Paying Agent holds, in accordance with this Indenture, money or securities, if permitted hereunder, sufficient to pay all such amounts then due.

Section 9.2 MAINTENANCE OF OFFICE OR AGENCY. The Company shall maintain an office or agency of the Trustee, Registrar, Paying Agent and Conversion Agent where the Securities may be presented or surrendered for payment, where the Securities may be surrendered for registration of transfer or exchange, where the Securities may be surrendered for purchase,

redemption or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of the Trustee, at 101 Barclay St., 8th Floor West, New York, New York 10286, Attention: Corporate Trust Administration, shall initially be such office or agency for all of the aforesaid purposes. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such

required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes.

Section 9.3 MONEY FOR SECURITIES PAYMENTS TO BE HELD IN TRUST. If the Company shall at any time act as its own Paying Agent with respect to the Securities, it will, on or before each due date of the Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest, if any) on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay such sums so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided. The Company will promptly notify the Trustee of any failure by the Company to take such action or failure so to act.

Whenever the Company shall have one or more Paying Agents for the Securities, it will, on or prior to each due date of the Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest, if any) on any Securities, deposit with a Paying Agent a sum sufficient to pay such amounts so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such amounts, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the Principal Amount, Redemption Price, Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest, if any) on the Securities (whether such sums have been paid to it by the Company or by any other obligor on the Securities) in trust for the benefit of the Persons entitled thereto;

(2) give the Trustee notice of any failure by the Company (or any other obligor upon the Securities) to make any payment of the Principal Amount, Redemption

Price, Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest, if any) on the Securities when the same shall be due and payable; and

(3) at any time during the continuance of any Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

Anything in this Section to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining satisfaction and discharge of this Indenture, or for any other reason, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 9.4 COMPLIANCE CERTIFICATE. The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year ending after the date hereof, an Officers' Certificate, one of the signers of which shall be the principal financial, principal accounting or principal executive officer of the Company, stating, as to each officer signing such certificate, whether or not to the best of his knowledge the Company is in default in the performance and observance of any of the terms, provisions and conditions hereof (without regard to any period of grace or requirement of notice provided hereunder), and, if the Company shall be in default, specifying all such defaults and the nature thereof of which he may have knowledge.

Section 9.5 FURTHER INSTRUMENTS AND ACTS. The Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper or as the Trustee may request to carry out more effectively the purposes of this Indenture.

ARTICLE X

Section 10.1 RIGHT TO REDEEM; NOTICES TO TRUSTEE. The Company, at its option, may redeem the Securities in accordance with the provisions of the Securities. If the Company elects to redeem Securities pursuant to the applicable provisions of the Securities, it shall notify the Trustee in writing of the Redemption Date, the Principal Amount of Securities to be redeemed and the Redemption Price.

The Company shall give the notice to the Trustee provided for in this Section 10.1 by a Company Order, at least 30 days before the Redemption Date.

Section 10.2 SELECTION OF SECURITIES TO BE REDEEMED. If less than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by any other method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange on which the Securities are then listed). The Trustee shall make the selection at least 15 days but not more than 60 days before the Redemption Date from

outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the Principal Amount of Securities that have denominations larger than $1,000. Securities and portions of them the Trustee selects shall be in Principal Amounts of $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

If any Security selected for partial redemption is converted in part before termination of the conversion right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Securities which have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 10.3 NOTICE OF REDEMPTION. At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed.

The notice shall identify the Securities to be redeemed and shall at a minimum state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) the Conversion Rate;

(d) the name and address of the Paying Agent and Conversion Agent;

(e) that Securities called for redemption may be converted at any time before the close of business on the second Business Day immediately preceding the Redemption Date;

(f) that Holders who want to convert Securities must satisfy the requirements set forth in the applicable provisions of the Securities;

(g) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(h) if fewer than all the outstanding Securities are to be redeemed, the certificate number and Principal Amounts of the particular Securities to be redeemed;

(i) that, unless the Company defaults in making payment of such Redemption Price, interest (including Contingent Interest, if any) on Securities called for redemption, interest (including Contingent Interest, if any) will cease to accrue on and after the Redemption Date; and

(j) the CUSIP number of the Securities.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense, provided that the Company makes such request at least three Business Days prior to such notice of redemption.

Section 10.4 EFFECT OF NOTICE OF REDEMPTION. Once notice of redemption is given, Securities called for redemption become due and payable on the Redemption

Date and at the Redemption Price stated in the notice except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price stated in the notice.

Section 10.5 DEPOSIT OF REDEMPTION PRICE. Prior to 10:00 a.m., New York City time on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price, together with interest (including Contingent Interest, if any) accrued and unpaid to the Redemption Date, of all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Paying Agent shall as promptly as practicable return to the Company any money not required for that purpose because of conversion of Securities pursuant to Article XI. If such money is then held by the Company in trust and is not required for such purpose it shall be discharged from such trust.

Section 10.6 SECURITIES REDEEMED IN PART. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder a new Security in an authorized denomination equal in Principal Amount to the unredeemed portion of the Security surrendered.

Section 10.7 CONVERSION ARRANGEMENT ON CALL FOR REDEMPTION. In connection with any redemption of Securities, the Company may arrange for the purchase and conversion of any Securities called for redemption by an agreement with one or more investment bankers or other purchasers to purchase such Securities by paying to a Paying Agent (other than the Company or any of its Affiliates) in trust for the Holders, on or before 11:00 A.M. New York City time on the Redemption Date, an amount that, together with any amounts deposited with such Paying Agent by the Company for the redemption of such Securities, is not less than the Redemption Price of such Securities. Notwithstanding anything to the contrary contained in this Article, the obligation of the Company to pay the Redemption Price of such Securities shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers; PROVIDED, HOWEVER, that nothing in this Section 10.7 shall relieve the Company of its obligation to pay the Redemption Price of the Securities called for redemption. If such an agreement is entered into, any Securities called for redemption and not surrendered for conversion by the Holders thereof prior to the relevant Redemption Date may, at the option of the Company upon written notice to the Trustee, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such Holders and (notwithstanding anything to the contrary contained in Article XI) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Business Day immediately prior to the Redemption Date, subject to payment of the above amount as aforesaid. The Paying Agent shall hold and pay to the Holders whose Securities are selected for redemption any such amount paid to it for purchase in the same manner as it would

money deposited with it by the Company for the redemption of the Securities. Without the Paying Agent's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Securities shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Paying Agent as set forth in this Indenture, and the Company agrees to indemnify the Paying Agent from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Securities between the Company and such purchasers, including the costs and expenses incurred by the Paying Agent in the defense of any claim or liability reasonably incurred without negligence or bad faith on its part arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture, in accordance with the indemnity provisions applicable to the Trustee set forth herein.

ARTICLE XI

CONVERSION

Section 11.1 CONVERSION RIGHTS. The Securities shall be convertible in accordance with their terms and in accordance with and subject to this Article into a number of shares of Common Stock per $1,000 Principal Amount of Securities equal to the Conversion Rate.

A Holder of a Security otherwise entitled to a fractional share shall receive cash in an amount equal to the value of such fractional share based on the Applicable Stock Price. Upon a conversion, the Company may deliver cash or a combination of cash and Common Stock in lieu of Common Stock, as described in Section 11.6.

Upon determination that Holders are or will be entitled to convert their Securities pursuant to this Article XI, the Company shall issue a press release

and publish such determination on the Company's Web site on the World Wide Web.

A Security in respect of which a Holder has delivered a Purchase Notice or Change in Control Purchase Notice exercising the option of such Holder to require the Company to purchase such Security may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture.

Section 11.2 CONVERSION RIGHTS BASED ON COMMON STOCK PRICE. Commencing after June 30, 2003, Securities may be surrendered for conversion into shares of Common Stock in integral multiples of $1,000 in any calendar quarter (and only during such calendar quarter), if, as of the last day of the preceding calendar quarter, the closing Sale Price of the Common Stock for at least 20 Trading Days in a period of 30 consecutive Trading Days ending on the last Trading Day of such preceding calendar quarter is more than 120% of the Base Conversion Price per share of Common Stock.

Section 11.3 CONVERSION RIGHTS UPON CREDIT RATION DOWNGRADE. Securities may be surrendered for conversion in integral multiples of $1,000 any time the credit rating assigned to the Securities by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., and its successors ("Standard & Poor's") or, if Standard & Poor's is not making

ratings of the Securities publicly available, a nationally recognized U.S. rating agency or agencies, as the case may be, selected by the Company, which will be substituted for Standard & Poor's, is below the Applicable Rating. "Applicable Rating" means, (1) BB-, in the case of Standard & Poor's (or its equivalent, under any successor ratings categories of Standard & Poor's) or (2) the equivalent in respect of ratings categories of any rating agencies substituted for Standard & Poor's.

Section 11.4 CONVERSION RIGHTS UPON NOTICE OF REDEMPTION. Holders of Securities may surrender for conversion Securities in integral multiples of $1,000 Principal Amount called for redemption under Article X hereof at any time prior to the close of business on the second Business Day preceding the Redemption Date.

Section 11.5 CONVERSION RIGHTS UPON OCCURRENCE OF CERTAIN CORPORATE TRANSACTIONS.

If the Company is a party to a consolidation, merger or binding share exchange pursuant to which shares of Common Stock would be converted into cash, securities or other property as set forth in Section 11.15, any Security may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time of the transaction, the right to convert a Security into shares of Common Stock shall be changed into a right to convert such Security into the kind and amount of cash, securities or other property of the Company or another person which the Holder would have received if the Holder had converted such Security immediately prior to the transaction.

If the Company declares a dividend or distribution described in Section 11.10(b), or a dividend or a distribution described in Section 11.10(c) where the fair market value of such dividend or distribution per share of Common Stock exceeds 15% of the Sale Price of the Common Stock on the Business Day immediately preceding the date of declaration for such dividend or distribution, the Securities may be surrendered for conversion beginning on the date the Company gives notice to the Holders of such right, which shall not be less than 20 days prior to the Ex-Dividend Time for such dividend or distribution, and Securities may be surrendered for conversion at any time thereafter until the close of business on the Business Day prior to the Ex-Dividend Time or until the Company announces that such dividend or distribution will not take place.

Section 11.6 CONVERSION PROCEDURES. To convert a Security, a Holder must (a) complete and manually sign the Conversion Notice or a facsimile of the Conversion Notice on the back of the Security and deliver such notice to a Conversion Agent, (b) surrender the Security to a Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by the Registrar or a Conversion Agent, and (d) pay any transfer or similar tax, if required. The date on which the Holder satisfies all of those requirements is the "Conversion Date." Within two Business Days following the Conversion Date, the Company shall deliver to the Holder, through the Conversion Agent, written notice of whether such Securities shall be

converted into Common Stock or paid in cash or a combination of cash and Common Stock (unless the Company shall have already done so pursuant to a notice of redemption pursuant to Section 10.3 in respect of a Conversion Date occurring before the Redemption Date set forth in such notice). If the Company shall have notified the Holder that all of such Securities shall be converted into Common Stock or a combination of cash and Common Stock, the Company shall deliver to

the Holder through the Conversion Agent, no later than the third Business Day following the date on which the Applicable Stock Price is determined, a certificate for the number of whole shares of Common Stock issuable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares pursuant to Section 11.7. Except as otherwise provided in this Article XI, if the Company shall have notified the Holder that all or a portion of such Security shall be paid solely in cash, the Company shall deliver to the Holder surrendering such Security the amount of cash per Security (or a portion of a Security) equal to the Applicable Stock Price multiplied by the Conversion Rate in effect with respect to such Conversion Date no later than the tenth Business Day following such Conversion Date. Except as otherwise provided in this Article XI, the Company may not change its election with respect to the consideration to be delivered upon conversion of a Security once the Company has notified the Holder in accordance with this paragraph. Anything herein to the contrary notwithstanding, in the case of Global Securities, Conversion Notices may be delivered and such Securities may be surrendered for conversion in accordance with the applicable procedures of the Depositary as in effect from time to time. The Person in whose name the Common Stock certificate is registered shall be deemed to be a shareholder of record on the Conversion Date; PROVIDED, HOWEVER, that no surrender of a Security on any date when the stock transfer books of the Company are closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the date on which the Applicable Stock Price is determined with respect to the applicable Conversion Date.

No payment or adjustment shall be made for dividends on, or other distributions with respect to, any Common Stock except as provided in this Article. On conversion of a Security, except as provided below in the case of certain Securities or portions thereof called for redemption, that portion of accrued and unpaid interest, including Contingent Interest, if any, on the converted Security attributable to the period from the most recent Interest Payment Date (or, if no Interest Payment Date has occurred, from the Issue Date) through the Conversion Date and Tax Original Issue Discount accrued through the Conversion Date with respect to the converted Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, in exchange for the Security being converted pursuant to the provisions hereof, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, shall be treated as issued, to the extent thereof, first in exchange for accrued and unpaid interest (including Contingent Interest, if any) and Tax Original Issue Discount accrued through the Conversion Date and the balance, if any, of such fair market value of such Common Stock (and any such cash payment), or cash in lieu thereof, shall be treated as issued in exchange for the Principal Amount of the Security being converted pursuant to the provisions hereof.

The Company agrees, and each Holder and any beneficial owner of a Security by its purchase thereof shall be deemed to agree, to treat, for United States federal income tax purposes, the fair market value of the Common Stock received upon the conversion of a security

(together with any cash payment in lieu of fractional shares) or cash, or a combination of cash and Common Stock as a contingent payment on the Security for purposes of Treasury Regulation Section 1.1275-4(b).

If a Holder converts more than one Security at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the aggregate Principal Amount of Securities converted.

Upon surrender of a Security that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security equal in Principal Amount to the Principal Amount of the unconverted portion of the Security surrendered.

Securities or portions thereof surrendered for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the opening of business on such Interest Payment Date shall (except for Securities called for redemption pursuant to Article X hereof on a Redemption Date that occurs during the period between a Regular Record Date and the Interest Payment Date to which such Regular Record Date relates) be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date on the Principal Amount of Securities or portions thereof being surrendered for conversion.

The Holders' rights to convert Securities into Common Stock are subject to the Company's right to elect instead to pay each such Holder the amount of cash

determined pursuant to this Article (or an equivalent amount in a combination of cash and shares of Common Stock), in lieu of delivering such Common Stock; PROVIDED, HOWEVER, that if an Event of Default (other than a default in a cash payment upon conversion of the Securities) shall have occurred and be continuing, the Company shall deliver Common Stock in accordance with this Article, whether or not the Company has delivered a notice pursuant to this Section 11.6 to the effect that the Securities would be paid in cash or a combination of cash and Common Stock.

Section 11.7 FRACTIONAL SHARES. The Company shall not issue a fractional share of Common Stock upon conversion of a Security. Instead, the Company will deliver cash for the current market value of the fractional share. The current market value of a fractional share of Common Stock shall be determined, to the nearest 1/1,000th of a share, by multiplying the Applicable Stock Price in effect with respect to the applicable Conversion Date of a full share of Common Stock by the fractional amount and rounding the product to the nearest whole cent.

Section 11.8 TAXES ON CONVERSION. If a Holder converts a Security, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon such conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificate representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

Section 11.9 COMPANY TO PROVIDE COMMON STOCK. The Company shall, prior to issuance of any Securities under this Article, and from time to time as may be necessary, reserve, out of its authorized but unissued Common Stock, a sufficient number of shares of Common Stock to permit the conversion of all Securities outstanding into shares of Common Stock. All shares of Common Stock delivered upon conversion of the Securities shall be newly issued shares, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company will endeavor promptly to comply with all federal and state securities laws regulating the registration of the offer and delivery of shares of Common Stock to a converting Holder upon conversion of Securities, if any.

Section 11.10 ADJUSTMENT OF BASE CONVERSION RATE. The Base Conversion Rate (and, as applicable, the Base Conversion Price, Incremental Share Factor and Applicable Stock Price used in the determination thereof) shall be adjusted from time to time by the Company in accordance with the provisions of this Section 11.10:

(a) If, after the Issue Date of the Securities, the Company:

(1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock or other Capital Stock;

(2) subdivides its outstanding shares of Common Stock into a greater number of shares;

(3) combines its outstanding shares of Common Stock into a smaller number of shares;

(4) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock (other than Common Stock or rights, warrants or options for its Capital Stock); or

(5) issues by reclassification of its Common Stock any shares of its Capital Stock (other than rights, warrants or options for its Capital Stock),

then the Base Conversion Rate (and, as applicable, the Base Conversion Rate, Base Conversion Price, Incremental Share Factor and Applicable Stock Price used in the determination thereof) in effect immediately prior to such action shall be adjusted so that the Holder of a Security thereafter converted may receive the number of shares of Capital Stock of the Company which such Holder would have owned immediately following such action if such Holder had converted the Security immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a Holder of a Security upon conversion of such Security may receive shares of two or more classes of Capital Stock of the Company, the Base Conversion

Rate (and, as applicable, the Base Conversion Price, Incremental Share Factor and Applicable Stock Price used in the determination thereof) shall thereafter be subject to adjustment upon the occurrence of an action taken with respect to any such class of Capital Stock as is contemplated by this Section 11.10 with respect to the Common Stock, on terms comparable to those applicable to Common Stock in this Section 11.10.

(b) If after the Issue Date of the Securities, the Company distributes any rights, warrants or options to all holders of its Common Stock entitling them, for a period expiring within 60 days after the record date for such distribution, to purchase shares of Common Stock at a price per share less than the Sale Price as of the Time of Determination, the Base Conversion Rate shall be adjusted in accordance with the formula:

$$R' = R \times \frac{(O + N)}{(O + (N \times P)/M)}$$

where:

R'= the adjusted Base Conversion Rate.

R = the current Base Conversion Rate.

O = the number of shares of Common Stock outstanding on the record date for the distribution to which this Section 11.10(b) is being applied.

N = the number of additional shares of Common Stock offered pursuant to

the distribution.

P = the offering price per share of the additional shares.

M = the Average Sale Price, minus, in the case of (i) a distribution to which Section 11.10(a)(4) applies or (ii) a distribution to which Section 11.10(c) applies, for which, in each case, (x) the record date shall occur on or before the record date for the distribution to which this Section 11.10(b) applies and (y) the Ex-Dividend Time shall occur on or after the date of the Time of Determination for the distribution to which this Section 11.10(b) applies, the fair market value (on the record date for the distribution to which this Section 11.10(b) applies) of the

(1) Capital Stock of the Company distributed in respect of each share of Common Stock in such Section 11.10(a)(4) distribution; and

(2) assets of the Company or debt securities or any rights, warrants or options to purchase securities of the Company distributed in respect of each share of Common Stock in such Section 11.10(c) distribution.

The Board of Directors shall determine fair market values for the purposes of this Section 11.10(b).

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 11.10(b) applies. If all of the shares of Common Stock subject to such rights, warrants or options have not been issued when such rights, warrants or options expire, then the Base Conversion Rate shall promptly be readjusted to the Base Conversion Rate which would then be in effect had the adjustment upon the issuance of such rights, warrants or options been made on the basis of the actual number of shares of Common Stock issued upon the exercise of such rights, warrants or options.

No adjustment shall be made under this Section 11.10(b) if the application of the formula stated above in this Section 11.10(b) would result in a value of R' that is equal to or less than the value of R.

"Average Sale Price" means the average of the Sale Prices of the Common Stock for the shorter of

(1) 30 consecutive trading days ending on the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Sale Price is being calculated, or

(2) the period (x) commencing on the date next succeeding the first

public announcement of (a) the issuance of rights, warrants or options or (b) the distribution, in each case, in respect of which the Average Sale Price is being calculated and (y) proceeding through the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Sale Price is being calculated (excluding days within such period, if any, which are not trading days), or

(3) the period, if any, (x) commencing on the date next succeeding the Ex-Dividend Time with respect to the next preceding (a) issuance of rights, warrants or options or (b) distribution, in each case, for which an adjustment is required by the provisions of Section 11.10(a)(4), 11.10(b) or 11.10(c) and (y) proceeding through the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Sale Price is being calculated (excluding days within such period, if any, which are not trading days).

In the event that the Ex-Dividend Time (or in the case of a subdivision, combination or reclassification, the effective date with respect thereto) with respect to a dividend, subdivision, combination or reclassification to which Section 11.10(a)(1), (2), (3) or (5) applies occurs during the period applicable for calculating "Average Sale Price" pursuant to the definition in the preceding sentence, "Average Sale Price" shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such dividend, subdivision, combination or reclassification on the Sale Price of the Common Stock during such period.

"Time of Determination" means the time and date of the earlier of (i) the determination of stockholders entitled to receive rights, warrants or options or a distribution, in each case, to which Section 11.10(b) or 11.10(c) applies and (ii) the time ("Ex-Dividend Time") immediately

prior to the commencement of "ex-dividend" trading for such rights, warrants or options or distribution on the New York Stock Exchange or such other principal national or regional exchange or market on which the Common Stock is then listed or quoted.

(c) (1) If, after the Issue Date of the Securities, the Company distributes to all holders of its Common Stock any of its assets, or debt securities or any rights, warrants or options to purchase securities of the Company (including securities or cash, but excluding (x) distributions of Capital Stock referred to in Section 11.10(a) and distributions of rights, warrants or options referred to in Section 11.10(b) and (y) cash dividends or other cash distributions that are paid out of consolidated current net earnings or earnings retained in the business as shown on the books of the Company unless such cash dividends or other cash distributions are Extraordinary Cash Dividends) the Base Conversion Rate shall be adjusted, subject to the provisions of the last paragraph of this Section 11.10(c), in accordance with the formula:

$$R' = R \times \frac{M}{M-F}$$

where:

R'= the adjusted Base Conversion Rate.

R = the current Base Conversion Rate.

M = the Average Sale Price, minus, in the case of a distribution to which Section 11.10(a)(4) applies, for which (i) the record date shall occur on or before the record date for the distribution to which this Section 11.10(c) applies and (ii) the Ex-Dividend Time shall occur on or after the date of the Time of Determination for the distribution to which this Section 11.10(c) applies, the fair market value (on the record date for the distribution to which this Section 11.10(c) applies) of any Capital Stock of the Company distributed in respect of each share of Common Stock in such Section 11.10(a)(4) distribution.

F = the fair market value (on the record date for the distribution to which this Section 11.10(c) applies) of the assets, securities, rights, warrants or options to be distributed in respect of each share of Common Stock in the distribution to which this Section 11.10(c) is being applied (including, in the case of cash dividends or other cash distributions giving rise to an adjustment, all such cash distributed concurrently).

The Board of Directors shall determine fair market values for the purposes of this Section 11.10(c).

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the distribution to which

this Section 11.10(c) applies.

For purposes of this Section 11.10(c)(1), the term "Extraordinary Cash Dividend" shall mean any cash dividend with respect to the Common Stock the amount of which, together with

the aggregate amount of cash dividends on the Common Stock to be aggregated with such cash dividend in accordance with the provisions of this paragraph, equals or exceeds the threshold percentages set forth in item (i) below. For purposes of item (i) below, the "Measurement Period" with respect to a cash dividend on the Common Stock shall mean the 365 consecutive day period ending on the date prior to the Ex-Dividend Time with respect to such cash dividend, and the "Relevant Cash Dividends" with respect to a cash dividend on the Common Stock shall mean the cash dividends on the Common Stock with Ex-Dividend Times occurring in the Measurement Period.

(i) If, upon the date prior to the Ex-Dividend Time with respect to a cash dividend on the Common Stock, the aggregate amount of such cash dividend together with the amounts of all Relevant Cash Dividends equals or exceeds on a per share basis 5% of the Sale Price of the Common Stock on the last trading day preceding the date of declaration by the Board of Directors of the cash dividend with respect to which this provision is being applied, then such cash dividend together with all Relevant Cash Dividends, shall be deemed to be an Extraordinary Cash Dividend and for purposes of applying the formula set forth above in this Section 11.10, the value of "F" shall be equal to (y) the aggregate amount of such cash dividend together with the amount of all Relevant Cash Dividends, minus (z) the aggregate amount of all Relevant Cash Dividends for which a prior adjustment in the Conversion Rate was previously made under this Section 11.10(c).

(ii) In making the determinations required by item (i) above, the amount of cash dividends paid on a per share basis and the amount of any Relevant Cash Dividends specified in item (i) above shall be appropriately adjusted to reflect the occurrence during such period of any event described in Section 11.10(a).

(2) If, after the Issue Date, the Company pays a dividend or makes a distribution to all holders of its Common Stock consisting of capital stock of any class or series, or similar equity interests, of or relating to a Subsidiary or other business unit of the Company, the Base Conversion Rate shall be adjusted in accordance with the formula:

$$R' = R \times (1 + F/M)$$

where:

R' = the adjusted Base Conversion Rate.

R = the current Base Conversion Rate.

M = the average of the Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the date on which "ex-dividend trading" commences for such dividend or distribution on The New York Stock Exchange or such other national or regional exchange or market which such securities are then listed or quoted (the "Ex-Dividend Date").

F = the fair market value of the securities distributed in respect of each share of Common Stock for which this Section 11.10(c)(2) applies and shall equal the number of securities distributed in respect of each share of Common Stock multiplied by the average of the Sale Prices of those securities distributed for the ten (10) Trading Days commencing on and including the fifth Trading Day after the effectiveness of the Ex-Dividend Date.

