

AFFILIATED MANAGERS GROUP INC
Form S-3/A
June 03, 2003

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As filed with the Securities and Exchange Commission on June 3, 2003

Registration No. 333-105523

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**AMENDMENT NO. 1
TO
FORM S-3**

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AFFILIATED MANAGERS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

04-3218510

(I.R.S. Employer Identification Number)

**600 Hale Street
Prides Crossing, Massachusetts 01965
(617) 747-3300**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

William J. Nutt

Chief Executive Officer and Chairman of the Board

Affiliated Managers Group, Inc.
600 Hale Street
Prides Crossing, Massachusetts 01965
(617) 747-3300

(Name and address, including zip code, and telephone number, of agent for service)

Copies to:

Martin Carmichael III, P.C.

Goodwin Procter LLP

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Exchange Place

Boston, Massachusetts 02109

(617) 570-1000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

Subject to completion, dated June 3, 2003

The information in this prospectus is not complete and may be changed. No selling securityholder may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

\$300,000,000

Affiliated Managers Group, Inc.

Floating Rate Convertible Senior Debentures due 2033 and Common Stock Issuable Upon Conversion of the Debentures

The Offering:

We issued the debentures in a private placement in February 2003 at an issue price of \$1,000 per debenture. This prospectus will be used by selling securityholders to resell their debentures and the common stock issuable upon conversion of their debentures. The debentures will mature on February 25, 2033.

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The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 0.50%. Regardless of the level of 3-month LIBOR, however, the annual rate of regular interest on the debentures will never be less than zero and, after February 25, 2008, the annual rate of regular interest will not exceed 3.25%. Interest will be payable quarterly in arrears on February 25, May 25, August 25 and November 25 of each year, beginning May 25, 2003. The debentures are unsecured obligations of Affiliated Managers Group and rank equally with all of our other unsecured and unsubordinated indebtedness.

Convertibility of the Debentures:

Holder may convert each \$1,000 principal amount of their debentures into a number of shares of our common stock determined as set forth in this prospectus and which we refer to as the Conversion Rate: (1) in any calendar quarter (commencing after June 30, 2003) if, as of the last day of the preceding calendar quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of that preceding calendar quarter is more than 120% of the Base Conversion Price (initially 120% of \$81.25, or \$97.50), as defined herein, (2) if the credit rating of the debentures drops below a specified rating, (3) if such debentures have been called for redemption, or (4) upon the occurrence of certain corporate transactions described herein. Upon conversion, we will have the right to deliver, in lieu of our common stock, cash or a combination of cash and common stock in an amount described herein. Our common stock is listed on the New York Stock Exchange under the symbol "AMG." On May 20, 2003, the last reported sale price of our common stock was \$47.85.

Contingent Interest:

We will pay additional quarterly interest to holders of the debentures during any six-month period from February 26 to August 25 or August 26 to February 25, commencing after February 25, 2008, if the average market price of the debentures for a five trading day measurement period preceding the applicable six-month period equals 120% or more of the principal amount of the debentures. The contingent interest payable per debenture within any six-month period will equal an annual rate of 0.25% of the average market price of a debenture for the five trading day measuring period and will be payable on the two interest payment dates for the debentures next succeeding the first day of the relevant six month period. For United States federal income tax purposes, the debentures will constitute contingent payment debt instruments. You should read the discussion under "Certain United States Federal Income Tax Considerations" beginning on page 34.

Purchase of the Debentures by Affiliated Managers Group at the Option of the Holder:

Holder may require us to purchase all or a portion of their debentures on February 25, 2008, 2013, 2018, 2023 and 2028 at a price equal to 100% of the principal amount of the debentures to be purchased plus accrued and unpaid interest to, but excluding, such purchase date. We may choose to pay the purchase price in cash, shares of our common stock or a combination of cash and common stock. In addition, upon a change in control of Affiliated Managers Group, as defined in the indenture governing the debentures, occurring on or before February 25, 2008, each holder may require us to purchase for cash all or a portion of such holder's debentures, at 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase.

Redemption of the Debentures at Our Option:

We may redeem for cash all or a portion of the debentures at any time on or after February 25, 2008 at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

Investing in the debentures involves risks that are described in the "Risk Factors" section beginning on page 8 of this prospectus.

We will not receive any of the proceeds from the sale of the debentures or the common stock by any of the selling securityholders. The debentures and the common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. In addition, the common stock may be offered from time to time through ordinary brokerage transactions on the New York Stock Exchange. See "Plan of Distribution." The selling securityholders may be deemed to be "Underwriters" as defined in the Securities Act of 1933, as amended, or "Securities Act." If any broker-dealers are used by the selling securityholders, any commissions paid to broker-dealers and, if broker-dealers purchase any debentures or common stock as principals, any profits received by these broker-dealers on the resale of the debentures or common stock, may be deemed to be underwriting discounts or commissions under the Securities Act. In addition, any profits realized by the selling securityholders may be deemed to be underwriting commissions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2003.

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SUMMARY

Because this is a summary, it may not contain all the information that may be important to you. You should read this entire prospectus before making an investment decision. Except as otherwise indicated, when used in this prospectus, the terms "Affiliated Managers Group," "we," "our" and "us" refer to Affiliated Managers Group, Inc., and not our Affiliates or other subsidiaries.

Affiliated Managers Group, Inc.

We are an asset management company with equity investments in a diverse group of mid-sized investment management firms, or our "Affiliates." As of March 31, 2003, our affiliated investment management firms managed approximately \$68.4 billion in assets across a broad range of investment styles and in three principal distribution channels: High Net Worth, Mutual Fund and Institutional. We pursue a growth strategy designed to generate shareholder value through the internal growth of our existing business across these three channels, in addition to investments in mid-sized investment firms and strategic transactions and relationships designed to enhance our Affiliates' businesses and growth prospects.

