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AFFILIATED MANAGERS GROUP INC

Form 8-K/A

January 14, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

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 31, 2001

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 Nu

600 Hale Street, Prides Crossing, Massachusetts 01965

(Address of principal executive office)

(617) 747-3300

(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets

As disclosed in a Form 8-K filed on November 15, 2001, on October 31, 2001 Affiliated Managers Group, Inc. ("AMG") acquired a majority equity interest in the business of Friess Associates, LLC and Friess Associates of Delaware, LLC (collectively, "Friess Associates"). In the transaction, AMG acquired 51% of Friess Associates for approximately \$241.0 million, and agreed to acquire an additional 19% interest in three years from the majority selling equity-holder (subject to certain conditions). The remaining equity ownership of the firm is held by a broad group of Friess Associates professionals.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

- (a) Financial Statements of Businesses Acquired
- 1) Report of Independent Accountants
 - 2) Combined Audited Financial Statements of Friess Associates, Inc. and Friess Associates of Delaware, Inc. as of and for the Year Ended December 31, 2000

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- 3) Combined Unaudited Balance Sheet of Friess Associates, Inc., Friess Associates of Delaware, Inc., Friess Associates, LLC, and Friess Associates of Delaware, LLC (collectively, the "Companies") as of September 30, 2001
 - 4) Combined Unaudited Statements of Income of Friess Associates, Inc. and Friess Associates of Delaware, Inc. for the Nine Months Ended September 30, 2000 and of the Companies for the Nine Months Ended September 30, 2001
 - 5) Combined Unaudited Statements of Cash Flows of Friess Associates, Inc. and Friess Associates of Delaware, Inc. for the Nine Months Ended September 30, 2000 and of the Companies for the Nine Months Ended September 30, 2001
- (b) Pro Forma Financial Information
- 1) Introduction to the Unaudited Pro Forma Consolidated Financial Information
 - 2) Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2001
 - 3) Unaudited Pro Forma Consolidated Statement of Income for the Year Ended December 31, 2000
 - 4) Unaudited Pro Forma Consolidated Statement of Income for the Nine Months Ended September 30, 2001
- (c) Exhibits
- 99.1 Consent of PricewaterhouseCoopers LLP

FRIESS ASSOCIATES, INC.
AND
FRIESS ASSOCIATES OF DELAWARE, INC.
COMBINED AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2000

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders of
Friess Associates, Inc. and
Friess Associates of Delaware, Inc.

In our opinion, the accompanying combined balance sheet and the related combined statements of income and comprehensive income, of changes in stockholders' equity and of cash flows present fairly, in all material

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respects, the financial position of Friess Associates, Inc. and Friess Associates of Delaware, Inc. at December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Companies' management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with 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 audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

October 31, 2001

FRIESS ASSOCIATES, INC. AND FRIESS ASSOCIATES OF DELAWARE, INC.

COMBINED BALANCE SHEET

	December 31, 2000 -----
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,137,805
Advisory fees receivable	11,305,683
Accounts receivable	76,596
Investments available for sale, at market	1,867,477
Prepaid expenses and other assets	136,761

	14,524,322
Restricted investments, at market	736,760
Furniture, equipment and leasehold improvements, at cost, less accumulated depreciation and amortization	1,021,769
Investment in limited partnership, at cost	109,800

	\$16,392,651 =====
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts payable	\$ 409,678
Accrued pension expense	294,969

	704,647 -----
Deferred Compensation Liability	46,048

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Stockholders' Equity

Common Stock

Friess Associates, Inc. Class A Series 1 voting, no par value, 1,000 shares authorized, 100 shares issued and outstanding	65,605
Friess Associates of Delaware, Inc. Class A Series 1 voting, no par value, 1,500 shares authorized, 1,000 shares issued and outstanding	300,000
Additional paid in capital	690,780
Retained earnings	14,089,935
Accumulated other comprehensive income	495,636

	15,641,956

	\$16,392,651
	=====

The accompanying notes are an integral part of the financial statements.