(3) In the event that, with respect to any distribution to which Section 11.10(c)(1) or (2) would otherwise apply, the difference between "M-F" is less than $1.00 or "F" is equal to or greater than "M", then the adjustment provided by Section 11.10(c)(1) or (2) shall not be made and in lieu thereof the provisions of Section 11.15 shall apply to such distribution.

Section 11.11 WHEN ADJUSTMENTS MAY BE DEFERRED OR ARE NOT REQUIRED. (a) No adjustment in the Conversion Rate shall be required unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate as last adjusted; provided, HOWEVER, that any adjustments which by reason of this Section 11.11 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article shall be made to the nearest cent or to the nearest 1/1,000th of a share, as the case may be.

No adjustment need be made for issuances of Common Stock pursuant to a Company plan for reinvestment of dividends or interest or for a change in the par value or a change to no par value of the Common Stock.

(b) No adjustment need be made for a transaction referred to in Section 11.10(a), 11.10(b), 11.10(c) or 11.15 if Holders are to participate in the transaction on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction. Such participation by Holders may include participation upon conversion provided that an adjustment shall be made at such time as the Holders are no longer entitled to participate.

(c) To the extent the Securities become convertible pursuant to this Article XI into cash, no adjustment need be made thereafter as to the cash. Interest will not accrue on the cash.

Section 11.12 ADJUSTMENT FOR TAX PURPOSES. The Company shall be entitled to make such adjustments in the Conversion Rate, in addition to those required by Section 11.10, as in its discretion shall determine to be advisable in order that any stock dividends, subdivisions of shares, distributions of rights to purchase stock or securities or distributions of securities convertible into or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

Section 11.13 NOTICE OF ADJUSTMENT. Whenever the Conversion Rate is adjusted, the Company shall promptly mail to Holders a notice of the adjustment and file with the Trustee an Officers' Certificate specifying the adjusted Conversion Rate, and briefly stating the facts requiring the adjustment and the manner of computing it.

Section 11.14 NOTICE OF CERTAIN TRANSACTIONS. In the event that:

(1) the Company takes any action which would require an adjustment in the Conversion Rate;

(2) the Company takes any action that requires a supplemental indenture pursuant to Section 11.15; or

(3) there is a dissolution or liquidation of the Company;

the Company shall mail to Holders and file with the Trustee a notice stating the proposed record or effective date, as the case may be. The Company shall mail the notice at least fifteen days before such date. Failure to mail such notice or any defect therein shall not affect the validity of any transaction referred to in clause (1), (2) or (3) of this Section 11.14.

Section 11.15 EFFECT OF RECLASSIFICATION, CONSOLIDATION, MERGER OR SALE ON CONVERSION PRIVILEGE. If the Company is a party to a transaction subject to Section 8.1 (other than a sale of all or substantially all of the assets of the Company in a transaction in which the holders of Common Stock immediately prior to such transaction do not receive securities, cash or other assets of the Company or any other person) or a merger or binding share exchange which reclassifies or changes its outstanding Common Stock, the person obligated to deliver securities, cash or other assets upon conversion of Securities shall enter into a supplemental indenture. If the issuer of securities deliverable upon conversion of Securities is an Affiliate of the successor Company, that issuer shall join in the supplemental indenture.

The supplemental indenture shall provide that the Holder of a Security may convert it into the kind and amount of securities, cash or other assets which such Holder would have received immediately after the consolidation, merger, binding share exchange or transfer if such Holder had converted the Security immediately before the effective date of the transaction, assuming (to the extent applicable) that such Holder (i) was not a constituent person or an Affiliate of a constituent person to such transaction; (ii) made no election with respect thereto; and (iii) was treated alike with the plurality of non-electing Holders. The supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Article XI. The successor Company shall mail to Holders a notice briefly describing the supplemental indenture.

If this Section applies, neither Section 11.10(a) nor 11.10(b) applies.

If the Company makes a distribution to all holders of its Common Stock of any of its assets, or debt securities or any rights, warrants or options to purchase securities of the Company that, but for the provisions of Section 11.10(c)(3), would otherwise result in an adjustment in the Conversion Rate pursuant to the provisions of Section 11.10(c), then, from and after the record date for determining the holders of Common Stock entitled to receive the distribution, a Holder of a Security that converts such Security in accordance with the provisions of this Indenture shall upon such conversion be entitled to receive, in addition to the shares of Common Stock into which the Security is

convertible, the kind and amount of securities, cash or other assets comprising the distribution that such Holder would have received if such Holder had converted

the Security immediately prior to the record date for determining the holders of Common Stock entitled to receive the distribution.

Section 11.16 TRUSTEE'S DISCLAIMER. The Trustee shall have no duty to determine when an adjustment under this Article should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of that fact or the correctness of any such adjustment, and shall be protected in relying upon, an Officers' Certificate including the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 11.13. The Trustee makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities, and the Trustee shall not be responsible for the Company's failure to comply with any provisions of this Article.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 11.15, but may accept as conclusive evidence of the correctness thereof, and shall be fully protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 11.13.

Section 11.17 VOLUNTARY INCREASE. The Company from time to time may increase the Conversion Rate (and, as applicable, the Base Conversion Rate, Base Conversion Price, Incremental Share Factor and Applicable Stock Price used in the determination thereof) by any amount for any period of time. Whenever the Conversion Rate is increased, the Company shall mail to Holders and file with the Trustee and the Conversion Agent a notice of the increase. The Company shall mail the notice at least 15 days before the date the increased Conversion Rate takes effect. The notice shall state the increased Conversion Rate and the period it will be in effect.

A voluntary increase of the Conversion Rate does not change or adjust the Conversion Rate otherwise in effect for purposes of Section 11.10.

Section 11.18 RIGHTS ISSUED IN RESPECT OF COMMON STOCK ISSUED UPON CONVERSION. Each share of Common Stock issued upon conversion of Securities pursuant to this Article 11 shall be entitled to receive the appropriate number of common stock or preferred stock purchase rights, as the case may be (the "Rights"), if any, that shares of Common Stock are entitled to receive and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any shareholder rights agreement adopted by the Company, as the same may be amended from time to time (in each case, a "Rights Agreement"). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Securities at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article 11, there shall not be any adjustment to the conversion privilege or Conversion Rate as a result of the issuance of Rights, the distribution of separate certificates representing the Rights, the exercise or redemption of such Rights in accordance with any such Rights Agreement, or the termination or invalidation of such Rights.

Section 11.19 COMPANY DETERMINATION FINAL. Any determination that the Company or the Board of Directors must make pursuant to Section 11.6, 11.7, 11.10, 11.11, 11.12 or 11.15 shall be conclusive.

ARTICLE XII

REPAYMENT AT OPTION OF HOLDERS

Section 12.1 APPLICABILITY OF ARTICLE. Repayment of Securities before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and in accordance with this Article. The Company shall be required to purchase Securities in accordance with this Article XII.

Securities shall be purchased by the Company pursuant to the terms and conditions under the caption "Purchase by the Company at the Option of the Holder" in the Securities on any February 25 occurring in the years 2008, 2013, 2018, 2023 and 2028 (each, a "Purchase Date"), at the purchase price specified therein (each, a "Purchase Price"), at the option of the Holder thereof, upon:

(1) delivery to the Paying Agent, by the Holder of a written notice of purchase (a "Purchase Notice") at any time from the opening of business on the date that is 21 Business Days prior to a Purchase Date until the close of

business on the Business Day immediately preceding such Purchase Date stating:

(A) if a certificated Security has been issued, the certificate number of the Security which the Holder will deliver to be purchased or if not, such information as may be required under applicable procedures of the Depositary,

(B) the portion of the Principal Amount of the Security which the Holder will deliver to be purchased, which portion must be $1,000 or an integral multiple thereof,

(C) that such Security shall be purchased as of the Purchase Date pursuant to the terms and conditions specified under the paragraph "Purchase by the Company at the Option of the Holder" of the Securities and in this Indenture, and

(D) in the event that the Company elects, pursuant to Section 12.2 hereof, to pay the Purchase Price to be paid as of such Purchase Date, in whole or in part, in Common Stock but such portion of the Purchase Price shall ultimately be payable to such Holder entirely in cash because any of the conditions to payment of the Purchase Price in Common Stock is not satisfied prior to the close of business on the Business Day immediately preceding such Purchase Date, whether such Holder elects (i) to withdraw such Purchase Notice as to some or all of the Securities to which such Purchase Notice relates (stating the Principal Amount and certificate numbers of the Securities as to which such withdrawal shall relate), or (ii) to receive cash in respect of the entire Purchase Price for all Securities (or portions thereof) to which such Purchase Price relates, and

(2) delivery of such Security to the Paying Agent prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Purchase Price therefor; PROVIDED, HOWEVER, that such Purchase Price shall be so paid pursuant to this Article only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Purchase Notice.

If a Holder, in such Holder's Purchase Notice and in any written notice of withdrawal delivered by such Holder pursuant to the terms of Section 12.9 hereof, fails to indicate such Holder's choice with respect to the election set forth in clause (D) of Section 12.1(1), such Holder shall be deemed to have elected to receive cash in respect of the Purchase Price for all Securities subject to the Purchase Notice in the circumstances set forth in such clause(D).

The Company shall purchase from the Holder thereof, pursuant to this Article, a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Article shall be consummated by the delivery of the consideration to be received by the Holder (if any) promptly following the later of the Purchase Date and the time of delivery of the Security.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by this Section 12.1 shall have the right to withdraw such Purchase Notice at any time prior to the close of business on Business Day immediately preceding the Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 12.9.

The Paying Agent shall promptly notify the Company of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

The Company may, at its option, specify additional dates on which Holders will have the right to require it to purchase Securities upon written notice to the Trustee and the Holders. Such notice shall specify the additional dates upon which the Company shall be required to purchase the Securities at the option of the Holders and shall be delivered to the Trustee and the Holders no less than 25 Business Days prior to the earliest purchase date specified in such notice.

Section 12.2 THE COMPANY'S RIGHT TO ELECT MANNER OF PAYMENT OF PURCHASE PRICE.

(a) The Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 12.1 has been given, or a specified percentage thereof, will be paid by the Company, at the election of the Company, with cash or Common Stock or in any combination of cash and Common Stock, subject to the conditions set forth in Section 12.2 and 12.3 hereof. The Company shall designate, in the Company Notice delivered pursuant to Section 12.5 hereof, whether the Company will purchase the Securities for cash or Common Stock, or, if a combination thereof, the percentages of the Purchase Price of Securities in respect of which it will pay in cash and Common Stock; PROVIDED, HOWEVER, that the Company will

pay cash for fractional interests in Common Stock. For purposes of determining the existence of potential

fractional interests, all Securities subject to purchase by the Company held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder whose Securities are purchased pursuant to this Article shall receive the same percentage of cash or Common Stock in payment of the Purchase Price for such Securities, except (i) as provided in Section 12.4 with regard to the payment of cash in lieu of fractional Common Stock and (ii) in the event that the Company is unable to purchase the Securities of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable state securities laws cannot be obtained, the Company may purchase the Securities of such Holder or Holders for cash. The Company may not change its election with respect to the consideration (or components or percentages of components thereof) to be paid once the Company has given its Company Notice to Holders except pursuant to this Section 12.2 or pursuant to Section 12.4 in the event of a failure to satisfy, prior to the close of business on the Purchase Date, any condition to the payment of the Purchase Price, in whole or in part, in Common Stock.

At least three Business Days before the Company Notice Date, the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the manner of payment selected by the Company,

(ii) the information required by Section 12.5,

(iii) if the Company elects to pay the Purchase Price, or a specified percentage thereof, in Common Stock, that the conditions to such manner of payment set forth in Section 12.4 have been or will be complied with, and

(iv) whether the Company desires the Trustee to give the Company Notice required by Section 12.5.

Section 12.3 PURCHASE WITH CASH. On each Purchase Date, at the option of the Company, the Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 12.1 has been given, or a specified percentage thereof, may be paid by the Company with cash equal to the aggregate Purchase Price of such Securities. If the Company elects to purchase Securities with cash, the Company Notice, as provided in Section 12.5, shall be sent to Holders (and to beneficial owners as required by applicable law) not less than 21 Business Days prior to such Purchase Date (the "Company Notice Date").

Section 12.4 PAYMENT BY ISSUANCE OF COMMON STOCK. On each Purchase Date, at the option of the Company, the Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 12.1 has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (i) the amount of cash to which the Holders would have been entitled had the Company elected to pay all or such specified percentage, as the case may be, of the Purchase Price of such Securities in cash by (ii) the Market Price of a share of Common Stock, subject to the next succeeding paragraph.

The Company will not issue a fractional share of Common Stock in payment of the Purchase Price. Instead the Company will pay cash for the current market value of the fractional

share. The current market value of a fraction of a share of Common Stock shall be determined by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent with one half cent being rounded upwards. It is understood that if a Holder elects to have more than one Security purchased, the number of shares of Common Stock shall be based on the aggregate amount of Securities to be purchased.

If the Company elects to purchase the Securities by the issuance of Common Stock, the Company Notice, as provided in Section 12.5, shall be sent to the Holders (and to beneficial owners as required by applicable law) not later than the Company Notice Date.

The Company's right to exercise its election to purchase the Securities pursuant to this Article through the issuance of Common Stock shall be conditioned upon:

(i) the Company's not having given its Company Notice of an election to pay entirely in cash and its giving of timely Company Notice of election to purchase all or a specified percentage of the Securities with Common Stock as provided herein;

(ii) the listing of shares of Common Stock to be issued in respect of the payment of the Purchase Price on the principal United States securities exchange on which the Common Stock is then listed or, if not so listed, the quotation of such shares on NASDAQ;

(iii) the registration of the shares of Common Stock to be issued in respect of the payment of the Purchase Price under the Securities Act or the Exchange Act, in each case, if required for the initial issuance thereof;

(iv) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and

(v) the receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel each stating that (A) the terms of the issuance of the Common Stock are in conformity in all material respects with this Indenture and (B) the Common Stock to be issued by the Company in payment of the Purchase Price in respect of Securities have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Purchase Price in respect of the Securities, will be validly issued, fully paid and non-assessable, free from statutory preemptive rights and preemptive rights set forth in the Company's organizational documents and, in the case of such Officer's Certificate, stating that conditions (i), (ii) (iii) and (iv) above and the condition set forth in the second succeeding sentence have been satisfied and, in the case of such Opinion of Counsel, stating that conditions (ii) and (iii) above have been satisfied.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 Principal Amount of Securities and the Sale Price of a share of Common Stock on each trading day during the period commencing on the first trading day of the period during which the Market Price is calculated and ending three Business Days prior to the applicable Purchase Date. The Company shall pay the Purchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is published an

Authorized Newspaper or is otherwise readily publicly available. If the foregoing conditions are not satisfied with respect to a Holder or Holders prior to the close of business on the Purchase Date and the Company has elected to purchase the Securities pursuant to this Article through the issuance of Common Stock, the Company shall pay, without further notice, the entire Purchase Price of the Securities of such Holder or Holders in cash.

The "Market Price" means the average of the Sale Prices of the Common Stock for the five Trading Day period ending on the third Business Day (if the third Business Day prior to the applicable Purchase Date is a Trading Day, or if not, then on the last Trading Day prior to the third Business Day), prior to the applicable Purchase Date appropriately adjusted to take into account the occurrence, during the period commencing on the first of such Trading Days during such five Trading Day period and ending on such Purchase Date, of any event described in Section 11.10; subject, however, to the conditions set forth in Section 11.11.

The "Sale Price" of the Common Stock on any date means the closing per share sale price (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System.

Section 12.5 NOTICE OF ELECTION. The Company's notice of election to purchase with cash or Common Stock or any combination thereof shall be sent to the Holders in the manner provided in Section 15.3 of the Indenture at the time specified in Section 12.3 or 12.4, as applicable (the "Company Notice"). Such Company Notice shall state the manner of payment elected and shall contain the following information:

In the event the Company has elected to pay the Purchase Price (or a specified percentage thereof) with Common Stock, the Company Notice shall:

(1) state that each Holder will receive Common Stock with a Market Price equal to such specified percentage of the Purchase Price of the Securities held by such Holder (except any cash amount to be paid in lieu of fractional shares);

(2) set forth the method of calculating the Market Price of the Common Stock; and

(3) state that because the Market Price of Common Stock will be determined prior to the Purchase Date, Holders will bear the market risk

with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Purchase Date.

In any case, each Company Notice shall include a form of Purchase Notice to be completed by a Holder and shall state:

(A) the Purchase Price, the Conversion Rate and, to the extent known at the time of such notice the amount of interest that will be accrued and payable with respect to the Securities as of the Purchase Date;

(B) the name and address of the Paying Agent and the Conversion Agent;

(C) that Securities as to which a Purchase Notice has been given may be converted pursuant to Article XI hereof only if the applicable Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(D) that Securities must be surrendered to the Paying Agent to collect payment of the Purchase Price;

(E) that the Purchase Price for any Security as to which a Purchase Notice has been given and not withdrawn will be paid promptly following the later of the Purchase Date and the time of surrender of such Security as described in (D);

(F) the procedures the Holder must follow to exercise purchase rights under this Article and a brief description of those rights;

(G) briefly, the conversion rights of the Securities; and

(H) the procedures for withdrawing a Purchase Notice (including, without limitation, for a conditional withdrawal pursuant to the terms of Section 12.1 or 12.9).

If any of the Securities is in the form of a Global Security, then the Company shall modify the Company Notice to the extent necessary to accord with the procedures of the Depositary applicable to the purchase of Global Securities.

At the Company's request, the Trustee shall give such Company Notice in the Company's name and at the Company's expense; PROVIDED, HOWEVER, that, in all cases, the text of such Company Notice shall be prepared by the Company.

Upon determination of the actual number of shares of Common Stock to be issued for each $1,000 Principal Amount of Securities, the Company will publish such determination at the Company's Web site on the World Wide Web or through such other public medium as the Company may use at that time.

Section 12.6 COVENANTS OF THE COMPANY. All Common Stock delivered upon purchase of the Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

Section 12.7 PROCEDURE UPON PURCHASE. As soon as practicable after the Purchase Date and upon receipt of the Securities, the Company shall deliver to each Holder entitled to receive Common Stock through the Paying Agent, a certificate for the number of full shares of Common Stock issuable in payment of the Purchase Price and cash in lieu of any fractional shares of Common Stock. The Person in whose name the certificate for Common Stock is registered shall

be treated as a holder of record of Common Stock on the Business Day following the Purchase Date. Subject to Section 12.4, no payment or adjustment will be made for dividends on the Common Stock the record date for which occurred on or prior to the Purchase Date.

Section 12.8 TAXES. If a Holder of a Security is paid in Common Stock, the Company shall pay any documentary, stamp or similar issue or transfer tax due on such issue of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the Common Stock to be issued in a name other than the Holder's name. The Paying Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Paying Agent receives a sum sufficient to pay any tax which will be due because the shares of Common Stock are to be issued in a name other than the Holder's name.

Section 12.9 EFFECT OF PURCHASE NOTICE. Upon receipt by the Paying Agent of the Purchase Notice specified in Section 12.5, the Holder of the Security in respect of which such Purchase Notice was given shall (unless such Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Purchase Price with respect to such Security.

Such Purchase Price shall be paid to such Holder, subject to receipt of funds and/or Common Stock by the Paying Agent, promptly following the later of (x) the Purchase Date with respect to such Security (provided the conditions in Section 12.1 have been satisfied) and (y) the time of delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 12.1. Securities in respect of which a Purchase Notice has been given by the Holder thereof may not be converted pursuant to Article XI hereof on or after the date of the delivery of such Purchase Notice unless such Purchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Purchase Notice at any time prior to the close of business on the Business Day immediately preceding the applicable Purchase Date specifying:

(1) if certificated Securities have been issued, the certificate number of the Security in respect of which such notice of withdrawal is being submitted, or if not, such information as may be required under appropriate procedures of the Depositary;

(2) the Principal Amount of the Security with respect to which such notice of withdrawal is being submitted; and

(3) the Principal Amount, if any, of such Security which remains subject to the original Purchase Notice and which has been or will be delivered for purchase by the Company.

A written notice of withdrawal of a Purchase Notice may be in the form set forth in the preceding paragraph or may be in the form of (i) a conditional withdrawal contained in a Purchase Notice pursuant to the terms of Section 12.1(1)(D) or (ii) a conditional withdrawal containing the information set forth in Section 12.1(l)(D) and the preceding paragraph and

contained in a written notice of withdrawal delivered to the Paying Agent as set forth in the preceding paragraph.

There shall be no purchase of any Securities pursuant to this Article (other than through the issuance of Common Stock in payment of the Purchase Price, including cash in lieu of fractional shares) if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Purchase Notice) and is continuing an Event of Default (other than a default in the payment of the Purchase Price with respect to such Securities). The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Purchase Notice has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Purchase Price with respect to such Securities) in which case, upon such return, the Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 12.10 DEPOSIT OF PURCHASE PRICE. Prior to 11:00 a.m. (New York City time) on the Purchase Date, the Company shall deposit with the Trustee or with the Paying Agent an amount of money (in immediately available funds if deposited on such Business Day) and/or Common Stock, if permitted hereunder, sufficient to pay the aggregate Purchase Price of all of the Securities or portions thereof which are to be purchased as of the Purchase Date. The manner in which the deposit required by this Section 12.10 is made by the Company shall be at the option of the Company, PROVIDED, HOWEVER, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the Purchase Date.

If a Paying Agent holds, in accordance with the terms hereof, money and/or Common Stock sufficient to pay the Purchase Price of any Security for which a Purchase Notice has been tendered and not withdrawn in accordance with this Indenture on the Business Day following the Purchase Date then, immediately after Purchase Date, such Security will cease to be outstanding, interest (including Contingent Interest, if any) will cease to accrue and the rights of the Holder in respect thereof shall terminate (other than the right to receive the Purchase Price as aforesaid).

Section 12.11 SECURITIES PURCHASED IN PART. Any Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company or the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge except for any taxes to be paid by the Holder in the event a Security is registered under a new name, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Security so surrendered which is not purchased.

Section 12.12 COMPLIANCE WITH SECURITIES LAWS UPON PURCHASE OF SECURITIES.

In connection with any offer to purchase or purchase of Securities under this Article (provided that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), the Company shall (i) comply with Rule 13e-4 under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report), if

required, under the Exchange Act, and (iii) otherwise comply with all applicable Federal and state securities laws so as to permit the rights and obligations under this Article to be exercised in the time and in the manner specified in this Article.

Section 12.13 REPAYMENT TO THE COMPANY. The Trustee and the Paying Agent shall return to the Company any cash or Common Stock that remain unclaimed for two years, subject to applicable unclaimed property law, together with interest or dividends, if any, thereon held by them for the payment of the Purchase Price, PROVIDED, HOWEVER, that to the extent that the aggregate amount of cash or Common Stock deposited by the Company pursuant to Section 12.10 exceeds the aggregate Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Purchase Date, then promptly after the Business Day following the Purchase Date, the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

Section 12.14 CONVERSION ARRANGEMENT ON PURCHASE. Any Securities required to be purchased under this Article, unless surrendered for conversion before the close of business on the Purchase Date, may be deemed to be purchased from the Holders of such Securities for an amount in cash not less than the Purchase Price, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Securities from the Holders, to convert them into Common Stock of the Company and to make payment for such Securities to the Trustee in trust for such Holders.

Section 12.15 REPAYMENT OF SECURITIES. Securities subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the Principal Amount thereof, together with interest thereon accrued to the Repayment Date specified in the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust) an amount of money sufficient to pay the principal (or, if so provided by the terms of the Securities, a percentage of the principal) of, and (except if the Repayment Date shall be an Interest Payment Date) accrued interest on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

ARTICLE XIII

REPAYMENT AT OPTION OF HOLDER UPON A CHANGE IN CONTROL

Section 13.1 RIGHT TO REQUIRE PURCHASE.

(a) If at any time on or before February 25, 2008 that Securities remain outstanding there shall occur a Change in Control, Securities shall be purchased by the Company in integral multiples of $1,000 Principal Amount at the option of the Holders thereof as of the date that is 35 Business Days after the occurrence of the Change in Control (the "Change in Control Purchase

Date") subject to satisfaction by or on behalf of any Holder of the requirements set forth in subsection (c) of this Section 13.1. The purchase price of such Securities (the "Change in Control Purchase Price") shall be equal to 100% of the Principal Amount of the Securities to be purchased plus accrued and unpaid interest to, but excluding, the Change in Control Purchase Date.

A "Change in Control" shall be deemed to have occurred at such time as either of the following events shall occur:

(1) There shall be consummated any consolidation or merger of the Company pursuant to which the Common Stock would be converted into cash, securities or other property, in each case other than a consolidation or merger of the Company in which the holders of the Common Stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the aggregate of all classes of capital stock of the continuing or surviving corporation immediately after such consolidation or merger; or

(2) There is a report filed on Schedule 13D or TO (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that any person, including such person's Affiliates or Associates (for the purposes of this Section 13.1 only, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 50% or more of the voting power of the Common Stock or other Capital Stock into which the Common Stock is reclassified or changed; provided, however, that a person shall not be deemed beneficial owner of, or to own beneficially, (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (2) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act.

