

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

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

Date of report (Date of earliest event reported) **October 26, 2010**

Affiliated Managers Group, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-13459

(Commission File Number)

04-3218510

(IRS Employer Identification No.)

600 Hale Street

Prides Crossing, Massachusetts
(Address of Principal Executive Offices)

01965

(Zip Code)

(617) 747-3300

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 Results of Operations and Financial Conditions.

On October 26, 2010, Affiliated Managers Group, Inc. (the "Company") issued a press release setting forth its financial and operating results for the quarter ended September 30, 2010. A copy of this press release is furnished as Exhibit 99.1 hereto and is hereby incorporated by reference herein.

ITEM 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The Board of Directors (the "Board") of the Company approved an amendment to the Company's Bylaws, effective October 26, 2010, which provides for the appointment of a lead director to the Board, and outlines the principal responsibilities of that position.

ITEM 8.01 Other Events.

The financial statement tables set forth in the press release issued by the Company on October 26, 2010 are also filed as Exhibit 99.2 hereto and are hereby incorporated by reference herein.

On October 26, 2010, the Company issued a press release announcing that, effective January 1, 2011, Sean M. Healey, President and Chief Executive Officer of the Company, will become Chairman of the Board, succeeding founder and Chairman William J. Nutt as Chairman. Mr. Nutt will remain a member of the Board. A copy of this press release is attached hereto as Exhibit 99.3 and is hereby incorporated by reference herein.

ITEM 9.01 Financial Statements and Exhibits.

- (c) Exhibits.

Exhibit No.

Description

99.1* Earnings Press Release issued by the Company on October 26, 2010.
99.2 Earnings Press Release Financial Statement Tables.
99.3 Press Release issued by the Company on October 26, 2010.

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AFFILIATED MANAGERS GROUP, INC.

Date: October 26, 2010

By: /S/ JOHN KINGSTON, III
Name: John Kingston, III
Title: Executive Vice President,
General Counsel and Secretary

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EXHIBIT INDEX

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Affiliated Managers Group, Inc.

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**AMG Reports Financial and Operating Results
for the Third Quarter and Nine Months Ended September 30, 2010**

Company Reports Economic EPS of \$1.50; EPS of \$0.65

BOSTON, October 26, 2010 — Affiliated Managers Group, Inc. (NYSE: AMG) today reported its financial and operating results for the third quarter and nine months ended September 30, 2010.

For the third quarter of 2010, Economic Earnings Per Share (“Economic EPS”) were \$1.50, compared to \$1.05 for the same period of 2009, while diluted earnings per share for the third quarter of 2010 were \$0.65, compared to \$0.40 for the same period of 2009. For the third quarter of 2010, Economic Net Income was \$77.9 million, compared to \$45.6 million for the same period of 2009. For the third quarter of 2010, Net Income was \$34.0 million, compared to \$17.8 million for the same period of 2009. (Performance measures Economic Net Income and Economic EPS are defined in the attached tables.)

For the third quarter of 2010, revenue was \$354.4 million, compared to \$217.5 million for the same period of 2009. For the third quarter of 2010, EBITDA was \$102.3 million, compared to \$60.5 million for the same period of 2009.

For the nine months ended September 30, 2010, Economic Net Income was \$192.5 million, while EBITDA was \$252.2 million. For the same period, Net Income was \$76.6 million, on revenue of \$937.5 million. For the nine months ended September 30, 2009, Economic Net Income was \$125.8 million, while EBITDA was \$162.9 million. For the same period, Net Income was \$34.9 million, on revenue of \$597.2 million.

Net client cash flows for the third quarter of 2010 were approximately \$5.5 billion, with flows in the institutional, mutual fund, and high net worth channels of approximately \$4.2 billion, \$1.1 billion, and \$0.2 billion, respectively. The aggregate assets under management of AMG’s affiliated investment management firms were approximately \$294 billion at September 30, 2010, pro forma for a pending investment.

(more)

“AMG had an excellent quarter, reporting Economic Earnings Per Share of \$1.50, an increase of 43% compared to the same quarter of last year,” stated Sean M. Healey, President and Chief Executive Officer of AMG. “Our results reflect the successful execution of our growth strategy, including accretion from investments in new Affiliates as well as the strong organic growth of our existing Affiliates. Our Affiliates continue to generate outstanding investment performance across an array of product areas, particularly in emerging markets and international equity and alternative products. Given our industry-leading offerings in these product areas, we remain confident in our prospects for continued new business momentum as global institutional investors increasingly focus on expanding their allocations to alpha-generating strategies.”

“Over 70% of our EBITDA is now generated by global equity and alternative products, across a broad range of international markets and investment strategies, and our Affiliates participating in these areas delivered excellent results. Global equity manager Tweedy, Browne and emerging markets manager Genesis continued to generate outperformance across all time periods in their flagship products, and Third Avenue’s Value fund ranked at the top of its Lipper category in the quarter. In addition, Harding Loevner’s emerging markets equity product outperformed over both the near and long term, while alternative managers AQR, BlueMountain, and ValueAct realized substantial absolute returns across their largest products. Finally, global private equity fund-of-funds manager Pantheon continued to perform well, with solid organic growth in the quarter.”

“With the continued outperformance of our Affiliates, AMG is well-positioned to benefit as investor risk appetite increases — particularly among clients outside the U.S., which already account for over half of our earnings,” Mr. Healey added. “Our global distribution platform extends our boutique Affiliates’ marketing reach to large institutions in Australia, the Middle East, Europe, and now Asia. As evidenced by our net client cash flows this quarter of \$5.5 billion, we are seeing continued demand from sophisticated investors in these regions as AMG brings the outstanding performance of focused, return-oriented specialist firms, supported by the scale, resources, and risk management of a global investment manager, to strategic markets around the world.”

“We were pleased to announce our investment in premier global and emerging markets equity manager Trilogy Global Advisors during the quarter, which further enhanced our position in these product areas,” Mr. Healey concluded. “We continue to see substantial opportunities for ongoing earnings growth through our New Investments strategy, with a strong and diverse pipeline of traditional and alternative firms, increasingly characterized by succession-driven transactions. With our unparalleled competitive position and the favorable transaction environment, we are uniquely positioned to make additional accretive investments in the highest quality boutique firms globally.”

About Affiliated Managers Group

AMG is a global asset management company with equity investments in leading boutique investment management firms. AMG’s innovative partnership approach allows each Affiliate’s management team to own significant equity in their firm while maintaining operational autonomy. AMG’s strategy is to

generate growth through the internal growth of existing Affiliates, as well as through investments in new Affiliates. In addition, AMG provides centralized assistance to its

Affiliates in strategic matters, marketing, distribution, product development and operations. As of September 30, 2010, the aggregate assets under management of AMG's Affiliates were approximately \$294 billion, pro forma for a pending investment, in more than 350 investment products across a broad range of investment styles, asset classes and distribution channels. For more information, please visit the Company's website at www.amg.com.

Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including changes in the securities or financial markets or in general economic conditions, the availability of equity and debt financing, competition for acquisitions of interests in investment management firms, the ability to close pending investments, the investment performance of our Affiliates and their ability to effectively market their investment strategies, and other risks detailed from time to time in AMG's filings with the Securities and Exchange Commission. Reference is hereby made to the "Cautionary Statements" set forth in the Company's Form 10-K for the year ended December 31, 2009.

AMG routinely posts information that may be significant for investors in the Investor Information section of its website, and encourages investors to consult that section regularly. For additional information, please visit www.amg.com.

Financial Tables Follow

A teleconference will be held with AMG's management at 11:00 a.m. Eastern time today. Parties interested in listening to the teleconference should dial 1-877-407-9210 (domestic calls) or 1-201-689-8049 (international calls) starting at 10:45 a.m. Eastern time. Those wishing to listen to the teleconference should dial the appropriate number at least ten minutes before the call begins.

The teleconference will also be available for replay beginning approximately one hour after the conclusion of the call. To hear a replay of the call, please dial 1-877-660-6853 (domestic calls) or 1-201-612-7415 (international calls) and provide account number 286 and conference ID 357598. The live call and replay of the session, and additional financial information referenced during the teleconference, can also be accessed via the Web at <http://www.amg.com/InvestorRelations>.

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Affiliated Managers Group, Inc.

Financial Highlights

(dollars in thousands, except per share data)

	<u>Three Months Ended 9/30/09</u>	<u>Three Months Ended 9/30/10</u>
Revenue	\$ 217,461	\$ 354,372
Net Income (controlling interest)	\$ 17,769	\$ 33,955
Economic Net Income (A)	\$ 45,629	\$ 77,883
EBITDA (B)	\$ 60,532	\$ 102,271
Average shares outstanding - diluted	44,267,107	51,895,871
Earnings per share - diluted	\$ 0.40	\$ 0.65
Average shares outstanding - adjusted diluted (C)	43,523,113	51,895,871
Economic earnings per share (C)	\$ 1.05	\$ 1.50
	<u>December 31, 2009</u>	<u>September 30, 2010</u>
Cash and cash equivalents	\$ 259,487	\$ 255,452
Senior bank debt	\$ —	\$ 371,000
Senior convertible securities (D)	\$ 456,976	\$ 418,987
Junior convertible trust preferred securities (D)	\$ 507,358	\$ 509,222
Stockholders' equity	\$ 1,109,690	\$ 1,712,068

(more)

Affiliated Managers Group, Inc.**Financial Highlights**

(dollars in thousands, except per share data)

	<u>Nine Months Ended 9/30/09</u>	<u>Nine Months Ended 9/30/10</u>
Revenue	\$ 597,182	\$ 937,474
Net Income (controlling interest)	\$ 34,873	\$ 76,622
Economic Net Income (A)	\$ 125,754	\$ 192,522
EBITDA (B)	\$ 162,916	\$ 252,246
Average shares outstanding - diluted	42,835,258	48,741,873
Earnings per share - diluted	\$ 0.82	\$ 1.57
Average shares outstanding - adjusted diluted (C)	42,005,112	48,359,998
Economic earnings per share (C)	\$ 2.99	\$ 3.98

(more)

Affiliated Managers Group, Inc.**Reconciliations of Earnings Per Share Calculation**

(dollars in thousands, except per share data)

	<u>Three Months Ended 9/30/09</u>	<u>Three Months Ended 9/30/10</u>
Net Income (controlling interest)	\$ 17,769	\$ 33,955
Convertible securities interest expense, net (E)	36	—
Net Income (controlling interest), as adjusted	\$ 17,805	\$ 33,955
Average shares outstanding - diluted	44,267,107	51,895,871
Earnings per share - diluted	\$ 0.40	\$ 0.65
	<u>Nine Months Ended 9/30/09</u>	<u>Nine Months Ended 9/30/10</u>
Net Income (controlling interest)	\$ 34,873	\$ 76,622
Convertible securities interest expense, net (E)	108	53
Net Income (controlling interest), as adjusted	\$ 34,981	\$ 76,675
Average shares outstanding - diluted	42,835,258	48,741,873
Earnings per share - diluted	\$ 0.82	\$ 1.57

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Affiliated Managers Group, Inc.**Reconciliations of Average Shares Outstanding**

	<u>Three Months Ended 9/30/09</u>	<u>Three Months Ended 9/30/10</u>
Average shares outstanding - diluted	44,267,107	51,895,871
Assumed issuance of LYONS shares	(873,803)	—

Assumed issuance of 2008 Senior Convertible Notes shares	—	—
Assumed issuance of Trust Preferred shares	—	—
Dilutive impact of LYONS shares	129,809	—
Dilutive impact of 2008 Senior Convertible Notes shares	—	—
Dilutive impact of Trust Preferred shares	—	—
Average shares outstanding - adjusted diluted (C)	<u>43,523,113</u>	<u>51,895,871</u>
	Nine Months Ended	Nine Months Ended
	9/30/09	9/30/10
Average shares outstanding - diluted	42,835,258	48,741,873
Assumed issuance of LYONS shares	(873,803)	(514,761)
Assumed issuance of 2008 Senior Convertible Notes shares	—	—
Assumed issuance of Trust Preferred shares	—	—
Dilutive impact of LYONS shares	43,657	132,886
Dilutive impact of 2008 Senior Convertible Notes shares	—	—
Dilutive impact of Trust Preferred shares	—	—
Average shares outstanding - adjusted diluted (C)	<u>42,005,112</u>	<u>48,359,998</u>

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Affiliated Managers Group, Inc.

Operating Results

(in millions)

Assets Under Management

Statement of Changes - Quarter to Date

	<u>Mutual Fund</u>	<u>Institutional</u>	<u>High Net Worth</u>	<u>Total</u>
Assets under management, June 30, 2010	\$ 64,317	\$ 155,175	\$ 29,500	\$ 248,992
Client cash inflows	6,430	8,472	1,417	16,319
Client cash outflows	(5,314)	(4,316)	(1,222)	(10,852)
Net client cash flows	1,116	4,156	195	5,467
Investment performance	7,833	15,302	2,671	25,806
Other (G)	1,623	(2,211)	—	(588)
Assets under management, September 30, 2010	<u>\$ 74,889</u>	<u>\$ 172,422</u>	<u>\$ 32,366</u>	<u>\$ 279,677</u>

Statement of Changes - Year to Date

	<u>Mutual Fund</u>	<u>Institutional</u>	<u>High Net Worth</u>	<u>Total</u>
Assets under management, December 31, 2009	\$ 44,531	\$ 133,858	\$ 29,650	\$ 208,039
New investments (F)	22,903	26,060	427	49,390
Adjusted Assets under management, December 31, 2009	<u>67,434</u>	<u>159,918</u>	<u>30,077</u>	<u>257,429</u>
Client cash inflows	15,303	20,794	5,006	41,103
Client cash outflows	(13,250)	(18,469)	(4,704)	(36,423)
Net client cash flows	2,053	2,325	302	4,680
Investment performance	3,828	12,496	1,988	18,312
Other (G)	1,574	(2,317)	(1)	(744)
Assets under management, September 30, 2010	<u>\$ 74,889</u>	<u>\$ 172,422</u>	<u>\$ 32,366</u>	<u>\$ 279,677</u>

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Affiliated Managers Group, Inc.

