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AFFILIATED MANAGERS GROUP INC

Form 424B5

December 20, 2001

Filed to Pursuant to Rule 424(b) (5)  
Registration No. 333-74558

PROSPECTUS SUPPLEMENT  
(TO PROSPECTUS DATED DECEMBER 10, 2001)

8,000,000 FELINE PRIDES (SM)  
(INITIALLY CONSISTING OF 8,000,000 INCOME PRIDES (SM))

[LOGO]

AFFILIATED MANAGERS GROUP, INC.  
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Affiliated Managers Group, Inc. is offering 8,000,000 FELINE PRIDES. The FELINE PRIDES initially will consist of units referred to as Income PRIDES, each with a stated amount of \$25. Each Income PRIDES will include a purchase contract pursuant to which you will agree to purchase from us shares of our common stock on November 17, 2004. Each Income PRIDES will also include \$25 principal amount of our senior notes due November 17, 2006. The notes will bear interest at a rate of 6% per year, which is expected to be reset on or after August 17, 2004. The notes will not trade separately from the Income PRIDES unless and until substitution is made as described in this prospectus supplement.

The Income PRIDES have been approved for listing on the New York Stock Exchange, or NYSE, under the symbol "AMGPrI," subject to official notice of issuance. On December 17, 2001, the last reported sale price of our common stock on the NYSE was \$73.10 per share.

INVESTING IN THE FELINE PRIDES INVOLVES RISKS THAT ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE S-14 OF THIS PROSPECTUS SUPPLEMENT.  
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	PER INCOME PRIDES -----	TOTAL -----
Public offering price (1).....	\$25.00	\$200,000
Underwriting discount.....	\$.75	\$6,000
Proceeds, before expenses, to Affiliated Managers Group.....	\$24.25	\$194,000

(1) Plus accrued interest from December 21, 2001 if settlement occurs after that date

The underwriters also may purchase up to an additional 1,200,000 Income PRIDES at the public offering price less the underwriting commission within 30 days of the date of this prospectus supplement to cover overallotments, if any.

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

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The Income PRIDES will be ready for delivery in book-entry form only through The Depository Trust Company on or about December 21, 2001.

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MERRILL LYNCH & CO.  
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The date of this prospectus supplement is December 18, 2001.

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"FELINE PRIDES", "Income PRIDES" and "Growth PRIDES" are service marks of Merrill Lynch & Co., Inc.

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THE ACCOMPANYING PROSPECTUS IS PART OF A REGISTRATION STATEMENT WE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. YOU SHOULD RELY ONLY ON THE INFORMATION WE HAVE PROVIDED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. WE AND THE UNDERWRITERS HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH ADDITIONAL OR DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS ACCURATE ONLY AS OF THE DATE ON THE FRONT OF THE DOCUMENT AND THAT ANY INFORMATION WE HAVE INCORPORATED BY REFERENCE IS ACCURATE ONLY AS OF THE DATE OF THE DOCUMENT INCORPORATED BY REFERENCE. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THESE DATES.

### ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement,

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which describes the specific terms of the securities we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to the securities we are offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "Affiliated Managers Group," "AMG," "we," "us" and "our" or similar terms are to Affiliated Managers Group, Inc.

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### PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary in conjunction with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference.

#### AFFILIATED MANAGERS GROUP, INC.

Affiliated Managers Group is an asset management company that addresses the succession and transition issues facing the principals of growing mid-sized investment management firms. Our strategy is to generate growth through the internal growth of our existing Affiliates, as well as through investments in new Affiliates. Our transaction structure allows individual members of each Affiliate's management team to retain significant direct ownership in their firm while maintaining operating autonomy. In addition, we provide centralized assistance to our Affiliates in strategic matters, marketing, distribution, product development and operations. Pro forma for our recent investments in Friess Associates, LLC and Welch & Forbes, LLC, our affiliated investment management firms in the aggregate managed over \$75 billion in assets at September 30, 2001. For more information regarding Affiliated Managers Group and our Affiliates, see "Where You Can Find More Information" in the accompanying prospectus.