In February 2003, we sold \$300,000,000 aggregate principal amount at maturity of Floating Rate Convertible Senior Debentures due 2033, or "debentures," to Merrill Lynch, Pierce, Fenner & Smith Incorporated, or the "initial purchaser," in a private placement. The initial purchaser in turn sold these debentures to qualified institutional buyers, who may resell the debentures and the common stock issuable upon conversion of the debentures, pursuant to this prospectus.

Our executive offices are located at 600 Hale Street, Prides Crossing, Massachusetts 01965 and our telephone number is (617) 747-3300.

The Offering

Debentures	\$300,000,000 aggregate principal amount of Floating Rate Convertible Senior Debentures due 2033.
Maturity	February 25, 2033.
Regular Interest	The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 0.50%. Regardless of the level of 3-month LIBOR, however, the annual rate of regular interest on the debentures will never be less than zero and, after February 25, 2008, the annual rate of regular interest will not exceed 3.25%. Interest will be payable quarterly in arrears on February 25, May 25, August 25 and November 25 of each year, beginning May 25, 2003.
Contingent Interest	We will pay contingent interest to holders of the debentures during any six-month period from February 26 to August 25 or August 26 to February 25, commencing after February 25, 2008, if the average market price of the debentures for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the principal amount of the debentures.

The contingent interest payable per debenture in respect of any six-month period in which contingent interest is payable will equal an annual rate of 0.25% of the average market price of a debenture for the five trading day measuring period.

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Contingent interest, if any, will accrue and be payable on the two quarterly interest payment dates for the debentures next succeeding the first day of the relevant six-month period.

Conversion Rate

If the Applicable Stock Price is less than or equal to the Base Conversion Price, then the Conversion Rate will be the Base Conversion Rate.

If the Applicable Stock Price is greater than the Base Conversion Price, the Conversion Rate will be determined in accordance with the following formula:

$$\text{Base Conversion Rate} + \left[\frac{(\text{the Applicable Stock Price} - \text{the Base Conversion Price})}{\text{the Applicable Stock Price}} \times \text{the Incremental Share Factor} \right]$$

The "Base Conversion Rate" is 12.3077, subject to adjustment as described under "Description of Debentures Conversion Rights Base Conversion Rate Adjustments." The "Base Conversion Price" is a dollar amount (initially \$81.25) derived by dividing \$1,000 by the Base Conversion Rate. The "Incremental Share Factor" is 7.5, subject to the same proportional adjustment as the Base Conversion Rate. The "Applicable Stock Price" is equal to the average of the closing sale prices of our common stock over the five-trading day period starting the third trading day following the conversion date of the debentures.

Conversion Rights

For each \$1,000 principal amount of debentures surrendered for conversion, if specified conditions are satisfied, a holder will receive a number of shares of our common stock equal to the Conversion Rate.

Upon conversion, we will have the right to deliver, in lieu of our common stock, cash or a combination of cash and common stock. If we elect to pay holders cash for their debentures, the payment will be based on the Applicable Stock Price.

If we have not given notice of redemption specifying that we intend to deliver cash upon conversion thereafter, we must give notice of our election to deliver cash not more than two business days after the conversion date.

The Base Conversion Rate may be adjusted for certain reasons specified under "Description of Debentures Conversion Rights Base Conversion Rate Adjustments." Upon conversion, a holder will not receive any cash payment representing accrued interest (unless such debenture or portion thereof is converted after a record date but prior to the next succeeding interest payment date or the debenture has been called for redemption on a redemption date that occurs between a regular record date and the interest payment date to which it relates). Instead, interest will be deemed paid by the shares of common stock received by the holder on conversion. See "Description of Debentures Conversion Rights."

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Commencing after June 30, 2003, holders may surrender debentures for conversion into shares of common stock in any calendar quarter (and only during such calendar quarter), if, as of the last day of the preceding calendar quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the

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last trading day of such preceding calendar quarter is more than 120% of the Base Conversion Price (initially 120% of \$81.25, or \$97.50).

Holders may also surrender debentures for conversion when the credit rating assigned to the debentures is below BB- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors, or "S&P," or, if S&P is not making ratings of the debentures public, another nationally recognized U.S. rating agency selected by us has assigned a credit rating below BB- or the equivalent.

Debentures or portions of debentures in integral multiples of \$1,000 principal amount called for redemption may be surrendered for conversion until the close of business on the second business day prior to the redemption date, even if the debentures are not otherwise convertible. In addition, if we make a significant distribution to our shareholders or if we are a party to certain consolidations, mergers or binding share exchanges, debentures may be surrendered for conversion as provided in "Description of Debentures Conversion Rights." The ability to surrender debentures for conversion will expire at the close of business on the business day immediately preceding February 25, 2033, unless they have previously been called for redemption or repurchased. See "Description of Debentures Conversion Rights."

Ranking

The debentures are unsecured and unsubordinated obligations and rank on a parity in right of payment with all existing and future unsecured and unsubordinated indebtedness of Affiliated Managers Group, including our outstanding zero coupon convertible senior notes and our outstanding mandatory convertible debt securities. The debentures are structurally subordinated to the indebtedness and other liabilities of our Affiliates and subsidiaries. Our borrowings under our credit facility are collateralized by pledges of all of our interests in our Affiliates and subsidiaries. As of March 31, 2003, our Affiliates and subsidiaries had debt outstanding of approximately \$0.8 million, in addition to other liabilities, including trade payables, to which the debentures would have been structurally subordinated. As of March 31, 2003, under our credit facility we had no borrowings outstanding and \$250 million available for borrowing. Subject to the agreement of the lenders (or prospective lenders) in the facility to increase commitments, we have the option to increase the facility to \$350 million.

Sinking Fund

None.