Notwithstanding the foregoing provisions of this Section 13.1, a Change in Control shall not be deemed to have occurred by virtue of the Company, any Subsidiary, any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary, or any person holding Common Stock for or pursuant to the terms of any such employee benefit plan, filing or becoming obligated to file a report under or in response to Schedule 13D or Schedule TO (or any successor schedule, form or report) under the Exchange Act disclosing beneficial ownership by it of shares of Common Stock, whether in excess of 50% or otherwise.

"Associate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date hereof.

(b) Within 15 Business Days after the occurrence of a Change in Control, the Company shall mail a written notice of the Change in Control to the Trustee and to each Holder.

The notice shall include the form of a Change in Control Purchase Notice to be completed by the Holder and shall state:

(1) the date of such Change in Control and, briefly, the events causing such Change in Control;

(2) the date by which the Change in Control Purchase Notice pursuant to this Section 13.1 must be given;

(3) the Change in Control Purchase Date;

(4) the Change in Control Purchase Price that will be accrued and payable with respect to the Securities as of the Change in Control Purchase Date;

(5) briefly, the conversion rights of the Securities;

(6) the name and address of each Paying Agent and Conversion Agent;

(7) the Base Conversion Rate and the current Conversion Rate (using the Applicable Stock Price as determined as of the Business Day prior to the date on which the notice pursuant to this Section 13.1(b) is marked by the Company to the Trustee) and any adjustments thereto;

(8) that Securities as to which a Change in Control Purchase Notice has been given may be converted into Common Stock pursuant to Article XI only to the extent that the Change in Control Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(9) the procedures that the Holder must follow to exercise rights under this Section 13.1;

(10) the procedures for withdrawing a Change in Control Purchase Notice, including a form of notice of withdrawal;

(11) that the Holder must satisfy the requirements set forth in the Securities in order to convert the Securities; and

(12) the last date on which the purchase right may be exercised.

If any of the Securities is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to the purchase of Global Securities.

(c) A Holder may exercise its rights specified in subsection (a) of this Section 13.1 upon delivery of a written notice (which shall be in substantially

the form included as an attachment to the Securities and which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Securities, may be delivered electronically or by other means in accordance with the

Depositary's customary procedures) of the exercise of such rights (a "Change in Control Purchase Notice") to any Paying Agent at any time prior to the close of business on the Business Day immediately preceding the Change in Control Purchase Date.

The delivery of such Security to any Paying Agent (together with all necessary endorsements) at the office of such Paying Agent shall be a condition to the receipt by the Holder of the Change in Control Purchase Price.

The Company shall purchase from the Holder thereof, pursuant to this Section 13.1, a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the purchase of all of a Security pursuant to Sections 13.1 through 13.6 also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 13.1 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Change in Control Purchase Date and the time of delivery of the Security to the Paying Agent in accordance with this Section 13.1.

Notwithstanding anything herein to the contrary, any Holder delivering to a Paying Agent the Change in Control Purchase Notice contemplated by this subsection (c) shall have the right to withdraw such Change in Control Purchase Notice in whole or as to a portion thereof that is a Principal Amount of $1,000 or an integral multiple thereof at any time prior to the close of business on the Business Day immediately preceding the Change in Control Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 13.2.

A Paying Agent shall promptly notify the Company of the receipt by it of any Change in Control Purchase Notice or written withdrawal thereof.

Anything herein to the contrary notwithstanding, in the case of Global Securities, any Change in Control Purchase Notice may be delivered or withdrawn and such Securities may be surrendered or delivered for purchase in accordance with the applicable procedures of the Depositary as in effect from time to time.

Section 13.2 EFFECT OF CHANGE IN CONTROL PURCHASE NOTICE. Upon receipt by any Paying Agent of the Change in Control Purchase Notice specified in Section 13.1(c), the Holder of the Security in respect of which such Change in Control Purchase Notice was given shall (unless such Change in Control Purchase Notice is withdrawn as specified below) thereafter be entitled to receive the Change in Control Purchase Price with respect to such Security. Such Change in Control Purchase Price shall be paid to such Holder promptly following the later of (a) the Change in Control Purchase Date with respect to such Security (provided the conditions in Section 13.1(c) have been satisfied) and (b) the time of delivery of such Security to a Paying Agent by the Holder thereof in the manner required by Section 13.1(c). Securities in respect of which a Change in Control Purchase Notice has been given by the Holder thereof may not be converted into Common Stock on or after the date of the delivery of such Change in Control Purchase Notice unless such Change in Control Purchase Notice has first been validly withdrawn as specified in the following paragraph.

A Change in Control Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Change in Control Purchase Notice at any time prior to the close of business on the applicable Change in Control Purchase Date specifying:

(1) if a certificated Security has been issued, the certificate number of the Securities in respect of which such notice of withdrawal is being submitted, or if not, such information as required by the Depositary;

(2) the Principal Amount, in integral multiples of $1,000, of the Securities with respect to which such notice of withdrawal is being submitted; and

(3) the Principal Amount, if any, of such Securities which remain subject to the original Change in Control Purchase Notice and which has been or will be delivered for purchase by the Company.

There shall be no purchase of any Securities pursuant to this Article if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Change in Control Purchase Notice) and is continuing an Event of Default (other than a default in the

payment of the Change in Control Purchase Price with respect to such Securities). The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Change in Control Purchase Notice has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Change in Control Purchase Price with respect to such Securities) in which case, upon such return, the Change in Control Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 13.3 DEPOSIT OF CHANGE IN CONTROL PURCHASE PRICE. On or before 11:00 a.m. New York City time on the Change in Control Purchase Date, the Company shall deposit with the Trustee or with a Paying Agent (other than the Company or an Affiliate of the Company) an amount of money (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Change in Control Purchase Price of all the Securities or portions thereof that are to be purchased as of such Change in Control Purchase Date. The manner in which the deposit required by this Section 13.3 is made by the Company shall be at the option of the Company, PROVIDED, HOWEVER, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the Change in Control Purchase Date.

If a Paying Agent holds, in accordance with the terms hereof, money sufficient to pay the Change in Control Purchase Price of any Security for which a Change in Control Purchase Notice has been tendered and not withdrawn in accordance with this Indenture on the Business Day following the Change in Control Purchase Date then, immediately following the Change in Control Purchase Date, such Security will cease to be outstanding, interest will cease to accrue and the rights of the Holder in respect thereof shall terminate (other than the right to receive the interest thereon). The Company shall publicly announce the Principal Amount of Securities purchased as a result of such Change in Control on or as soon as practicable after the Change in Control Purchase Date.

Section 13.4 SECURITIES PURCHASED IN PART. Any Security that is to be purchased only in part shall be surrendered at the office of a Paying Agent and promptly after the Change in Control Purchase Date the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge (other than amounts to be paid in respect of applicable transfer taxes), a new Security or Securities, of such authorized denomination or denominations in integral multiples of $1,000 as may be requested by such Holder, in aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Security so surrendered that is not purchased.

Section 13.5 COMPLIANCE WITH SECURITIES LAWS UPON PURCHASE OF SECURITIES. In connection with any offer to purchase or purchase of Securities under this Article (provided that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), the Company shall (i) comply with Rule 13e-4 under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report), if required, under the Exchange Act, and (iii) otherwise comply with all applicable Federal and state securities laws so as to permit the rights and obligations under this Article to be exercised in the time and in the manner specified in this Article.

Section 13.6 REPAYMENT TO THE COMPANY. The Trustee and the Paying Agent shall return to the Company any cash or Common Stock that remains unclaimed for two years, subject to applicable unclaimed property law, together with interest or dividends, if any, thereon held by them for the payment of the Change in Control Purchase Price; PROVIDED, HOWEVER, that to the extent that the aggregate amount of cash or Common Stock deposited by the Company pursuant to Section 13.3 exceeds the aggregate Change in Control Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Change in Control Purchase Date, then on the Business Day following the Purchase Date, the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

ARTICLE XIV

IMMUNITY OF INCORPORATORS, SHAREHOLDERS, OFFICERS, DIRECTORS AND EMPLOYEES

Section 14.1 EXEMPTION FROM INDIVIDUAL LIABILITY. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer, director or employee, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company, and that no such personal liability whatever shall attach to, or is or shall be incurred by,

the incorporators, shareholders, officers, directors or employees, as such, of the Company or of any successor corporation, or any of them, because of

the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholders, officer, director or employee, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.1 SUCCESSORS AND ASSIGNS OF COMPANY BOUND BY INDENTURE. All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Company shall bind its successors and assigns, whether so expressed or not.

Section 15.2 ACTS OF BOARD, COMMITTEE OR OFFICER OF SUCCESSOR CORPORATION VALID. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at that time be the successor of the Company.

Section 15.3 REQUIRED NOTICES OR DEMANDS. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on the Company may be given or served by being deposited postage prepaid in a post office letter box in the United States addressed (until another address is filed by the Company with the Trustee), as follows: Affiliated Managers Group, Inc., 600 Hale Street, Prides Crossing, MA 01965, Attention: Treasurer. Any notice, direction, request or demand by the Company or by any Holder to or upon the Trustee may be given or made, for all purposes, by being deposited postage prepaid in a post office letter box in the United States addressed to the Corporate Trust Office of the Trustee. Any notice required or permitted to be mailed to a Holder by the Company or the Trustee pursuant to the provisions of this Indenture shall be deemed to be properly mailed by being deposited postage prepaid in a post office letter box in the United States addressed to such Holder at the address of such Holder as shown on the Security Register. In any case, where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 15.4 GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS INDENTURE AND THE SECURITIES, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

Section 15.5 INDENTURE MAY BE EXECUTED IN COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original; and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Darrell W. Crate

Name: Darrell W. Crate
Title: Executive Vice President and
Chief Financial Officer

THE BANK OF NEW YORK

By: /s/ Kisha A. Holder

Name: Kisha A. Holder
Title: Assistant Treasurer

ANNEX A

[FORM OF FACE OF GLOBAL SECURITY]

FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THIS SECURITY IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT AND THE ISSUE DATE OF THIS SECURITY IS FEBRUARY 25, 2003. IN ADDITION, THIS SECURITY IS SUBJECT TO UNITED STATES FEDERAL INCOME TAX REGULATIONS GOVERNING CONTINGENT PAYMENT DEBT INSTRUMENTS. FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE, THE ISSUE PRICE OF EACH SECURITY IS $1,000 PER $1,000 OF PRINCIPAL AMOUNT AND THE COMPARABLE YIELD IS 5.62%, COMPOUNDED SEMI-ANNUALLY (WHICH WILL BE TREATED AS THE YIELD TO MATURITY FOR UNITED STATES FEDERAL INCOME TAX PURPOSES).

AFFILIATED MANAGERS GROUP, INC. (THE "COMPANY") AGREES, AND BY ACCEPTING A BENEFICIAL OWNERSHIP INTEREST IN THIS SECURITY EACH HOLDER OF THIS SECURITY WILL BE DEEMED TO HAVE AGREED, FOR UNITED STATES FEDERAL INCOME TAX PURPOSES (1) TO TREAT THIS SECURITY AS A DEBT INSTRUMENT THAT IS SUBJECT TO TREAS. REG. SEC. 1.1275-4 (THE "CONTINGENT PAYMENT REGULATIONS"), (2) TO TREAT THE FAIR MARKET VALUE OF ANY STOCK RECEIVED UPON ANY CONVERSION OF THIS SECURITY OR UPON A PURCHASE OF THIS SECURITY AT THE HOLDER'S OPTION AS A CONTINGENT PAYMENT FOR PURPOSES OF THE CONTINGENT PAYMENT REGULATIONS, AND (3) TO ACCRUE INTEREST WITH RESPECT TO THE SECURITY AS ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES ACCORDING TO THE "NONCONTINGENT BOND METHOD," SET FORTH IN THE CONTINGENT PAYMENT REGULATIONS, AND TO BE BOUND BY THE COMPANY'S DETERMINATION OF THE "COMPARABLE YIELD" AND "PROJECTED PAYMENT SCHEDULE," WITHIN THE MEANING OF THE CONTINGENT PAYMENT REGULATIONS, WITH RESPECT TO THIS SECURITY. THE COMPANY AGREES TO PROVIDE PROMPTLY TO THE HOLDER OF THIS SECURITY, UPON WRITTEN REQUEST, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE, YIELD TO MATURITY, COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE. ANY SUCH WRITTEN REQUEST SHOULD BE SENT TO THE COMPANY AT THE FOLLOWING ADDRESS: AFFILIATED MANAGERS GROUP, INC., 600 HALE STREET, PRIDES CROSSING, MASSACHUSETTS 01965, ATTENTION: CHIEF FINANCIAL OFFICER.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED

REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY TRUST COMPANY, OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE TWO OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY

AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY OR AFFILIATE THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (D) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE RIGHTS OF THE COMPANY AND THE WITHIN MENTIONED TRUSTEE PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE

REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS SECURITY ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE.

AFFILIATED MANAGERS GROUP, INC.

Floating Rate Convertible Senior Debentures due 2033

No. R-1 Principal Amount: $300,000,000
Issue Date: February 25, 2003 CUSIP: 008252 AD 0

AFFILIATED MANAGERS GROUP, INC., a Delaware corporation (the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of THREE HUNDRED MILLION DOLLARS ($300,000,000) on February 25, 2033.

This Security shall bear interest as specified on the reverse side of this Security. Contingent Interest, if any, on this Security, will be payable as specified on the reverse side of this Security. This Security is convertible as specified on the reverse side of this Security.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

AFFILIATED MANAGERS GROUP, INC.

By

Name:
Title:

Attest:

- ---
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE BANK OF NEW YORK, as Trustee,
certifies that this is one of the Securities referred
to in the within-mentioned Indenture.

By

Authorized Signatory

Dated: February 25, 2003

[FORM OF REVERSE SIDE OF SECURITY]

Floating Rate Convertible Senior Debentures due 2033

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") limited in aggregate principal amount to $300,000,000, issued under an Indenture, dated as of February 25, 2003 (the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. Capitalized terms used and not otherwise defined in this Security are used as defined in the Indenture.

1. Interest.

This Security will bear interest from February 25, 2003 or from the most recent date to which interest has been paid or duly provided for, quarterly in arrears on February 25, May 25, August 25 and November 25 of each year (each, an "Interest Payment Date"), commencing May 25, 2003, at the rate per annum equal to 3-month LIBOR, reset quarterly on each Interest Reset Date, minus 0.50%, until the principal hereof is paid or duly made available for payment. Regardless of the level of 3-month LIBOR, however, the annual rate of interest on the Securities will never be less than zero and after February 25, 2008, the annual rate of interest (exclusive of Contingent Interest, if any) will not exceed 3.25%. Interest on this Security shall be calculated on the basis of a 360-day year and the actual number of days elapsed during the related Interest Period (as defined below). Interest payable on this Security on any Interest Payment Date will include interest accrued from, and including, the most recent Interest Payment Date to which interest has been paid or duly made available for payment on this Security (or February 25, 2003, if no interest has been paid or been duly made available for payment) to, but excluding, such Interest Payment Date or Stated Maturity or earlier Redemption Date, Purchase Date or Change in Control Purchase Date, as the case may be (an "Interest Period"). The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 10, May 10, August 10 or November 10, as the case may be, immediately preceding the relevant Interest Payment Date. Any interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered Holder hereof on the relevant Regular Record Date by virtue of having been such Holder, and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company, notice whereof shall be given to the Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

If any Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date, Purchase Date or Change in Control Purchase Date)

falls on a day that is not a Business Day (as defined in the Indenture), such Interest Payment Date will be postponed to the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day, provided that, if such Business Day falls in the next succeeding calendar month, the Interest Payment Date will be the Business Day immediately preceding such Interest Payment Date. If the Stated Maturity, Redemption Date, Purchase Date or Change in Control Purchase Date would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Stated Maturity, Redemption Date, Purchase Date or Change in Control Purchase Date to such next succeeding Business Day.

"3-month LIBOR," as determined by the Trustee, means with respect to any Interest Period:

(a) the rate for three-month deposits in United States dollars commencing on the related Interest Reset Date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the Interest Determination Date, or

(b) if no rate appears on the particular Interest Determination Date on the Moneyline Telerate Page 3750, the rate calculated by the Trustee as the arithmetic mean of at least two offered quotations obtained by the Trustee after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the Trustee with its offered quotation

for deposits in United States dollars for the period of three months, commencing on the related Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in United Sates dollars in that market at that time, or

(c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the Trustee as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular Interest Determination Date by three major banks in The City of New York selected by the Trustee for loans in United States dollars to leading European banks for a period of three months and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(d) if the banks so selected by the Trustee are not quoting as mentioned in clause (c), 3-month LIBOR in effect on the particular Interest Determination Date.

"Interest Determination Date" means the second London banking day preceding the related Interest Reset Date.

"Interest Reset Date" means February 25, May 25, August 25 and November 25 of each year; provided that, if any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding Business Day, except if such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day.

"London banking day" means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

"Moneyline Telerate Page 3750" means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

2. Contingent Interest.

Subject to the accrual and Record Date provisions described below, this Security will bear additional quarterly interest ("Contingent Interest") to the Holder hereof during any six-month period from February 26 to August 25 or August 26 to February 25, commencing after February 25, 2008, if the average market price of the Securities for the five Trading Days ending on the third Trading Day immediately preceding the first day of the applicable six-month period equals 120% or more of the Principal Amount of the Securities.

The Contingent Interest payable per Security in respect of any six-month period in which Contingent Interest is payable will equal the annual rate of 0.25% of the average market price of a Security for the five Trading Day measuring period. Contingent Interest on this Security shall be calculated on the basis of a 360-day year of twelve 30-day months.

Contingent Interest, if any, will accrue and be payable on the two quarterly Interest Payment Dates for interest payable pursuant to paragraph 1 of this Security next succeeding the first day of the relevant six-month period to the Holders of this Security as of the Regular Record Date relating to such Interest Payment Dates.

Upon determination that Holders will be entitled to receive Contingent Interest during a relevant six-month period, we will issue a press release and publish such information on our website on the World Wide Web as soon as practicable.

For purposes of this paragraph 2, the market price of a Security on any date of determination means the average of the secondary market bid quotations per Security obtained by the Bid Calculation Agent for $5 million aggregate Principal Amount of Securities at approximately 4:00 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers selected by the Company, provided that if (a) at least three such bids are not obtained by the Bid Calculation Agent, or (b) in the reasonable judgment of the Company, the bid quotations are not indicative of the secondary market value of the Securities, then the market price of the debentures will equal (i) the then applicable Conversion Rate of the Securities multiplied by (ii) the average Sale Price of the Company's Common Stock on the five Trading Days ending on such determination date, appropriately adjusted.

The Bid Calculation Agent will initially be The Bank of New York, subject to the Company's right to replace the Bid Calculation Agent. The Bid Calculation Agent shall solicit bids from securities dealers that the Company believes to be willing to bid for the Securities.

3. Interest on Overdue Amounts.

If the Principal Amount hereof or any portion of such Principal Amount is

not paid when due (whether upon acceleration pursuant to Section 4.2 of the Indenture, upon the dates set for

payment of the Redemption Price, Purchase Price or Change in Control Purchase Price or upon the Stated Maturity of this Security) or if interest due hereon (including Contingent Interest, if any) (or any portion of such interest), is not paid when due, then in each such case the overdue amount shall, to the extent permitted by law, bear interest at the rate of interest payable as set forth in paragraph 1 of this Security, compounded quarterly, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable as set forth in the Indenture.

4. Method of Payment.

Subject to the terms and conditions of the Indenture, the Company will make payments in respect of Redemption Price, Purchase Price, Change in Control Purchase Price and at Stated Maturity to Holders who surrender Securities to a Paying Agent to collect such payments in respect of the Securities. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest (including Contingent Interest, if any) on all Global Securities and all other Securities the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. If any Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date or Purchase Date) falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day, provided that, if such Business Day falls in the next succeeding calendar month, the Interest Payment Date will be the Business Day immediately preceding such Interest Payment Date. If the Stated Maturity, Redemption Date, Purchase Date or Change of Control Purchase Date of this Security would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Stated Maturity, Redemption Date, Purchase Date or Change of Control Purchase Date to such next succeeding Business Day.

5. Paying Agent, Conversion Agent and Registrar.

Initially, the Trustee will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Trustee except that the Company will maintain at least one Paying Agent in the State of New York, City of New York, Borough of Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

6. Indenture.

The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as in effect from time to time (the "TIA"). The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms.

The Securities are general unsecured obligations of the Company limited to $300,000,000 aggregate Principal Amount. The Indenture does not limit other indebtedness of the Company, secured or unsecured.

7. Redemption at the Option of the Company.

No sinking fund is provided for the Securities. Prior to February 25, 2008, the Securities will not be redeemable at the option of the Company. Beginning on February 25, 2008 the Securities are redeemable for cash as a whole, or from time to time in part, at the option of the Company at a Redemption Price equal to 100% of the Principal Amount of the Securities, plus accrued and unpaid interest (including Contingent Interest, if any) to, but excluding, the Redemption Date.

If the Company redeems less than all of the outstanding Securities, the Trustee will select the Securities to be redeemed (i) by lot; (ii) pro rata; or (iii) by another method the Trustee considers fair and appropriate. If the Trustee selects a portion of a Holder's Securities for partial redemption and the Holder converts a portion of the same Securities, the converted portion shall be deemed to be from the portion selected for redemption.

8. Notice of Redemption.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at

the Holder's registered address. If money sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, immediately after such Redemption Date interest shall cease to accrue on such Securities or portions thereof. Securities in denominations larger than $1,000 may be redeemed in part but only in integral multiples of $1,000.

9. Purchase By the Company at the Option of the Holder.

Subject to the terms and conditions of the Indenture, the Company shall purchase, at the option of the Holder, the Securities held by such Holder on February 25, 2008, 2013, 2018, 2023, and 2028 at a Purchase Prices equal to 100% of the Principal Amount thereof, plus accrued and unpaid interest (including Contingent Interest, if any) to, but excluding, the Purchase Date, upon delivery of a Purchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 21 Business Days prior to such Purchase Date until the close of business on Business Day immediately preceding such Purchase Date and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture.

The Purchase Price may be paid, at the option of the Company, in cash or by the issuance and delivery of shares of Common Stock of the Company, or in any combination thereof.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall purchase all or a portion of the Securities held by such Holder as of the date that is 35 Business Days after the occurrence of a Change in Control of the Company occurring on or prior to February 25, 2008 for a Change in Control Purchase Price equal to 100% of the Principal Amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the Change in Control Purchase Date.

Holders have the right to withdraw any Purchase Notice or Change in Control Purchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash (and/or securities if permitted under the Indenture) sufficient to pay the Purchase Price or Change in Control Purchase Price, as the case may be, of all Securities or portions thereof to be purchased as of the Purchase Date or the Change in Control Purchase Date, as the case may be, is deposited with the Paying Agent on the Business Day following the Purchase Date or the Change in Control Purchase Date, as the case may be, all interest ceases to accrue on such Securities (or portions thereof) immediately after such Purchase Date or Change in Control Purchase Date, as the case may be, and the Holder thereof shall have no other rights as such (other than the right to receive the Purchase Price or Change in Control Purchase Price, as the case may be, upon surrender of such Security).

10. Conversion.

Subject to the terms of the Indenture, the Holder of a Security may convert the Security into shares of Common Stock at the Conversion Rate under the circumstances set forth in Sections 11.2, 11.3, 11.4 and 11.5 of the Indenture. A Security in respect of which a Holder has delivered a Purchase Notice or a Change in Control Purchase Notice exercising the option of such Holder to require the Company to purchase such Security may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture. The Conversion Rate for the Securities on any Conversion Date shall be determined as set forth in the Indenture.

The Company shall deliver cash or a check in lieu of any fractional share of Common Stock.

A Holder's right to convert the Securities into Common Stock of the Company is also subject to the Company's right to elect to pay such Holder the amount of cash set forth in the next succeeding sentence in lieu of delivering all or part of such Common Stock; provided, however, that if such payment of cash is not permitted pursuant to the provisions of the Indenture, the Company shall deliver Common Stock (and cash in lieu of fractional shares of Common Stock) in accordance with the Indenture, whether or not the Company has delivered a notice pursuant to the Indenture to the effect that the Securities will be paid in cash. If the Company shall elect to make such payment in shares of Common Stock or a combination of cash and Common Stock, the Company shall deliver to the Holder through the Conversion Agent, no later than the third Business Day following the date on which the Applicable Stock Price is determined, a certificate for the number of whole shares of Common Stock issuable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares. If, however, the Company shall elect to make all or a portion of such payment solely in cash, the Company shall deliver to the Holder surrendering a Security the amount of cash per Security (or a portion of a Security) equal to the Applicable Stock Price multiplied by the Conversion Rate in effect with respect to such Conversion Date no later than the tenth Business Day following such Conversion Date.

The Company may not pay cash in lieu of delivering all or part of such

shares of Common Stock upon the conversion of any Security pursuant to the terms of the Indenture (other than cash in lieu of fractional shares) if there has occurred (prior to, on or after, as the case may

be, the Conversion Date or the date on which the Company delivers its notice specifying whether each Conversion shall be converted into shares of Common Stock or cash) and is continuing an Event of Default (other than a default in such payment on such Securities).

A Holder may convert a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of a Security, that portion of accrued and unpaid interest (including Contingent Interest, if any) on the converted Security attributable to the period from the most recent Interest Payment Date (or, if no Interest Payment Date has occurred, from the Issue Date) through the Conversion Date and Tax Original Issue Discount accrued through the Conversion Date with respect to the converted Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash in lieu thereof, in exchange for the Security being converted pursuant to the provisions hereof.