#### THE OFFERING--Q&A

##### WHAT ARE FELINE PRIDES?

The FELINE PRIDES consist of units referred to as Income PRIDES and Growth PRIDES. The FELINE PRIDES offered will initially consist of 8,000,000 Income PRIDES (9,200,000 Income PRIDES if the underwriters exercise their over-allotment option in full), each with a stated amount of \$25. From each Income PRIDES, the holder may create a Growth PRIDES, as described below.

##### WHAT ARE THE COMPONENTS OF INCOME PRIDES?

Each Income PRIDES will consist of a purchase contract and, initially, \$25 principal amount of our notes. The note that is a component of each Income PRIDES is owned by you, but it will be pledged to us to secure your obligations under the purchase contract. If the notes are successfully remarketed or a tax event redemption occurs, in each case as described in this prospectus supplement, the applicable ownership interest in the Treasury portfolio will replace the note as a component of each Income PRIDES and will be pledged to us to secure your obligations under the purchase contract.

##### WHAT IS A PURCHASE CONTRACT?

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Each purchase contract underlying a FELINE PRIDES obligates the holder of the purchase contract to purchase, and obligates us to sell, on November 17, 2004, for \$25, a fraction of newly issued shares of our common stock equal to the "settlement rate." The settlement rate will be calculated, subject to adjustment as described under "Description of the Purchase Contracts--Anti-dilution Adjustments," as follows:

- if the applicable market value of our common stock is equal to or greater than the threshold appreciation price of \$84.0650, the settlement rate will be 0.2974;
- if the applicable market value of our common stock is less than the threshold appreciation price but greater than the reference price of \$73.10, the settlement rate will be equal to the \$25 stated amount divided by the applicable market value; and
- if the applicable market value is less than or equal to the reference price, the settlement rate will be 0.3420.

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"Applicable market value" means the average of the closing price per share of our common stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding November 17, 2004. The "reference price" is \$73.10, which was the last reported sale price of our common stock on the NYSE on December 17, 2001.

### CAN I SETTLE THE PURCHASE CONTRACT EARLY?

Each holder has a right to settle a purchase contract at any time using cash, in which case 0.2974 shares of common stock will be issued pursuant to the purchase contract. In addition, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, then each holder of a purchase contract will have the right to accelerate and settle such contract at the settlement rate in effect immediately before the cash merger.

Your right to exercise an early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the common stock deliverable upon settlement of a purchase contract.

### WHAT ARE THE COMPONENTS OF GROWTH PRIDES?

Each Growth PRIDES will consist of a purchase contract and a 1/40th or a 2.5% undivided beneficial ownership interest in a Treasury security. The Treasury security is a zero-coupon U.S. Treasury security with a principal amount at maturity of \$1,000 that matures on November 15, 2004. The interest in the Treasury security that is a component of each Growth PRIDES will be pledged to us to secure the holder's obligations under the purchase contract.

### HOW CAN I CREATE GROWTH PRIDES FROM INCOME PRIDES?

Unless the Treasury portfolio has replaced the notes as a component of Income PRIDES as a result of a successful remarketing of the notes or a tax event redemption, each holder of Income PRIDES will have the right, at any time on or prior to the fifth business day immediately preceding November 17, 2004, to substitute for the related notes held by the collateral agent zero-coupon Treasury securities (CUSIP No. 912803AB9) that mature on November 15, 2004 in a total principal amount at maturity equal to the aggregate principal amount of the notes for which substitution is being made. This substitution will create a Growth PRIDES and the applicable notes will be released to the holder. Because

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U.S. Treasury securities are issued in multiples of \$1,000, holders of Income PRIDES may make this substitution only in integral multiples of 40 Income PRIDES. However, if a tax event redemption has occurred prior to November 17, 2004 and the Treasury portfolio has replaced the notes as a component of the Income PRIDES, holders of Income PRIDES may make this substitution only in multiples of 8,000 Income PRIDES, at any time on or prior to the second business day immediately preceding November 17, 2004. In that case, holders would also obtain the release of the appropriate applicable ownership interest in the Treasury portfolio rather than a release of the applicable notes.