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U.S. Federal Income Taxation

The debentures are characterized as contingent payment debt instruments for U.S. federal income tax purposes, and are subject to U.S. federal income tax regulations applicable to contingent payment debt instruments. Based on that treatment, holders of the debentures generally will be required to accrue interest income on the debentures, which we refer to as tax original issue discount, in the manner described in this prospectus, regardless of whether the holder uses the cash or accrual method of tax accounting. You will be required, in general, to include tax original issue discount in income based on the rate at which we would issue a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the debentures, which rate is expected to exceed the stated interest on the debentures. Accordingly, it is expected that you will be required to include interest in taxable income each year in excess of the accruals on the debentures for non-tax purposes (i.e., in excess of the stated quarterly regular interest payments and any contingent interest payments) actually received in that year. Furthermore, upon a sale, purchase by us at your option, exchange, conversion or redemption of the debentures, you will recognize gain or loss equal to the difference between your amount realized and your adjusted tax basis in the debentures. The amount realized by you will include the fair market value of any common stock you receive. Any gain on a sale, purchase by us at your option, exchange, conversion, or redemption of the debentures will be treated as ordinary interest income. You should consult your tax advisor as to the U.S. federal, state, local or other tax consequences, as well as any foreign tax

consequences, of acquiring, owning, and disposing of the debentures. See "Certain United States Federal Income Tax Considerations."

Redemption of Debentures at Our Option

We may redeem for cash all or a portion of the debentures at any time on or after February 25, 2008 at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date. Holders may convert their debentures after they are called for redemption at any time prior to the close of business on the second business day preceding the redemption date. Our notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock in the event that a holder elects to convert debentures in connection with the redemption. See "Description of the Debentures Redemption of Debentures at Our Option."

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Purchase of Debentures by Us at the Option of Holder

Holders may require us to purchase all or a portion of their debentures on February 25, 2008, 2013, 2018, 2023 and 2028 at a price equal to 100% of the principal amount of the debentures to be purchased plus accrued and unpaid interest to, but excluding, such purchase date. We may choose to pay the purchase price in cash, shares of common stock or a combination of cash and shares of common stock. After receiving notice of such choice, you may withdraw your election. We may also add additional purchase dates on which holders may require us to purchase all or a portion of their debentures. See "Description of the Debentures Purchase of Debentures by Us at the Option of the Holder."

Change in Control

Upon a change in control (as defined in the indenture governing the debentures) of Affiliated Managers Group occurring at any time on or before February 25, 2008, each holder may require us to purchase all or a portion of such holder's debentures for cash at a price equal to 100% of the principal amount of the debentures to be purchased plus accrued and unpaid interest to, but excluding, the date of purchase. See "Description of the Debentures Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."

Use of Proceeds

We will not receive any of the proceeds from the sale of the debentures or the common stock issuable upon conversion of the debentures by the selling securityholders. See "Selling Securityholders" for a list of those entities receiving proceeds from the sale of debentures.

DTC Eligibility

The debentures were issued in book-entry form and are represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, or "DTC," in New York, New York. Beneficial interests in any such securities are shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. Any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Description of the Debentures Book-Entry System."

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RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE SPECIFIC RISK FACTORS SET FORTH BELOW AS WELL AS THE OTHER INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS BEFORE DECIDING TO INVEST IN THE DEBENTURES. SOME FACTORS IN THIS SECTION ARE "FORWARD-LOOKING STATEMENTS." FOR A DISCUSSION OF THOSE STATEMENTS AND OF OTHER FACTORS FOR INVESTORS TO CONSIDER, SEE "FORWARD-LOOKING STATEMENTS."

Risks Relating to Affiliated Managers Group

Declines in the equity markets adversely affect our performance.

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

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

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

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

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

The debentures are unsecured and unsubordinated obligations exclusively of Affiliated Managers Group. Because we are a holding company, we receive substantially all of our cash from distributions made to us by our Affiliates. An Affiliate's payment of distributions to us may be subject to claims by the Affiliate's creditors and to limitations applicable to the Affiliate under federal and state laws, including securities and bankruptcy laws. Additionally, an Affiliate may default on some or all of the distributions that are payable to us. As a result, we cannot guarantee that we will always receive these distributions from our Affiliates. The failure to receive the distributions to which we are entitled under our agreements with our Affiliates would adversely affect us, and may affect our ability to make payments on our obligations, including the debentures.

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

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

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

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

While we believe that our existing cash resources and cash flow from operations will be sufficient to meet our working capital needs for normal operations for the foreseeable future, our continuing acquisitions of interests in new affiliated investment management firms will require additional capital. We may also need to repurchase some or all of our outstanding zero coupon senior convertible notes and floating rate senior convertible securities on various dates, the next of which is May 7, 2004, and we have obligations to purchase additional equity in existing Affiliates, which obligations will be triggered from time to time. These obligations may require more cash than is available from operations. Thus, we may need to raise capital by making additional borrowings or by selling shares of our common stock or other equity or debt securities, or to otherwise refinance a portion of these obligations. These financing activities could increase our interest expense, decrease our net income

and dilute the interests of our existing stockholders. Moreover, we may not be able to obtain such financing on acceptable terms, if at all.

Repurchase Obligations under Zero Coupon Senior Convertible Notes and under the Debentures. In May 2001, we issued \$251 million aggregate principal amount at maturity of zero coupon senior convertible notes due 2021. In 2003, we have repurchased \$116.5 million principal amount at maturity of the zero coupon senior convertible notes in privately negotiated transactions. On May 7th of 2004, 2006, 2011 and 2016, holders may require us to repurchase all or a portion of these zero coupon senior convertible notes at their accreted value. In February 2003, we issued \$300 million of the debentures. The holders of the debentures may require us to repurchase such securities on February 25 of 2008, 2013, 2018, 2023 and 2028, at their principal amount. While we cannot predict whether or when holders of the zero coupon senior convertible notes or the debentures will choose to exercise their repurchase rights, we believe that they would become more likely to do so in the event that the price of our common stock does not exceed certain levels or if interest rates increase, or both. We may choose to pay the purchase price in cash or (subject to certain conditions) in shares of our common stock, or in a combination of both. We may wish to avoid paying the purchase price in common stock if we believe that doing so would be unfavorable. We currently intend to pay the repurchase price for the zero coupon senior convertible notes and the debentures with cash. Therefore, if a substantial portion of the zero coupon senior convertible notes or the debentures were to be submitted for repurchase on any of the repurchase dates, we might need to use a substantial amount of our available sources of liquidity for this purpose. This could have the effect of restricting our ability to fund new acquisitions or to meet other future working capital needs, as well as increasing our costs of borrowing. We may seek other means of refinancing or restructuring our obligations under the zero coupon senior convertible notes or the debentures, but this may result in terms less favorable than those under the existing zero coupon senior convertible notes or debentures.