Operating Results

(in thousands)

Financial Results

	<u>Three Months Ended</u>	<u>Percent of Total</u>	<u>Three Months Ended</u>	<u>Percent of Total</u>
	<u>9/30/09</u>		<u>9/30/10</u>	
Revenue				

Mutual Fund	\$	80,682	37%	\$	151,817	43%
Institutional		109,918	51%		170,990	48%
High Net Worth		26,861	12%		31,565	9%
	\$	<u>217,461</u>	<u>100%</u>	\$	<u>354,372</u>	<u>100%</u>

EBITDA (B)

Mutual Fund	\$	14,514	24%	\$	31,271	31%
Institutional		38,230	63%		61,060	59%
High Net Worth		7,788	13%		9,940	10%
	\$	<u>60,532</u>	<u>100%</u>	\$	<u>102,271</u>	<u>100%</u>

		Nine Months Ended 9/30/09	Percent of Total		Nine Months Ended 9/30/10	Percent of Total
Revenue						
Mutual Fund	\$	221,380	37%	\$	397,736	42%
Institutional		293,646	49%		445,063	48%
High Net Worth		82,156	14%		94,675	10%
	\$	<u>597,182</u>	<u>100%</u>	\$	<u>937,474</u>	<u>100%</u>

EBITDA (B)

Mutual Fund	\$	43,781	27%	\$	79,221	31%
Institutional		97,357	60%		144,910	58%
High Net Worth		21,778	13%		28,115	11%
	\$	<u>162,916</u>	<u>100%</u>	\$	<u>252,246</u>	<u>100%</u>

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Affiliated Managers Group, Inc. Reconciliations of Performance and Liquidity Measures (in thousands)

		Three Months Ended 9/30/09	Three Months Ended 9/30/10
Net Income (controlling interest)	\$	17,769	\$ 33,955
Intangible amortization		16,120	25,976
Intangible-related deferred taxes		6,181	9,820
Imputed interest and contingent payment adjustments		2,067	3,767
Affiliate equity expense		1,579	1,776
Affiliate depreciation		1,913	2,589
Economic Net Income (A)	\$	<u>45,629</u>	<u>\$ 77,883</u>
Cash flow from operations	\$	80,162	\$ 168,369
Interest expense, net of non-cash items		14,249	14,363
Current tax provision		63	7,931
Income from equity method investments, net of distributions		2,484	2,863
Changes in assets and liabilities and other adjustments		(36,426)	(91,255)
EBITDA (B)	\$	<u>60,532</u>	<u>\$ 102,271</u>
Holding company expenses		11,426	17,965
EBITDA Contribution	\$	<u>71,958</u>	<u>\$ 120,236</u>
		Nine Months Ended 9/30/09	Nine Months Ended 9/30/10
Net Income (controlling interest)	\$	34,873	\$ 76,622
Intangible amortization		48,120	59,660
Intangible-related deferred taxes		25,296	34,870
Imputed interest and contingent payment adjustments		6,177	9,254
Affiliate equity expense		5,474	5,316
Affiliate depreciation		5,814	6,800
Economic Net Income (A)	\$	<u>125,754</u>	<u>\$ 192,522</u>
Cash flow from operations	\$	168,067	\$ 351,480
Interest expense, net of non-cash items		42,899	43,012
Current tax provision		(9,108)	15,783
Income from equity method investments, net of distributions		3,293	1,243
Changes in assets and liabilities and other adjustments		(42,235)	(159,272)
EBITDA (B)	\$	<u>162,916</u>	<u>\$ 252,246</u>
Holding company expenses		32,474	61,732

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2010	2009	2010
Revenue	\$ 217,461	\$ 354,372	\$ 597,182	\$ 937,474
Operating expenses:				
Compensation and related expenses	105,237	151,533	292,770	413,501
Selling, general and administrative	26,864	73,378	89,276	190,743
Amortization of intangible assets	8,293	20,517	24,430	39,045
Depreciation and other amortization	3,167	3,716	9,649	10,117
Other operating expenses	10,865	9,638	21,351	24,109
	<u>154,426</u>	<u>258,782</u>	<u>437,476</u>	<u>677,515</u>
Operating income	<u>63,035</u>	<u>95,590</u>	<u>159,706</u>	<u>259,959</u>
Non-operating (income) and expenses:				
Investment and other income	(6,614)	(11,384)	(13,564)	(14,929)
Income from equity method investments	(8,203)	(9,536)	(21,970)	(28,543)
Investment (income) loss from Affiliate investments in partnerships (H)	(14,914)	—	(26,065)	4,493
Interest expense	16,151	16,322	48,555	48,750
Imputed interest expense	3,389	7,191	10,126	17,303
	<u>(10,191)</u>	<u>2,593</u>	<u>(2,918)</u>	<u>27,074</u>
Income before income taxes	73,226	92,997	162,624	232,885
Income taxes (I)	5,366	23,968	15,275	52,878
Net income	<u>67,860</u>	<u>69,029</u>	<u>147,349</u>	<u>180,007</u>
Net income (non-controlling interests)	(35,459)	(35,074)	(87,008)	(107,770)
Net (income) loss (non-controlling interests in partnerships) (H)	(14,632)	—	(25,468)	4,385
Net Income (controlling interest)	<u>\$ 17,769</u>	<u>\$ 33,955</u>	<u>\$ 34,873</u>	<u>\$ 76,622</u>
Average shares outstanding - basic	41,854,249	51,154,863	41,115,819	46,054,042
Average shares outstanding - diluted	44,267,107	51,895,871	42,835,258	48,741,873
Earnings per share - basic	\$ 0.42	\$ 0.66	\$ 0.85	\$ 1.66
Earnings per share - diluted	\$ 0.40	\$ 0.65	\$ 0.82	\$ 1.57

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

	December 31, 2009	September 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 259,487	\$ 255,452
Investment advisory fees receivable	140,118	183,988
Investments in partnerships (H)	93,809	—
Investments in marketable securities	56,690	84,945
Unsettled fund share receivables	—	57,046
Prepaid expenses and other current assets	35,478	58,756
Total current assets	<u>585,582</u>	<u>640,187</u>
Fixed assets, net	62,402	66,789