### HOW CAN I RECREATE INCOME PRIDES FROM GROWTH PRIDES?

Unless the Treasury portfolio has replaced the notes as a component of the Income PRIDES as a result of a successful remarketing of the notes or a tax event redemption, each holder of Growth PRIDES will have the right, at any time on or prior to the fifth business day immediately preceding November 17, 2004, to substitute notes for the related Treasury securities held by the collateral agent in an aggregate principal amount of such notes equal to the aggregate principal amount at maturity of the Treasury securities. This substitution would create Income PRIDES, and the applicable Treasury securities would be released to the holder. Because Treasury securities are issued in integral multiples of \$1,000, holders of Growth PRIDES may make this substitution only in integral multiples of 40 Growth PRIDES. If the Treasury portfolio has replaced the notes as a component of Income PRIDES

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as a result of a successful remarketing of the notes or a tax event redemption, holders of the Growth PRIDES may make this substitution at any time on or prior to the second business day immediately preceding November 17, 2004, but using the applicable ownership interest of the Treasury portfolio instead of notes and only in integral multiples of 8,000 Growth PRIDES.

### WHAT PAYMENTS AM I ENTITLED TO AS A HOLDER OF INCOME PRIDES?

Each holder of Income PRIDES will be entitled to receive total cash distributions at a rate of 6% of the stated amount per year, payable quarterly in arrears. These cash distributions will consist of interest on the related notes or distributions on the applicable ownership interest of the Treasury portfolio at the rate of 6% of the stated amount per year. Each Income PRIDES has a stated amount of \$25. In addition, original issue discount, or OID, for United States federal income tax purposes will accrue on each related note.

### WHAT PAYMENTS AM I ENTITLED TO IF I CONVERT MY INCOME PRIDES TO GROWTH PRIDES?

Holders of Growth PRIDES will not be entitled to receive any cash distributions on their Growth PRIDES. However, OID will accrue on each related Treasury security.

### WHAT ARE THE PAYMENT DATES FOR THE FELINE PRIDES?

The payments described above in respect of the Income PRIDES and Growth PRIDES will be payable quarterly in arrears on each February 17, May 17, August 17 and November 17, commencing February 17, 2002.

### DO YOU HAVE THE OPTION TO DEFER PAYMENTS?

We are not entitled to defer payments on the notes.

### WHAT IS REMARKETING?

The notes of Income PRIDES holders will be remarketed on the third business

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day immediately preceding August 17, 2004. The remarketing agent will use its reasonable efforts to obtain a price of approximately 100.5% of the purchase price for the Treasury portfolio. The portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase the Treasury portfolio. The Treasury portfolio will be substituted for the notes and will be pledged to the collateral agent to secure the Income PRIDES holders' obligations to purchase our common stock under the purchase contracts. When paid at maturity, an amount of the Treasury portfolio equal to the principal amount of the notes will automatically be applied to satisfy the Income PRIDES holders' obligations to purchase common stock under the purchase contracts.

In addition, the remarketing agent may deduct, as a remarketing fee, an amount not exceeding 25 basis points (0.25%) of the Treasury portfolio purchase price from any amount of the proceeds in excess of the Treasury portfolio purchase price. The remarketing agent will then remit the remaining portion of the proceeds from the remarketing, if any, for the benefit of the holders.

If the remarketing of the notes on the third business day preceding August 17, 2004 fails because the remarketing agent cannot obtain a price of at least 100% of the Treasury portfolio purchase price or a condition precedent to the remarketing has not been satisfied, the notes will continue to be a component of Income PRIDES and another remarketing will be attempted on the third business day preceding November 17, 2004, as described below.