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

Revolving Credit Facility. We currently have a revolving credit facility under which we had no debt outstanding as of March 31, 2003 and the ability to borrow up to \$250 million. Subject to the agreement of the lenders (or prospective lenders) in the facility to increase commitments, we have the option to increase the facility to \$350 million. We have used our credit facilities in the past, and we may do so again in the future, to fund investments in new and existing Affiliates, and we also may use the credit facility for working capital purposes or to refinance other indebtedness.

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

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

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

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

At March 31, 2003, our total assets were \$1.4 billion, of which \$1.1 billion (or approximately 80%) were intangible assets consisting of acquired client relationships and goodwill. We cannot be certain that we will ever realize the value of such intangible assets. We are amortizing, or writing off, acquired client relationships with definite lives over a weighted average period of 14 years. Historically, we have also amortized goodwill and certain other intangible assets, but have ceased to do so as a result of recent accounting rule changes.

Under Financial Accounting Standard No. 142 ("FAS 142"), "Goodwill and Other Intangible Assets" (which generally became effective January 1, 2002), goodwill and other intangible assets that have indefinite lives are no longer amortized but are instead tested for impairment

using a new fair value impairment test. Since the fair value test is more rigorous than the undiscounted cash flow methodology that companies previously used, companies that have intangible assets (including us) are now more likely to incur impairment charges.

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

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

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

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

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

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

Our industry is highly competitive.

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

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

Our Affiliates' businesses are highly regulated.

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

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

Although our agreements with our Affiliates typically give us the authority to control and/or vote with respect to certain of their business activities, most of our Affiliates manage their own day-to-day operations, including investment management policies and fee levels, product development, client relationships, compensation programs and compliance activities. As a result, we may not become aware, for example, of an Affiliate's loss of a significant client or an Affiliate's non-compliance with a regulatory requirement as quickly as if we were involved in the day-to-day business of the Affiliate, and we may not become aware of such event at all. As a consequence, our financial condition and results of operations may be adversely affected by problems stemming from the day-to-day operations of our Affiliates.

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

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

Some of our Affiliates operate or advise clients outside of the United States, and one affiliated investment management firm, DFD Select Group, N.V., is based outside the United States. Accordingly, we and our affiliated investment management firms that have foreign operations are subject to risks inherent in doing business internationally, which risks may include changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, less stringent legal, regulatory and accounting regimes, political instability, fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. These or other foreign risks may have an adverse effect both on our Affiliates and on our consolidated business, financial condition and results of operations.

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

The market price of our common stock historically has experienced and may continue to experience high volatility, and the broader stock market has experienced significant price and volume fluctuations in recent years. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our common stock. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us, our Affiliates or our competitors could cause the market price of our common stock to fluctuate substantially.

In addition, the sale of substantial amounts of our common stock could adversely impact its price. We may issue additional shares of our common stock in connection with our financing activities, as described previously. Furthermore, as of March 31, 2003, options to purchase 4,317,007 shares of our common stock were outstanding (of which 2,252,748 were exercisable). In the event that a large

number of shares of our common stock are sold in the public market, the price of our common stock may fall.

Risks Relating to the Debentures

We may not have the ability to raise the funds necessary to finance the change in control purchase option or the purchase at the option of the holder provisions of the indenture.

Upon the occurrence of certain specific kinds of change in control events occurring on or before February 25, 2008 and on the 2008, 2013, 2018, 2023 and 2028 purchase dates, we will be required to offer to repurchase all outstanding debentures. However, it is possible that we will not have sufficient funds available at such time to make the required repurchase of debentures. In addition, certain important corporate events,

such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "change in control" under the indenture. See "Description of Debentures Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."

In addition, we are subject to change in control provisions with respect to our credit facility. Under that facility, certain change of control events (which may not constitute a "change in control" under the indenture governing the debentures) would result in a deemed event of default and a possible acceleration of the indebtedness. In such event, the lenders would have the right to require that the indebtedness under the facility become due and payable. In this case, as more generally, it is possible that we will not have sufficient funds to repay bank indebtedness.

An active trading market for the debentures may not develop.

The debentures may trade at a discount from their principal amount at maturity, depending on prevailing interest rates, the market for similar securities, the price of our shares of common stock, our performance and other factors. In addition, we do not know whether an active trading market will develop for the debentures. To the extent that an active trading market does not develop, the liquidity and trading prices for the debentures may be harmed.

You should consider the United States federal income tax consequences of owning the debentures.

The debentures are characterized as indebtedness for U.S. federal income tax purposes. Accordingly, you will be required to include, in your income, interest with respect to the debentures.

The debentures are characterized as contingent payment debt instruments for U.S. federal income tax purposes, and are subject to U.S. federal income tax regulations applicable to contingent payment debt instruments. Under that characterization and treatment, you will be required to include amounts in income, as interest income, in advance of your receipt of the cash or other property attributable to the debentures. The amount of interest income required to be included by you in income for each year, which we refer to as tax original issue discount, generally will be in excess of the accruals on the debentures for non-tax purposes (i.e., in excess of the stated quarterly regular interest payments and any contingent interest payments) actually received in that year.

You will recognize gain or loss on the sale, purchase by us at your option, exchange, conversion or redemption of a debenture in an amount equal to the difference between the amount realized, including the fair market value of any of our common stock received, and your adjusted tax basis in the debenture. Any gain recognized by you on the sale, purchase by us at your option, exchange, conversion or redemption of a debenture will be treated as ordinary interest income. A discussion of the U.S. federal income tax consequences of ownership of the debentures is contained in this prospectus under the heading "Certain United States Federal Income Tax Considerations."