Equity investments in Affiliates	658,332	630,996
Acquired client relationships, net	571,573	1,400,806
Goodwill	1,413,217	1,995,756
Other assets	99,800	216,408
Total assets	<u>\$ 3,390,906</u>	<u>\$ 4,950,942</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 117,227	\$ 240,796
Unsettled fund share payables	—	54,302
Payables to related party	109,888	100,176
Total current liabilities	<u>227,115</u>	<u>395,274</u>
Senior bank debt	—	371,000
Senior convertible securities (D)	456,976	418,987
Junior convertible trust preferred securities (D)	507,358	509,222
Deferred income taxes	322,671	471,571
Other long-term liabilities	26,066	188,905
Total liabilities	<u>1,540,186</u>	<u>2,354,959</u>
Redeemable non-controlling interests	368,999	386,183
Equity:		
Common stock	458	539
Additional paid-in capital	612,091	1,016,318
Accumulated other comprehensive income	45,958	70,973
Retained earnings	873,137	949,759
	<u>1,531,644</u>	<u>2,037,589</u>
Less treasury stock, at cost	(421,954)	(325,521)
Total stockholders' equity	<u>1,109,690</u>	<u>1,712,068</u>
Non-controlling interests	281,946	497,732
Non-controlling interests in partnerships (H)	90,085	—
Total equity	<u>1,481,721</u>	<u>2,209,800</u>
Total liabilities and equity	<u>\$ 3,390,906</u>	<u>\$ 4,950,942</u>

(more)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2010	2009	2010
Cash flow from operating activities:				
Net income	\$ 67,860	\$ 69,029	\$ 147,349	\$ 180,007
Adjustments to reconcile Net income to net cash flow from operating activities:				
Amortization of intangible assets	8,293	20,517	24,430	39,045
Amortization of issuance costs	1,843	1,959	5,479	5,653
Depreciation and other amortization	3,167	3,716	9,649	10,117
Deferred income tax provision	3,873	7,976	20,701	25,630
Imputed interest expense	3,389	7,191	10,126	17,303
Income from equity method investments, net of amortization	(8,202)	(9,536)	(21,970)	(28,543)
Distributions received from equity method investments	13,725	14,656	42,545	51,420
Tax benefit from exercise of stock options	1,715	1,402	3,174	3,478
Stock option expense	2,560	3,608	5,695	10,410
Affiliate equity expense	3,150	3,511	9,869	10,312
Other adjustments	(14,546)	(109)	(33,125)	9,439
Changes in assets and liabilities:				
(Increase) decrease in investment advisory fees receivable	(17,051)	13,277	845	(12,052)
(Increase) decrease in Affiliate investments in partnerships	—	—	331	(503)
Increase in prepaids and other current assets	(811)	(20,280)	(10,024)	(512)
(Increase) decrease in other assets	(46)	(1,654)	2,869	(9,779)
(Increase) decrease in unsettled fund shares receivable	—	1,651	—	(573)
Increase in unsettled fund shares payable	—	1,253	—	3,519
Increase (decrease) in accounts payable, accrued liabilities and other long-term liabilities	11,243	50,202	(49,876)	37,109
Cash flow from operating activities	<u>80,162</u>	<u>168,369</u>	<u>168,067</u>	<u>351,480</u>
Cash flow used in investing activities:				
Investments in Affiliates	(137,860)	(10,980)	(139,271)	(804,017)
Purchase of fixed assets	(438)	(2,209)	(1,653)	(5,316)

Purchase of investment securities	—	(12,801)	(11,746)	(43,203)
Sale of investment securities	1,584	—	7,303	11,784
Cash flow used in investing activities	(136,714)	(25,990)	(145,367)	(840,752)
Cash flow from (used in) financing activities:				
Borrowings of senior bank debt	—	5,000	—	1,022,500
Repayments of senior bank debt	—	(293,500)	(233,514)	(651,500)
Issuance of common stock	18,139	10,641	29,760	36,055
Issuance costs	(288)	(102)	(1,209)	(330)
Excess tax benefit from exercise of stock options	2,750	1,946	3,836	6,664
Settlement of forward equity sale agreement	—	194,653	144,258	294,657
Note payments	7,196	(5,893)	2,718	(31,784)
Distributions to non-controlling interests	(14,962)	(16,754)	(102,087)	(77,446)
Affiliate equity issuances and repurchases	(7,502)	(6,591)	(40,308)	(116,123)
Subscriptions (redemptions) of Non-controlling interests in partnerships	—	—	(471)	503
Cash flow from (used in) financing activities	5,333	(110,600)	(197,017)	483,196
Effect of foreign exchange rate changes on cash and cash equivalents	2,100	3,130	3,136	2,041
Net increase (decrease) in cash and cash equivalents	(49,119)	34,909	(171,181)	(4,035)
Cash and cash equivalents at beginning of period	274,369	220,543	396,431	259,487
Cash and cash equivalents at end of period	<u>\$ 225,250</u>	<u>\$ 255,452</u>	<u>\$ 225,250</u>	<u>\$ 255,452</u>

(more)

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Affiliated Managers Group, Inc.

Notes

(in thousands)

- (A) Under our Economic Net Income definition, we add to Net Income (controlling interest) amortization (including equity method amortization), deferred taxes related to intangible assets, Affiliate depreciation and Affiliate equity expense, and exclude the non-cash effect of imputed interest expense (principally APB 14-1 interest on convertible securities and non-cash expenses related to contingent payment arrangements). We consider Economic Net Income an important measure of our financial performance, as we believe it best represents operating performance before non-cash expenses relating to the acquisition of interests in our affiliated investment management firms, and it is therefore employed as our principal performance benchmark. This non-GAAP performance measure is provided in addition to, but not as a substitute for, Net Income; Economic Net Income is not a liquidity measure, and should not be used in place of liquidity measures calculated under GAAP.

We add back amortization attributable to acquired client relationships because this expense does not correspond to the changes in value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) that are no longer amortized but continue to generate tax deductions is added back because we believe it is unlikely these accruals will be used to settle material tax obligations. We add back the portion of consolidated depreciation expense incurred by Affiliates because under our Affiliate operating agreements, we are generally not required to replenish these depreciating assets. We add back non-cash expenses relating to certain transfers of equity between Affiliate management partners when these transfers have no dilutive effect to shareholders.

In connection with recent investments in Affiliates, in the first quarter of 2010 we modified our Economic Net Income definition to exclude non-cash imputed interest and revaluation adjustments related to contingent payment arrangements from Net Income (controlling interest). The modification of the Economic Net Income definition did not have an impact on prior periods reported herein.

- (B) EBITDA is defined as earnings before interest expense, income taxes, depreciation and amortization. This supplemental non-GAAP liquidity measure is provided in addition to, but not as a substitute for, cash flow from operations. As a measure of liquidity, we believe EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. In reporting EBITDA by segment, Affiliate expenses are allocated to a particular segment on a pro rata basis with respect to the revenue generated by that Affiliate in such segment.
- (C) Economic earnings per share represents Economic Net Income divided by the adjusted diluted average shares outstanding. In this calculation, the potential share issuance in connection with our convertible securities is measured using a “treasury stock” method. Under this method, only the net number of shares of common stock equal to the value of the contingently convertible securities and the junior convertible trust preferred securities in excess of par, if any, are deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion. Economic earnings per share is not a liquidity measure, and should not be used in place of liquidity measures calculated under GAAP.