The notes of Income PRIDES holders who have failed to notify the purchase contract agent on or prior to the fifth business day before November 17, 2004 of their intention to pay cash in order to satisfy their obligations under the related purchase contracts, will be remarketed on the third business

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day immediately preceding November 17, 2004. In this remarketing, the remarketing agent will use its reasonable efforts to obtain a price of approximately 100.5% of the aggregate principal amount of these notes. The portion of the proceeds from the remarketing equal to the total principal amount of the notes will automatically be applied to satisfy in full the Income PRIDES holder's obligations to purchase common stock under the related purchase contracts.

The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (0.25%) of the aggregate principal amount of the remarketed notes from any amount of the proceeds in excess of the aggregate principal amount of the remarketed notes. The remarketing agent will remit the remaining portion of the proceeds from the remarketing, if any, for the benefit of the holders.

If the remarketing of the notes on the third business day preceding November 17, 2004 fails because the remarketing agent cannot obtain a price of at least 100% of the total principal amount of the notes or a condition precedent to the remarketing has not been satisfied, we will exercise our rights as a secured party to dispose of the notes in accordance with applicable law and to satisfy in full, from the proceeds of the disposition, the holder's obligation to purchase common stock under the related purchase contracts.

### WHAT IS THE TREASURY PORTFOLIO?

The Treasury portfolio is a portfolio of zero-coupon U.S. Treasury securities consisting of:

- interest or principal strips of U.S. Treasury securities that mature on or prior to November 15, 2004 in an aggregate amount equal to the principal

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amount of the notes included in the Income PRIDES, and

- with respect to the scheduled interest payment date on the notes that occurs on November 17, 2004, in the case of a successful remarketing of the notes, or with respect to each scheduled interest payment date on the notes that occurs after the tax event redemption date and on or before November 17, 2004, in the case of a tax event redemption, interest or principal strips of U.S. Treasury securities that mature on or prior to that interest payment date in an aggregate amount equal to the aggregate interest payment that would be due on that interest payment date on the principal amount of the notes included in the Income PRIDES assuming no reset of the interest rate on the notes.

### WHAT IS THE RESET RATE?

In the case of a reset on the third business day immediately preceding August 17, 2004, the reset rate will be the rate determined by the reset agent as the rate the notes should bear in order for the notes included in Income PRIDES to have an approximate aggregate market value on the reset date of 100.5% of the Treasury portfolio purchase price. In the case of a reset on the third business day immediately preceding November 17, 2004, the reset rate will be the rate determined by the reset agent as the rate the notes should bear in order for each note to have an approximate market value of 100.5% of the principal amount of the note. The reset rate may not exceed the maximum rate, if any, permitted by applicable law.

### IF I AM NOT A PARTY TO A PURCHASE CONTRACT, MAY I STILL PARTICIPATE IN A REMARKETING OF MY NOTES?

Holders of notes that are not components of Income PRIDES may elect to have their notes included in the remarketing in the manner described in "Description of the Purchase Contracts--Optional Remarketing." The remarketing agent will use its reasonable efforts to remarket the separately held notes included in the remarketing at a price equal to at least 100.5% of the remarketing value, determined on the basis of the separately held notes being remarketed. After deducting its remarketing fee in an amount not exceeding 25 basis points (0.25%) of the total proceeds

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from the remarketing, the remaining portion of the proceeds, if any, will be remitted to the holders whose separate notes were sold in the remarketing. If a holder of notes elects to have its notes remarketed but the remarketing agent fails to sell the notes during any remarketing period, the notes will be promptly returned to the holder following the conclusion of that period.