FORWARD-LOOKING STATEMENTS

This prospectus may contain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or "Exchange Act." You can identify forwarding-looking statements by the use of the words "believe," "expect," "estimate," "intend," "assume," "project" and other similar expressions which predict or indicate future events and trends and which do not relate to historical matters. These statements include, among other things, statements regarding our intent, belief or expectations with respect to:

potential investments in new and our existing investment management firms;

the availability of debt and equity financing to fund these investments;

future borrowings under our credit facility;

interest rates and hedging contracts;

the impact of new accounting policies;

our competition and our Affiliates' competition;

changing conditions in the financial and securities markets; and

general economic conditions.

The future results or outcome of the matters described in any of these statements are uncertain, and merely reflect our expectations and estimates. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Some of the factors that might cause these differences include, but are not limited to, the factors described under "Risk Factors" as well as the following:

changes in the securities or financial markets or in general economic conditions;

the failure to receive regular distributions from our Affiliates;

the availability of equity and debt financing;

competition for acquisitions of interests in investment management firms;

our ability to complete acquisitions; and

the investment performance of our Affiliates and their ability to effectively market their investment strategies.

You should carefully review all of these factors, and you should be aware that there may be other factors that could cause such differences.

We caution you that, while forward-looking statements reflect our estimates and beliefs, they are not guarantees of future performance. We do not undertake to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the debentures or the common stock issuable upon conversion of the debentures by the selling securityholders. See "Selling Securityholders" for a list of those entities receiving proceeds from the sale of debentures.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Three Months Ended	Year Ended December 31,				
	March 31, 2003	2002	2001	2000	1999	1998
Ratios	6.6x	6.7x	8.8x	9.3x	15.4x	6.1x

For the purpose of computing the ratios of earnings to fixed charges, earnings consist of consolidated income from continuing operations before provision for income taxes, minority interest and fixed charges, and fixed charges consist of interest expense, amortization of debt issuance costs and the portion of rental expense deemed to represent interest.

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DESCRIPTION OF DEBENTURES

We issued the \$300,000,000 aggregate principal amount at maturity of debentures in a private placement in February 2003. The debentures were issued under a senior indenture dated as of February 25, 2003, between us and The Bank of New York, as trustee.

The following is a summary of all material terms and provisions of the debentures. It may not contain all the information that is important to you. We urge you to read the indenture and the form of the debentures, which have been filed as exhibits to the registration statement to which this prospectus relates. As used in this description, all references to "Affiliated Managers Group," "our company," or to "we," "us" or "our" mean Affiliated Managers Group, Inc., excluding, unless otherwise expressly stated or the context otherwise requires, its Affiliates or other subsidiaries.

General

The debentures:

were issued only in registered form without coupons in denominations of \$1,000 and any integral multiple of \$1,000 above that amount;

were limited to \$300,000,000 aggregate principal amount; and

will mature on February 25, 2033.

The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 0.50%. Regardless of the level of 3-month LIBOR, however, the annual rate of regular interest on the debentures will never be less than zero and, after February 25, 2008, the annual rate of regular interest will not exceed 3.25%. Interest will be payable quarterly in arrears on February 25, May 25, August 25 and November 25 of each year, beginning May 25, 2003 for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date (or, if none, February 25, 2003) to, but excluding the applicable interest payment date. Interest will be paid to the person in whose name a debenture is registered at the close of business on February 10, May 10, August 10 or November 10, as the case may be, immediately preceding the relevant interest payment date. Interest on the debentures will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date (other than an interest payment date coinciding with the maturity date or earlier redemption date or purchase date) of a debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day, provided that, if such business day falls in the next succeeding calendar month, the interest payment date will be brought forward to the immediately preceding business day. If the maturity date, redemption date or purchase date of a debenture would fall on a day that is not a business day, the required payment of interest, if any, and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the maturity date, redemption date or purchase date to such next succeeding business day. The

term "business day" means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close, provided such day is also a London banking day. The term London banking day is defined below under " 3-month LIBOR."

The debentures are redeemable prior to maturity only on or after February 25, 2008 and as described below under " Redemption of Debentures at Our Option," " Purchase of Debentures by Us at the Option of the Holder" and " Change in Control Permits Purchase of Debentures by Us at the Option of the Holder," and do not have the benefit of a sinking fund. Principal of and interest on the debentures will be payable at the office of the paying agent, which initially will be an office or

agency of the trustee, or an office or agency maintained for such purpose, in the Borough of Manhattan, The City of New York. If certain conditions have been satisfied, the debentures may be presented for conversion at the office of the conversion agent, and for registration of transfer or exchange at the office of the registrar, each such agent initially being the trustee. No service charge will be made for any registration of transfer or exchange of debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Maturity, conversion, purchase by us at the option of a holder or redemption of a debenture will cause interest to cease to accrue on such debenture. We may not reissue a debenture that has matured or been converted, purchased by us at the option of a holder, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such debenture.

3-month LIBOR

The annual rate of regular interest payable on the debentures will be reset on the first day of each interest period for the debentures. If any interest reset date would otherwise be a day that is not a business day, that interest reset date will be postponed to the next succeeding business day, except if that business day falls in the next succeeding calendar month, that interest reset date will be the immediately preceding business day.

The trustee will determine 3-month LIBOR on the second London banking day preceding the related interest reset date, which we refer to as the interest determination date.

"3-month LIBOR" means:

(a) the rate for three-month deposits in United States dollars commencing on the related interest reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the interest determination date, or

(b) if no rate appears on the particular interest determination date on the Moneyline Telerate Page 3750, the rate calculated by the trustee as the arithmetic mean of at least two offered quotations obtained by the trustee after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the trustee with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related interest reset date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that interest determination date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the trustee as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular interest determination date by three major banks in The City of New York selected by the trustee for loans in United States dollars to leading European banks for a period of three months and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(d) if the banks so selected by the trustee are not quoting as mentioned in clause (c), 3-month LIBOR in effect on the particular yield determination date.