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FRIESS ASSOCIATES, INC. AND FRIESS ASSOCIATES OF DELAWARE, INC.

COMBINED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31, 2000 -----
Revenue:	
Advisory fees	\$ 89,484,844
Investment income	1,271,166

	90,756,010

Expenses:	
Employee compensation and benefits	23,166,622
Travel and entertainment	1,783,193
Professional services	1,644,275
Occupancy	846,701
Depreciation and amortization	276,018
Loss on disposal of fixed assets	111,803
Other operating expenses	2,758,584

	30,587,196

Net income	60,168,814
Other comprehensive income:	
Unrealized gains on marketable securities	158,920
Reclassification adjustment for realized gains recognized as income in the current period	(608,015)

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Comprehensive income	\$ 59,719,719 =====
Unaudited pro forma information:	
Income before tax provision	\$ 60,168,814
Income tax provision	21,262,317 -----
Unaudited pro forma net income	\$ 38,906,497 =====

The accompanying notes are an integral part of the financial statements.

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FRIESS ASSOCIATES, INC. AND
FRIESS ASSOCIATES OF DELAWARE, INC.

COMBINED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Total -----	Common Stock -----	Additional Paid In Capital -----	Retained Earnings -----	O Comp I -----
Balance at January 1, 2000	\$ 11,609,893	\$365,605	\$690,780	\$ 9,608,777	\$
Comprehensive income	59,719,719	--	--	60,168,814	(
Distributions	(55,687,656) -----	-- -----	-- -----	(55,687,656) -----	-- -----
Balance at December 31, 2000	\$ 15,641,956 =====	\$365,605 =====	\$690,780 =====	\$ 14,089,935 =====	\$ ==

The accompanying notes are an integral part of the financial statements.

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FRIESS ASSOCIATES, INC. AND
FRIESS ASSOCIATES OF DELAWARE, INC.

COMBINED STATEMENT OF CASH FLOWS

	Year Ended December 31, 2000 -----
Cash flows from operating activities:	
Net income	\$ 60,168,814
Adjustments to reconcile net income to net cash provided by operating	

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activities:	
Depreciation and amortization	276,018
Loss on disposal of property and equipment	111,803
Changes in assets and liabilities:	
(Increase) decrease in:	
Advisory fees receivable	(3,012,274)
Accounts receivable	(32,262)
Prepaid expenses and other assets	753,110
Increase (decrease) in:	
Accounts payable	36,777
Accrued pension expense	294,969
Deferred compensation liability	46,048
Net cash provided by operating activities	58,643,003
Cash flows from investing activities:	
Investment purchases	(1,308,016)
Additions to property and equipment	(554,326)
Net cash used by investing activities	(1,862,342)
Cash flows from financing activities:	
Shareholder distribution	(55,687,656)
Net cash used by financing activities	(55,687,656)
Net increase in cash and cash equivalents	1,093,005
Cash and cash equivalents, beginning of year	44,800
Cash and cash equivalents, end of year	\$ 1,137,805

The accompanying notes are an integral part of the financial statements.

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NOTES TO COMBINED AUDITED FINANCIAL STATEMENTS

DESCRIPTION OF BUSINESS

The financial statements reflect the combination of Friess Associates, Inc. and Friess Associates of Delaware, Inc. (together, the "Company"). The Company is registered with the Securities and Exchange Commission as an investment advisor (under the Investment Advisers Act of 1940) and with various state regulatory agencies. It provides investment advisory services to employee benefit plans, nonprofit organizations, individuals and affiliated mutual funds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting

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principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Combination

Material intercompany accounts and transactions have been eliminated in combination.

Cash and Cash Equivalents

Short-term investments which have a maturity of 90 days or less at the date of purchase are considered cash equivalents.

Revenue Recognition

The Company's revenues are derived from management and advisory fees earned from services provided. For institutional and private accounts, fees are generally billed quarterly and are calculated as a percentage of actual assets under management at the beginning of the calendar quarter. For mutual fund clients, fees are billed monthly and are calculated as a percentage of the fund's average daily net assets.