Securities or portions thereof surrendered for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the opening of business on such Interest Payment Date shall (except for Securities called for redemption on a Redemption Date that occurs during the period between a Regular Record Date and the Interest Payment Date to which such Regular Record Date relates) be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date on the Principal Amount of Securities or portions thereof being surrendered for conversion.

No fractional shares will be issued upon conversion; in lieu thereof, an amount will be paid in cash based upon the Applicable Stock Price.

The Company agrees, and each Holder and any beneficial owner of a Security by its purchase thereof shall be deemed to agree, to treat, for United States federal income tax purposes, the fair market value of the Common Stock received upon the conversion of a Security (together with any cash payment in lieu of fractional shares) or cash, or a combination of cash and Common Stock as a contingent payment on the Security for purposes of Treasury Regulation Section 1.1275-4(b).

To convert a Security, a Holder must (a) complete and manually sign the conversion notice set forth below and deliver such notice to a Conversion Agent, (b) surrender the Security to the Conversion Agent, (c) furnish appropriate endorsements and transfer documents (including any certification that may be required under applicable law) if required by the Conversion Agent, and (d) pay any transfer or similar tax, if required.

The Conversion Rate will be adjusted under the Indenture for dividends or distributions on Common Stock payable in Common Stock or other Capital Stock; subdivisions, combinations or certain reclassifications of Common Stock; distributions to all holders of Common Stock of certain rights to purchase Common Stock for a period expiring within 60 days at less than the Sale Price at the Time of Determination; and distributions to such holders of assets or debt securities of the Company or certain rights to purchase securities of the Company (excluding

certain cash dividends or distributions), all as more fully provided in the Indenture. However, no adjustment need be made if Holders may participate in the transaction or in certain other cases. The Company from time to time may voluntarily increase the Conversion Rate.

11. Conversion Arrangement on Call for Redemption.

Any Securities called for redemption, unless surrendered for conversion before the close of business on the Redemption Date, may be deemed to be purchased from the Holders of such Securities at an amount not less than the Redemption Price, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Securities from the Holders, to convert them into Common Stock of the Company and to make payment for such Securities to the Trustee in trust for such Holders.

12. Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of $1,000 of Principal Amount and integral multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate

endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities in respect of which a Purchase Notice or Change in Control Purchase Notice has been given and not withdrawn (except, in the case of a Security to be purchased in part, the portion of the Security not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

13. Persons Deemed Owners.

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

14. Unclaimed Money or Securities.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

15. Amendment; Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate Principal Amount of the Securities at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding. The Company and the Trustee may amend the Indenture under certain circumstances without the consent of the Holder, as described in the Indenture.

16. Defaults and Remedies.

Under the Indenture, Events of Default include (i) a default in the payment of the Principal Amount, Redemption Price, Purchase Price or Change in Control Purchase Price with respect to any Security when such payment becomes due and payable; (ii) a default in the payment of any interest (including Contingent Interest, if any) on the Securities, when the same becomes due and payable, for a period of 30 days; (iii) failure by the Company to comply with other agreements in the Indenture or the Securities, subject to notice and lapse of time; (iv) failure by the Company to make any payment by the end of any applicable grace period after maturity on Indebtedness in an amount (taken together with amounts under clause (v) below) in excess of $30,000,000 and continuance of such failure for a period of 30 days after receipt by the Company of a Notice of Default; (v) the acceleration of Indebtedness of the Company in an amount (taken together with amounts under clause (iv) above) in excess of $30,000,000, without, in the case of clause (vi) above or this clause (v), such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled, for a period of 30 days after receipt by the Company of a Notice of Default; provided, however, that if any such failure or acceleration shall be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed not to have occurred; (vi) final unsatisfied judgments not covered by insurance aggregating in excess of $30,000,000 rendered against the Company or any of their Affiliates and not stayed, bonded or discharged within 60 days; and (vii) certain events of bankruptcy or insolvency. If an Event of Default occurs and is continuing, the Trustee, or the Holders of at least 25% in aggregate Principal Amount of the Securities at the time outstanding, may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default (except a Default in payment of amounts specified in clause (i) or (ii) above) if it determines that withholding notice is in their interests.

17. Trustee Dealings with the Company.

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

18. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder waives and

releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication.

This Security shall not be valid until an authorized signatory of the Trustee manually signs the Trustee's Certificate of Authentication on the other side of this Security.

20. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

21. GOVERNING LAW.

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THIS SECURITY, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture.

Affiliated Managers Group, Inc.
600 Hale Street
Prides Crossing, MA 01965
Telephone No. (617) 747-3300
Facsimile No. (617) 747-3380
Attention: Treasurer

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

- ---

- ---

(Insert assignee's soc. sec. or tax ID no.)

- ---

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:

CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

To convert only part of this Security, state the Principal Amount to be converted (which must be $1,000 or an integral multiple of $1,000): $
_____

If you want the stock certificate made out in another person's name, fill in the form below:

- ---

- ---

(Insert other person's soc. sec. or tax ID no.)

- ---

- ---

(Print or type other person's name, address and zip code)

Your
Signature:
----------*

(Sign exactly as your name appears on the other side of this Security)

* Your signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE ON CHANGE IN CONTROL

If you want to elect to have this Security purchased, in whole or in part, by the Company pursuant to Section 13.1 of the Indenture, check the following box:

If you want to have only part of this Security purchased by the Company, state the principal amount you want to be purchased (must be $1,000 or a multiple of $1,000):

$_____

If this notice is attached to a certificated Security, the Security certificate numbers:

- ----------

You agree by the presentation of this notice to provide any further information as may be required under applicable procedures of The Depository Trust Company.

Your

Signature:
----------*

(Sign exactly as your name appears on the other side of this Security)

* Your signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

ANNEX B
PROJECTED PAYMENT SCHEDULE*
Comparable Yield = 5.62%, compounded semi-annually
YEARS 0-6
YEARS 7-12
YEARS 13-18
YEARS 19-24
YEARS 25-30 - ----------
PROJECTED
PROJECTED
PROJECTED
PROJECTED
PROJECTED

PAYMENT	PAYMENT	PAYMENT	PAYMENT	PAYMENT	PER $1,000	PER $1,000	PER $1,000	PER $1,000	PER $1,000	PRINCIPAL	PRINCIPAL	PRINCIPAL	PRINCIPAL	PRINCIPAL	AMOUNT OF	AMOUNT OF	AMOUNT OF	AMOUNT OF	AMOUNT OF	DATE	SECURITY	DATE	SECURITY	DATE	SECURITY	DATE	SECURITY	DATE	SECURITY -
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
6.88	6.88	6.88	7.81	8.24	6.88	6.88	6.88	7.81	8.24	6.88	6.88	6.88	7.85	8.29	6.88	6.88	6.88	7.85	8.29	6.88	5/25/03	5/25/09	5/25/15	5/25/21	5/25/27	8/25/03	8/25/09	8/25/15	8/25/21	8/25/27	11/25/03	11/25/09	11/25/15	11/25/21	11/25/27	2/25/04	2/25/10	2/25/16	2/25/22	2/25/28	5/25/04	5/25/10

6.88
5/25/16
6.88
5/25/22
7.88
5/25/28
8.33
8/25/04
6.88
8/25/10
6.88
8/25/16
6.88
8/25/22
7.88
8/25/28
8.33
11/25/04
6.88
11/25/10
6.88
11/25/16
6.88
11/25/22
7.91
11/25/28
8.37
2/25/05
6.88
2/25/11
6.88
2/25/17
6.88
2/25/23
7.91
2/25/29
8.37
5/25/05
6.88
5/25/11
6.88
5/25/17
6.88
5/25/23
7.94
5/25/29
8.42
8/25/05
6.88
8/25/11
6.88
8/25/17
6.88
8/25/23
7.94
8/25/29
8.42
11/25/05
6.88
11/25/11
6.88
11/25/17
6.88
11/25/23
7.98
11/25/29
8.46
2/25/06
6.88
2/25/12
6.88
2/25/18
6.88
2/25/24
7.98
2/25/30
8.46
5/25/06
6.88
5/25/12
6.88
5/25/18
7.64
5/25/24
8.01
5/25/30

8.51
8/25/06
6.88
8/25/12
6.88
8/25/18
7.64
8/25/24
8.01
8/25/30
8.51
11/25/06
6.88
11/25/12
6.88
11/25/18
7.67
11/25/24
8.05
11/25/30
8.56
2/25/07
6.88
2/25/13
6.88
2/25/19
7.67
2/25/25
8.05
2/25/31
8.56
5/25/07
6.88
5/25/13
6.88
5/25/19
7.70
5/25/25
8.09
5/25/31
8.61
8/25/07
6.88
8/25/13
6.88
8/25/19
7.70
8/25/25
8.09
8/25/31
8.61
11/25/07
6.88
11/25/13
6.88
11/25/19
7.72
11/25/25
8.12
11/25/31
8.66
2/25/08
6.88
2/25/14
6.88
2/25/20
7.72
2/25/26
8.12
2/25/32
8.66
5/25/08
6.88
5/25/14
6.88
5/25/20
7.75
5/25/26
8.16
5/25/32
8.71
8/25/08
6.88
8/25/14
6.88
8/25/20

7.75
8/25/26
8.16
8/25/32
8.71
11/25/08
6.88
11/25/14
6.88
11/25/20
7.78
11/25/26
8.20
11/25/32
8.76
2/25/09
6.88
2/25/15
6.88
2/25/21
7.78
2/25/27
8.20
2/25/33
3,112.19

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* Projected payment schedule based on fixed rate equivalent yield-to-maturity of 2.75% per annum. Assumes 30 year maturity, 77.8% conversion premium, $45.70 stock price, puts in years 5, 10, 15, 20 and 25 and 5 years of call protection. Assumes contingent interest of 0.25% per annum if the market price exceeds 120% of the principal amount after year 5.

EXHIBIT 4.24

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of February 25, 2003, by and between AFFILIATED MANAGERS GROUP, INC., a Delaware corporation (the "Company") and MERRILL LYNCH & CO., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (the "Initial Purchaser").

This Agreement is made pursuant to the Purchase Agreement, dated February 19, 2003 (the "Purchase Agreement"), between the Company, as issuer of the Floating Rate Convertible Senior Debentures due 2033 (the "Debentures"), and the Initial Purchaser, which provides for, among other things, the sale by the Company to the Initial Purchaser of the aggregate principal amount at maturity of Debentures specified therein. In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

The Company agrees with the Initial Purchaser, (i) for its benefit as Initial Purchaser and (ii) for the benefit of the beneficial owners (including the Initial Purchaser) from time to time of the Debentures, and the beneficial owners from time to time of the Underlying Common Stock (as defined herein) issued upon conversion of the Debentures, if any, (each of the foregoing a "Holder" and together the "Holders"), as follows:

SECTION 1. DEFINITIONS. Capitalized terms used herein without definition shall have their respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate:" With respect to any specified person, an "affiliate," as defined in Rule 144, of such person.

"Applicable Conversion Price:" The Applicable Conversion Price as of any date of determination means per $1,000 principal amount at maturity of Debentures as of such date of determination divided by the Conversion Rate in effect as of such date of determination or, if no Debentures are then outstanding, the Conversion Rate that would be in effect were Debentures then outstanding.

"Business Day:" Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

"Common Stock:" The Common Stock, $0.01 par value, of the Company and any other shares of common stock as may constitute "Common Stock" for purposes of the Indenture, including the Underlying Common Stock.

"Company:" See the first paragraph hereof.

"Conversion Rate:" Conversion Rate shall have the meaning assigned to such term in the Indenture.

"Damages Accrual Period:" See Section 2(e) hereof.

"Damages Payment Date:" Each February 25, May 25, August 25 and November 25.

"Debentures:" See the second paragraph hereof.

"Deferral Notice:" See Section 3(h) hereof.

"Deferral Period:" See Section 3(h) hereof.

"Effectiveness Deadline Date:" See Section 2(a) hereof.

"Effectiveness Period:" The period beginning on the Issue Date and ending on the earlier of (i) the sale pursuant to the Initial Shelf Registration Statement of all Registrable Securities thereunder and (ii) the expiration of the holding period applicable to such Registrable Securities held by persons not Affiliates of the Company under Rule 144(k) under the Securities Act.

"Event:" See Section 2(e) hereof.

"Event Date:" See Section 2(e) hereof.

"Event Termination Date:" See Section 2(e) hereof.

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

"Filing Deadline Date:" See Section 2(a) hereof.

"Holder:" See the third paragraph hereof.

"Indenture:" The senior indenture, dated as of the date hereof, between the Company and The Bank of New York, as trustee, pursuant to which the Debentures are being issued.

"Initial Purchaser:" See the first paragraph of this Agreement.

"Initial Shelf Registration Statement:" See Section 2(a) hereof.

"Issue Date:" means February 25, 2003.

"Liquidated Damages Amount:" See Section 2(e) hereof.

"Material Event:" See Section 3(h) hereof.

"Notice and Questionnaire:" A written notice delivered to the Company containing substantially the information called for by the Selling Securityholder Notice and

Questionnaire attached as Annex A to the Offering Memorandum of the Company, dated February 19, 2003, relating to the Debentures.

"Notice Holder:" On any date, any Holder that has delivered a Notice and Questionnaire to the Company on or prior to such date.

"Prospectus:" The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 promulgated under the Securities Act), as amended or supplemented by any amendment or prospectus supplement, including post-effective amendments, and all materials incorporated by reference in such Prospectus.

"Purchase Agreement:" See the second paragraph hereof.

"Record Date:" With respect to any Damages Payment Date relating to any Debenture as to which any Liquidated Damages Amount has accrued, (i) the 15th day immediately preceding such Damages Payment Date if the Damages Accrual Period has not ended, or (ii) the date of the end of the Damages Accrual Period.

"Record Holder:" With respect to any Damages Payment Date relating to any Debenture as to which any Liquidated Damages Amount has accrued, the registered holder of such Debenture.

"Registrable Securities:" The Securities, until such securities have been converted or exchanged and, at all times subsequent to any such conversion or exchange, any securities into or for which such securities have been converted or exchanged, and any security issued with respect thereto upon any stock dividend, split, merger or similar event until, in the case of any such security, the earliest of (i) its effective registration under the Securities Act and resale in accordance with the Registration Statement covering it, (ii) expiration of the holding period that would be applicable thereto under Rule 144(k) were it not held by an Affiliate of the Company, (iii) its sale to the public pursuant to Rule 144 or (iv) the expiration of the Effectiveness Period.

"Registration Statement:" Any registration statement of the Company that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all materials incorporated by reference in such registration statement.

"Restricted Securities:" As this term is defined in Rule 144.

"Rule 144:" Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"Rule 144A:" Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"SEC:" The Securities and Exchange Commission.

"Securities:" Collectively means the Debentures and the Underlying Common Stock.

"Securities Act:" The Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

"Shelf Registration Statement:" See Section 2(a) hereof.

"Subsequent Shelf Registration Statement:" See Section 2(b) hereof.

"TIA:" The Trust Indenture Act of 1939, as amended.

"Trustee:" The Bank of New York (or any successor entity), the Trustee under the Indenture.

"Underlying Common Stock:" The Common Stock into which the Debentures are convertible or issued upon any such conversion.

SECTION 2. SHELF REGISTRATION.

(a) The Company shall prepare or cause to be prepared and shall use reasonable efforts to file or cause to be filed with the SEC no later than a date which is ninety (90) days after the Issue Date (the "Filing Deadline Date") a Registration Statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act (a "Shelf Registration Statement") registering the resale from time to time by Holders thereof of all of the Registrable Securities (the "Initial Shelf Registration Statement"). The Initial Shelf Registration Statement shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by such Holders in accordance with the methods of distribution elected by the Holders and set forth in the Initial Shelf Registration Statement; provided, that in no event will such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company. The Company shall use reasonable efforts to cause the Initial Shelf Registration Statement to be declared effective under the Securities Act by the date (the "Effectiveness Deadline Date") that is one hundred and eighty (180) days after the Issue Date, and to keep the Initial Shelf Registration Statement (or any Subsequent Shelf Registration Statement) continuously effective under the Securities Act until the expiration of the Effectiveness Period, subject to the rights of the Company under Section 3(h) to create a Deferral Period. At the time the Initial Shelf Registration Statement is declared effective, each Holder that became a Notice Holder on or prior to the date ten (10) Business Days prior to such time of effectiveness shall be named as a selling securityholder in the Initial Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of Registrable Securities in accordance with applicable law.

(b) If the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement ceases to be effective for any reason at any time during the Effectiveness Period, the Company shall use reasonable efforts to obtain the prompt withdrawal of any order

suspending the effectiveness thereof, and in any event shall within thirty (30) days of such cessation of effectiveness amend the Shelf Registration Statement in a manner reasonably expected by the Company to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional Shelf Registration Statement covering all of the Securities that as of the date of such filing are Registrable Securities (a "Subsequent Shelf Registration Statement"). If a Subsequent Shelf Registration Statement is filed, the Company shall use reasonable efforts to cause the Subsequent Shelf Registration Statement to become effective as promptly as is practicable after such filing and to keep such Registration Statement (or subsequent Shelf Registration Statement) continuously effective until the end of the Effectiveness Period.

(c) The Company shall supplement and amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement if required by the Securities Act or, to the extent to which the Company does not reasonably object, as reasonably requested by the Initial Purchaser or by the Trustee on behalf of the registered Holders.

(d) Each Holder of Registrable Securities agrees that if such Holder wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus, it will do so only in accordance with this Section 2(d) and Section 3(h). Each Holder of Registrable Securities wishing to sell Registrable Securities pursuant to a Shelf Registration Statement and related Prospectus agrees to deliver a Notice and Questionnaire to the Company at least eight (8) but not more than twenty (20) Business Days prior to any intended distribution of Registrable Securities under the Shelf Registration Statement. From and after the date the Initial Shelf Registration Statement is declared effective, the Company shall, as promptly as reasonably practicable after the date a Notice and Questionnaire is delivered, and in any event within five (5) Business Days after such date, (i) if required by applicable law, file with the SEC a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by

reference or file any other document required by the SEC so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in the Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is practicable; (ii) provide such Holder copies of any documents filed pursuant to Section 2(d)(i); and (iii) notify such Holder as promptly as practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to Section 2(d)(i); provided, that if such Notice and Questionnaire is delivered during a Deferral Period, the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Deferral Period in accordance with Section 3(h). Notwithstanding anything contained herein to the contrary, the Company shall be under no obligation to name any Holder that is not a Notice Holder as a selling securityholder in any Registration Statement or related Prospectus; provided, however, that any Holder that becomes a Notice Holder pursuant to the provisions of Section 2(d) of this Agreement (whether or not such Holder was a Notice Holder at the time the Registration Statement was initially declared effective) shall be named as a selling

securityholder in the Registration Statement or related Prospectus subject to and in accordance with the requirements of this Section 2(d).

(e) The parties hereto agree that the Holders of Registrable Securities will suffer damages, and that it would not be feasible to ascertain the extent of such damages with precision, if (i) the Initial Shelf Registration Statement has not been filed on or prior to the Filing Deadline Date, (ii) the Initial Shelf Registration Statement has not been declared effective under the Securities Act on or prior to the Effectiveness Deadline Date, or (iii) the aggregate duration of Deferral Periods in any period exceeds the number of days permitted in respect of such period pursuant to Section 3(h) hereof (each of the events of a type described in any of the foregoing clauses (i) through (iii) are individually referred to herein as an "Event," and the Filing Deadline Date in the case of clause (i), the Effectiveness Deadline Date in the case of clause (ii), and the date on which the aggregate duration of Deferral Periods in any period exceeds the number of days permitted by Section 3(h) hereof in the case of clause (iii), being referred to herein as an "Event Date"). Events shall be deemed to continue until the "Event Termination Date," which shall be the following dates with respect to the respective types of Events: the date the Initial Shelf Registration Statement is filed in the case of an Event of the type described in clause (i), the date the Initial Shelf Registration Statement is declared effective under the Securities Act in the case of an Event of the type described in clause (ii) and termination of the Deferral Period that caused the limit on the aggregate duration of Deferral Periods in a period set forth in Section 3(h) to be exceeded in the case of the commencement of an Event of the type described in clause (iii).

Accordingly, commencing on (and including) any Event Date and ending on (but excluding) the next date on which there are no Events that have occurred and are continuing (a "Damages Accrual Period"), the Company agrees to pay, as liquidated damages and not as a penalty, an amount (the "Liquidated Damages Amount"), payable on the Damages Payment Dates to Record Holders of then outstanding Debentures that are Registrable Securities accruing, for each portion of such Damages Accrual Period beginning on and including a Damages Payment Date (or, in respect of the first time that the Liquidation Damages Amount is to be paid to Record Holders on a Damages Payment Date as a result of the occurrence of any particular Event, beginning on and including the Event Date) and ending on but excluding the first to occur of (A) the date of the end of the Damages Accrual Period or (B) the next Damages Payment Date, at a rate per annum equal to one-quarter of one percent (0.25%) for the first 90-day period from the Event Date, and thereafter at a rate per annum equal to one-half of one percent (0.50%) of the aggregate principal amount of such Debentures determined as of the Record Date; provided, that any Liquidated Damages Amount accrued with respect to any Debenture or portion thereof called for redemption on a redemption date or converted into Underlying Common Stock on a conversion date prior to the Damages Payment Date, shall, in any such event, be paid instead to the Holder who submitted such Debenture or portion thereof for redemption or conversion on the applicable redemption date or conversion date, as the case may be, on such date (or promptly following the conversion date, in the case of conversion).

Notwithstanding the foregoing, no Liquidated Damages Amounts shall accrue as to any Underlying Common Stock at any time nor as to any Debenture from and after the earlier of (x) the date such security is no longer a Registrable Security and (y) expiration of the Effectiveness Period. The rate of accrual of the Liquidated Damages Amount with respect to any

period shall not exceed the rate provided for in this paragraph notwithstanding the occurrence of multiple concurrent Events. Following the cure of all Events requiring the payment by the Company of Liquidated Damages Amounts to the Holders of Registrable Securities pursuant to this Section, the accrual of Liquidated Damages Amounts will cease (without in any way limiting the effect of any subsequent Event requiring the payment of Liquidated Damages Amount by the Company).

The Trustee shall be entitled, on behalf of Holders of Debentures or Underlying Common Stock, to seek any available remedy for the enforcement of this Agreement, including, with respect to Debentures, for the payment of any Liquidated Damages Amount. Notwithstanding the foregoing, the parties agree that the sole remedy for a violation of the terms of this Agreement shall be such liquidated damages.

All of the Company's obligations set forth in this Section 2(e) that are outstanding with respect to any Registrable Security at the time such Security ceases to be a Registrable Security shall survive until such time as all such obligations with respect to such security have been satisfied in full (notwithstanding termination of this Agreement pursuant to Section 8(j)).

The parties hereto agree that the liquidated damages provided for in this Section 2(e) constitute a reasonable estimate of the damages that may be incurred by Record Holders of then outstanding Debentures that are Registrable Securities by reason of the failure of the Shelf Registration Statement to be filed or declared effective or available for effecting resales of Registrable Securities in accordance with the provisions hereof.

SECTION 3. REGISTRATION PROCEDURES. In connection with the registration obligations of the Company under Section 2 hereof, the Company shall:

(a) Before filing any Registration Statement or Prospectus or any amendments or supplements thereto with the SEC, furnish to the Initial Purchaser copies of all such documents proposed to be filed and give reasonable consideration to such comments as the Initial Purchaser reasonably shall propose within three (3) Business Days of the delivery of such copies to the Initial Purchaser.

(b) Subject to Section 3(h), prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the applicable period specified in Section 2(a); cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and use reasonable efforts to comply with the provisions of the Securities Act applicable to it with respect to the disposition of all securities covered by such Registration Statement during the Effectiveness Period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement as so amended or such Prospectus as so supplemented.

(c) As promptly as practicable give notice to the Notice Holders and the Initial Purchaser (i) when any Prospectus, Prospectus supplement, Registration Statement or post-effective amendment to a Registration Statement (other than any such Prospectus

supplement, Registration Statement or post-effective amendment to a Registration Statement which is filed solely to name additional selling security holders or to reflect any other matters that are not of a material nature) has been filed with the SEC and, with respect to a Registration Statement or any post-effective amendment, when the same has been declared effective, (ii) of any request, following the effectiveness of the Initial Shelf Registration Statement under the Securities Act, by the SEC or any other federal or state governmental authority for amendments or supplements to any Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of any Registration Statement or the initiation or threatening of any proceedings for that purpose, and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, which notice may, at the discretion of the Company (or as required pursuant to Section 3(h)), state that it constitutes a Deferral Notice, in which event the provisions of Section 3(h) shall apply.

(d) Use all reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction in which they have been qualified for sale, in either case at the earliest possible moment.

(e) As promptly as reasonably practicable furnish to each Notice Holder and the Initial Purchaser, upon their request and without charge, at

least one (1) conformed copy of the Registration Statement and any amendment thereto, including financial statements, but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits (unless requested in writing to the Company by such Notice Holder or the Initial Purchaser, as the case may be).