### BESIDES PARTICIPATING IN A REMARKETING, HOW ELSE CAN MY OBLIGATIONS UNDER THE PURCHASE CONTRACT BE SATISFIED?

Besides participating in the remarketing, your obligations under the purchase contract may also be satisfied:

- if you have created Growth PRIDES or elected not to participate in the remarketing, by delivering and pledging specified Treasury securities in substitution for your notes, and applying the cash payments received on the pledged Treasury securities;
- through the early delivery of cash to the purchase contract agent in the manner described in "Description of the Purchase Contracts--Early Settlement;" or
- if we are involved in a merger, acquisition or consolidation prior to

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November 17, 2004 in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, through an early settlement of the purchase contract as described in "Description of the Purchase Contracts--Settlement--Early Settlement upon Cash Merger."

In addition, the purchase contracts, our related rights and obligations and those of the holders of the FELINE PRIDES, including their obligations to purchase our common stock, will automatically terminate upon the occurrence of particular events of our bankruptcy, insolvency or reorganization. Upon such a termination of the purchase contracts, the pledged notes or Treasury securities will be released and distributed to you. If we become the subject of a case under the federal bankruptcy code, a delay may occur as a result of the automatic stay under the bankruptcy code and continue until the automatic stay has been lifted. The automatic stay will not be lifted until such time as the bankruptcy judge agrees to lift it and return your collateral to you.

UNDER WHAT CIRCUMSTANCES MAY AFFILIATED MANAGERS GROUP REDEEM THE NOTES BEFORE THEY MATURE?

If the tax laws change or are interpreted in a way that adversely affects the tax treatment of the notes, then we, as issuer of the notes, may elect to redeem the notes. If the notes are redeemed before a successful remarketing, the money received from the redemption will be used by the collateral agent to purchase a portfolio of zero-coupon U.S. Treasury securities that mature on or prior to each payment date of the notes through November 17, 2004, in an aggregate amount equal to the principal on the senior note included in Income PRIDES and the interest that would have been due on such payment date on the notes included in Income PRIDES. These Treasury securities will replace the notes as the collateral securing your obligations to purchase our common stock under the purchase contracts. If the notes are redeemed, then each FELINE PRIDES will consist of a purchase contract for our common stock and an ownership interest in the Treasury portfolio.

WHAT IS THE MATURITY OF THE NOTES?

The notes will mature on November 17, 2006.

WHAT ARE THE FEDERAL INCOME TAX CONSEQUENCES RELATED TO THE INCOME PRIDES, GROWTH PRIDES AND NOTES?

We intend to treat the notes as contingent payment debt instruments that are subject to the contingent payment rules for United States federal income tax purposes. Accordingly, through August 17, 2004, and possibly thereafter, a holder of Income PRIDES or notes would be required to

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include in gross income an amount in excess of the interest actually received, regardless of the holder's usual method of tax accounting, and would generally recognize ordinary income or loss, rather than capital gain or loss, on the sale, exchange or disposition of the notes or of the Income PRIDES, to the extent such income is allocable to the notes. A beneficial owner of Growth PRIDES will be required to include in gross income any OID with respect to the Treasury securities as it accrues on a constant yield to maturity basis. If the Treasury portfolio has replaced the notes as a component of Income PRIDES as a result of a successful remarketing of the notes, a beneficial owner of Income PRIDES will be required to include in gross income its allocable share of OID on the Treasury portfolio as it accrues on a constant yield to maturity basis. Because there is no statutory, judicial or administrative authority directly addressing the tax treatment of FELINE PRIDES or instruments similar to FELINE PRIDES, each holder is urged to consult its own tax adviser concerning the tax consequences of an investment in FELINE PRIDES.

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WILL THE FELINE PRIDES BE LISTED ON A STOCK EXCHANGE?

The Income PRIDES have been approved for listing on the New York Stock Exchange (NYSE) under the symbol "AMGPrI." Neither the Growth PRIDES nor the notes will initially be listed; however, in the event that either of these securities are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will endeavor to cause those securities to be listed on the exchange on which the Income PRIDES are then listed.

WHAT ARE THE RIGHTS AND PRIVILEGES OF THE COMMON STOCK?

The shares of common stock that you will be obligated to purchase under the purchase contracts have one vote per share. For more information, please see the discussion of our common stock in this prospectus supplement under the heading "Risk Factors Relating to the FELINE PRIDES" and in the accompanying prospectus under the heading "Description of Common Stock."