Investments

The Company classifies all of its investments in marketable securities as available for sale. Investments in this classification are reported at their current market value with net unrealized gains or losses being added to or deducted from comprehensive income. Realized gains and losses are determined on the highest cost method.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the related asset's estimated useful life. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is included in operations.

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Deferred Compensation Arrangements

In accordance with Accounting Principles Board Opinion Number 12, the expense for these arrangements is being recognized over the period of expected benefit.

Investment in Limited Partnership

The Company has invested \$109,800 for a non-marketable minority interest in a privately held Limited Partnership that is reported on the financial statements as an asset at its original cost.

Income Taxes

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The Company is subject to the provisions specified under Subchapter S of the Internal Revenue Code, which provide for the income of the Company to be taxed at the shareholder level. Consequently, the Company has not included a provision for federal or state income taxes in its historical financial statements. A pro forma income tax provision has been provided assuming the Company was organized as a Subchapter C Corporation.

INVESTMENTS IN MARKETABLE SECURITIES

The Brandywine, Brandywine Blue, and Brandywine Advisors Funds are mutual funds of which an officer of the Company is a director and for which the Company serves as the Investment Advisor. These funds comprise all of the marketable securities owned by the Company at December 31, 2000. The investments are recorded at fair market value.

Brandywine Fund	
Fair Market Value	\$1,477,773
Cost	1,217,255

Unrealized gain	\$ 260,518
	=====
Capital gains & dividend distributions	\$ 432,666
	=====
Brandywine Blue Fund	
Fair Market Value	\$ 877,142
Cost	658,012

Unrealized gain	\$ 219,130
	=====
Capital gains & dividend distributions	\$ 175,349
	=====
Brandywine Advisors Fund	
Fair Market Value	\$ 249,322
Cost	233,334

Unrealized gain	\$ 15,988
	=====
Capital gains & dividend distributions	\$ --
	=====

DEFERRED COMPENSATION

During the year ended December 31, 2000, the Company entered into deferred compensation arrangements with certain of its employees. Marketable securities with a fair market value of \$736,760 have been pledged and are shown as restricted investments. The general terms of the arrangements call for the marketable securities pledged to vest to the benefit of the affected employees on March 30, 2002 should they still be employed by the Company at that time. The expense recognized for the year ended December 31, 2000 was \$46,048.

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AFFILIATED FUNDS

Advisory fees aggregated \$60,830,670 for the Brandywine Fund, \$4,406,322 for the Brandywine Blue Fund, and \$64,604 for the Brandywine Advisors Fund for the year ended December 31, 2000. Included in advisory fees receivable at December 31, 2000 are unpaid advisory fees of \$4,858,150 from the Brandywine Fund, \$338,240 from the Brandywine Blue Fund, and \$22,671 from the Brandywine Advisors Fund.

FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements consisted of the following at December 31, 2000:

Furniture and equipment	\$1,907,114
Leasehold improvements	399,397

	2,306,511
Less accumulated depreciation and amortization	1,284,742

	\$1,021,769

Depreciation and amortization expense for the year ended December 31, 2000 was \$276,018.

BENEFIT PLAN

The Company has a defined contribution benefit plan covering substantially all employees. The Company's annual contribution to the plan equals 15% of each eligible participant's compensation, up to a maximum contribution of \$24,000 for any participant.

The contribution expense recognized for the year ended December 31, 2000 was \$894,969.

OPERATING LEASES

The Company has entered into non-cancelable lease agreements for office space in Delaware and Arizona. The lease expense recognized for the year ended December 31, 2000 was \$337,200 under an agreement that ended December 31, 2000.

The minimum lease payments under which the Company is obligated are:

Year Ending December 31,

2001	\$144,979
2002	116,376
2003	116,179
2004	112,488
2005	44,194

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RELATED PARTY TRANSACTION

The Company leased office space from a company owned by a shareholder under an agreement that ended December 31, 2000. Annual rent under the lease was \$337,200 for the year ended December 31, 2000.