(f) During the Effectiveness Period, deliver to each Notice Holder in connection with any sale of Registrable Securities pursuant to a Registration Statement, without charge, as many copies of the Prospectus or Prospectuses relating to such Registrable Securities (including each preliminary prospectus) and any amendment or supplement thereto as such Notice Holder may reasonably request; and the Company hereby consents (except during such periods that a Deferral Notice is outstanding and has not been revoked) to the use of such Prospectus or each amendment or supplement thereto by each Notice Holder in connection with any offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto in the manner set forth therein.

(g) Subject to Section 3(h), prior to any public offering of the Registrable Securities pursuant to the Shelf Registration Statement, use all reasonable efforts to register or qualify or cooperate with the Notice Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Notice Holder reasonably requests in writing (which request may be included in the Notice and Questionnaire); prior to any public offering of the Registrable Securities pursuant to the Shelf Registration Statement, use reasonable efforts to keep each such registration or qualification (or

exemption therefrom) effective during the Effectiveness Period in connection with such Notice Holder's offer and sale of Registrable Securities pursuant to such registration or qualification (or exemption therefrom) and do any and all other acts or things necessary to enable the disposition in such jurisdictions of such Registrable Securities in the manner set forth in the relevant Registration Statement and the related Prospectus; provided, that the Company will not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it is not otherwise qualified but for this Agreement or (ii) take any action that would subject it to general service of process in suits or to taxation in any such jurisdiction where it is not then so subject.

(h) Upon (A) the issuance by the SEC of a stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of proceedings with respect to the Shelf Registration Statement under Section 8(d) or 8(e) of the Securities Act, (B) the occurrence of any event or the existence of any fact (a "Material Event") as a result of which any Registration Statement shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or any Prospectus shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (C) the occurrence or existence of any pending corporate development that, in the discretion of the Company, makes it appropriate to suspend the availability of the Shelf Registration Statement and the related Prospectus, (i) in the case of clause (B) above, subject to the next sentence, as promptly as practicable prepare and file a post-effective amendment to such Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document that would be incorporated by reference into such Registration Statement and Prospectus so that such Registration Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, and, in the case of a post-effective amendment to a Registration Statement, subject to the next sentence, use reasonable efforts to cause it to be declared effective as promptly as is reasonably practicable, and (ii) give notice to the Notice Holders that the availability of the Shelf Registration Statement is suspended (a "Deferral Notice") and, upon receipt of any Deferral Notice, each Notice Holder agrees not to sell any Registrable Securities pursuant to the Registration Statement until such Notice Holder's receipt of copies of the supplemented or amended Prospectus provided for in clause (i) above, or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company will use all reasonable efforts to ensure that the use of the Prospectus may be resumed (x) in the case of clause (A) above, as promptly as practicable, (y) in the case of clause (B) above, as soon as, in the sole judgment of the Company, public disclosure of such Material Event would not be prejudicial to or contrary to the interests of the Company or, if necessary to avoid unreasonable burden or

expense, as soon as reasonably practicable thereafter and (z) in the case of clause (C) above, as soon as, in the sole judgment of the Company, such suspension is no longer appropriate. The period during which the availability of

the Registration Statement and any Prospectus is suspended (the "Deferral Period") shall, without the Company incurring any obligation to pay liquidated damages pursuant to Section 2(e), not exceed thirty (30) days in any three (3) month period or ninety (90) days in any twelve (12) month period.

(i) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earning statements (which need not be audited) satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than forty-five (45) days after the end of any 12-month period (or ninety (90) days after the end of any 12-month period if such period is a fiscal year) commencing on the first day of the first fiscal quarter of the Company commencing after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(j) If reasonably requested in writing by a Holder or Holders of Registrable Securities and solely at the Company's discretion, the Company will consider an underwritten offering of Registrable Securities held by such Holder or Holders upon terms and conditions to be agreed upon at the time of such underwritten offering.

(k) Cooperate with each Notice Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities sold pursuant to a Registration Statement, and cause such Registrable Securities to be in such denominations as are permitted by the Indenture and registered in such names as such Notice Holder may request in writing at least two Business Days prior to any sale of such Registrable Securities.

(l) Provide a CUSIP number for all Registrable Securities covered by each Registration Statement not later than the effective date of such Registration Statement and provide the Trustee for the Debentures and the transfer agent for the Common Stock with certificates for the Registrable Securities that are in a form eligible for deposit with The Depository Trust Company.

(m) Make reasonable effort to provide such information as is required for any filings required to be made with the National Association of Securities Dealers, Inc.

(n) Upon (i) the filing of the Initial Shelf Registration Statement and (ii) the effectiveness of the Initial Shelf Registration Statement, announce the same, in each case by release to Reuters Economic Services and Bloomberg Business News.; and

(o) Cause the Indenture to be qualified under the TIA not later than the effective date of any Registration Statement; and in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner.

SECTION 4. HOLDER'S OBLIGATIONS. Each Holder agrees, by acquisition of the Registrable Securities, that no Holder of Registrable Securities shall be entitled to sell any of

such Registrable Securities pursuant to a Registration Statement or to receive a Prospectus relating thereto, unless such Holder has furnished the Company with a Notice and Questionnaire as required pursuant to Section 2(d) hereof (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Notice Holder not misleading and any other information regarding such Notice Holder and the distribution of such Registrable Securities as may be required to be disclosed in the Registration Statement under applicable law or pursuant to SEC comments. Each Holder further agrees, following termination of the Effective Period, to notify the Company within ten (10) Business Days of request, of the amount of Registrable Securities sold pursuant to the Registration Statement and, in the absence of a response, the Company may assume that all of the Holder's Registrable Securities were so sold.

SECTION 5. REGISTRATION EXPENSES. The Company shall bear all fees and expenses incurred in connection with the performance by the Company of its obligations under Sections 2 and 3 of this Agreement whether or not any of the

Registration Statements are declared effective. Such fees and expenses shall include, without limitation, (i) all registration and filing fees (including, without limitation, reasonable fees and disbursements of the counsel specified in the next sentence in connection with Blue Sky qualifications of the Registrable Securities under the laws of such jurisdictions as the Notice Holders of a majority of the Registrable Securities being sold pursuant to a Registration Statement may designate), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company), (iii) duplication expenses relating to copies of any Registration Statement or Prospectus delivered to any Holders hereunder, (iv) fees and disbursements of counsel for the Company in connection with the Shelf Registration Statement, and (v) reasonable fees and disbursements of the Trustee and its counsel and of the registrar and transfer agent for the Common Stock. In addition, the Company shall bear or reimburse the Notice Holders for the reasonable fees and disbursements of one firm of legal counsel for the Holders incurred in reviewing and commenting upon the Shelf Registration Statement prior to its effectiveness, which shall, upon the written consent of the Initial Purchaser (which shall not be unreasonably withheld), be a nationally recognized law firm experienced in securities law matters designated by the Company. In addition, the Company shall pay the internal expenses of the Company (including, without limitation, all salaries and expenses of officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which the same securities of the Company are then listed and the fees and expenses of any person, including special experts, retained by the Company.

SECTION 6. INDEMNIFICATION; CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless the Initial Purchaser and each Holder of Registrable Securities and each person, if any, who controls the Initial Purchaser or any Holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, resulting from any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or resulting from any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, provided that (subject to Section 6(d) below) any such settlement is effected with the prior written consent of the Company; and

(iii) subject to Section 6(c) below, against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Initial Purchaser or any Holder of Registrable Securities and each person, if any, who controls the Initial Purchaser or any such Holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided, further, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense (1) arising from an offer or sale of Registrable Securities occurring during a Deferral Period, if a Notice Holder was given a Deferral Notice, or (2) a Holder fails to deliver at or prior to the written confirmation of sale, the most recent Prospectus, as amended or supplemented, and such Prospectus, as amended or supplemented, would have corrected such untrue statement or alleged untrue statement of a material fact or would have included the omitted or allegedly

omitted statement of a material fact.

(b) In connection with any Shelf Registration in which a Holder, including, without limitation, the Initial Purchaser, of Registrable Securities is participating, in furnishing information relating to such Holder of Registrable Securities to the Company in writing expressly for use in such Registration Statement, any preliminary prospectus, the Prospectus or

any amendments or supplements thereto, the Holders of such Registrable Securities agree, severally and not jointly, to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls the Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and the Company, and each person, if any, who controls the Company within the meaning of either such Section, against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder of Registrable Securities (which also acknowledges the indemnity provisions herein) or any person, if any, who controls any such Holder of Registrable Securities expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

The Initial Purchaser agrees to indemnify and hold harmless the Company, the Holders of Registrable Securities, and each person, if any, who controls the Company or any Holder of Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. The indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Initial Purchaser, Holders of Registrable Securities, and all persons, if any, who control the Initial Purchaser or Holders of

Registrable Securities within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, collectively (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, and each person, if any, who controls the Company within the meaning of either such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Initial Purchaser, Holders of Registrable Securities, and control persons of the Initial Purchaser and Holders of Registrable Securities, such firm shall be designated in writing by the Initial Purchaser. In the case of any such separate firm for the Company, and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to

indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than forty-five (45) days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least thirty (30) days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, an indemnifying party shall not be liable for any settlement effected without its consent if such indemnifying party (i) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (ii) provides written notice to the indemnified party substantiating the unpaid balance as unreasonable, in each case prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than forty-five (45) days after receipt by such indemnifying party of aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least thirty (30) days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, if at any time an indemnified

party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, an indemnifying party shall not be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its consent if such indemnifying party (1) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (2) provides written notice to the indemnified party substantiating the unpaid balance as unreasonable, in each case prior to the date of such settlement.

(e) If the indemnification provided for in this Section 6 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the Holders of the Registrable Securities or the Initial Purchaser on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders of the Registrable Securities or the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6(e). The aggregate amount of losses, liabilities, claims, damages, and expenses incurred by an indemnified party and referred to above in this Section 6(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or

body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 6, neither the Holder of any Registrable Securities nor the Initial Purchaser, shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such Holder of Registrable Securities or by the Initial Purchaser, as the case may be, and distributed to the public were offered to the public exceeds the amount of any damages that such Holder of Registrable Securities or the Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 6(e), each person, if any, who controls the Initial Purchaser or any Holder of Registrable Securities within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Initial Purchaser or such Holder, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

SECTION 7. INFORMATION REQUIREMENTS. The Company covenants that, if at any time before the end of the Effectiveness Period the Company is not subject to the reporting requirements of the Exchange Act, the Company will cooperate with any Holder of Registrable Securities and take such further reasonable action as any Holder of Registrable Securities may reasonably request in writing (including, without limitation, making such reasonable representations as any such Holder may reasonably request), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 and Rule 144A under the Securities Act and customarily taken in connection with sales pursuant to such exemptions; provided, however, that any legal opinion required by any trustee or transfer agent shall be the responsibility of such Holder. Upon the written request of any Holder of Registrable Securities, the Company shall deliver to such Holder a written statement as to whether it has complied with such filing requirements, unless such a statement has been included in the Company's most recent report required to be filed and filed pursuant to Section 13 or Section 15(d) of Exchange Act. Notwithstanding the foregoing, nothing in this Section 7 shall be deemed to require the Company to register any of its securities under any section of the Exchange Act.

SECTION 8. MISCELLANEOUS; NO CONFLICTING AGREEMENTS. The Company is not, as of the date hereof, a party to, nor shall the Company, on or after the date of this Agreement, enter into any agreement with respect to its securities that conflicts with the rights granted to the Holders of Registrable Securities in this Agreement. The Company represents and warrants that the rights granted to the Holders of Registrable Securities hereunder do not conflict in any material respect with the rights granted to the holders of the Company securities under any other agreements.

(a) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority of the then outstanding Underlying Common Stock constituting Registrable Securities (with Holders of Debentures deemed to be the Holders, for purposes of this Section, of the number of outstanding shares of Underlying Common Stock into which such Debentures are or would be convertible or exchangeable as of the date on which such consent is requested). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Securities may be given by Holders of at least a majority of the Registrable Securities being sold by such Holders pursuant to such Registration Statement; provided, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of

Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 8(a), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(b) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, by telecopier, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (i) when made, if made by hand delivery, (ii) upon confirmation, if made by telecopier, (iii) one (1) Business Day after being deposited with such courier, if made by overnight courier or (iv) on the date indicated on the notice of receipt, if made by first-class mail, to the parties as follows:

(w) if to a Holder of Registrable Securities that is not a Notice Holder, at the address for such Holder then appearing in the Registrar (as defined in the Indenture);

(x) if to a Notice Holder, at the most current address given by such Holder to the Company in a Notice and Questionnaire or any amendment thereto;

(y) if to the Company, to:

Affiliated Managers Group, Inc.
600 Hale Street
Prides Crossing, MA 01965
Attention: Treasurer
Telecopier No.: (617) 747-3380

with a copy to:

Goodwin Procter LLP
Exchange Place
Boston, MA 02109
Attention: Martin Carmichael III
Telecopier No.: (617) 523-1231

and

(z) if to the Initial Purchaser, to:

Merrill Lynch & Co.,
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 World Financial Center
New York, New York 10080
Attention: Paul A. Pepe
Telecopy No.: (212) 449-6714

or to such other address as such person may have furnished to the other persons identified in this Section 8(c) in writing in accordance herewith.

(c) APPROVAL OF HOLDERS. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its affiliates (as such term is defined in Rule 405 under the Securities Act) (other than the Initial Purchaser or subsequent Holders of Registrable Securities if such subsequent Holders are deemed to be such affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(d) SUCCESSORS AND ASSIGNS. Any person who purchases any Registrable Securities from the Initial Purchaser shall be deemed, for purposes of this Agreement, to be an assignee of the Initial Purchaser. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties and shall inure to the benefit of and be binding upon each Holder of any Registrable Securities.

(e) COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be original and all of which taken together shall constitute one and the same agreement.

(f) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(h) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or

restriction, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(i) ENTIRE AGREEMENT. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Purchase Agreement, there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties solely with respect to such registration rights.

(j) TERMINATION. This Agreement and the obligations of the parties hereunder shall terminate upon the end of the Effectiveness Period, except for any liabilities or obligations under Sections 4, 5 or 6 hereof and the obligations to make payments of and provide for Liquidated Damages under Section 2(e) hereof to the extent such damages accrue prior to the end of the Effectiveness Period, each of which shall remain in effect in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Darrell W. Crate

Darrell W. Crate
Executive Vice President and
Chief Financial Officer

Accepted as of the date
first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ John Erickson

Authorized Signatory

EXHIBIT 10.28

AFFILIATED MANAGERS GROUP, INC.

2002 STOCK OPTION AND INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Affiliated Managers Group, Inc. 2002 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees and Independent Directors of Affiliated Managers Group, Inc. (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"ACT" means the Securities Exchange Act of 1934, as amended.

"ADMINISTRATOR" is defined in Section 2(a).

"AWARD" or "AWARDS," except where referring to a particular category of grant under the Plan, shall include Stock Options, Deferred Stock Awards, Restricted Stock Awards, Unrestricted Stock Awards, Performance Share Awards and Dividend Equivalent Rights.

"BOARD" means the Board of Directors of the Company.

"CHANGE OF CONTROL" is defined in Section 15.

"CODE" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"COMMITTEE" means the Committee of the Board referred to in Section 2.

"DEFERRED STOCK AWARD" means Awards granted pursuant to Section 7.

"DIVIDEND EQUIVALENT RIGHT" means Awards granted pursuant to Section 10.

"FAIR MARKET VALUE" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that (i) if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), the Fair Market Value on any given date shall not be less than the average of the highest bid and lowest asked prices of the Stock reported for such date or, if no bid and asked prices were reported for such date, for the last day preceding such date for which such prices were reported, or (ii) if the Stock is admitted to trading on a national securities

exchange or the NASDAQ National Market System, the Fair Market Value on any date shall not be less than the closing price reported for the Stock on such exchange or system for such date or, if no sales were reported for such date, for the last date preceding the date for such a sale was reported. Notwithstanding the foregoing, the Fair Market Value on the first day of the Company's initial public offering of Stock shall be the initial public price as set forth in the final prospectus for the Company's initial public offering.

"INDEPENDENT DIRECTOR" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"OPTION" or "STOCK OPTION" means any option to purchase shares of Stock granted pursuant to Section 5.

"PERFORMANCE SHARE AWARD" means Awards granted pursuant to Section 9.

"RESTRICTED STOCK AWARD" means Awards granted pursuant to Section 6.

"STOCK" means the Common Stock, par value $.01 per share, of the Company, subject to adjustments pursuant to Section 3.

"SUBSIDIARY" means any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities beginning with the Company if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other interests possessing 50 percent or more of the economic interest or the total combined voting power of all classes of stock or other interests in one of the other corporations or

entities in the chain.

"UNRESTRICTED STOCK AWARD" means any Award granted pursuant to Section 8.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT PARTICIPANTS AND DETERMINE AWARDS

(a) COMMITTEE. The Plan shall be administered by either the Board or a committee of not less than two Independent Directors (in either case, the "Administrator"). Each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3(b)(3)(i) promulgated under the Act, or any successor definition under said rule.

(b) POWERS OF ADMINISTRATOR. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Stock Options, Restricted Stock Awards, Deferred Stock Awards, Unrestricted Stock Awards, Performance Share Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more participants;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and participants, and to approve the form of written instruments evidencing the Awards;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised;

(vii) to determine at any time whether, to what extent, and under what circumstances distribution or the receipt of Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the participant and whether and to what extent the Company shall pay or credit amounts constituting interest (at rates determined by the Administrator) or dividends or deemed dividends on such deferrals; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan participants.

(c) DELEGATION OF AUTHORITY TO GRANT AWARDS. The Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards at Fair Market Value, to individuals who are not subject to the reporting and other provisions of Section 16 of the Act. Any such delegation by the Administrator shall include a limitation as to the amount of Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price of any Option, the conversion ratio or price of other Awards and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) STOCK ISSUABLE. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 2,250,000. For purposes of this limitation, the shares of Stock underlying any Awards which are forfeited, cancelled, reacquired by the Company, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Subject to such overall

limitation, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award. At least a majority of the shares of Stock or the shares of Stock underlying the Options awarded under the Plan during any three year period shall be awarded to employees of the Company who are not officers (within the meaning of Rule 16a-1(f) under the Act) or directors of the Company. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company and held in its treasury.

(b) CHANGES IN STOCK. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, and (iii) the price for each share subject to any then outstanding Stock Options under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options) as to which such Stock Options remain exercisable. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

The Administrator may also adjust the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration material changes in accounting practices or principles, extraordinary dividends, acquisitions or dispositions of stock or property or any other event if it is determined by the Administrator that such adjustment is appropriate to avoid distortion in the operation of the Plan.

(c) MERGERS. In contemplation of and subject to the consummation of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Stock are exchanged for securities, cash or other property of an unrelated corporation or business entity or in the event of a liquidation of the Company (in each case, a "Transaction"), the Board, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion, take any one or more of the following actions, as to outstanding Awards: (i) provide that such Awards shall be assumed or equivalent awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), and/or (ii) upon written notice to the participants, provide that all Awards will terminate immediately prior to the consummation of the Transaction. In the event that, pursuant to clause (ii) above, Awards will terminate immediately prior to the consummation of the Transaction, all vested Awards, other than Stock Options, shall be fully settled in cash or in kind at such appropriate consideration as determined by the Administrator in its sole discretion after taking into account the consideration payable per share of Stock pursuant to the business combination (the "Merger Price") and all vested Stock Options shall be fully settled, in cash or in kind, in an amount equal to the difference between (A) the Merger Price times the number of shares of Stock subject to such outstanding Stock

Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Stock Options; provided, however, that each participant shall be permitted, within a specified period determined by the Administrator prior to the consummation of the Transaction, to exercise all outstanding Stock Options, including those that are not then exercisable, subject to the consummation of the Transaction.

(d) SUBSTITUTE AWARDS. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who become employees of the Company or a Subsidiary as the result of a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances.

SECTION 4. ELIGIBILITY

Participants in the Plan will be such full or part-time officers and other employees, and Independent Directors of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion. At all times at least a majority of the Company's full-time employees in the United States who are "exempt employees" as defined under the Fair Labor Standards Act of 1938 shall be eligible to receive Awards under the Plan.

SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve. Stock Options granted under the Plan shall not be "incentive stock options" as defined in Section 422 of the Code.

(a) GRANT OF STOCK OPTIONS. The Administrator in its discretion may grant Stock Options to officers, employees and Independent Directors of the Company or any Subsidiary. Stock Options granted pursuant to this Section 5(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable.

(i) EXERCISE PRICE. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5(a) shall be determined by the Administrator at the time of grant but, except as provided in the last sentence of this Section 5(a)(i), shall not be less than 85 percent of the Fair Market Value on the date of grant. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the participant's election, subject to such terms and conditions as the Administrator may establish. Stock Options granted in lieu of cash compensation may have an exercise price less than 85 percent of the Fair Market Value on the date of grant.

(ii) OPTION TERM. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted.

(iii) EXERCISABILITY; RIGHTS OF A STOCKHOLDER. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date; provided, however, that Stock Options granted in lieu of compensation shall be exercisable in full as of the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) METHOD OF EXERCISE. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award agreement:

(A) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(B) Through the delivery (or attestation to the ownership) of shares of Stock that are not then subject to restrictions under any Company plan and that have been purchased by the optionee on the open market or have been beneficially owned by the optionee for at least six months, if permitted by the Administrator in its discretion. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(D) By the optionee delivering to the Company a promissory note if the Board, upon the advice of counsel, has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his Stock Option; provided that at least so much of the exercise price as represents the par value of the Stock shall be paid other than with a promissory note.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Stock Option or applicable provisions of laws. In the event an optionee chooses to pay the purchase price by delivery of previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of shares attested to.

(b) RELOAD OPTIONS. At the discretion of the Administrator, Options granted under the Plan may include a "reload" feature pursuant to which an optionee exercising an option by the delivery of a number of shares of Stock in accordance with Section 5(a)(iv)(B) hereof would automatically be granted an additional Option (with an exercise price equal to the Fair Market Value of the Stock on the date the additional Option is granted and with such other terms as the Administrator may provide) to purchase that number of shares of Stock equal to the number delivered to exercise the original Option with an Option term equal to the remainder of the original Option term unless the Administrator otherwise determines in the Award agreement for the original Option grant.

(c) NON-TRANSFERABILITY OF OPTIONS. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Award agreement regarding a given Option that the optionee may transfer, without consideration for the transfer, his Stock Options to members of his immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option.

(d) TERMINATION. Except as may otherwise be provided by the Administrator either in the Award agreement, or subject to Section 13 below, in writing after the Award agreement is issued, an optionee's rights in all Stock Options shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 6. RESTRICTED STOCK AWARDS

(a) NATURE OF RESTRICTED STOCK AWARDS. A Restricted Stock Award is an Award entitling the recipient to acquire, at par value or such other higher purchase price determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives, including, but not limited to, increase in cash net income or increase in stock price. The grant of a Restricted Stock Award is contingent on the participant executing the Restricted Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants.

(b) RIGHTS AS A STOCKHOLDER. Upon execution of a written instrument setting forth the Restricted Stock Award and payment of any applicable purchase price, a participant shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the written instrument evidencing the Restricted Stock Award. Unless the Administrator shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 6(d) below, and the participant shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank.

(c) RESTRICTIONS. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award agreement. If a participant's employment (or other business relationship) with the Company and its Subsidiaries terminates for any reason, the Company shall have the right to repurchase Restricted Stock that has not vested at the time of termination at its original purchase price, from the participant or the participant's legal representative.

(d) VESTING OF RESTRICTED STOCK. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 13 below, in writing after the Award agreement is issued, a participant's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the participant's termination of employment (or other business relationship) with the Company and its Subsidiaries and such shares shall be subject to the Company's right of repurchase as provided in Section 6(c) above.

(e) WAIVER, DEFERRAL AND REINVESTMENT OF DIVIDENDS. The Restricted Stock Award agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

SECTION 7. DEFERRED STOCK AWARDS

(a) NATURE OF DEFERRED STOCK AWARDS. A Deferred Stock Award is an Award of phantom stock units to a participant, subject to restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives, including, but not limited to, increase in cash net income and increase in stock price. The grant of a Deferred Stock Award is contingent on the participant executing the Deferred Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants. At the end of the deferral period, the Deferred Stock Award, to the extent vested, shall be paid to the participant in the form of shares of Stock.

(b) ELECTION TO RECEIVE DEFERRED STOCK AWARDS IN LIEU OF COMPENSATION. The Administrator may, in its sole discretion, permit a participant to elect to receive a portion of the cash compensation or Restricted Stock Award otherwise due to such participant in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with rules and procedures established by the Administrator. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate.

(c) RIGHTS AS A STOCKHOLDER. During the deferral period, a participant shall have no rights as a stockholder; provided, however, that the participant may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award, subject to such terms and conditions as the Administrator may determine.

(d) RESTRICTIONS. A Deferred Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of during the deferral period.

(e) TERMINATION. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 13 below, in writing after the Award agreement is issued, a participant's right in all Deferred Stock Awards that have not vested shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 8. UNRESTRICTED STOCK AWARDS

GRANT OR SALE OF UNRESTRICTED STOCK. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award to any participant pursuant to which such participant may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of cash compensation due to such participant.