(more)

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- (D) We have bifurcated our convertible debt securities into their debt and equity components on our balance sheet. The principal amount at maturity of the senior convertible notes due 2038 was \$460,000 at December 31, 2009 and September 30, 2010. The principal amount at maturity of the junior convertible trust preferred securities was \$730,820 at December 31, 2009 and September 30, 2010.

- (E) Convertible securities interest expense, net, includes the interest expense, net of tax, associated with our dilutive convertible securities.
- (F) We completed our investment in Artemis Investment Management during the first quarter of 2010; and we completed our investments in Pantheon and Aston Asset Management during the second quarter of 2010. Our presentation of assets under management activity is pro forma assuming these investments closed at the beginning of each period presented.
- (G) Other includes assets under management attributable to Affiliate product transitions, the financial effects of which are not material to our ongoing results.
- (H) At December 31, 2009, assets of consolidated investment partnerships are reported as Investments in partnerships. A majority of these assets are held by investors that are unrelated to us, and reported as Non-controlling interests in partnerships. Income from these partnerships is presented as Investment (income) loss from Affiliate investments in partnerships in the Consolidated Statements of Income. In the third quarter of 2010 we deconsolidated these partnerships.
- (I) Our consolidated income tax provision includes taxes attributable to controlling interests, and to a lesser extent, taxes attributable to non-controlling interests, as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2010	2009	2010
Current income taxes	\$ 63	\$ 7,931	\$ (9,108)	\$ 15,783
Intangible-related deferred taxes	6,181	9,820	25,296	34,870
Other deferred taxes	(2,308)	(1,423)	(4,595)	(8,357)
Taxes attributable to controlling interests	3,936	16,328	11,593	42,296
Taxes attributable to non-controlling interests	1,430	7,640	3,682	10,582
Total income taxes	\$ 5,366	\$ 23,968	\$ 15,275	\$ 52,878
Effective tax rate*	18.1%	32.5%	24.9%	35.6%

* Taxes attributable to controlling interests divided by our share of the consolidated income before taxes.

Affiliated Managers Group, Inc.**Financial Highlights**

(dollars in thousands, except per share data)

	<u>Three Months Ended 9/30/09</u>	<u>Three Months Ended 9/30/10</u>
Revenue	\$ 217,461	\$ 354,372
Net Income (controlling interest)	\$ 17,769	\$ 33,955
Economic Net Income (A)	\$ 45,629	\$ 77,883
EBITDA (B)	\$ 60,532	\$ 102,271
Average shares outstanding - diluted	44,267,107	51,895,871
Earnings per share - diluted	\$ 0.40	\$ 0.65
Average shares outstanding - adjusted diluted (C)	43,523,113	51,895,871
Economic earnings per share (C)	\$ 1.05	\$ 1.50
	<u>December 31, 2009</u>	<u>September 30, 2010</u>
Cash and cash equivalents	\$ 259,487	\$ 255,452
Senior bank debt	\$ —	\$ 371,000
Senior convertible securities (D)	\$ 456,976	\$ 418,987
Junior convertible trust preferred securities (D)	\$ 507,358	\$ 509,222
Stockholders' equity	\$ 1,109,690	\$ 1,712,068

(more)

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Affiliated Managers Group, Inc.**Financial Highlights**

(dollars in thousands, except per share data)

	<u>Nine Months Ended 9/30/09</u>	<u>Nine Months Ended 9/30/10</u>
Revenue	\$ 597,182	\$ 937,474
Net Income (controlling interest)	\$ 34,873	\$ 76,622
Economic Net Income (A)	\$ 125,754	\$ 192,522
EBITDA (B)	\$ 162,916	\$ 252,246
Average shares outstanding - diluted	42,835,258	48,741,873
Earnings per share - diluted	\$ 0.82	\$ 1.57
Average shares outstanding - adjusted diluted (C)	42,005,112	48,359,998
Economic earnings per share (C)	\$ 2.99	\$ 3.98

(more)

2

Reconciliations of Earnings Per Share Calculation

(dollars in thousands, except per share data)

	<u>Three Months Ended 9/30/09</u>	<u>Three Months Ended 9/30/10</u>
Net Income (controlling interest)	\$ 17,769	\$ 33,955
Convertible securities interest expense, net (E)	36	—
Net Income (controlling interest), as adjusted	<u>\$ 17,805</u>	<u>\$ 33,955</u>
Average shares outstanding - diluted	44,267,107	51,895,871
Earnings per share - diluted	\$ 0.40	\$ 0.65
	<u>Nine Months Ended 9/30/09</u>	<u>Nine Months Ended 9/30/10</u>
Net Income (controlling interest)	\$ 34,873	\$ 76,622
Convertible securities interest expense, net (E)	108	53
Net Income (controlling interest), as adjusted	<u>\$ 34,981</u>	<u>\$ 76,675</u>
Average shares outstanding - diluted	42,835,258	48,741,873
Earnings per share - diluted	\$ 0.82	\$ 1.57

(more)

3

Affiliated Managers Group, Inc.**Reconciliations of Average Shares Outstanding**

	<u>Three Months Ended 9/30/09</u>	<u>Three Months Ended 9/30/10</u>
Average shares outstanding - diluted	44,267,107	51,895,871
Assumed issuance of LYONS shares	(873,803)	—
Assumed issuance of 2008 Senior Convertible Notes shares	—	—
Assumed issuance of Trust Preferred shares	—	—
Dilutive impact of LYONS shares	129,809	—
Dilutive impact of 2008 Senior Convertible Notes shares	—	—
Dilutive impact of Trust Preferred shares	—	—
Average shares outstanding - adjusted diluted (C)	<u>43,523,113</u>	<u>51,895,871</u>
	<u>Nine Months Ended 9/30/09</u>	<u>Nine Months Ended 9/30/10</u>
Average shares outstanding - diluted	42,835,258	48,741,873
Assumed issuance of LYONS shares	(873,803)	(514,761)
Assumed issuance of 2008 Senior Convertible Notes shares	—	—
Assumed issuance of Trust Preferred shares	—	—
Dilutive impact of LYONS shares	43,657	132,886
Dilutive impact of 2008 Senior Convertible Notes shares	—	—
Dilutive impact of Trust Preferred shares	—	—
Average shares outstanding - adjusted diluted (C)	<u>42,005,112</u>	<u>48,359,998</u>

(more)

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Affiliated Managers Group, Inc.**Operating Results**

(in millions)