SUBSEQUENT EVENT

On June 1, 2001, Friess Associates, Inc. and Friess Associates of Delaware, Inc. contributed the majority of their assets and liabilities to Friess Associates, LLC and Friess Associates of Delaware, LLC, two newly formed Limited Liability Companies (each, an "LLC"), in exchange for a participating interest in the LLCs. On October 31, 2001, Affiliated Managers Group, Inc. ("AMG") purchased a 51% interest in each LLC.

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FRIESS ASSOCIATES, INC.,
 FRIESS ASSOCIATES OF DELAWARE, INC.,
 FRIESS ASSOCIATES, LLC,
 AND
 FRIESS ASSOCIATES OF DELAWARE, LLC

COMBINED UNAUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE NINE MONTHS ENDED
 SEPTEMBER 30, 2001

FRIESS ASSOCIATES COMBINED BALANCE SHEET

	December 31, 2000 -----	September 30, 2001 ----- (unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,137,805	\$ 6,657,794
Advisory fees receivable	11,305,683	9,107,968
Accounts receivable	76,596	40,655
Investments, available for sale, at market	1,867,477	1,452,402
Prepaid expenses and other assets	136,761	329,178
	-----	-----
	14,524,322	17,587,997
Restricted investments, at market	736,760	571,779
Furniture, equipment and leasehold improvements, at cost, less accumulated depreciation and amortization	1,021,769	939,489

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Investment in limited partnership, at cost	109,800	109,800
	-----	-----
	\$16,392,651	\$19,209,065
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 409,678	\$ 344,664
Accrued pension expense	294,969	215,303
	-----	-----
	704,647	559,967
	-----	-----
DEFERRED COMPENSATION LIABILITY	46,048	357,362
STOCKHOLDERS' EQUITY		
Common Stock		
Friess Associates, Inc.		
Class A Series 1 voting - no par value		
Authorized 1,000 shares, issued and		
outstanding 100 shares		
	65,605	65,605
Friess Associates of Delaware, Inc.		
Class A Series 1 voting - no par value		
Authorized 1,500 shares, issued and		
outstanding 1,000 shares		
	300,000	300,000
Additional paid in capital	690,780	690,780
Retained earnings	14,089,935	16,824,135
Accumulated other comprehensive income	495,636	411,216
	-----	-----
	15,641,956	18,291,736
	-----	-----
	\$16,392,651	\$19,209,065
	=====	=====

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FRIESS ASSOCIATES
COMBINED STATEMENTS OF INCOME
(UNAUDITED)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	----- 2000 -----	----- 2001 -----
REVENUE		
Advisory fees	\$ 68,080,623	\$ 56,501,157
Investment income	455,125	318,484
	-----	-----
	68,535,748	56,819,641
	-----	-----

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EXPENSES		
Employee compensation and benefits	19,109,811	20,011,773
Travel and entertainment	1,078,413	1,055,656
Professional services	1,241,079	894,539
Occupancy	692,865	528,621
Depreciation and amortization	181,125	207,362
Other operating expenses	2,535,168	2,121,255
	-----	-----
	24,838,461	24,819,206
	-----	-----
NET INCOME	43,697,287	32,000,435
OTHER COMPREHENSIVE INCOME		
Unrealized gain/(loss) on marketable securities	108,821	(84,420)
	-----	-----
COMPREHENSIVE INCOME	\$ 43,806,108	\$31,916,015
	=====	=====
UNAUDITED PRO FORMA INFORMATION		
Income before tax provision		\$32,000,435
Income tax provision		11,398,770

Unaudited pro forma net income		\$20,601,665
		=====

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FRIESS ASSOCIATES
COMBINED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2000	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$43,697,287	\$32,000,435
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	181,125	207,362
Changes in assets and liabilities:		
(Increase) decrease in:		
Advisory fees receivable	(3,723,999)	2,197,715
Accounts receivable	(42,469)	35,941
Prepaid expenses and other assets	666,589	(192,417)
Increase (decrease) in:		
Accounts payable	161,704	(65,014)
Accrued pension expense	294,969	(79,666)
Deferred compensation liability		311,314
	-----	-----