"Moneyline Telerate Page 3750" means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

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

The debentures are debt instruments that are subject to the contingent payment debt regulations. Therefore, the debentures were issued with original issue discount for U.S. federal income tax purposes, which we refer to as tax original issue discount. In general, beneficial owners of the debentures will be required to accrue interest income on the debentures for U.S. federal income tax purposes in the manner described herein, regardless of whether such owners use the cash or accrual method of tax accounting. Beneficial owners will be required, in general, to accrue interest each year, as tax original issue discount, based on the rate at which we would issue a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the debentures, rather than at a lower rate based on the accruals on the debentures for non-tax purposes (i.e., in excess of the stated quarterly regular interest payments and any contingent interest payments) actually received in that year. Accordingly, owners of debentures generally will be required to include tax original issue discount as interest in taxable income in each year in excess of the accruals on the debentures for non-tax purposes. Furthermore, upon a sale, exchange, conversion or redemption of a debenture, you will recognize gain or loss equal to the difference between your amount realized and your adjusted tax basis in the debenture. The amount realized by you will include the fair market value of the stock you receive. Any gain on a sale, exchange, conversion or redemption of a debenture will be treated as ordinary interest income. You are expected to consult your own tax advisor as to the United States federal, state, local or other tax consequences of acquiring, owning and disposing of the debentures. A discussion of the U.S. federal income tax consequences of ownership of the debentures is contained in this prospectus under the heading "Certain United States Federal Income Tax Considerations."

Ranking of Debentures

The debentures are unsecured and unsubordinated obligations and rank on a parity in right of payment with all existing and future unsecured and unsubordinated indebtedness of Affiliated Managers Group, including our outstanding zero coupon convertible senior notes and our outstanding mandatory convertible debt securities. The debentures are structurally subordinated to the indebtedness and other liabilities of our Affiliates and subsidiaries.

Our borrowings under our credit facility are collateralized by pledges of all of our interests in our Affiliates and subsidiaries. As of March 31, 2003, under our credit facility we had no borrowings outstanding and \$250 million available for borrowing. Subject to the agreement of the lenders (or prospective lenders) in the facility to increase commitments, we have the option to increase the facility to \$350 million. As of March 31, 2003, our Affiliates and subsidiaries had debt outstanding of approximately \$0.8 million, in addition to other liabilities, including trade payables, to which the debentures would have been structurally subordinated.

Conversion Rights

If the Applicable Stock Price is less than or equal to the Base Conversion Price, the Conversion Rate will be the Base Conversion Rate.

If the Applicable Stock Price is greater than the Base Conversion Price, the Conversion Rate will be determined in accordance with the following formula:

$$\text{Base Conversion Rate} + \left[\frac{(\text{the Applicable Stock Price} - \text{the Base Conversion Price})}{\text{the Applicable Stock Price}} \times \text{the Incremental Share Factor} \right]$$

The "Base Conversion Rate" is 12.3077, subject to adjustment as described under "Base Conversion Rate Adjustments." The "Base Conversion Price" is a dollar amount (initially \$81.25) derived by dividing \$1,000 by the Base Conversion Rate. The "Incremental Share Factor" is 7.5, subject to the same proportional adjustments as the Base Conversion Rate. The "Applicable Stock Price" is

equal to the average of the closing sale prices of our common stock over the five-trading day period starting the third trading day following the conversion date of the debentures.

A holder of a debenture otherwise entitled to a fractional share will receive cash in an amount equal to the value of such fractional share based on the Applicable Stock Price. Upon a conversion, we will have the right to deliver cash or a combination of cash and common stock, as described below.

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Holders may surrender debentures for conversion into shares of our common stock only if at least one of the conditions described below is satisfied. In addition, a debenture for which a holder has delivered a purchase notice or change in control purchase notice requiring us to purchase the debentures may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Rights Based on Common Stock Price. Commencing after June 30, 2003, holders may surrender debentures for conversion into shares of common stock in any calendar quarter (and only during such calendar quarter), if, as of the last day of the preceding calendar quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such preceding calendar quarter is more than 120% of the Base Conversion Price (initially 120% of \$81.25, or \$97.50).

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

Conversion Rights Upon Credit Rating Downgrade. A holder may surrender for conversion a debenture or portions of debentures in integral multiples of \$1,000 principal amount any time the credit rating assigned to the debentures by S&P, or its successors, is below BB- or, if S&P is not making ratings of the debentures public, another nationally recognized U.S. rating agency selected by us has assigned a credit rating below BB- or the equivalent.

Conversion Rights Upon Notice of Redemption. A holder may surrender for conversion a debenture or portions of debentures in integral multiples of \$1,000 principal amount called for redemption at any time prior to the close of business on the second business day preceding the redemption date, even if it is not otherwise convertible at such time. A debenture for which a holder has delivered a purchase notice or a change in control purchase notice as described below requiring us to purchase the debenture may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Rights Upon Occurrence of Certain Corporate Transactions. If we are party to a consolidation, merger or binding share exchange pursuant to which our shares of common stock would be converted into cash, securities or other property, the debentures may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time, the right to convert a debenture into shares of common stock will be changed into a right to convert it into the kind and amount of cash, securities or other property of Affiliated Managers Group or another person which the holder would have received if the holder had converted the holder's debenture immediately prior to the transaction. If such transaction also constitutes a change in control, the holder will be able to require us to purchase all or a portion of such holder's debentures as described under " Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."

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In the event we elect to make a distribution described in the third or fourth bullet of the paragraph under the caption " Base Conversion Rate Adjustments" below describing adjustments to the Conversion Rate, which distribution, in the case of distributions described in the fourth bullet, has a per share value equal to more than 15% of the sale price of our shares of common stock on the day preceding the declaration date for such distribution, Affiliated Managers Group will be required to give notice to the holders of debentures at least 20 days prior to the ex-dividend date for such distribution and, upon the giving of such notice, the debentures may be surrendered for conversion at any time until the close of business on the business day prior to the ex-dividend date or until Affiliated Managers Group announces that such distribution will not take place.