Assets Under Management

Statement of Changes - Quarter to Date

<u>Mutual Fund</u>	<u>Institutional</u>	<u>High Net Worth</u>	<u>Total</u>
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Assets under management, June 30, 2010	\$ 64,317	\$ 155,175	\$ 29,500	\$ 248,992
Client cash inflows	6,430	8,472	1,417	16,319
Client cash outflows	(5,314)	(4,316)	(1,222)	(10,852)
Net client cash flows	1,116	4,156	195	5,467
Investment performance	7,833	15,302	2,671	25,806
Other (G)	1,623	(2,211)	—	(588)
Assets under management, September 30, 2010	\$ 74,889	\$ 172,422	\$ 32,366	\$ 279,677

Statement of Changes - Year to Date

	Mutual Fund	Institutional	High Net Worth	Total
Assets under management, December 31, 2009	\$ 44,531	\$ 133,858	\$ 29,650	\$ 208,039
New investments (F)	22,903	26,060	427	49,390
Adjusted Assets under management, December 31, 2009	67,434	159,918	30,077	257,429
Client cash inflows	15,303	20,794	5,006	41,103
Client cash outflows	(13,250)	(18,469)	(4,704)	(36,423)
Net client cash flows	2,053	2,325	302	4,680
Investment performance	3,828	12,496	1,988	18,312
Other (G)	1,574	(2,317)	(1)	(744)
Assets under management, September 30, 2010	\$ 74,889	\$ 172,422	\$ 32,366	\$ 279,677

(more)

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Affiliated Managers Group, Inc.

Operating Results

(in thousands)

Financial Results

	Three Months Ended 9/30/09	Percent of Total	Three Months Ended 9/30/10	Percent of Total
Revenue				
Mutual Fund	\$ 80,682	37%	\$ 151,817	43%
Institutional	109,918	51%	170,990	48%
High Net Worth	26,861	12%	31,565	9%
	\$ 217,461	100%	\$ 354,372	100%

EBITDA (B)				
Mutual Fund	\$ 14,514	24%	\$ 31,271	31%
Institutional	38,230	63%	61,060	59%
High Net Worth	7,788	13%	9,940	10%
	\$ 60,532	100%	\$ 102,271	100%

	Nine Months Ended 9/30/09	Percent of Total	Nine Months Ended 9/30/10	Percent of Total
Revenue				
Mutual Fund	\$ 221,380	37%	\$ 397,736	42%
Institutional	293,646	49%	445,063	48%
High Net Worth	82,156	14%	94,675	10%
	\$ 597,182	100%	\$ 937,474	100%

EBITDA (B)				
Mutual Fund	\$ 43,781	27%	\$ 79,221	31%
Institutional	97,357	60%	144,910	58%
High Net Worth	21,778	13%	28,115	11%
	\$ 162,916	100%	\$ 252,246	100%

(more)

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Affiliated Managers Group, Inc.

Reconciliations of Performance and Liquidity Measures

(in thousands)

	Three Months Ended 9/30/09	Three Months Ended 9/30/10
Net Income (controlling interest)	\$ 17,769	\$ 33,955
Intangible amortization	16,120	25,976
Intangible-related deferred taxes	6,181	9,820
Imputed interest and contingent payment adjustments	2,067	3,767
Affiliate equity expense	1,579	1,776
Affiliate depreciation	1,913	2,589
Economic Net Income (A)	<u>\$ 45,629</u>	<u>\$ 77,883</u>
Cash flow from operations	\$ 80,162	\$ 168,369
Interest expense, net of non-cash items	14,249	14,363
Current tax provision	63	7,931
Income from equity method investments, net of distributions	2,484	2,863
Changes in assets and liabilities and other adjustments	(36,426)	(91,255)
EBITDA (B)	<u>\$ 60,532</u>	<u>\$ 102,271</u>
Holding company expenses	11,426	17,965
EBITDA Contribution	<u>\$ 71,958</u>	<u>\$ 120,236</u>
	Nine Months Ended 9/30/09	Nine Months Ended 9/30/10
Net Income (controlling interest)	\$ 34,873	\$ 76,622
Intangible amortization	48,120	59,660
Intangible-related deferred taxes	25,296	34,870
Imputed interest and contingent payment adjustments	6,177	9,254
Affiliate equity expense	5,474	5,316
Affiliate depreciation	5,814	6,800
Economic Net Income (A)	<u>\$ 125,754</u>	<u>\$ 192,522</u>
Cash flow from operations	\$ 168,067	\$ 351,480
Interest expense, net of non-cash items	42,899	43,012
Current tax provision	(9,108)	15,783
Income from equity method investments, net of distributions	3,293	1,243
Changes in assets and liabilities and other adjustments	(42,235)	(159,272)
EBITDA (B)	<u>\$ 162,916</u>	<u>\$ 252,246</u>
Holding company expenses	32,474	61,732
EBITDA Contribution	<u>\$ 195,390</u>	<u>\$ 313,978</u>

(more)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2010	2009	2010
Revenue	\$ 217,461	\$ 354,372	\$ 597,182	\$ 937,474
Operating expenses:				
Compensation and related expenses	105,237	151,533	292,770	413,501
Selling, general and administrative	26,864	73,378	89,276	190,743
Amortization of intangible assets	8,293	20,517	24,430	39,045
Depreciation and other amortization	3,167	3,716	9,649	10,117
Other operating expenses	10,865	9,638	21,351	24,109
	<u>154,426</u>	<u>258,782</u>	<u>437,476</u>	<u>677,515</u>
Operating income	<u>63,035</u>	<u>95,590</u>	<u>159,706</u>	<u>259,959</u>
Non-operating (income) and expenses:				
Investment and other income	(6,614)	(11,384)	(13,564)	(14,929)
Income from equity method investments	(8,203)	(9,536)	(21,970)	(28,543)
Investment (income) loss from Affiliate investments in partnerships (H)	(14,914)	—	(26,065)	4,493
Interest expense	16,151	16,322	48,555	48,750
Imputed interest expense	3,389	7,191	10,126	17,303
	<u>(10,191)</u>	<u>2,593</u>	<u>(2,918)</u>	<u>27,074</u>

Income before income taxes	73,226	92,997	162,624	232,885
Income taxes (I)	5,366	23,968	15,275	52,878
Net income	67,860	69,029	147,349	180,007
Net income (non-controlling interests)	(35,459)	(35,074)	(87,008)	(107,770)
Net (income) loss (non-controlling interests in partnerships) (H)	(14,632)	—	(25,468)	4,385
Net Income (controlling interest)	\$ 17,769	\$ 33,955	\$ 34,873	\$ 76,622
Average shares outstanding - basic	41,854,249	51,154,863	41,115,819	46,054,042
Average shares outstanding - diluted	44,267,107	51,895,871	42,835,258	48,741,873
Earnings per share - basic	\$ 0.42	\$ 0.66	\$ 0.85	\$ 1.66
Earnings per share - diluted	\$ 0.40	\$ 0.65	\$ 0.82	\$ 1.57

(more)