WHAT ARE THE EXPECTED USES OF PROCEEDS FROM THE OFFERING?

We estimate that we will receive net proceeds from the offering of FELINE PRIDES of \$193.1 million, or \$222.2 million if the underwriters' option to purchase additional FELINE PRIDES is exercised in full.

We anticipate using the aggregate net proceeds from this offering to reduce indebtedness under our credit facility and for general corporate purposes.

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### THE OFFERING--EXPLANATORY DIAGRAMS

The following diagrams demonstrate some of the key features of the purchase contracts, Income PRIDES, Growth PRIDES and the notes, and the transformation of Income PRIDES into Growth PRIDES and notes.

#### PURCHASE CONTRACTS

- Income PRIDES and Growth PRIDES both include a purchase contract under which you agree to purchase shares of our common stock on November 17, 2004.
- The number of shares to be purchased under each purchase contract will depend on the "applicable market value." The "applicable market value" means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding November 17, 2004.

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- (1) The "reference price" is \$73.10.
- (2) The "threshold appreciation price" is equal to \$84.0650, which is 115% of the reference price.
- (3) For each of the percentage categories shown, the percentage (expressed as a decimal) of the shares to be delivered on November 17, 2004 to a holder of Income PRIDES or Growth PRIDES is determined by dividing
  - the related number of shares to be delivered, as indicated in the footnote for each such category, by

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- an amount equal to \$25, the stated amount of the FELINE PRIDES, divided by the reference price.
- (4) If the applicable market value of our common stock is less than or equal to the reference price, the number of shares to be delivered will be calculated by dividing the stated amount of \$25 by the reference price.
- (5) If the applicable market value of our common stock is between the reference price and the threshold appreciation price, the number of shares to be delivered will be calculated by dividing the stated amount of \$25 by the applicable market value.

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- (6) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares to be delivered will be calculated by dividing the stated amount of \$25 by the threshold appreciation price.

### INCOME PRIDES

- Each Income PRIDES consists of two components as illustrated below:

[LOGO]

#### Income PRIDES

- After remarketing, the Income PRIDES will include the Treasury portfolio in lieu of the notes if the remarketing is successful.
- If you hold Income PRIDES, you own the notes and, after remarketing, the Treasury portfolio, but will pledge them to us to secure your obligations under the purchase contract.
- If you hold Income PRIDES, you may also substitute a specified amount of Treasury securities for the notes if you decide not to participate in the remarketing.

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### GROWTH PRIDES

- Each Growth PRIDES consists of two components as described below:

[LOGO]

#### Growth PRIDES

- If you hold Growth PRIDES, you own the Treasury security but will pledge it to us to secure your obligations under the purchase contract. The Treasury security is a zero-coupon U.S. Treasury security (CUSIP No. 912803AB9) that matures on November 15, 2004.

### NOTES

- Notes will have the terms illustrated below:

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- If you hold a note that is a component of Income PRIDES, you have the option to either:
  - allow the note to be included in the remarketing process, the proceeds of which will be used to purchase the Treasury portfolio, if the remarketing is successful, which will be applied to settle the purchase contract; or
  - elect not to participate in the remarketing by delivering Treasury securities in substitution for the note, the proceeds of which will be used to settle the purchase contract.
- If you hold a note that is separate and not a component of Income PRIDES, you have the option to either:
  - continue to hold the note whose rate has been reset for the quarterly payments payable on and after August 17, 2004; or
  - deliver the note to the remarketing agent to be included in the remarketing.

### TRANSFORMING INCOME PRIDES INTO GROWTH PRIDES AND NOTES

- To create a Growth PRIDES, you may combine the purchase contract with the specified zero-coupon U.S. Treasury security that matures on November 15, 2004.
- You will then own the zero-coupon U.S. Treasury security but will pledge it to us to secure your obligations under the purchase contract.
- The zero-coupon U.S. Treasury security together with the purchase contract would then constitute a Growth PRIDES. The senior note (or, after remarketing, the Treasury portfolio), which was previously a component of the Income PRIDES, is tradable as a separate security.