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Net cash provided by operating activities	41,235,206	34,415,670
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(164,418)	(125,079)
	-----	-----
Net cash used by investing activities	(164,418)	(125,079)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Shareholder distributions	(38,263,279)	(28,770,602)
	-----	-----
Net cash used by financing activities	(38,263,279)	(28,770,602)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,807,509	5,519,989
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	44,800	1,137,805
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,852,309	\$ 6,657,794
	=====	=====

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COMBINED UNAUDITED FINANCIAL STATEMENTS

Basis of Presentation

On June 1, 2001, Friess Associates, Inc. and Friess Associates of Delaware, Inc. contributed the majority of their assets and liabilities to Friess Associates, LLC and Friess Associates of Delaware, LLC, two newly formed Limited Liability Companies (each, an "LLC"), in exchange for a participating interest in the LLCs. On October 31, 2001, Affiliated Managers Group, Inc. ("AMG") purchased a 51% interest in each LLC.

The unaudited financial statements presented as of and for the nine months ended September 30, 2001 reflect the combination of Friess Associates, Inc., Friess Associates of Delaware, Inc., Friess Associates, LLC, and Friess Associates of Delaware, LLC (collectively, "Friess Associates"). The combined financial statements of Friess Associates have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all of the disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included. All material intercompany balances and transactions have been eliminated. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. The Combined Audited Financial Statements of Friess Associates, Inc. and Friess Associates of Delaware, Inc. as of and for the Year Ended December 31, 2000, includes additional information about Friess Associates, its operations, and its financial position.

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AFFILIATED MANAGERS GROUP, INC. UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION INTRODUCTION

On October 31, 2001, Affiliated Managers Group, Inc. ("AMG") acquired a 51% equity interest in Friess Associates, LLC and Friess Associates of Delaware, LLC (collectively, "Friess") for approximately \$241.0 million, a transaction with related acquisition costs of approximately \$2.6 million. AMG financed the transaction with working capital and borrowings under its senior revolving credit facility ("Credit Facility").

The following tables set forth AMG's pro forma consolidated statements of income for the year ended December 31, 2000 and the nine months ended September 30, 2001 and the pro forma consolidated balance sheet as of September 30, 2001. The pro forma statements of income reflect the combined results of AMG and Friess as if the Friess investment occurred on January 1, 2000. The pro forma statements of income also assume AMG's two 2001 financing transactions (further described in Note (F) of the pro forma statements of income) were completed on January 1, 2000. The pro forma statements of income reflect the application of Financial Accounting Standards No. 141 and 142 (FAS 141 and FAS 142) to the Friess investment. The pro forma balance sheet reflects the combined financial position of AMG and Friess, after giving effect to the investment in Friess and AMG's recent issuance of mandatory convertible securities, assuming these events occurred on September 30, 2001.

The investment in Friess will be accounted for under the purchase method of accounting, whereby the excess of purchase price over the fair value of assets acquired, including acquired client relationships, is classified as goodwill. In these pro forma financial statements, we have assumed an allocation of our purchase price as follows: \$7.2 million of tangible net assets, \$15.0 million of other intangible assets subject to amortization, \$80.0 million of indefinite life other intangible assets, and goodwill of \$141.9 million. The allocation of the purchase price assumed in the preparation of the pro forma balance sheet and the amortization periods assumed in the preparation of the pro forma income statements are based on preliminary estimates, and are therefore subject to change based upon the final valuation.

The pro forma consolidated financial statements should be read in conjunction with AMG's Form 10-K for the year ended December 31, 2000 and Form 10-Q for the nine months ended September 30, 2001. The pro forma consolidated financial statements are presented for illustrative purposes only and are not intended to be indicative of the results that would have occurred if the transactions had occurred on the dates indicated or which may be realized in the future.

