

AFFILIATED MANAGERS GROUP INC  
Form 10-Q  
May 10, 2006

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

### FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2006

OR

☐ **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**  
(State or other jurisdiction  
of incorporation or organization)

**04-3218510**  
(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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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Large Accelerated Filer ☒

Accelerated Filer ☐

Non-accelerated filer ☐

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

There were 31,319,347 shares of the registrant's common stock outstanding as of May 5, 2006.

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**
**AFFILIATED MANAGERS GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(dollars in thousands, except per share data)  
(unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<b>2005</b>	<b>2006</b>
Revenue	\$ 201,612	\$ 278,042
Operating expenses:		
Compensation and related expenses	81,212	116,517
Selling, general and administrative	33,799	43,483
Amortization of intangible assets	5,736	6,854
Depreciation and other amortization	1,534	1,896
Other operating expenses	4,839	5,586
	127,120	174,336
Operating income	74,492	103,706
Non-operating (income) and expenses:		
Income from equity method investments	(3,002 )	(5,599 )
Investment and other income	(1,562 )	(3,357 )
Interest expense	8,070	11,482
Investment income from Affiliate investments in partnerships	386	(10,829 )
	3,892	(8,303 )
Income before minority interest and income taxes	70,600	112,009
Minority interest	(29,385 )	(45,869 )
Minority interest in Affiliate investments in partnerships		(10,203 )
Income before income taxes	41,215	55,937
Income taxes current	8,000	13,791
Income taxes intangible-related deferred	7,430	7,105
Income taxes other deferred	232	(199 )
Net Income	\$ 25,553	\$ 35,240
Earnings per share basic	\$ 0.77	\$ 1.05
Earnings per share diluted(1)	\$ 0.61	\$ 0.81
Average shares outstanding basic	33,311,259	33,681,230
Average shares outstanding diluted(1)	44,075,669	46,307,678
Supplemental disclosure of total comprehensive income:		
Net Income	\$ 25,553	\$ 35,240
Other comprehensive income (loss)	1,217	(465 )
Total comprehensive income	\$ 26,770	\$ 34,775

(1) See Note 6 for the calculation of diluted earnings per share.

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

**AFFILIATED MANAGERS GROUP, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(unaudited)

	December 31, 2005	March 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 140,423	\$ 114,719
Investment advisory fees receivable	148,850	154,594
Affiliate investments in partnerships	5,079	125,600
Prepaid expenses and other current assets	48,529	42,833
Total current assets	342,881	437,746
Fixed assets, net	50,592	55,327
Equity investments in Affiliates	301,476	288,809
Acquired client relationships, net	483,692	480,093
Goodwill	1,093,249	1,088,347
Other assets	49,746	44,959
Total assets	\$ 2,321,636	\$ 2,395,281
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 176,711	\$ 138,894
Senior debt	65,750	65,750
Payables to related party	14,127	9,780
Total current liabilities	256,588	214,424
Senior debt	175,500	219,000
Senior convertible debt	424,232	414,449
Mandatory convertible securities	300,000	300,000
Deferred income taxes	182,623	193,056
Other long-term liabilities	20,149	17,364
Total liabilities	1,359,092	1,358,293
Commitments and contingencies (Note 7)		
Minority interest	145,163	100,637
Minority interest in Affiliate investments in partnerships		119,791
Stockholders' equity:		
Common stock	390	390
Additional paid-in capital		