SECTION 9. PERFORMANCE SHARE AWARDS

(a) NATURE OF PERFORMANCE SHARE AWARDS. A Performance Share Award is an Award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals, including, but not limited to, increase in cash net income or increase in stock price. The Administrator may make Performance Share Awards independent of or in connection with the granting of any other Award under the Plan. The Administrator in its sole discretion shall determine whether and to whom Performance Share Awards shall be made, the performance goals, the periods during which performance is to be measured, and all other limitations and conditions.

(b) RIGHTS AS A STOCKHOLDER. A participant receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Performance Share Award agreement (or in a performance plan adopted by the Administrator).

(c) TERMINATION. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 13 below, in writing after the Award agreement is issued, a participant's rights in all Performance Share Awards shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

(d) ACCELERATION, WAIVER, ETC. At any time prior to the participant's termination of employment (or other business relationship) by the Company and its Subsidiaries, the Administrator may in its sole discretion accelerate, waive or, subject to Section 13, amend any or all of the goals, restrictions or conditions applicable to a Performance Share Award.

SECTION 10. DIVIDEND EQUIVALENT RIGHTS

(a) DIVIDEND EQUIVALENT RIGHTS. A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any participant as a component of another Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award.

(b) INTEREST EQUIVALENTS. Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

(c) TERMINATION. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 13 below, in writing after the Award agreement is issued, a participant's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 11. TAX WITHHOLDING

(a) PAYMENT BY PARTICIPANT. Each participant shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant. The

Company's obligation to deliver stock certificates to any participant is subject to and conditioned on tax obligations being satisfied by the participant.

(b) PAYMENT IN STOCK. Subject to approval by the Administrator, a participant may elect to have the minimum tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due, or (ii) transferring to the Company shares of Stock owned by the participant with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due.

SECTION 12. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 13. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Nothing in this Section 13 shall limit the Board's authority to take any action permitted pursuant to Section 3(c).

SECTION 14. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 15. CHANGE OF CONTROL PROVISIONS

Upon the occurrence of a Change of Control as defined in this Section 15:

(a) Except as otherwise provided in the applicable Award agreement, each outstanding Stock Option shall automatically become fully exercisable.

(b) Each outstanding Restricted Stock Award and Performance Share Award shall be subject to such terms, if any, with respect to a Change of Control as have been provided by the Administrator in the Award agreement, or subject to Section 13 above, in writing after the Award agreement is issued.

(c) "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 Act (other than the Company, any of its Subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its Subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 25 percent or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Company's Board of Directors ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the stockholders of the Company shall approve (A) any consolidation or merger of the Company where the stockholders of the Company, 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 Act), directly or indirectly, shares representing in the aggregate 50 percent or more of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, 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 the Company or (C) any plan or proposal for the liquidation or dissolution of the Company.

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 the Company 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 25 percent 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 the Company), then a "CHANGE OF CONTROL" shall be deemed to have occurred for purposes of the foregoing clause (i).

SECTION 16. GENERAL PROVISIONS

(a) NO DISTRIBUTION; COMPLIANCE WITH LEGAL REQUIREMENTS. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Administrator may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) DELIVERY OF STOCK CERTIFICATES. Stock certificates to participants under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the participant, at the participant's last known address on file with the Company.

(c) OTHER COMPENSATION ARRANGEMENTS; NO EMPLOYMENT RIGHTS. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(d) TRADING POLICY RESTRICTIONS. Option exercises and other Awards under the Plan shall be subject to such Company's insider-trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

(e) LOANS. The Board may, in its sole discretion, authorize the grant of loans to selected key employees to be used solely for the purchase of shares of Stock or payment of taxes in connection with Awards under the Plan. The terms of such loans shall be determined at the sole discretion of the Board. Such loans shall be secured by the shares of Stock, and may be made with or without recourse against the employee.

SECTION 17. EFFECTIVE DATE OF PLAN

This Plan shall become effective on July 23, 2002.

SECTION 18. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

EXHIBIT 10.29

(AMG) LLC INTEREST

PURCHASE AGREEMENT

FEBRUARY 5, 2003

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EXHIBITS

Exhibit A LLC Agreement
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SCHEDULES

Form of
Schedule A Purchasers; (AMG) LLC Points; Vesting

PURCHASE AGREEMENT

PURCHASE AGREEMENT (this "AGREEMENT") made as of February 5, 2003 (the "EFFECTIVE DATE"), by and among the individuals set forth on the signature pages hereto from time to time, including by execution of a Joinder (each, a "PURCHASER" and collectively, the "PURCHASERS"), Affiliated Managers Group, Inc., a Delaware corporation ("AMG"), and Essex Investment Management Company, LLC, a Delaware limited liability company (the "LLC").

SECTION 1. GENERAL. Reference is hereby made to the Essex Investment Management Company, LLC Amended and Restated Limited Liability Company Agreement dated as of March 20, 1998, as the same has been, and may in the future be, from time to time amended (the "LLC AGREEMENT"), which LLC Agreement, including all amendments thereto to date, is attached hereto as EXHIBIT A and incorporated herein by reference. Each Purchaser is an employee of the LLC and AMG is the Manager Member of the LLC. AMG and the LLC desire to provide further incentive the employees of the LLC to grow the business of the LLC, and AMG has, in accordance with the provisions of Section 6.1(a)(ii) of the LLC Agreement, made available for purchase by Purchasers, a portion of AMG's LLC Interest represented by the (AMG) LLC Points. Each Purchaser acknowledges that he, she or it is not acquiring pursuant to this Agreement, or otherwise, any LLC Points under the LLC Agreement, but rather is acquiring only an economic interest in AMG's LLC Interest on the terms and conditions of, and to the extent of the rights and obligations set forth in, this Agreement. Each Purchaser has read the terms and provisions of the LLC Agreement, and, subject to the consummation of the purchase and sale of the (AMG) LLC Points contemplated hereby, each

Purchaser acknowledges the terms and provisions thereof and agrees to become a "Member" of the LLC (to the extent such Purchaser is not already a Member), as contemplated by this Agreement. AMG, as Manager Member, and the LLC hereby consent to the admission of each Purchaser as a Member of the LLC.

SECTION 2. DEFINITIONS.

(a) The following terms as used herein shall have the following meanings:

"ADJUSTMENT FACTOR" shall mean, as of any date, the fraction, (a) the numerator of which is 769, and (b) the denominator of which is the number of LLC Points that AMG owns as of such date. The Adjustment Factor shall initially be one (1).

"AGREEMENT" shall have the meaning specified in the recitals.

"ALLOCATION OF (AMG) FREE CASH FLOW" shall mean, with respect to any Purchaser for any period, the product of (a) the (AMG) Free Cash Flow for such period and (b) a fraction, (i) the numerator of which is such Purchaser's Twelve Months' (AMG) Free Cash Flow as of the last day of such period, and (ii) the denominator of which is the sum of the (AMG) Free Cash Flow for the four (4) most recently completed calendar quarters.

"AMG" shall have the meaning specified in the recitals.

"AMG ENTERPRISE VALUE" shall have the meaning specified in Section 12(d)(vi) hereof.

"(AMG) FAIR VALUE" shall have the meaning specified in Section 12(d)(ii) hereof.

"(AMG) FREE CASH FLOW" shall mean, with respect to any period, the amount of Free Cash Flow allocated to AMG in accordance with Section 4.2(c)(i)(A) of the LLC Agreement for such period, determined as if the Guaranteed Payment by the LLC to the Special Non-Manager Member under the LLC Agreement was instead made to AMG pursuant to Section 4.2(c)(i).

"AMG INDEBTEDNESS" shall have the meaning specified in Section 12(d)(ix) hereof.

"(AMG) LLC CAPITAL ACCOUNT" shall have the meaning specified in Section 10(a) hereof.

"(AMG) LLC INTEREST" shall mean the Class A (AMG) LLC Interests and the Class B (AMG) LLC Interests transferred from time to time by AMG to the Purchasers hereunder.

"(AMG) LLC POINT PURCHASE PRICE" shall mean, with respect to each (AMG) LLC Point acquired pursuant to this Agreement, the purchase price for such (AMG) LLC Point set forth on SCHEDULE A hereto.

"(AMG) LLC POINT ACQUISITION DATE" shall mean, (a) with respect to any Class A (AMG) Purchaser and the Class A (AMG) LLC Points purchased thereby in accordance with this Agreement, the date of the Purchase and Sale of such Class A (AMG) LLC Points, and (b) with respect to any Class B (AMG) Purchaser and the Class B (AMG) LLC Points purchased thereby in accordance with this Agreement, the date of the Purchase and Sale of such Class B (AMG) LLC Points.

"(AMG) LLC POINTS" shall mean the Class A (AMG) LLC Points and Class B (AMG) LLC Points transferred from time to time from AMG to Purchasers under this Agreement.

"(AMG) PERCENTAGE INTEREST" shall mean, with respect to any Purchaser as of any date, the fraction, (a) the numerator of which is the total number of (AMG) LLC Points owned by such Purchaser and (b) the denominator of which is the total number of LLC Points owned by AMG, in each case as of such date.

"AMG MULTIPLE" shall have the meaning specified in Section 12(d)(iv) hereof.

"(AMG) PERMITTED TRANSFEREE" shall mean, with respect to any Purchaser, its transferees pursuant to and in accordance with Section 13 hereof, to the extent set forth in any consent of AMG and the Management Committee.

"(AMG) PURCHASE DATE" shall have the meaning specified in Section 12(b) hereof.

"(AMG) PUT" shall have the meaning specified in Section 12(a) hereof.

"(AMG) PUT NOTICE" shall have the meaning specified in Section 12(c)

hereof.

"(AMG) PUT NOTICE DEADLINE" shall have the meaning specified in Section 12(c) hereof.

"(AMG) PUT PRICE" shall have the meaning specified in Section 12(d) hereof.

"(AMG) REPURCHASE" shall have the meaning specified in Section 9(a) hereof.

"(AMG) REPURCHASE CLOSING DATE" shall have the meaning specified in Section 9(c) hereof.

"(AMG) REPURCHASED MEMBER" shall have the meaning specified in Section 9(a) hereof.

"(AMG) REPURCHASE PRICE" shall have the meaning specified in Section 9(b) hereof.

"AMG'S CAPITAL ACCOUNT BALANCE" shall mean the positive difference between (a) AMG's Capital Account and (b) the sum of the (AMG) LLC Capital Accounts of the Purchasers.

"AMG'S RUN RATE EBITDA" shall have the meaning specified in Section 12(d)(viii) hereof.

"AMG'S SHARE" shall mean with respect to allocations and distributions to the Members under the LLC Agreement at any time or for any period, the amount allocated or distributed, as applicable, to AMG in respect of its LLC Points as of such time or for such period.

"BANKRUPTCY EVENT" shall have the meaning specified in Section 9(f) hereof.

"CLASS A (AMG) FAIR MARKET VALUE" shall have the meaning specified in Section 12(d)(i) hereof.

"CLASS A (AMG) LLC INTEREST" shall mean a Class A (AMG) Purchaser's interest in AMG's LLC Interest, which shall include the Class A (AMG) LLC Points, (AMG) Capital Account and other rights, in each case as expressly provided in this Agreement.

"CLASS A (AMG) LLC POINTS" shall mean, as of any date, with respect to any Class A (AMG) Purchaser, the number of Class A (AMG) LLC Points of such Class A (AMG) Purchaser set forth on SCHEDULE A hereto, as may be amended from time to time in accordance with this Agreement.

"CLASS A (AMG) PURCHASER" shall mean each purchaser of Class A (AMG) LLC Points under this Agreement from time to time.

"CLASS A (AMG) PUT PARTICIPATION THRESHOLD" shall mean the product of (a) $72,705,476 and (b) one divided by the Adjustment Factor.

"CLASS A (AMG) REPURCHASE PRICE" shall mean, with respect to any (AMG) Repurchased Member, the product of (a) the Class A (AMG) Fair Market Value and (b) a fraction, the numerator of which is the number of Vested Class A (AMG) LLC Points owned by such (AMG) Repurchased Member as of the applicable (AMG) Repurchase Closing Date (before giving effect to any repurchases on such (AMG) Repurchase Closing Date), and the denominator of which is the total number of LLC Points held by AMG as of the applicable (AMG) Repurchase Closing Date (before giving effect to any repurchases on such (AMG) Repurchase Closing Date).

"CLASS A/B (AMG) INCOME PARTICIPATION THRESHOLD" shall mean the product of (a) $12,796,164 and (b) one divided by the Adjustment Factor.

"CLASS A/B (AMG) EQUITY PARTICIPATION THRESHOLD" shall mean $130,000,000; PROVIDED, HOWEVER, that the Class A/B (AMG) Equity Participation Threshold shall be appropriately adjusted from time to time to give effect to any change in AMG's Capital Account resulting from the purchase by AMG of any LLC Points (and related Capital Account) from Non-Manager Members pursuant to and in accordance with the LLC Agreement; PROVIDED, FURTHER that the Class A/B-1 Equity Participation Threshold shall NOT be adjusted as a result of any adjustments to AMG's Capital Account made pursuant to and in accordance with Sections 5.1 and 5.5(c) of the LLC Agreement.

"CLASS B (AMG) FAIR MARKET VALUE" shall have the meaning specified in Section 12(d)(i) hereof.

"CLASS B (AMG) LLC INTEREST" shall mean a Class B (AMG) Purchaser's interest in AMG's LLC Interest, which shall include the Class B (AMG) LLC Points, (AMG) Capital Account and other rights, in each case as expressly provided in this Agreement.

"CLASS B (AMG) LLC POINTS" shall mean, as of any date, with respect to any Class B (AMG) Purchaser, the number of Class B (AMG) LLC Points of such Class B (AMG) Purchaser set forth on SCHEDULE A hereto, as may be amended from time to time in accordance with this Agreement. Class B (AMG) LLC Points may be issued in any number of series from time to time in accordance with this Agreement and shall have the relative rights, preferences and restrictions as set forth in this Agreement. The Class B (AMG) LLC Points issued under this Agreement on the Effective Date shall be designated Class B-1 (AMG) LLC Points.

"CLASS B (AMG) PURCHASER" shall mean each purchaser of Class B (AMG) LLC Points under this Agreement from time to time.

"CLASS B (AMG) REPURCHASE PRICE" shall mean, with respect to any (AMG) Repurchased Member, the product of (a) the Class B (AMG) Fair Market Value and (b) a fraction, the numerator of which is the number of Vested Class B (AMG) LLC Points owned by such (AMG) Repurchased Member as of the applicable (AMG) Repurchase Closing Date (before giving effect to any repurchases on such (AMG) Repurchase Closing Date), and the denominator of which is the total number of LLC Points held by AMG as of the applicable (AMG) Repurchase Closing Date (before giving effect to any repurchases on such (AMG) Repurchase Closing Date).

"CLASS B-1 (AMG) PUT PARTICIPATION THRESHOLD" shall mean the product of (a) $94,517,118 and (b) one divided by the Adjustment Factor.

"CLOSING" shall have the meaning specified in Section 4 hereof.

"EBITDA" shall mean earnings before interest, taxes, depreciation and amortization determined in accordance with generally accepted accounting principles, consistently applied.

"EFFECTIVE DATE" shall have the meaning specified in the recitals.

"FAIR MULTIPLE" shall have the meaning specified in Section 12(d)(iv) hereof.

"FAIR VALUE DETERMINATION DATE" shall mean (i) with respect the calculation of (AMG) Fair Value in connection with an (AMG) Put, the March 31 prior to the applicable (AMG) Purchase Date or (ii) with respect to the calculation of (AMG) Fair Value in connection with an (AMG) Repurchase or any other payment, the last day of the calendar quarter in which a Purchaser's termination of employment with the LLC or Permanent Incapacity has occurred, and which is prior to the applicable (AMG) Repurchase Closing Date or any other payment date.

"FORFEITURE" shall have the meaning specified in Section 8(a) hereof.

"JOINDER" shall mean a joinder to this Agreement in substantially the form of EXHIBIT D attached hereto.

"LLC" shall have the meaning specified in the recitals.

"LLC AGREEMENT" shall have the meaning specified in Section 1 hereof.

"LOCK-UP PERIOD" shall mean, (a) with respect to any Class A (AMG) Purchaser and such Class A (AMG) Purchaser's Class A (AMG) LLC Points, two (2) years from such Class A (AMG) Purchaser's (AMG) LLC Point Acquisition Date, and (b) with respect to any Class B (AMG) Purchaser and such Class B (AMG) Purchaser's Class B (AMG) LLC Points, five (5) years from such Class B (AMG) Purchaser's (AMG) LLC Point Acquisition Date.

"MANAGEMENT AGREEMENT" shall mean the Agreement dated February 3, 2003 by and among AMG, the LLC and certain of the members of the Management Committee of the LLC as identified therein.

"MANAGEMENT DEFAULT" shall have the meaning specified in Section 8(d) hereof.

"PURCHASE AND SALE" shall have the meaning specified in Section 3 hereof.

"PURCHASE NOTE" shall mean a promissory note issued in favor of AMG by Purchaser with respect to the Purchase and Sale of Purchaser's (AMG) LLC Points substantially in the form attached hereto as EXHIBIT B.

"PURCHASER" shall have the meaning specified in the recitals, and shall include, without limitation, each Class A (AMG) Purchaser and Class B (AMG) Purchaser.

"PUT (AMG) LLC POINTS" shall have the meaning specified in Section

12(c) hereof.

"RUN RATE FREE CASH FLOW" shall have the meaning specified in Section 12(d)(vii) hereof.

"SECURITIES ACT" shall have the meaning specified in Section 7(f)(iii) hereof.

"SYNTHETIC LEASE OBLIGATION" shall have the meaning specified in Section 12(d)(ix) hereof.

"TERMINATION DATE" shall have the meaning specified in Section 8(b) hereof.

"TOTAL DEBT" shall have the meaning specified in Section 12(d)(v) hereof.

"TWELVE MONTHS' (AMG) FREE CASH FLOW" shall mean, with respect to each Purchaser, as of any date, the product of (a) the extent to which the sum of the (AMG) Free Cash Flow for the four (4) most recently completed calendar quarters exceeds the Class A/B-1 (AMG) Income Participation Threshold and (b) such Purchaser's (AMG) Percentage Interest as of such date; PROVIDED, HOWEVER, that with respect to the first four (4) quarters following the Effective Date of this Agreement, "Twelve Months' (AMG) Free Cash Flow" shall mean, with respect to any Purchaser, as of any date, the product of (a) the extent to which the sum of (i) the aggregate (AMG) Free Cash Flow for all completed calendar quarters to date in such four-quarter period, and (ii) the product of (A) the number of quarters remaining in such four-quarter period and (B) one-quarter (1/4) of the Class A/B-1 (AMG) Income Participation Threshold, exceeds the Class A/B-1 (AMG) Income Participation Threshold, and (b) such Purchaser's (AMG) Percentage Interest as of such date.

"UNVESTED" shall mean, at any time and with respect to any Purchaser and the (AMG) LLC Points held thereby, the portion of such (AMG) LLC Points held by such Purchaser which has not yet vested at such time in accordance with Section 5 hereof.

"VESTED" shall mean, at any time and with respect to Purchaser and the (AMG) LLC Points held thereby, the portion of such (AMG) LLC Points held by such Purchaser which has vested at such time, in accordance with Section 5 hereof.

"VOTING PERCENTAGE" shall mean for each Purchaser as of any date, a number expressed as a percentage equal to the quotient of (A) the sum of (x) the Class A (AMG) LLC Points held by such Purchaser PLUS (y) one-tenth (1/10th) of the number of Class B (AMG) LLC Points held by such Purchaser divided by (B) the total number of LLC Points owned by AMG as of such date.

(b) Capitalized terms used herein and not defined shall have the meanings given to them in the LLC Agreement.

SECTION 3. PURCHASE AND SALE OF (AMG) LLC POINTS. Subject to the terms, provisions and conditions contained in this Agreement, and on the basis of the representations, warranties and covenants herein set forth, AMG agrees, effective on the date hereof, to sell, transfer and deliver to each Purchaser, free and clear of any Liens whatsoever (other than those contained in this Agreement, or those arising out of that certain Credit Agreement dated as of August 7, 2002 by and among AMG and the Agent and Lenders identified therein, or the other agreements contemplated thereby, in each case as amended from time to time), the (AMG) LLC Interest, represented by a number of (AMG) LLC Points as set forth opposite such Purchaser's name on SCHEDULE A hereto. Subject to the terms, provisions and conditions contained in this Agreement, and on the basis of the representations, warranties and covenants herein set forth, each Purchaser, severally and not jointly, hereby agrees, effective on the date hereof, to purchase from AMG the (AMG) LLC Points for the (AMG) LLC Point Purchase Price, in each case as set forth opposite such Purchaser's name on SCHEDULE A hereto. The transactions contemplated by this Section 3 are referred to herein as the "PURCHASE AND SALE."

SECTION 4. CLOSING OF THE PURCHASE AND SALE.

(a) The initial closing of the Purchase and Sale under this Agreement (a "CLOSING") shall take place at the offices of AMG, 600 Hale Street, Prides Crossing, Massachusetts (or remotely via the exchange of documents and signatures) on the Effective Date. Subsequent Closings shall take place from time to time at a date, time and place to mutually agreed upon by AMG and any Purchasers participating in such Closing. At each Closing, AMG shall record the transfer of the (AMG) LLC Points in the name of each Purchaser to whom such (AMG) LLC Points are being transferred, against payment to AMG by each Purchaser of such Purchaser's (AMG) LLC Point Purchase Price by wire transfer, check, delivery of a Purchase Note or other method acceptable to AMG.

(b) Each Purchaser shall deliver the following to AMG at or prior to each Closing:

(i) Full payment to AMG of such Purchaser's (AMG) LLC Point Purchase Price as provided in Section 4(a) above;

(ii) A Non Solicitation/Non Disclosure Agreement in the form attached as EXHIBIT C hereto (or, if such Purchaser is already a party to such a Non Solicitation Agreement/Non Disclosure Agreement, a written confirmation that such Non Solicitation Agreement/Non Disclosure Agreement is in full force and effect as of the date hereof);

(iii) A counterpart signature page to the Assignment of (AMG) LLC Points and Admission of Member;

(iv) A counterpart signature page to the Special Repurchase Payment Agreement;

(v) A counterpart signature page or joinder to this Agreement; and

(vi) Such other supporting documents, instruments and certificates as the AMG may reasonably request and as required pursuant to this Agreement and the transactions contemplated hereby.

(c) At each Closing, AMG shall deliver to each Purchaser (i) an assignment of (AMG) LLC Points and (ii) a certificate evidencing the (AMG) LLC Points subject to the Purchase and Sale hereunder.

SECTION 5. VESTING SCHEDULE. The (AMG) LLC Points purchased hereunder are, as of the applicable (AMG) LLC Point Acquisition Date, all Unvested (AMG) LLC Points, and shall be subject to the vesting schedule set forth on SCHEDULE A hereto and in this Section 5. Notwithstanding SCHEDULE A hereto, in no event shall a Purchaser's (AMG) LLC Points which are Unvested as of the date such Purchaser's employment by the LLC terminates, for any reason, become Vested (AMG) LLC Points after such date (except as provided in Section 9(g) hereto); and PROVIDED, HOWEVER, that in no event shall any Unvested (AMG) LLC Points held by such Purchaser (or any (AMG) Permitted Transferees) as of the date of the occurrence of a Bankruptcy Event with respect to such Purchaser (or such (AMG) Permitted Transferee, as applicable) become Vested (AMG) LLC Points after the date of such event; PROVIDED, FURTHER, that in no event shall any Unvested (AMG) LLC Points as of the date of a Management Default become Vested (AMG) LLC Points after the date of such event. Notwithstanding anything herein to the contrary, upon (i) a merger, reorganization or consolidation of the LLC in which the outstanding LLC Points are converted into or exchanged for a different kind of securities of the successor entity and the holders of the LLC's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, (ii) the sale of all or a majority of the outstanding LLC Points of the LLC to an unrelated person or entity or (iii) any other transaction in which the owners of the LLC's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the successor entity immediately upon completion of the transaction, all of the Unvested (AMG) LLC Points held by the Purchasers shall be deemed Vested (AMG) LLC Points.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF AMG. As a material inducement to Purchaser entering into this Agreement and consummating the Purchase and Sale, AMG represents and warrants to Purchaser that AMG has all requisite power and authority to execute, deliver and perform this Agreement and the agreements, documents and instruments to be executed, delivered and performed in connection herewith and the transactions contemplated hereby and thereby. This Agreement and each other agreement, document and instrument to be executed, delivered and performed in connection herewith, has been duly and validly approved by all necessary action of AMG, and this Agreement and each such other agreement, document or instrument represents, or, when executed will represent, the valid and legally binding obligation of AMG, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

SECTION 7. REPRESENTATIONS AND WARRANTIES OF PURCHASERS. As a material inducement to AMG entering into this Agreement and consummating each Purchase and Sale hereunder, each Purchaser, severally, not jointly, makes each of the representations, warranties and agreements contained in this Section 7.

(a) Such Purchaser has not relied upon AMG, the LLC, or any employees, principals or agents of AMG or the LLC for investment, tax or other legal or financial advice in connection with the Purchase and Sale of such Purchaser's (AMG) LLC Points. Such Purchaser has consulted his or her own attorney, accountant or investment advisor with respect to the Purchase and Sale of such Purchaser's (AMG) LLC Points and its suitability for such Purchaser. Any

specific acknowledgement below with respect to any statement or information furnished to such Purchaser shall not be deemed to limit the generality of this representation and warranty.