AFFILIATED MANAGERS GROUP, INC. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2001 (DOLLARS IN THOUSANDS)

AMG	Friess	Friess	Fi
Actual	Actual	Pro Forma	Pr
-----	-----	Adjustments	Adju

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ASSETS

Current assets:

Cash and cash equivalents	\$ 205,064	\$ 6,658	\$ (161,051) (A)	\$
Investment advisory fees receivable	44,043	9,149	--	
Other current assets	10,081	268	--	
	-----	-----	-----	
Total current assets	259,188	16,075	(161,051)	
Fixed assets, net	14,357	939	--	
Equity investment in Affiliate	1,616	--	--	
Acquired client relationships, net of accumulated amortization	194,996	--	95,000 (B)	
Goodwill, net of accumulated amortization	453,759	--	130,759 (B)	
Other assets	24,649	2,195	--	
	-----	-----	-----	
Total assets	\$ 948,565	\$ 19,209	\$ 64,708	\$
	=====	=====	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$ 67,196	\$ 560	\$ --	\$
	-----	-----	-----	
Total current liabilities	67,196	560	--	
Long-term senior debt	277,603	--	83,000 (A)	
Deferred taxes	35,551	--	--	
Other long-term liabilities	13,132	357	--	
	-----	-----	-----	
Total liabilities	393,482	917	83,000	
Commitments and contingencies	--	--	--	
Minority interest	20,740	--	--	
Stockholders' equity:				
Common stock	235	366	(366) (C)	
Additional paid-in capital	409,588	691	(691) (C)	
Accumulated other comprehensive income (loss)	(1,485)	411	(411) (C)	
Retained earnings	177,902	16,824	(16,824) (C)	
	-----	-----	-----	
	586,240	18,292	(18,292)	
Less treasury stock, at cost	(51,897)	--	--	
Total stockholders' equity	534,343	18,292	(18,292)	
	-----	-----	-----	
Total liabilities and stockholders' equity .	\$ 948,565	\$ 19,209	\$ 64,708	\$
	=====	=====	=====	

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	AMG Actual	Friess Actual	Friess Pro Forma Adjustments	Financing Pro Forma Adjustments (F)
Revenues	\$ 458,708	\$ 89,485	\$ --	\$ --
Operating expenses:				
Compensation and related expenses .	174,710	23,167	3,446 (A)	--
Amortization of intangible assets .	26,409	--	1,000 (B)	--
Depreciation and other amortization	4,611	276	--	--
Selling, general and administrative	68,216	6,297	--	--
Other operating expenses	10,327	847	--	--
	284,273	30,587	4,446	--
Operating income	174,435	58,898	(4,446)	--
Non-operating (income) and expenses:				
Investment and other income	(2,264)	(1,271)	--	(3,358)
Interest expense	15,750	--	2,938 (C)	4,477
	13,486	(1,271)	2,938	1,119
Income before minority interest and taxes	160,949	60,169	(7,384)	(1,119)
Minority interest	(65,341)	--	(27,794) (D)	--
Income before income taxes	95,608	60,169	(35,178)	(1,119)
Income taxes	38,952	--	9,996 (E)	(1,156)
Net income	\$ 56,656	\$ 60,169	\$ (45,174)	\$ 37
Earnings per share - basic	\$ 2.54			
Earnings per share - diluted	\$ 2.49			
Average shares outstanding - basic ...	22,307,476			
Average shares outstanding - diluted .	22,748,595			

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AFFILIATED MANAGERS GROUP, INC.
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	AMG Actual	Friess Actual	Friess Pro Forma Adjustments	Financing Pro Forma Adjustments (F)
Revenues	\$ 297,722	\$ 56,501	\$ --	\$ --