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

	December 31, 2009	September 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 259,487	\$ 255,452
Investment advisory fees receivable	140,118	183,988
Investments in partnerships (H)	93,809	—
Investments in marketable securities	56,690	84,945
Unsettled fund share receivables	—	57,046
Prepaid expenses and other current assets	35,478	58,756
Total current assets	585,582	640,187
Fixed assets, net	62,402	66,789
Equity investments in Affiliates	658,332	630,996
Acquired client relationships, net	571,573	1,400,806
Goodwill	1,413,217	1,995,756
Other assets	99,800	216,408
Total assets	\$ 3,390,906	\$ 4,950,942
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 117,227	\$ 240,796
Unsettled fund share payables	—	54,302
Payables to related party	109,888	100,176
Total current liabilities	227,115	395,274
Senior bank debt	—	371,000
Senior convertible securities (D)	456,976	418,987
Junior convertible trust preferred securities (D)	507,358	509,222
Deferred income taxes	322,671	471,571
Other long-term liabilities	26,066	188,905
Total liabilities	1,540,186	2,354,959
Redeemable non-controlling interests	368,999	386,183
Equity:		
Common stock	458	539
Additional paid-in capital	612,091	1,016,318
Accumulated other comprehensive income	45,958	70,973
Retained earnings	873,137	949,759
	1,531,644	2,037,589
Less treasury stock, at cost	(421,954)	(325,521)
Total stockholders' equity	1,109,690	1,712,068
Non-controlling interests	281,946	497,732
Non-controlling interests in partnerships (H)	90,085	—
Total equity	1,481,721	2,209,800
Total liabilities and equity	\$ 3,390,906	\$ 4,950,942

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2010	2009	2010
Cash flow from operating activities:				
Net income	\$ 67,860	\$ 69,029	\$ 147,349	\$ 180,007
Adjustments to reconcile Net income to net cash flow from operating activities:				
Amortization of intangible assets	8,293	20,517	24,430	39,045
Amortization of issuance costs	1,843	1,959	5,479	5,653
Depreciation and other amortization	3,167	3,716	9,649	10,117
Deferred income tax provision	3,873	7,976	20,701	25,630
Imputed interest expense	3,389	7,191	10,126	17,303
Income from equity method investments, net of amortization	(8,202)	(9,536)	(21,970)	(28,543)
Distributions received from equity method investments	13,725	14,656	42,545	51,420
Tax benefit from exercise of stock options	1,715	1,402	3,174	3,478
Stock option expense	2,560	3,608	5,695	10,410
Affiliate equity expense	3,150	3,511	9,869	10,312
Other adjustments	(14,546)	(109)	(33,125)	9,439
Changes in assets and liabilities:				
(Increase) decrease in investment advisory fees receivable	(17,051)	13,277	845	(12,052)
(Increase) decrease in Affiliate investments in partnerships	—	—	331	(503)
Increase in prepaids and other current assets	(811)	(20,280)	(10,024)	(512)
(Increase) decrease in other assets	(46)	(1,654)	2,869	(9,779)
(Increase) decrease in unsettled fund shares receivable	—	1,651	—	(573)
Increase in unsettled fund shares payable	—	1,253	—	3,519
Increase (decrease) in accounts payable, accrued liabilities and other long-term liabilities	11,243	50,202	(49,876)	37,109
Cash flow from operating activities	<u>80,162</u>	<u>168,369</u>	<u>168,067</u>	<u>351,480</u>
Cash flow used in investing activities:				
Investments in Affiliates	(137,860)	(10,980)	(139,271)	(804,017)
Purchase of fixed assets	(438)	(2,209)	(1,653)	(5,316)
Purchase of investment securities	—	(12,801)	(11,746)	(43,203)
Sale of investment securities	1,584	—	7,303	11,784
Cash flow used in investing activities	<u>(136,714)</u>	<u>(25,990)</u>	<u>(145,367)</u>	<u>(840,752)</u>
Cash flow from (used in) financing activities:				
Borrowings of senior bank debt	—	5,000	—	1,022,500
Repayments of senior bank debt	—	(293,500)	(233,514)	(651,500)
Issuance of common stock	18,139	10,641	29,760	36,055
Issuance costs	(288)	(102)	(1,209)	(330)
Excess tax benefit from exercise of stock options	2,750	1,946	3,836	6,664
Settlement of forward equity sale agreement	—	194,653	144,258	294,657
Note payments	7,196	(5,893)	2,718	(31,784)
Distributions to non-controlling interests	(14,962)	(16,754)	(102,087)	(77,446)
Affiliate equity issuances and repurchases	(7,502)	(6,591)	(40,308)	(116,123)
Subscriptions (redemptions) of Non-controlling interests in partnerships	—	—	(471)	503
Cash flow from (used in) financing activities	<u>5,333</u>	<u>(110,600)</u>	<u>(197,017)</u>	<u>483,196</u>
Effect of foreign exchange rate changes on cash and cash equivalents	2,100	3,130	3,136	2,041
Net increase (decrease) in cash and cash equivalents	(49,119)	34,909	(171,181)	(4,035)
Cash and cash equivalents at beginning of period	274,369	220,543	396,431	259,487
Cash and cash equivalents at end of period	<u>\$ 225,250</u>	<u>\$ 255,452</u>	<u>\$ 225,250</u>	<u>\$ 255,452</u>

(more)

Affiliated Managers Group, Inc.
Notes
(in thousands)

- (A) Under our Economic Net Income definition, we add to Net Income (controlling interest) amortization (including equity method amortization), deferred taxes related to intangible assets, Affiliate depreciation and Affiliate equity expense, and exclude the non-cash effect of imputed interest expense

(principally APB 14-1 interest on convertible securities and non-cash expenses related to contingent payment arrangements). We consider Economic Net Income an important measure of our financial performance, as we believe it best represents operating performance before non-cash expenses relating to the acquisition of interests in our affiliated investment management firms, and it is therefore employed as our principal performance benchmark. This non-GAAP performance measure is provided in addition to, but not as a substitute for, Net Income; Economic Net Income is not a liquidity measure, and should not be used in place of liquidity measures calculated under GAAP.

We add back amortization attributable to acquired client relationships because this expense does not correspond to the changes in value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) that are no longer amortized but continue to generate tax deductions is added back because we believe it is unlikely these accruals will be used to settle material tax obligations. We add back the portion of consolidated depreciation expense incurred by Affiliates because under our Affiliate operating agreements, we are generally not required to replenish these depreciating assets. We add back non-cash expenses relating to certain transfers of equity between Affiliate management partners when these transfers have no dilutive effect to shareholders.

In connection with recent investments in Affiliates, in the first quarter of 2010 we modified our Economic Net Income definition to exclude non-cash imputed interest and revaluation adjustments related to contingent payment arrangements from Net Income (controlling interest). The modification of the Economic Net Income definition did not have an impact on prior periods reported herein.