(b) Such Purchaser has full right, authority and power to enter into this Agreement, and each agreement, document and instrument to be executed and delivered pursuant to or as contemplated hereby or thereby. The execution, delivery and performance by such Purchaser of this Agreement and each such other agreement, document and instrument have been duly authorized by all necessary action of such Purchaser and no other action is required in connection therewith, and constitute the legal, valid and binding obligations of such Purchaser, enforceable against such Purchaser in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights.

(c) Such Purchaser is not subject to any disqualification under the provisions of Section 203(e) of the Investment Advisers Act of 1940, as amended, and is not otherwise ineligible to serve as an associated person to a registered investment adviser.

(d) Such Purchaser has or will have as of the date hereof executed a Non Solicitation/Non Disclosure Agreement in the form attached as EXHIBIT C hereto.

(e) To his/her knowledge, such Purchaser is in good health.

(f) (i) The (AMG) LLC Points that such Purchaser is acquiring hereunder is being acquired by him/her for his/her own account for investment only and not with a view to or for sale in connection with any distribution thereof or with any present intention of selling or distributing all or any part thereof.

(ii) Such Purchaser is sufficiently knowledgeable and experienced in the making of investments of this type so as to be able to evaluate the risks and merits of Purchaser's investment and is able to bear the economic risk of Purchaser's investment in the (AMG) LLC Points for an indefinite period of time or to lose the entire investment made hereby. Purchaser has received and read all documents required by Purchaser to make an informed decision with regard to the purchase of the (AMG) LLC Points. Such Purchaser acknowledges that he, she or it has been given an opportunity to ask questions and receive information regarding the (AMG) LLC Points from AMG, the LLC, and its respective officers, and that he/she and his/her advisers have reviewed all such information as they deem necessary or appropriate for making an investment decision. Such Purchaser acknowledges that the (AMG) LLC Points are illiquid, that no market for the (AMG) LLC Points exists and that none is contemplated to be created.

(iii) Such Purchaser understands and acknowledges that (A) the securities that he/she is purchasing hereunder are characterized as "restricted securities" under the federal securities laws insomuch as they have not been registered under the Securities Act of 1933, as amended (the "SECURITIES ACT"), or under any applicable federal securities or state blue-sky securities laws and (B) such securities cannot be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under, pursuant to an exemption from or in a transaction not subject to any applicable state blue-sky or federal securities laws. Such Purchaser acknowledges and agrees that the securities acquired by such Purchaser hereunder are subject to the terms and conditions set forth in this Agreement, and that no transfer of such securities will be made unless accompanied by evidence of compliance with the terms of this Agreement.

SECTION 8. FORFEITURE.

(a) The forfeiture arrangements contemplated by this Section 8 are referred to herein as a "FORFEITURE." The provisions relating to a Forfeiture set forth in this Agreement shall, except as set forth in Section 8(d) below, only apply to the Unvested (AMG) LLC Points as of any time.

(b) Subject to the provisions of Section 9(g), in the event that a Purchaser's employment with the LLC terminates for any reason, such Purchaser, and his, her or its respective (AMG) Permitted Transferees, if any, shall forfeit to AMG all of the Unvested (AMG) LLC Points held by such Purchaser (and such (AMG) Permitted Transferees, if any), as of the date of such termination of employment (the "TERMINATION DATE"), with no further obligation (including no obligation to make any payment) on the part of AMG with respect thereto to such Purchaser (or any (AMG) Permitted Transferee).

(c) Upon the occurrence of a Bankruptcy Event with respect to any Purchaser (or an (AMG) Permitted Transferee of such Purchaser), then such Purchaser (or (AMG) Permitted Transferee, as applicable) shall forfeit to AMG all of the Unvested (AMG) LLC Points held by such Purchaser (or (AMG) Permitted Transferee, as applicable) as of the date of the occurrence of such Bankruptcy

Event, with no further obligation (including no obligation to

make any payment)on the part of AMG with respect thereto to such Purchaser (or any (AMG) Permitted Transferee, as applicable).

(d) In the event of (i) a breach by the LLC of the terms and provisions of Section 3(a) of the Management Agreement or (ii) a breach by any Committee Member (as defined in the Management Agreement) of the terms and provisions of Section 3(b) of the Management Agreement which is reasonably likely to lead to a breach by the LLC of the terms and provisions of Section 3(a) of the Management Agreement (either event, a "MANAGEMENT DEFAULT"), then, at the option of each Purchaser (and each Purchaser's (AMG) Permitted Transferees, if any), (i) such Purchaser (and such (AMG) Permitted Transferees, if any) shall forfeit to AMG all of the Class A (AMG) LLC Points held by such Purchaser (and such (AMG) Permitted Transferees, if any) as of the date of such Management Default, Vested or Unvested, with no further obligation (including no obligation to make any payment) on the part of AMG with respect thereto to such Purchaser (and such (AMG) Permitted Transferees, if any), or (ii) such Purchaser (and such (AMG) Permitted Transferees, if any) may in lieu of such forfeiture of such Class A (AMG) LLC Points pay to AMG, in cash, within thirty (30) days of the date of such Management Default, the fair market value of the Class A (AMG) LLC Points (as determined pursuant to Section 12(d)(i), as applicable), Vested or Unvested, held by such Purchaser (and such (AMG) Permitted Transferees, if any) as of the date of such Management Default. If a Purchaser (or (AMG) Permitted Transferees, if any) does not elect to pay to AMG the fair market value of such Purchaser's (or (AMG) Permitted Transferee's, if any) Class A (AMG) LLC Points within thirty (30) days of the date of such Management Default as provided above, then such Class A (AMG) LLC Points shall be deemed to have been forfeited as of the date of such Management Default.

(e) Subject to the provisions of Sections 8(d) and 9(g), without any action on the part of any of the parties to this Agreement or any other Members of the LLC, the closing of any Forfeiture shall take place immediately and automatically upon the occurrence of (i) the termination of employment of Purchaser, (ii) the Bankruptcy Event, or (iii) the Management Default, as applicable, and AMG shall record such Forfeiture and transfer on SCHEDULE A to this Agreement. Upon any Forfeiture, AMG shall be deemed to have acquired all of the Unvested (AMG) LLC Points (and, with respect to a Management Default, all of the Vested (AMG) LLC Points) of the applicable Purchaser, including the entire (AMG) LLC Interest with respect thereto (including such Purchaser's (and its (AMG) Permitted Transferees', as applicable) (AMG) LLC Capital Account with respect thereto). Such Purchaser (and his, her or its (AMG) Permitted Transferees, as applicable) shall, upon such a Forfeiture, cease to have any rights hereunder and under the LLC Agreement in respect of the Unvested (AMG) LLC Points (and with respect to a Forfeiture contemplated by Section 8(d) above) and the related (AMG) LLC Interest. AMG shall, within a reasonable period of time, provide notice to the Purchasers of any Forfeiture under this Section 8(e).

SECTION 9. REPURCHASE OF VESTED (AMG) LLC POINTS.

(a) In the event that a Purchaser's employment by the LLC terminates for any reason, then, subject to any provisions on Vesting and Forfeiture set forth in Sections 5 and 8 hereof, AMG shall purchase, and such Purchaser, and such Purchaser's (AMG) Permitted

Transferees, if any (each an "(AMG) REPURCHASED MEMBER"), shall sell to AMG all (but not less than all) of the Vested (AMG) LLC Points held by such (AMG) Repurchased Member, in each case, pursuant to the terms of this Section 9 (such purchase and sale, an "(AMG) REPURCHASE"). In connection with the closing of any (AMG) Repurchase, AMG or its assignees shall be deemed to have purchased all of such Purchaser's (and any (AMG) Permitted Transferees', as applicable) (AMG) LLC Points, including the (AMG) Repurchased Member's entire (AMG) LLC Interest and (AMG) LLC Capital Account with respect thereto.

(b) The purchase price (the "(AMG) REPURCHASE PRICE") for the (AMG) Repurchase with respect to the Vested (AMG) LLC Points held by such (AMG) Repurchased Member and to be repurchased therefrom by AMG hereunder shall be an amount in cash equal to (i) with respect to the Vested Class A (AMG) LLC Points held by such (AMG) Repurchase Member, the Class A (AMG) Repurchase Price, and (ii) with respect to the Vested Class B (AMG) LLC Points held by such (AMG) Repurchased Member, the Class B (AMG) Repurchase Price, in each case less any amounts outstanding under any Purchase Note with respect to the Purchase and Sale of such (AMG) LLC Points.

(c) The closing of the (AMG) Repurchase will take place on a date set by AMG (the "(AMG) REPURCHASE CLOSING DATE") which shall be a date within ninety (90) calendar days after the end of the quarter in which Purchaser's termination of employment with the LLC or Permanent Incapacity occurred; PROVIDED, HOWEVER, in no event shall AMG consummate such (AMG)

Repurchase prior to the date which is six (6) months after the applicable (AMG) LLC Point Acquisition Date. In connection with the closing of any (AMG) Repurchase, AMG shall be deemed to have purchased the (AMG) LLC Interest with respect to such (AMG) LLC Points, including a ratable share of such Repurchased Member's (AMG) LLC Capital Account with respect thereto, and AMG shall revise SCHEDULE A hereto to reflect such (AMG) Repurchase.

(d) The rights of AMG and its assignees hereunder are in addition to and shall not affect any other rights which AMG or its assigns may otherwise have to repurchase the Vested (AMG) LLC Points (or any Forfeiture of (AMG) LLC Points) of a Purchaser.

(e) On the (AMG) Repurchase Closing Date, AMG (or its respective assignees, as applicable) shall pay to each (AMG) Repurchased Member the applicable (AMG) Repurchase Price for the Vested (AMG) LLC Points repurchased in the manner set forth in this Section 9, and upon such payment the (AMG) Repurchased Member shall cease to hold any (AMG) LLC Points or (AMG) LLC Interest and shall no longer have any rights hereunder or under the LLC Agreement with respect thereto. On the (AMG) Repurchase Closing Date, the (AMG) Repurchased Member and AMG (or its assignees) shall, if AMG so requests, execute an agreement reasonably acceptable to AMG in which the (AMG) Repurchased Member represents and warrants to AMG (or its assignees) that it has sole record and beneficial title to the (AMG) LLC Points subject to the (AMG) Repurchase, free and clear of any Liens as of such date other than those imposed by this Agreement or incurred by AMG. Payment of the applicable aggregate (AMG) Repurchase Price shall be made on the (AMG) Repurchase Closing Date by check or wire-transfer of immediately available funds to an account designated in writing by the

(AMG) Repurchased Member at least three (3) business days prior to the (AMG) Repurchase Closing Date.

(f) In the event that any Purchaser (or any (AMG) Permitted Transferee) (i) has filed a voluntary petition under the bankruptcy laws or a petition for the appointment of a receiver or makes any assignment for the benefit of creditors, (ii) is subject involuntarily to such a petition or assignment or to an attachment or other legal or equitable interest with respect to any of such Purchaser's (or (AMG) Permitted Transferee's) (AMG) LLC Points, and such involuntary petition or assignment or attachment is not discharged within sixty (60) days after its effective date, or (iii) is subject to a transfer of any of its (AMG) LLC Points, by court order or decree or by operation of law (the events detailed in clauses (i)-(iii), each a "BANKRUPTCY EVENT"), then AMG shall repurchase all of the Vested (AMG) LLC Points held by such Purchaser (or (AMG) Permitted Transferee, as applicable) pursuant to the terms of this Section 9(f), as if Purchaser was a (AMG) Repurchased Member with the purchase price determined pursuant to Section 9(b) and the date of the closing to take place within thirty (30) days following the delivery by AMG of written notice to that effect. Furthermore, upon the occurrence of any Bankruptcy Event, the entire Unvested (AMG) LLC Points shall be subject to the Forfeiture provisions of Section 8 hereof. In order to give effect to clause (iii) above, if any portion of a Purchaser's (or (AMG) Permitted Transferee's) (AMG) LLC Points becomes subject to transfer (or purport to be or have been transferred) by a court order or decree or by operation of law, such Purchaser (or (AMG) Permitted Transferee) shall cease to be a Member of the LLC and the transferee by court order or decree or by operation of law shall not become a member of the LLC, and AMG shall have the right to purchase from such Purchaser (or (AMG) Permitted Transferee), all of such Purchaser's Vested (AMG) LLC Points as set forth in this Section 9.

(g) Notwithstanding the vesting provisions of Section 5, upon the death of any Purchaser, if the fair market value of such Purchaser's (or (AMG) Permitted Transferee's) Vested (AMG) LLC Points (as determined pursuant to Section 12(d)(i), as applicable) shall be insufficient to satisfy any outstanding balance on such Purchaser's (or (AMG) Permitted Transferee's) Purchase Note, then a number of such Purchaser's (or (AMG) Permitted Transferee's) Unvested (AMG) LLC Points up to the number of (AMG) LLC Points having a fair market value (as determined pursuant to Section 12(d)(i), as applicable) equal to the outstanding balance of such Purchaser's (or (AMG) Permitted Transferee's) Purchase Note shall immediately become Vested (AMG) LLC Points, and such Vested (AMG) LLC Points shall be subject to an (AMG) Repurchase pursuant to and in accordance with this Section 9, and the Unvested (AMG) LLC Points shall be subject to Forfeiture pursuant to Section 8 hereof.

(h) In the event that a Purchaser (or (AMG) Permitted Transferee) is required to sell its, his or her Vested (AMG) LLC Points pursuant to the provisions of this Section 9, and in the further event that such Purchaser (or (AMG) Permitted Transferee) refuses to, is unable to, or for any reason fails to, execute and deliver the agreements required by this Section 9, AMG (or its assigns) may deposit the applicable (AMG) Repurchase Price, if any, therefor in cash with any bank doing business within fifty (50) miles of the LLC's principal place of business, as agent or trustee, or in escrow, for such Purchaser (or (AMG) Permitted Transferee), to be held by such bank for the benefit of and for delivery to Purchaser (or

(AMG) Permitted Transferee). Upon such deposit by AMG (or its assigns) and upon notice thereof given to such Purchaser (or (AMG) Permitted Transferee), such Purchaser's (or (AMG) Permitted Transferee) Vested (AMG) LLC Points shall be deemed to have been sold, transferred, conveyed and assigned to AMG (or its assigns) and such Purchaser (or (AMG) Permitted Transferee) shall have no further rights with respect thereto (other than the right to withdraw the payment therefor, if any, held in escrow).

SECTION 10. ALLOCATIONS.

(a) GENERAL. From and after April 1, 2003, the (AMG) LLC Points acquired by each Purchaser hereunder shall entitle such Purchaser to the rights, and subject such Purchaser to the obligations, in respect of the allocation of items of income, gain, loss and deduction under the LLC Agreement as provided in this Section 10. As part of each Purchaser's (AMG) LLC Interest, such Purchaser is acquiring an equitable interest in a portion of AMG's interest in its Capital Account, such interest referred to herein as such Purchaser's "(AMG) LLC CAPITAL ACCOUNT", which (AMG) LLC Capital Account shall initially be equal to the (AMG) LLC Point Purchase Price for the (AMG) LLC Points; PROVIDED, HOWEVER, that nothing herein shall be construed to transfer or reduce AMG's Capital Account under the LLC Agreement. All items of income, gain, loss and deduction allocated to a Purchaser hereunder shall be allocated to such Purchaser's (AMG) LLC Capital Account in respect of such Purchaser's (AMG) LLC Points. In addition, upon any adjustment to AMG's Capital Account as provided in Sections 5.1 and 5.5(c) of the LLC Agreement (including as a result of any Purchase and Sale hereunder), each Purchaser's (AMG) LLC Capital Account shall be appropriately adjusted to give effect to such adjustment in a manner which is consistent with the allocation provisions of Section 10(d) below (i.e., each Purchaser shall not share in such adjustment to the Capital Account until such time as AMG's Capital Account is equal to the Class A/B-1 Equity Participation Threshold).

The LLC acknowledges that this Section 10 transfers to each Purchaser a portion of the amounts otherwise allocable to AMG under the LLC Agreement as provided herein, and agrees to make such allocations as if such provisions were a part of the LLC Agreement. The parties further acknowledge that such transfer of economic rights, and the allocation provisions of this Section 10, shall only apply for the period commencing on the (AMG) LLC Point Acquisition Date, with proportionate adjustments to be made for partial periods under the LLC Agreement. The allocations made in respect of the (AMG) LLC Points under this Section 10 shall not in any way affect allocation in respect of the LLC Points for prior completed quarters.

(b) ALLOCATION OF INCOME AND GAIN.

(i) Each Purchaser shall be allocated a portion of the amount of income and gain to be allocated to AMG each quarter pursuant to Section 4.2(c)(i) of the LLC Agreement equal to such Purchaser's Allocation of (AMG) Free Cash Flow for such quarter.

(ii) In addition to the amounts allocated to each Purchaser pursuant to Section 10(b)(i) above, each Purchaser shall be allocated a ratable (as among all Purchasers in proportion to such Purchaser's respective Allocation of (AMG) Free

Cash Flow for such period) portion of the items of income and gain to be allocated to AMG pursuant to Section 4.2(c)(ii) of the LLC Agreement for such quarter in excess of the cumulative amount of loss and deduction allocated to AMG pursuant to Sections 4.2(d)(ii) and 4.2(d)(iii) of the LLC Agreement (less the amounts of such loss and deduction allocated to the Purchasers pursuant to Section 10(c) of this Agreement), until such time as each Purchaser has been allocated cumulative income and gain under this Section 10(b)(ii) equal to such Purchaser's share of the cumulative amount of losses and deductions allocable to AMG under Sections 4.2(d)(ii) and 4.2(d)(iii) of the LLC Agreement, as such losses and deductions are allocated to Purchaser pursuant to Section 10(c) below.

(c) ALLOCATION OF LOSS AND DEDUCTION.

(i) In the event items of loss and deduction are to be allocated to AMG for any quarter pursuant to Section 4.2(d)(ii) of the LLC Agreement, then all of such items of loss and deduction shall (A) FIRST, be allocated to the Purchasers in proportion to, and only to the extent of, such Purchaser's allocation of gain and income pursuant to Section 10(b) above, until such time as each such Purchaser's (AMG) LLC Capital Account is equal to zero (0), and (B) SECOND, any remaining items of such loss and deduction shall be allocated ratably to the Purchasers in accordance with their respective number of (AMG) LLC Points as of the first day of such quarter until such time as each

such Purchaser's (AMG) LLC Capital Account is reduced to zero (0).

(ii) In the event items of loss and deduction are to be allocated to AMG for any quarter pursuant to Section 4.2(d)(iii) of the LLC Agreement, then each Purchaser shall be allocated items of loss and deduction for such quarter, pro rata with each other Purchaser, based on each Purchaser's respective (AMG) Percentage Interest as of the first day of such quarter.

(d) ALLOCATION OF NET GAIN UPON A SALE, ETC. In connection with the allocation of net gain from any sale, exchange or other disposition of all, or substantially all, of the assets of the LLC, each Purchaser shall be allocated a portion of such net gain as follows:

(i) With respect to amounts of net gain to be allocated to AMG pursuant to Section 4.2(e)(i) of the LLC Agreement, each Purchaser shall be allocated a ratable share of the amount of gain in excess of the amount of the cumulative amount of loss and deduction allocated to AMG pursuant to Sections 4.2(d)(ii) and 4.2(d)(iii) of the LLC Agreement (less amounts of such loss and deduction allocated to the Purchasers pursuant to Section 10(c) of this Agreement), until such Purchaser has received, together with items of income and gain allocated pursuant to Section 10(b)(ii) above, allocations equal to the cumulative amount of losses and deductions allocated to such Purchaser under Section 10(c) above.

(ii) With respect to items of net gain to be allocated to AMG pursuant to Section 4.2(e)(iii) of the LLC Agreement, each Purchaser shall not be allocated any amount of such items of net gain until AMG's Capital Account is equal to the Class A/B-1 (AMG) Equity Participation Threshold, after which each Purchaser shall be allocated a ratable amount of AMG's Share of all remaining amounts of net gain allocated pursuant to Section 4.2(e)(iii) of the LLC Agreement, based on each Purchaser's respective (AMG) Percentage Interest as of the date of such sale or other transaction.

(e) ALLOCATION OF NET LOSS UPON A SALE, ETC. In connection with the allocation of net loss from any sale, exchange or other disposition of all, or substantially all, of the assets of the LLC pursuant to Section 4.2(f) of the LLC Agreement, each Purchaser shall be allocated a ratable amount of AMG's Share of the net loss to be allocated under said Section 4.2(f), based on each Purchaser's respective (AMG) Percentage Interest as of the date of such sale or other transaction, until each Purchaser's (AMG) LLC Capital Account is reduced to zero (0). In the event AMG is to be allocated additional items of net loss pursuant to Section 4.2(f) of the LLC Agreement after such time as AMG's Capital Account is reduced to zero (0) (and all (AMG) LLC Capital Accounts of the Purchasers are reduced to zero (0)) as contemplated by said Section 4.2(f), then each Purchaser shall also be allocated a ratable amount of AMG's Share of such additional items of net loss, based on such Purchaser's respective (AMG) Percentage Interest as of the date of such sale or other transaction.

(f) OTHER ALLOCATION PROVISIONS. Notwithstanding the foregoing, a reduction in any quarter to the amounts of income and gain to be allocated to AMG under the LLC Agreement pursuant to Section 4.2(h) thereof shall proportionately reduce the amounts otherwise allocated to each Purchaser hereunder (but not below zero (0)), based on such Purchaser's respective Allocation of (AMG) Free Cash Flow for such quarter.

SECTION 11. DISTRIBUTIONS.

(a) GENERAL. From and after April 1, 2003, the (AMG) LLC Points acquired by each Purchaser hereunder shall entitle each Purchaser to the rights, and subject each Purchaser to the obligations, in respect of distributions under the LLC Agreement as provided in this Section 11. Each Purchaser's (AMG) LLC Capital Account in respect of such Purchaser's (AMG) LLC Points shall be appropriately adjusted in respect of any such distributions. The LLC acknowledges that this Section 11 transfers to each Purchaser the right to receive distributions otherwise to be made to AMG under the LLC Agreement as provided herein, and agrees to make such distributions as if such provisions were a part of the LLC Agreement. Such transfer of the right to receive distributions under the LLC Agreement in respect of (AMG) LLC Points shall only apply to periods commencing on the (AMG) LLC Point Acquisition Date with respect to such (AMG) LLC Points, with proportionate adjustments to be made for partial periods under the LLC Agreement. In no event shall any Purchaser be entitled to any distributions under the LLC Agreement in respect of AMG's LLC Points for allocations of gain, income, loss and deduction made or otherwise with respect to periods prior to the applicable (AMG) LLC Point Acquisition Date.

(b) DISTRIBUTIONS. In the event the LLC makes a distribution to AMG in any quarter pursuant to Section 4.3(a)(i) of the LLC Agreement, then each

Purchaser shall be entitled to receive a ratable portion of such distribution based on such Purchaser's respective Allocation of (AMG) Free Cash Flow for such quarter up to and including the amount allocated to such Purchaser pursuant to Section 10(b)(i) above for such quarter and any previous calendar quarter to the extent not then distributed, LESS such Purchaser's ratable share (based on such Purchaser's Allocation of (AMG) Free Cash Flow for such quarter) of any reservation from Free Cash Flow made in respect of such amount otherwise distributable to AMG as contemplated by Section 4.3(a)(i) of the LLC Agreement, and LESS any amounts of loss and deduction allocated to such Purchaser in such quarter pursuant to Section 10(c) above.

(c) OTHER DISTRIBUTIONS.

(i) Each Purchaser shall be entitled to receive a portion of AMG's Share of distributions attributable to a sale of all, or substantially all, of the assets of the LLC in accordance with (and in proportion to) the positive balance, if any, of such Purchaser's (AMG) LLC Capital Account (as determined immediately prior to such distribution); and

(ii) Each Purchaser shall be entitled to receive a ratable portion of AMG's Share of any other distributions made to the Members under Section 4.3(c) of the LLC Agreement based on such Purchaser's respective (AMG) Percentage Interest as of the date of such distribution.

(d) DISTRIBUTIONS UPON DISSOLUTION. Each Purchaser shall be entitled to receive a ratable portion of any distributions to AMG of amounts reserved in connection with the dissolution of the LLC as provided in Section 4.4 of the LLC Agreement, in proportion to the positive balance (if any) in such Purchaser's (AMG) LLC Capital Account, until Purchaser's (AMG) LLC Capital Account is reduced to zero (0); PROVIDED, HOWEVER, each Purchaser shall be entitled to receive a portion of any additional distributions to be made to AMG pursuant to Section 4.4 of the LLC Agreement following such time as AMG's Capital Account is reduced to zero (0) (and the (AMG) LLC Capital Account of each Purchaser is reduced to zero (0)), ratably based on such Purchaser's respective (AMG) Percentage Interest as of the date of such distribution.

(e) MISCELLANEOUS DISTRIBUTIONS. Each Purchaser shall be entitled to receive a ratable portion of AMG's Share of distributions to be made to the Members pursuant to Section 4.5 of the LLC Agreement based on such Purchaser's respective (AMG) Percentage Interest (immediately prior to the applicable measurement date of LLC Points used for purposes of making such distributions to Members under Section 4.5 of the LLC Agreement).