Upon conversion of debentures, a holder will not receive any cash payment of interest (unless such debentures or portions thereof have been called for redemption on a redemption date that occurs between a regular record date and after the interest payment date to which it relates). Our delivery to the holder of the full number of shares of common stock into which the debenture is convertible, together with any cash payment for such holder's fractional shares, or cash or a combination of cash and common stock in lieu thereof, will be deemed:

to satisfy our obligation to pay the principal amount of the debenture; and

to satisfy both our obligation to pay accrued but unpaid interest, including contingent interest, if any, attributable to the period from the most recent interest payment date through the conversion date and our obligation to pay accrued tax original issue discount through the conversion date.

As a result, unpaid interest, including contingent interest, if any, and accrued tax original issue discount through the conversion date is deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the above, if debentures are converted after a record date but prior to the next succeeding interest payment date, holders of such debentures at the close of business on the record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Such debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the principal amount of debentures so converted, unless such debentures have been called for redemption on a redemption date that occurs between a regular record date and the interest payment date to which it relates, in which case no such payment shall be required.

A certificate for the number of full shares of common stock into which any debentures are converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable following the conversion date. For a discussion of the tax treatment of a holder receiving shares of common stock upon conversion, see "Certain United States Federal Income Tax Considerations Sale, Exchange, Conversion or Redemption."

In lieu of delivery of shares of our common stock upon notice of conversion of any debentures (for all or any portion of the debentures), we may elect to pay holders surrendering debentures an amount in cash per debenture (or a portion of a debenture) equal to the Applicable Stock Price multiplied by the Conversion Rate in effect on that date. We will inform the holders through the trustee no later than two business days following the conversion date of our election to deliver shares of our common stock or to pay cash in lieu of delivery of the shares, unless we have already informed holders of our election in connection with our optional redemption of the debentures as described under "Redemption of Debentures at Our Option." Shares of our common stock and cash deliverable upon conversion will be delivered through the conversion agent no later than the third business day following the determination of the Applicable Stock Price. If we elect to pay all of such payment in cash, the payment will be made to holders surrendering debentures no later than the tenth business day

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following the applicable conversion date. If an event of default, as described under "Events of Default; Waiver and Notice" below (other than a default in a cash payment upon conversion of the debentures), has occurred and is continuing, we may not pay cash upon conversion of any debentures or portion of the debenture (other than cash for fractional shares).

To convert a debenture into shares of common stock, a holder must:

complete and manually sign the conversion notice on the back of the debenture or complete and manually sign a facsimile of the conversion notice and deliver the conversion notice to the conversion agent;

surrender the debenture to the conversion agent;

if required by the conversion agent, furnish appropriate endorsements and transfer documents; and

if required, pay all transfer or similar taxes.

Pursuant to the indenture, the date on which all of the foregoing requirements have been satisfied is the conversion date.

Base Conversion Rate Adjustments. The Conversion Rate will be adjusted for:

dividends or distributions on our shares of common stock payable in shares of common stock or other capital stock of Affiliated Managers Group;

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subdivisions, combinations or certain reclassifications of shares of our common stock;

distributions to all holders of shares of common stock of certain rights to purchase shares of common stock for a period expiring within 60 days at less than the sale price per share of common stock at the time; and

distributions to all holders of our shares of common stock of our assets (including shares of capital stock of a subsidiary) or debt securities or certain rights to purchase our securities (excluding cash dividends or other cash distributions from current or retained earnings unless the annualized amount thereof per share exceeds 5% of the sale price of the shares of our common stock on the day preceding the date of declaration of such dividend or other distribution).

In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the Conversion Rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

No adjustment to the Conversion Rate or the ability of a holder of a debenture to convert will be made if Affiliated Managers Group provides that holders of debentures will participate in the transaction without conversion or in certain other cases.

In addition, the indenture provides that if we implement a stockholders' rights plan, such rights plan must provide that, upon conversion of the debentures, the holders of such debentures will receive, in addition to the shares of common stock issuable upon such conversion, the rights related to such common stock, whether or not such rights have separated from the common stock at the time of such

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conversion. However, there shall not be any adjustment to the conversion privilege or Conversion Rate as a result of:

the issuance of the rights;

the distribution of separate certificates representing the rights;

the exercise or redemption of such rights in accordance with any rights agreement; or

the termination or invalidation of the rights.

The indenture permits us to increase the Conversion Rate from time to time.

In the event of:

a taxable distribution to holders of shares of our common stock which results in an adjustment of the Conversion Rate; or

an increase in the Conversion Rate at our discretion,

the holders of the debentures may, in certain circumstances, be deemed to have received a distribution subject to federal income tax as a dividend. See "Certain United States Federal Income Tax Considerations Constructive Dividends."

Upon determination that debenture holders are or will be entitled to convert their debentures into shares of common stock in accordance with the foregoing provisions, we will issue a press release and publish such information on our website on the World Wide Web.

Contingent Interest

Subject to the accrual and record date provisions described below, we will pay additional quarterly interest to the holders of the debentures during any six-month period from February 26 to August 25 or August 26 to February 25, commencing after February 25, 2008, if the average market price of the debentures for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the principal amount of the debentures.

During any period when contingent interest shall be payable, the contingent interest payable per debenture in respect of any six-month period in which contingent interest is payable will equal the annual rate of 0.25% of the average market price of a debenture for the five trading day measuring period. For United States federal income tax purposes, the debentures constitute contingent payment debt instruments.

Contingent interest, if any, will accrue and be payable on the two quarterly interest payment dates for regular interest on the debentures next succeeding the first day of the relevant six-month period to holders of the debentures as of the record date relating to such interest payment dates.