- (B) EBITDA is defined as earnings before interest expense, income taxes, depreciation and amortization. This supplemental non-GAAP liquidity measure is provided in addition to, but not as a substitute for, cash flow from operations. As a measure of liquidity, we believe EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies. In reporting EBITDA by segment, Affiliate expenses are allocated to a particular segment on a pro rata basis with respect to the revenue generated by that Affiliate in such segment.
- (C) Economic earnings per share represents Economic Net Income divided by the adjusted diluted average shares outstanding. In this calculation, the potential share issuance in connection with our convertible securities is measured using a “treasury stock” method. Under this method, only the net number of shares of common stock equal to the value of the contingently convertible securities and the junior convertible trust preferred securities in excess of par, if any, are deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are converted and we are relieved of our debt obligation. This method does not take into account any increase or decrease in our cost of capital in an assumed conversion. Economic earnings per share is not a liquidity measure, and should not be used in place of liquidity measures calculated under GAAP.

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- (D) We have bifurcated our convertible debt securities into their debt and equity components on our balance sheet. The principal amount at maturity of the senior convertible notes due 2038 was \$460,000 at December 31, 2009 and September 30, 2010. The principal amount at maturity of the junior convertible trust preferred securities was \$730,820 at December 31, 2009 and September 30, 2010.
- (E) Convertible securities interest expense, net, includes the interest expense, net of tax, associated with our dilutive convertible securities.
- (F) We completed our investment in Artemis Investment Management during the first quarter of 2010; and we completed our investments in Pantheon and Aston Asset Management during the second quarter of 2010. Our presentation of assets under management activity is pro forma assuming these investments closed at the beginning of each period presented.
- (G) Other includes assets under management attributable to Affiliate product transitions, the financial effects of which are not material to our ongoing results.
- (H) At December 31, 2009, assets of consolidated investment partnerships are reported as Investments in partnerships. A majority of these assets are held by investors that are unrelated to us, and reported as Non-controlling interests in partnerships. Income from these partnerships is presented as Investment (income) loss from Affiliate investments in partnerships in the Consolidated Statements of Income. In the third quarter of 2010 we deconsolidated these partnerships.
- (I) Our consolidated income tax provision includes taxes attributable to controlling interests, and to a lesser extent, taxes attributable to non-controlling interests, as follows:

	Three Months Ended		Nine Months Ended	
	2009	2010	2009	2010
Current income taxes	\$ 63	\$ 7,931	\$ (9,108)	\$ 15,783
Intangible-related deferred taxes	6,181	9,820	25,296	34,870
Other deferred taxes	(2,308)	(1,423)	(4,595)	(8,357)
Taxes attributable to controlling interests	3,936	16,328	11,593	42,296
Taxes attributable to non-controlling interests	1,430	7,640	3,682	10,582
Total income taxes	\$ 5,366	\$ 23,968	\$ 15,275	\$ 52,878
Effective tax rate*	18.1%	32.5%	24.9%	35.6%

* Taxes attributable to controlling interests divided by our share of the consolidated income before taxes.

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AMG Names Sean M. Healey Chairman and Chief Executive Officer

BOSTON, October 26, 2010 — Affiliated Managers Group, Inc. (NYSE: AMG) today announced that, effective January 1, 2011, Sean M. Healey, President and Chief Executive Officer, will succeed founder William J. Nutt as Chairman. Mr. Nutt will remain on the Company's Board of Directors.

On behalf of the Board of Directors, Lead Independent Director Harold J. Meyerman said, "Sean's leadership and vision as Chief Executive Officer have positioned the Company to achieve extraordinary growth and success over time. Under his leadership, AMG has become a leading global asset management company with a diverse set of outstanding products, particularly in fast-growing areas such as global and emerging markets equities and alternative investments. In addition, we wish to thank Bill Nutt for his contributions to AMG over the years, including serving as the Company's Chairman since its founding in 1993, and we are pleased that he will remain as an independent member of our Board."

"Since succeeding me as AMG's CEO in 2005, Sean has played a critical role in expanding the Company's reach overseas and prudently managing AMG's financial standing during a very challenging period in the asset management industry. His anticipation of the fundamental changes now shaping the industry has put AMG in the strong competitive position it holds today. It's been a pleasure working with Sean and our talented management team over the years to establish AMG's unique investment approach as a successful and widely recognized business model," said Mr. Nutt.

Sean Healey commented, "It is an honor to assume this role at AMG. I have had the privilege of working with an outstanding management team and group of Affiliates these past 15 years. Together we have built AMG into a leading asset management firm with Affiliates located around the globe, collectively offering more than 350 investment products to institutional and retail clients. With our best growth prospects still ahead of us, this is a truly exciting time for AMG. We will continue to leverage our business model into new growth areas to generate additional value for our shareholders. I would also like to extend my personal thanks to Bill for his friendship and service to AMG, and look forward to working closely with him and the rest of the Board in this new role."

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Mr. Healey, age 49, joined AMG in 1995 when the Company had a single Affiliate and under \$1 billion in assets under management. Today, AMG has 27 Affiliates and approximately \$300 billion in assets under management. Mr. Healey has served as the Company's President and Chief Executive Officer since 2005 and has been a member of the Company's Board of Directors since 2001.

Prior to joining AMG, Mr. Healey was a Vice President in the Mergers and Acquisitions Department at Goldman, Sachs & Co. focusing on financial institutions. He holds a number of non-profit board positions, including serving as Co-Chairman of the Board of Trustees of the Peabody Essex Museum, and as a member of the Board of Directors of the Boys and Girls Clubs of Boston and the Visiting Committee of the Harvard Law School. In 2006, Mr. Healey received a presidential appointment to serve on the President's Export Council, the nation's principal advisory committee on international trade. Mr. Healey received a J.D. from Harvard Law School and was editor of the Harvard Law Review. He received an M.A., with First-Class Honours, from University College, Dublin and graduated Phi Beta Kappa from Harvard College.

About Affiliated Managers Group

AMG is a global asset management company with equity investments in leading boutique investment management firms. AMG's innovative partnership approach allows each Affiliate's management team to own significant equity in their firm while maintaining operational autonomy. AMG's strategy is to generate growth through the internal growth of existing Affiliates, as well as through investments in new Affiliates. In addition, AMG provides centralized assistance to its Affiliates in strategic matters, marketing, distribution, product development and operations. For more information, please visit the Company's website at www.amg.com.

Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including changes in the securities or financial markets or in general economic conditions, the availability of equity and debt financing, competition for acquisitions of interests in investment management firms, the ability to close pending investments, the investment performance of our Affiliates and their ability to effectively market their investment strategies, and other risks detailed from time to time in AMG's filings with the SEC. Reference is hereby made to the "Cautionary Statements" set forth in the Company's Form 10-K for the year ended December 31, 2009.

AMG routinely posts information that may be significant for investors in the Investor Information section of its website, and encourages investors to consult that section regularly. For additional information, please visit www.amg.com.

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