SECTION 12. (AMG) LLC POINT PUTS.

(a) Each Purchaser may, at such Purchaser's option, subject to the terms and conditions set forth in this Section 12 and subject to the vesting, forfeiture, repurchase and other provisions set forth in this Agreement, cause AMG to purchase a portion of the (AMG) LLC

Points held by such Purchaser (an "(AMG) PUT"); PROVIDED, HOWEVER, that in no event shall Purchaser cause a (AMG) Put of any Unvested (AMG) LLC Points as of such date.

(b) Each Purchaser may, subject to the terms and conditions set forth in this Agreement, cause AMG to purchase up to ten percent (10%) of the (AMG) LLC Points of such Purchaser (and/or any (AMG) Permitted Transferees of such Purchaser) as of the applicable (AMG) LLC Point Acquisition Date for such (AMG) LLC Points, on the first business day following May 1 (each an "(AMG) PURCHASE DATE")) but only up to an aggregate of fifty percent (50%) of the (AMG) LLC Points of such Purchaser (and any (AMG) Permitted Transferees, if any) on any five (5) separate (AMG) Purchase Dates starting on the first (AMG) Purchase Date which is, with respect to such Purchaser's Class A (AMG) LLC Points, at least two (2) years following the applicable (AMG) LLC Point Acquisition Date with respect to such (AMG) LLC Points and ending on the first Class A (AMG) Purchase Date which is at least fifteen (15) years following the Class A (AMG) LLC Point Acquisition Date with respect to such Class A (AMG) LLC Points, and with respect to such Purchaser's Class B (AMG) LLC Points, at least five (5) years following the applicable (AMG) LLC Point Acquisition Date with respect to such Class B (AMG) LLC Points and ending on the first (AMG) Purchase Date which is at least fifteen (15) years following the (AMG) LLC Point Acquisition Date with respect to such Class B (AMG) LLC Points. For the avoidance of doubt, to the extent a Purchaser acquires both Class A (AMG) LLC Points and Class B (AMG) LLC Points, or multiple series of Class B (AMG) LLC Points, the provisions of this Section 12, including the limitations on the maximum number of (AMG) LLC Points that may be put to AMG by each Purchaser, shall apply separately to each class or series of (AMG) LLC Points, as applicable.

(c) If a Purchaser desires to exercise his, her or its rights under Section 12(b) above, such Purchaser shall give AMG irrevocable written notice (an "(AMG) PUT NOTICE") on or prior to the preceding December 31 (the

"(AMG) PUT NOTICE DEADLINE"), stating that such Purchaser is electing to exercise such rights and the number of each class or series of (AMG) LLC Points (not to exceed ten percent (10%) of each class or series of such Purchaser's (AMG) LLC Points as of the applicable (AMG) LLC Point Acquisition Date for such (AMG) LLC Points) (the "PUT (AMG) LLC POINTS") to be sold in the (AMG) Put. (AMG) Puts in any given calendar year for which (AMG) Put Notices are received before the (AMG) Put Notice Deadline for that calendar year shall be completed as follows: at a closing on the respective (AMG) Purchase Date, AMG shall purchase from such Purchaser and its (AMG) Permitted Transferees, if any, the Put (AMG) LLC Points as designated in the (AMG) Put Notice, up to the maximum amount permitted by Section 12(b) above with respect to that year and the aggregate amount that may be put by such Purchaser (and his, her or its (AMG) Permitted Transferees).

(d) The purchase price per Put (AMG) LLC Point (the "(AMG) PUT PRICE") shall be, (i) with respect to Class A (AMG) LLC Points, the quotient obtained by dividing the Class A (AMG) Fair Market Value by the total number of LLC Points held by AMG on the (AMG) Purchase Date, before giving effect to any (AMG) Puts on such date (the "CLASS A (AMG) PUT PRICE"), and (ii) with respect to Class B (AMG) LLC Points, the quotient obtained by dividing the Class B (AMG) Fair Market Value by the total number of LLC Points held by AMG on the (AMG) Purchase Date, before giving effect to any (AMG) Puts on such date (the "CLASS B (AMG) PUT PRICE").

(i) For purposes hereof, (A) the "CLASS A (AMG) FAIR MARKET VALUE" shall be equal to the positive difference, if any, between (I) the (AMG) Fair Value and (II) the Class A (AMG) Put Participation Threshold and (B) the "CLASS B (AMG) FAIR MARKET VALUE" shall be equal to the positive difference, if any, between (I) the (AMG) Fair Value and (II) the Class B-1 (AMG) Put Participation Threshold.

(ii) For purposes hereof, the "(AMG) FAIR VALUE" shall be an amount equal to the product of (A) the Fair Value of the LLC and (B) a fraction, the numerator of which is equal to the number of LLC Points held by AMG as of the (AMG) Purchase Date and the denominator of which is the total number of outstanding LLC Points as of the (AMG) Purchase Date, in each case before giving effect to any (AMG) Puts, Calls, issuances or redemptions of LLC Points on such date, as applicable.

(iii) For purposes hereof, the "FAIR VALUE OF THE LLC" shall equal (A) the product of the Fair Multiple and the Run Rate Free Cash Flow of the LLC (net of Free Cash Flow Expenditures) as of the applicable Fair Value Determination Date, PLUS (B) all cash and cash equivalents of the LLC, and MINUS (C) the Total Debt of the LLC, in each case as of the Fair Value Determination Date.

(iv) For purposes hereof, the term "FAIR MULTIPLE" shall equal the quotient obtained by dividing (A) the AMG Enterprise Value by (B) AMG's Run Rate EBITDA as of the Fair Value Determination Date (the "AMG MULTIPLE"), with such quotient discounted by between thirty percent (30%) and fifty percent (50%). Within that range, the discount to the AMG Multiple will be measured by subtracting from fifty percent (50%) five percent (5%) for each of the following four conditions that have been met as of the Fair Value Determination Date: (1) positive net client cash flows of the LLC for the six (6) months prior to the Fair Value Determination Date, (2) positive net client cash flows of the LLC for the eighteen (18) months prior to the Fair Value Determination Date, (3) performance in excess of applicable benchmarks for the six months prior to the Fair Value Determination Date for the LLC's investment products that generated greater than fifty percent (50%) of the LLC's Run Rate Free Cash Flow in such period, and (4) performance in excess of applicable benchmarks for the eighteen (18) months prior to the Fair Value Determination Date for the LLC's investment products that generated greater than fifty percent (50%) of the LLC's Run Rate Free Cash Flow in such period. The discount to the AMG Multiple for any calculation of the Fair Multiple shall be reasonably determined by AMG, using the foregoing criteria, whose determination shall be binding on Purchaser, subject to Section 12(e) below.

(v) For purposes hereof, the term "TOTAL DEBT" shall be determined by AMG and shall include, in each case as of the Fair Value Determination Date, all Indebtedness and long-term acquisition debt of the LLC determined in accordance with generally accepted accounting principles, consistently applied and reflected

on the books of account of the LLC, as well as all undistributed profits of the LLC and Indebtedness of AMG or any other Controlled

Affiliate of AMG incurred directly on behalf of the LLC with the consent of the Management Committee determined in accordance with generally accepted accounting principles, consistently applied and reflected on the books of account of AMG.

(vi) For purposes hereof, the term "AMG ENTERPRISE VALUE" shall mean the sum of (A) the product of (x) the average closing price per share of AMG Stock over the ninety (90) calendar days prior to, but not including, the Fair Value Determination Date and (y) the average number of shares of AMG Stock outstanding over the ninety (90) calendar days prior to, but not including, the Fair Value Determination Date and (B) the actual amount of total AMG Indebtedness as of the Fair Value Determination Date, MINUS all holding company cash and cash equivalents on AMG's balance sheet.

(vii) For purposes hereof, the term "RUN RATE FREE CASH FLOW" shall mean the Maintenance Fees for the quarter ending on the Fair Value Determination Date multiplied by four (4), MINUS the amount, if any, by which the operating expenses for the LLC for the four (4) calendar quarters ending on the Fair Value Determination Date exceeded the Operating Cash Flow of the LLC for such four (4) calendar quarters.

(viii) For purposes hereof, the term "AMG'S RUN RATE EBITDA" shall mean (A) AMG's EBITDA for the quarter ended on the Fair Value Determination Date (as publicly reported by AMG in supplemental disclosure), pro forma for acquisitions and divestitures made by AMG in such quarter (calculated by adding to or subtracting from EBITDA, as the case may be, AMG's contractual revenue share of the acquired or divested entity's revenue for such quarter, prior to such acquisition or after such divestiture, respectively), multiplied by (B) four (4).

(ix) For purposes hereof, the term "AMG INDEBTEDNESS" shall mean (A) all indebtedness of AMG 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), (B) any other indebtedness of AMG which is evidenced by a note, bond, debenture or similar instrument (the amount of which shall be measured, with respect to publicly-traded indebtedness, as the lesser of the book value or the market value of such debt), (C) all obligations of AMG in respect of acceptances issued or created for the account of AMG, (D) all obligations of AMG under noncompetition agreements reflected as liabilities on a balance sheet of AMG in accordance with generally accepted accounting principles, (E) all liabilities secured by any Lien on any property owned by AMG even though AMG has not assumed or otherwise become liable for the payment thereof, and (F) all net obligations of AMG under interest rate, commodity, foreign currency and financial markets swaps, options, futures and other hedging obligations. For the avoidance of doubt, the term "Indebtedness" shall not include (i) any so-called

synthetic, off-balance sheet or tax retention lease (including the lease of AMG's headquarters entered into in connection with the Participation Agreement dated as of December 1, 2000 among Realty Facility Holdings XII LLC, AMG, the Provident Bank and Cornerstone Funding Corporation I) (each a "SYNTHETIC LEASE OBLIGATION"), (ii) any guarantee in respect of Synthetic Lease Obligations, (iii) any liabilities secured by any lien in connection with Synthetic Lease Obligations, or (iv) unsecured Indebtedness of AMG owing to any Affiliate of AMG, related to AMG's cash management program with its Affiliates.

(e) AMG shall have the right (but not the obligation) to request, at the expense of AMG, that the Fair Value of the LLC be determined by a third party appraiser if the Fair Value of the LLC as of the Fair Value Determination Date calculated in accordance with Section 12(d) is greater than nine (9) times the LLC's Run Rate Free Cash Flow (net of Free Cash Flow Expenditures) as of the end of the calendar quarter immediately prior to the quarter in which the (AMG) Purchase Date occurs. Each Purchaser exercising an (AMG) Put hereunder shall have the right to request, at the expense of such Purchaser, that the Fair Value of the LLC with respect to such (AMG) Put be determined by a third party appraiser if the Fair Value of the LLC as of the Fair Value Determination Date calculated in accordance with Section 12(d) is less than six (6) times the LLC's Run Rate Free Cash Flow (net of Free Cash Flow Expenditures) as of the end of the calendar quarter immediately prior to the quarter in which the (AMG) Purchase Date occurs. Any party requesting such appraisal shall do so in writing no later than twenty-one (21) calendar days prior to the proposed (AMG) Purchase Date. The third party appraiser shall be selected by the Management Committee with the approval of AMG. The third party appraiser shall complete its appraisal prior to the (AMG) Purchase Date, and its determination of Fair Value of the LLC shall be final and binding on each of AMG, the applicable Purchaser and his, her or its (AMG) Permitted Transferees,

if any.

(f) At the closing of the (AMG) Put on the (AMG) Purchase Date, the applicable Purchaser will receive the applicable (AMG) Put Price with respect to such Put (AMG) LLC Points less a portion of the outstanding amount under any Purchase Note issued with respect to such Put (AMG) LLC Points equal to the product of (i) the total amount outstanding under the Purchase Note, and (ii) the percentage of the aggregate (AMG) LLC Points purchased by the Purchaser with the Purchase Note represented by the Put (AMG) LLC Points. In connection with any (AMG) Put, AMG shall be deemed to be repurchasing a ratable share of such Purchaser's (AMG) LLC Interest, including a ratable share of such Purchaser's (AMG) LLC Capital Account with respect to the Put (AMG) LLC Points, and AMG shall revise SCHEDULE A to reflect the foregoing.

SECTION 13. RESTRICTIONS ON TRANSFER. Each Purchaser and each (AMG) Permitted Transferee agrees and shall agree not to sell or otherwise transfer or dispose of any (AMG) LLC Points or any portion of the (AMG) LLC Interest purchased hereunder and held by them for the applicable Lock-up Period with respect thereto. In addition, and not in limitation of the foregoing, the (AMG) LLC Interest may be Transferred if and only if AMG and the Management Committee consents in writing to the transfer in advance thereof, which consent may be withheld by either party in its sole discretion.

SECTION 14. VOTING RIGHTS. Each Purchaser shall, by virtue of its ownership of the (AMG) LLC Points, have the right to direct AMG to vote, and AMG shall vote, its (AMG) LLC Points in a manner requested by each Purchaser from time to time on all matters subject to voting by the Manager Member under the LLC Agreement; PROVIDED, HOWEVER, that the scope and extent of such direction shall be in proportion to such Purchaser's Voting Percentage. Each Purchaser will be promptly notified of any matter that requires the vote by or written consent of the Manager Member under the LLC Agreement. Upon the prompt notification of such matter to be voted upon, each Purchaser will deliver to AMG, at least twenty-four (24) hours prior to the meeting at which such vote is to be taken or a written consent is required to be delivered, a written notice directing AMG to vote such Purchaser's Voting Percentage in the manner indicated on such notice. In the event that the written notice is not timely delivered to AMG by a Purchaser, then such Purchaser shall be deemed to have waived its voting rights with respect to such matter and granted AMG with full discretion to vote its (AMG) LLC Points. Except as set forth in this Section 14 and in Section 15(h) hereof, no Purchaser shall have any other right to vote in respect of the (AMG) LLC Interest, including under the LLC Agreement, and no class or series of (AMG) LLC Points shall have the right to any separate class or series vote.

SECTION 15. MISCELLANEOUS.

(a) EQUITABLE RELIEF. The parties hereto agree and declare that legal remedies are inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) SAVING CLAUSE. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(c) NOTICES. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by facsimile transmission or on the first business day after the date mailed if mailed by a nationally recognized over night carrier service, or three business days after the date mailed if mailed by first class registered or certified mail, postage prepaid. Notices to AMG, the LLC or Purchaser shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(d) BENEFIT AND BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. Transferees of any portion of an (AMG) LLC Interest or successors of any Purchaser shall become parties to this Agreement by executing a counterpart hereto; PROVIDED, HOWEVER, that such transferees and successors shall, to the extent provided in this Agreement, be bound by and subject to the provisions of this Agreement regardless of whether they execute such a counterpart. This Agreement shall be binding on any Transferees of all or significantly all of AMG's LLC Points, regardless of any agreement to the contrary; PROVIDED, HOWEVER, that no transfer of a lesser amount of LLC Points shall interfere with the (AMG) LLC Interests of any Purchaser hereunder. Without limitation of the foregoing, upon any stock-for-stock merger in

which the LLC is not the surviving entity, equity interests of the LLC's

successor issued in respect of the LLC Points underlying the (AMG) LLC Interests transferred hereunder shall remain subject to vesting and the Forfeiture and Repurchase provisions applicable to such (AMG) LLC Points.

(e) NO RETENTION RIGHTS. Nothing in this Agreement shall confer upon any Purchaser any right to employment or the continuance of employment with the LLC for any period of specific duration or interfere with or otherwise restrict in any way the rights of the LLC (or any parent or subsidiary employing or retaining Purchaser) or of any Purchaser, which rights are hereby expressly reserved by each, to terminate Purchaser's service relationship with the LLC at any time and for any reason, with or without cause.

(f) DISPUTE RESOLUTION. Any dispute arising out of or relating to this Agreement or the breach, termination or validity hereof shall be finally settled by binding arbitration conducted expeditiously in accordance Section 11.6 of the LLC Agreement.

(g) AMENDMENTS. This Agreement may not be amended nor any term hereof changed, modified, waived or terminated, except to the extent the same is effected and evidenced by the written consent of each of AMG and a majority-in-interest of the Voting Percentage of the Purchasers voting as a single class; PROVIDED, HOWEVER, that this Agreement may not be amended nor any term hereof changed, modified, waived or terminated, except to the extent the same is approved by the written consent of a two-thirds interest of the voting power of the holders of Class B (AMG) LLC Points, if such amendment, change, modification, waiver or termination would materially and adversely affect any right, preference, privilege or voting power of the Class B (AMG) LLC Points or the holders thereof in a manner that does not also similarly affect such right, preference, privilege or voting power of the other classes of (AMG) LLC Points; PROVIDED FURTHER, HOWEVER, that AMG shall be permitted to amend SCHEDULE A hereto as expressly permitted in this Agreement without the consent of any other Person. Notwithstanding anything to the contrary in this Section 15(g), each Purchaser acknowledges and agrees that AMG may transfer additional Class B (AMG) LLC Points to Purchasers under this Agreement from time to time, with such additional Class B (AMG) LLC Points to be issued in one or more series as determined by AMG and the Management Committee. Furthermore, in accordance with such transfers, AMG shall be permitted, to the extent required, to amend or make provision for the amendment of this Agreement upon the issuance of such new series of Class B (AMG) LLC Points to implement the rights, preferences and privileges of the additional Class B (AMG) LLC Points, including, without limitation, amending Sections 9 and 10 hereof and adding new participation thresholds, including to the definitions of "Allocation of (AMG) Free Cash Flow", "Class A (AMG) Fair Market Value" and "Class B (AMG) Fair Market Value" and otherwise to reflect the intent of the parties to this Agreement in such form and substance as is reasonably determined to be necessary by the Manager Member for such purpose.

(h) CONVERSION OF CORPORATE FORM. In the event the LLC is converted into one or more corporations, AMG will use its commercially reasonable efforts to ensure that each Purchaser receives such economic and equity rights, preferences, and privileges which are equivalent to such Purchaser's (AMG) LLC Points set forth in this Agreement, subject to equivalent restrictions and limitations.

(i) FURTHER ASSURANCES. Each of the parties hereto agrees to execute all such further instruments and documents and take such further action as any party may reasonably require in order to effectuate the terms and purposes of this Agreement.

(j) GOVERNING LAW. This Agreement shall be construed under and governed by the internal laws of the Commonwealth of Massachusetts, without giving effect to the choice or conflict of laws provisions thereof. This Agreement shall be binding on, enforceable by and shall inure to the benefit of, the parties hereto and their respective successors, heirs, executors, administrators, and assigns.

(k) COUNTERPARTS. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(l) ENTIRE AGREEMENT. This Agreement and the LLC Agreement represent the entire agreement among the parties hereto with respect to the subject matter hereof; PROVIDED, that in any case where a conflict exists between the terms of this Agreement and the terms of the LLC Agreement, the terms of this Agreement shall govern and control.

[End of Text]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

executed as a sealed instrument as of the date set forth above by such parties or their duly authorized representatives.

LLC:

ESSEX INVESTMENT MANAGEMENT COMPANY, LLC

By: /s/ Christopher P. McConnell

Name: Christopher P. McConnell
Title: Chief Financial Officer

125 High Street
Boston, MA 02110

AMG:

AFFILIATED MANAGERS GROUP, INC.

By: /s/ Nathaniel Dalton

Name: Nathaniel Dalton
Title: Executive Vice President

600 Hale Street
Prides Crossing, MA 01965

PURCHASERS:

/s/ R. Daniel Beckham

R. Daniel Beckham

Address:

/s/ Malcolm MacColl

Malcolm MacColl

Address:

/s/ Christopher P. McConnell

Christopher P. McConnell

Address:

/s/ Craig Lewis

Craig Lewis

Address:

/s/ Karen R. Korn

Karen R. Korn

Address:

/s/ Susan Stickels

Susan Stickels

Address:

FORM OF SCHEDULE A

Purchasers and (AMG) LLC Points

Purchaser Name and Address	Date Purchase Price	(AMG) LLC Class A Points	(AMG) LLC Class B-1 Acquisition Point	(AMG) LLC Point (AMG)LLC Points - -
- $ * * *				

Vesting:

All Class (A) (AMG) LLC Points purchased hereunder vest in equal twenty percent (20%) increments on each of the second, third, fourth, fifth and sixth anniversaries of the applicable (AMG) LLC Point Acquisition Date.

All Class B-1 (AMG) LLC Points vest as follows: fifty percent (50%) of the Class B-1 (AMG) LLC Points purchased hereunder shall vest on the fifth anniversary of the applicable (AMG) LLC Point Acquisition Date, and twenty-five percent (25%) of the Class B-1 (AMG) LLC Points shall vest on each of the sixth and seventh anniversaries of the applicable (AMG) LLC Point Acquisition Date.

* Under this Agreement, the Purchasers have purchased, in the aggregate, 118.325 Class A (AMG) LLC Points and 39 Class B-1 (AMG) LLC Points for a total purchase price of $372,485.59.

EXHIBIT 21.1

SCHEDULE OF SUBSIDIARIES
(in alphabetical order)

WHOLLY OWNED SUBSIDIARIES OF THE REGISTRANT

AMG Capital Corp., a Delaware corporation

AMG/Midwest Holdings, Inc., a Delaware corporation

AMG/Midwest Holdings, LLC, a Delaware limited liability company

AMG New York Holdings Corp., a Delaware corporation

AMG Properties LLC, a Delaware limited liability company

AMG/SouthwestGP Holdings, Inc., a Delaware corporation

AMG/TBC Holdings, Inc., a Delaware corporation

AMG Service Corp., a Delaware corporation

AMG Finance Trust, a Massachusetts business trust

The Burridge Group Inc., an Illinois corporation

E.C. Rorer II, Inc., a Delaware corporation

E.C. Rorer Partnership, a Delaware general partnership

Edward C. Rorer & Co., Inc., a Delaware 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, Inc., a Delaware corporation

First Quadrant Corp., a New Jersey corporation

First Quadrant Holdings, LLC, a Delaware limited liability company

JMH Management Corporation, a Delaware corporation

Prides Crossing Holdings LLC, a Delaware limited liability company

Suite 3000 Holdings, Inc., a Delaware corporation

TMF Corp., a Delaware corporation

Welch & Forbes, Inc., a Massachusetts corporation

ENTITIES IN WHICH THE REGISTRANT HAS A MAJORITY INTEREST (DIRECT AND INDIRECT)

The Burridge Group LLC, a Delaware limited liability company

Concordia Capital Associates, LLC, a Delaware limited liability company

Davis Hamilton Jackson & Associates, L.P., a Delaware limited partnership

Essex Investment Management Company, LLC, a Delaware limited liability company

First Quadrant, L.P., a Delaware limited partnership

First Quadrant U.K., L.P., a Delaware limited partnership

Friess Associates, LLC, a Delaware limited liability company

Friess Associates of Delaware, LLC, a Delaware limited liability company

Frontier Capital Management Company, LLC, a Delaware limited liability company

GeoCapital, LLC, a Delaware limited liability company

Gofen and Glossberg, L.L.C., a Delaware limited liability company

Joint Venture Partners LLC, a Delaware limited liability company

J.M. Hartwell Limited Partnership, a Delaware limited partnership

Managers Distributors, Inc., a Delaware corporation

MJ Whitman Global Advisers LLC, a Delaware limited liability company

M.J. Whitman LLC, a Delaware limited liability company

The Managers Funds LLC, a Delaware limited liability company

Private Debt LLC, a Delaware limited liability company

The Renaissance Group LLC, a Delaware limited liability company

Rorer Asset Management, LLC, a Delaware limited liability company

Skyline Asset Management, L.P., a Delaware limited partnership

Systematic Financial Management, L.P., a Delaware limited partnership

Third Avenue Holdings Delaware LLC, a Delaware limited liability company

Third Avenue Management LLC, a Delaware limited liability company

Tweedy, Browne Company LLC, a Delaware limited liability company

Welch & Forbes LLC, a Delaware limited liability company

ENTITIES IN WHICH THE REGISTRANT HAS A MINORITY INTEREST

DFD Select Group, N.V., a Netherlands Antilles limited liability company

First Quadrant Limited, a U.K. corporation

FQN Management, LLC, a Delaware limited liability company

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements of Affiliated Managers Group, Inc. on Form S-3 (File No. 333-71561) and Form S-8 (File No. 333-72967 and File No. 333-84485) of Affiliated Managers Group, Inc. of our reports dated March 26, 2003 relating to the consolidated financial statements and financial statement schedule, which appear in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 26, 2003

Exhibit 99.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Nutt, certify, solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Affiliated Managers Group, Inc. on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Affiliated Managers Group, Inc. This certification shall not be deemed to be a part of the Annual Report on Form 10-K or filed for any purpose, but instead shall be deemed to accompany such Annual Report.

By: /s/ WILLIAM J. NUTT

Name: William J. Nutt
Title: Chairman and Chief Executive Officer

I, Darrell W. Crate, certify, solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Affiliated Managers Group, Inc. on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Affiliated Managers Group, Inc. This certification shall not be deemed to be a part of the Annual Report on Form 10-K or filed for any purpose, but instead shall be deemed to accompany such Annual Report.

By: /s/ DARRELL W. CRATE

Name: Darrell W. Crate
Title: Executive Vice President,
Chief Financial Officer and Treasurer

March 28, 2003

A signed original of this written statement required by Section 906 has been provided to Affiliated Managers Group, Inc. and will be retained by Affiliated Managers Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.