The market price of a debenture on any date of determination means the average of the secondary market bid quotations per debenture obtained by the bid calculation agent for \$5 million aggregate principal amount at maturity of debentures at approximately 4:00 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select, provided that if:

at least three such bids are not obtained by the bid calculation agent; or

in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the debentures,

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then the market price of the debentures will equal (i) the then applicable Conversion Rate of the debentures multiplied by (ii) the average sale price of our common stock on the five trading days ending on such determination date, appropriately adjusted.

The bid calculation agent will initially be The Bank of New York. However, we may change the bid calculation agent. The bid calculation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the debentures.

Upon determination that debenture holders will be entitled to receive contingent interest during a relevant six-month period, we will issue a press release and publish such information on our website on the World Wide Web as soon as practicable.

Redemption of Debentures at Our Option

Prior to February 25, 2008, the debentures will not be redeemable at our option. Beginning on February 25, 2008 and thereafter, we may redeem the debentures for cash at any time as a whole, or from time to time in part, at a price equal to 100% of the principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the debentures. The notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock in the event that a holder elects to convert debentures in connection with the redemption.

If we decide to redeem fewer than all of the outstanding debentures, the trustee will select the debentures to be redeemed in principal amounts of \$1,000 or integral multiples of \$1,000. In this case, the trustee may select the debentures by lot, pro rata, or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your debentures for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be the portion selected for redemption.

Purchase of Debentures by Us at the Option of the Holder

You have the right to require us to purchase all or a portion of your debentures on February 25, 2008, 2013, 2018, 2023, and 2028. We will be required to purchase, at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the purchase date, any outstanding debenture for which a written purchase notice has been properly delivered by the holder to the paying agent and

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not withdrawn, subject to certain additional conditions. We may also add additional dates on which you may require us to purchase all or a portion of your debentures. However, we cannot assure you that we will add any purchase dates. You may submit your debentures for purchase to the paying agent at any time from the opening of business on the date that is 21 business days prior to the purchase date until the close of business on the business day immediately preceding the purchase date. Also, our ability to satisfy our purchase obligations may be affected by the factors described in "Risk Factors" under the heading "We may not have the ability to raise the funds necessary to finance the change in control purchase option or the purchase at the option of the holder provisions in the indenture."

We may, at our option, elect to pay the purchase price in cash or shares of common stock, or any combination thereof. For a discussion of the tax treatment of a holder receiving cash, shares of common stock or any combination thereof, see "Certain United States Federal Income Tax Considerations."

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We will be required to give notice on a date not less than 21 business days prior to the purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things:

whether we will pay the purchase price of the debentures in cash or shares of common stock or any combination thereof, and specifying the percentages of each;

if we elect to pay in shares of common stock, the method of calculating the market price of the common stock; and

the procedures that holders must follow to require us to purchase their debentures.

Your purchase notice electing to require us to purchase your debentures must state:

if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures;

the portion of the principal amount of debentures to be purchased, in integral multiples of \$1,000;

that we are to purchase the debentures pursuant to the applicable provisions of the debentures and the indenture; and

in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in shares of common stock, in whole or in part, but the purchase price is ultimately to be paid to the holder entirely in cash because any of the conditions to payment of the purchase price or portion of the purchase price in shares of common stock is not satisfied prior to the close of business on the business day immediately preceding the purchase date, as described below, whether the holder elects:

- (1) to withdraw the purchase notice as to some or all of the debentures to which it relates; or
- (2) to receive cash in respect of the entire purchase price for all debentures or portions of debentures subject to such purchase notice.

If you fail to indicate your choice with respect to the election described in the final bullet point above, you will be deemed to have elected to receive cash in respect of the entire purchase price for all debentures subject to the purchase notice in these circumstances. For a discussion of the tax treatment of a holder receiving cash instead of shares of common stock, see "Certain United States Federal Income Tax Considerations Sale, Exchange, Conversion or Redemption."

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You may withdraw any purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day immediately preceding the purchase date. The notice of withdrawal must state:

the principal amount of the withdrawn debentures;

if certificated debentures have been issued, the certificate numbers of the withdrawn debentures, or if not, such information as may be required under applicable DTC procedures; and

the principal amount, if any, of debentures that remain subject to your purchase notice.

If we elect to pay the purchase price, in whole or in part, in shares of common stock, the number of shares to be delivered by us will be equal to the portion of the purchase price to be paid in shares of common stock divided by the market price of one share of common stock. We will pay cash based on the market price for all fractional shares in the event we elect to deliver shares of common stock in payment, in whole or in part, of the purchase price.

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The "market price" means the average of the sale prices of the common stock for the five trading day period ending on the third business day (if the third business day prior to the purchase date is a trading day or, if not, then on the last trading day prior to the third business day) prior to the purchase date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such purchase date, of certain events with respect to the common stock that would result in an adjustment of the Conversion Rate.

The "sale price" of the common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System.

Because the market price of the common stock is determined prior to the purchase date, holders of debentures bear the market risk with respect to the value of the common stock to be received from the date such market price is determined to the purchase date. We may pay the purchase price or any portion of the purchase price in shares of common stock only if the information necessary to calculate the market price is published in a daily newspaper of national circulation or is otherwise readily publicly available.

Upon determination of the actual number of shares of common stock to be issued for each \$1,000 principal amount of debentures in accordance with the foregoing provisions, we will publish such information on our website on the World Wide Web or through such other public medium as we may use at that time.

Our right to purchase debentures, in whole or in part, with shares of common stock is subject to our satisfying various conditions, including:

the listing of such shares of common stock on the principal United States securities exchange on which the common stock is then listed or, if not so listed, on Nasdaq;

the registration of the shares of common stock under the Securities Act and the Exchange Act, if required; and

any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If such conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of the debentures of the holder entirely in cash. See "Certain United States Federal Income Tax Considerations Sale, Exchange, Conversion

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or Redemption." We may not change the form or components or percentages of components of consideration to be paid for the debentures once we have given the notice that we are required to give to holders of debentures, except as described in the first sentence of this paragraph.

Our ability to purchase debentures with cash may be limited by the terms of our then existing borrowing agreements. The indenture prohibits us from purchasing debentures for cash in connection with t