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- After remarketing, the Income PRIDES will include the specified Treasury portfolio in lieu of notes.
- You can also transform Growth PRIDES and notes (or, after remarketing, the Treasury portfolio, if the remarketing is successful) into Income PRIDES. Following that transformation, the specified zero-coupon U.S. Treasury security, which was previously a component of the Growth PRIDES, is tradable as a separate security.
- The transformation of Income PRIDES into Growth PRIDES and notes (or, after remarketing, the Treasury portfolio) and the transformation of Growth PRIDES and notes (or, after remarketing, the Treasury portfolio) into Income PRIDES may generally only be effected in integral multiples of 40 Income PRIDES, as more fully described in this prospectus supplement.

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### RISK FACTORS

YOUR INVESTMENT IN THE FELINE PRIDES WILL INVOLVE RISK. YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING DISCUSSION OF RISK AS WELL AS OTHER INFORMATION CONTAINED AND INCORPORATED BY REFERENCE INTO THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IN ORDER TO EVALUATE AN INVESTMENT IN THE FELINE PRIDES.

RISK FACTORS RELATING TO THE FELINE PRIDES

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YOU ASSUME THE RISK THAT THE MARKET VALUE OF OUR COMMON STOCK MAY DECLINE.

Although as a holder of FELINE PRIDES you are the beneficial owner of the related notes, Treasury portfolio or Treasury securities, as the case may be, you are obligated pursuant to the purchase contract to buy our common stock. Prior to November 17, 2004, unless you pay cash to satisfy your obligation under the purchase contract or the purchase contracts are terminated due to our bankruptcy, insolvency or reorganization, either the proceeds derived from the remarketing of the notes or the principal of the applicable ownership interest of the Treasury portfolio when paid at maturity, in the case of Income PRIDES, or the principal of the related Treasury securities when paid at maturity, in the case of Growth PRIDES, will automatically be used to purchase a specified number of shares of our common stock on your behalf. There can be no assurance that the market value of the common stock received by you on the purchase contract settlement date will be equal to or greater than the price per share paid by you for our common stock. If the applicable market value of the common stock is less than \$73.10, the aggregate market value of the common stock issued to you pursuant to each purchase contract on the purchase contract settlement date will be less than the price per share paid by you for such common stock. Accordingly, you assume the risk that the market value of the common stock may decline, and that such decline could be substantial.

YOU WILL RECEIVE ONLY A PORTION OF ANY APPRECIATION IN OUR COMMON STOCK PRICE.

The aggregate market value of the shares of our common stock you will receive upon settlement of a purchase contract generally will exceed the stated amount of \$25 only if the average closing price per share of our common stock over the 20-trading day period preceding settlement equals or exceeds \$84.0650, which we refer to as the "threshold appreciation price." The threshold appreciation price represents an appreciation of 15% over \$73.10. Therefore, during the period prior to settlement, an investment in the FELINE PRIDES affords less opportunity for equity appreciation than a direct investment in our common stock. If the applicable average closing price exceeds \$73.10, which we refer to as the "reference price," but falls below the threshold appreciation price, you will realize no equity appreciation on the common stock for the period during which you own the purchase contract. Furthermore, if the applicable average closing price exceeds the threshold appreciation price, the value of the shares you will receive under the purchase contract will be approximately 86.96% of the value of the shares you could have purchased with \$25 at the time of this offering.

THE TRADING PRICE FOR OUR COMMON STOCK AND THE GENERAL LEVEL OF INTEREST RATES AND OUR CREDIT QUALITY WILL DIRECTLY AFFECT THE TRADING PRICES FOR THE FELINE PRIDES.