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Operating expenses:				
Compensation and related expenses .	98,369	20,012	(3,512) (A)	--
Amortization of intangible assets .	20,848	--	750 (B)	--
Depreciation and other amortization	4,162	207	--	--
Selling, general and administrative	55,601	4,071	--	--
Other operating expenses	7,866	529	--	--
	-----	-----	-----	-----
	186,846	24,819	(2,762)	--
	-----	-----	-----	-----
Operating income	110,876	31,682	2,762	--
Non-operating (income) and expenses:				
Investment and other income	(3,946)	(318)	--	(282)
Interest expense	9,482	--	2,204 (C)	602
	-----	-----	-----	-----
	5,536	(318)	2,204	320
	-----	-----	-----	-----
Income before minority interest and taxes	105,340	32,000	558	(320)
Minority interest	(43,027)	--	(17,401) (D)	--
	-----	-----	-----	-----
Income before income taxes	62,313	32,000	(16,843)	(320)
Income taxes	24,924	--	6,063 (E)	(127)
	-----	-----	-----	-----
Net income	\$ 37,389	\$ 32,000	\$ (22,906)	\$ (193)
	=====	=====	=====	=====
Earnings per share - basic	\$ 1.69			
Earnings per share - diluted	\$ 1.65			
Average shares outstanding - basic ...	22,117,858			
Average shares outstanding - diluted .	22,683,862			

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The unaudited pro forma consolidated balance sheet as of September 30, 2001 reflects the following adjustments:

- (A) Adjustments to long-term senior debt and cash to reflect a borrowing from AMG's Credit Facility and the use of cash for the payment of the purchase price.
- (B) Allocation of the purchase price, net of tangible assets, to intangible assets.
- (C) Elimination of Friess' equity.
- (D) Adjustments to cash and long-term debt to reflect the issuance of mandatory convertible securities (described below in Note (F)). AMG used the net proceeds of the offering to reduce the balance of its Credit Facility and for other corporate purposes.

The unaudited pro forma consolidated statements of income for the year ended December 31, 2000 and the nine months ended September 30, 2001 reflect the following adjustments:

- (A) Adjustment to compensation expense to give effect to the contractually agreed upon expenses of Friess.

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- (B) Amortization of intangible assets recorded for the investment in Friess. An estimated \$15,000 of amortizable acquired client relationships are assumed to be amortized on a straight-line basis over 15 years.
- (C) Increase to interest expense for the \$83,000 drawn on the Credit Facility to finance the investment. The Credit Facility is variable-rate debt; the effect on interest expense of a 1/8% variance in the interest rate is \$104 for the year ended December 31, 2000 and \$78 for the nine months ended September 30, 2001.
- (D) Increase in minority interest to give effect to the revenue sharing agreement with Friess.
- (E) Income tax expense of 40% on the net earnings of Friess as adjusted for Notes (A) through (D). Previously, no income taxes were recorded by Friess.
- (F) Pro forma adjustments for financing transactions:
 - (i) adjustment to interest income for the pro forma cash balance as of September 30, 2001;
 - (ii) adjustment to interest expense to reflect \$25,000 outstanding on the Credit Facility on a pro forma basis;
 - (iii) adjustment to interest expense to reflect the issuance of zero-coupon convertible senior notes as if such issuance had occurred on January 1, 2000. In May 2001, AMG issued zero-coupon senior convertible notes due 2021 with a principal amount at maturity of \$251,000. Each security was issued at 90.50% of the principal amount at maturity and accretes at a rate of 0.50% annually;
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 - (iv) adjustment to interest expense to reflect the recent issuance of 9,200,000 mandatory convertible securities as if such issuance had occurred on January 1, 2000. The securities were priced at \$25 per unit, generating gross proceeds of \$230,000, and initially consist of units including (i) a purchase contract under which the holder will purchase shares of AMG's common stock on November 17, 2004 and (ii) 6.0% senior notes due November 17, 2006;
 - (v) the tax effect of the above.

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EXHIBITS

99.1 Consent of PricewaterhouseCoopers LLP

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.

(Registrant)

Date: January 14, 2002

/s/ Darrell W. Crate

(Darrell W. Crate)
Executive Vice President, Chief Financial
Officer and Treasurer (and also as
Principal Financial and Accounting
Officer)