It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Our operating results, prospects and economic, financial and other factors will affect trading prices of our common stock. In addition, market conditions can affect the capital markets generally, therefore affecting the price of our common stock. These conditions may include the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of our common stock in the market after the offering of the FELINE PRIDES or the perception that those sales could occur. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of our common stock underlying the purchase contracts and of the other components of the

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FELINE PRIDES. The arbitrage could, in turn, affect the trading prices of the FELINE PRIDES and our common stock.

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YOU MAY SUFFER DILUTION OF OUR COMMON STOCK ISSUABLE UPON SETTLEMENT OF YOUR PURCHASE CONTRACT.

The number of shares of our common stock issuable upon settlement of your purchase contract is subject to adjustment only for stock splits and combinations, stock dividends and specified other transactions. The number of shares of our common stock issuable upon settlement of each purchase contract is not subject to adjustment for other events, such as employee stock option grants, offerings of common stock for cash, or in connection with acquisitions or other transactions which may adversely affect the price of our common stock. The terms of the FELINE PRIDES do not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the interests of the holders of the FELINE PRIDES in engaging in any such offering or transaction.

YOU WILL HAVE NO RIGHTS AS COMMON STOCKHOLDERS.

Until you acquire shares of our common stock upon settlement of your purchase contract, you will have no rights with respect to our common stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on our common stock. Upon settlement of your purchase contract, you will be entitled to exercise the rights of a holder of common stock only as to actions for which the record date occurs after November 17, 2004.

YOUR PLEDGED SECURITIES WILL BE ENCUMBERED.

Although holders of FELINE PRIDES will be beneficial owners of the underlying notes or pledged Treasury securities, the holders will pledge those securities with the collateral agent to secure their obligations under the related purchase contracts. Therefore, for so long as the purchase contracts remain in effect, holders will not be allowed to withdraw their pledged notes or Treasury securities from this pledge arrangement, except upon substitution of other securities as described in this prospectus supplement.

THE PURCHASE CONTRACT AGREEMENT WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939; THE OBLIGATIONS OF THE PURCHASE CONTRACT AGENT WILL BE LIMITED.

The purchase contract agreement relating to the FELINE PRIDES will not be qualified under the Trust Indenture Act of 1939. The purchase contract agent under the purchase contract agreement, who will act as the agent and the attorney-in-fact for the holders of the FELINE PRIDES, will not be qualified as a trustee under the Trust Indenture Act of 1939. Accordingly, holders of the FELINE PRIDES will not have the benefits of the protections of the Trust Indenture Act of 1939 other than to the extent applicable to a senior note included in the FELINE PRIDES. Under the terms of the purchase contract agreement, the purchase contract agent will have only limited obligations to the holders of the FELINE PRIDES.

THE SECONDARY MARKET FOR THE FELINE PRIDES MAY BE ILLIQUID.

We are unable to predict how the FELINE PRIDES will trade in the secondary market or whether that market will be liquid or illiquid. There is currently no secondary market for the FELINE PRIDES. The Income PRIDES have been approved for listing on the NYSE. We will not initially list either the Growth PRIDES or the notes; however, in the event that either of these securities are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will attempt to list those securities on the exchange on which the Income PRIDES are then listed. We have been advised by the underwriters that they presently intend to make a market for the Income PRIDES;

however, the underwriters are not obligated to do so and any market making may be discontinued at any time. There can be no assurance as to the liquidity of any market that may develop for the Income PRIDES, the Growth PRIDES or the notes, your ability to sell such securities or whether a trading market, if it develops, will continue. In addition, in the event that sufficient numbers of Income PRIDES are converted to Growth PRIDES, the liquidity of Income PRIDES could be adversely affected. We cannot provide assurance that a listing application for Income PRIDES, Growth PRIDES or notes will be accepted or, if accepted, that the Income PRIDES, Growth PRIDES or notes will not be delisted from the NYSE or that trading in the Income PRIDES, Growth PRIDES or notes will not be suspended as a result of elections to create Growth PRIDES or recreate Income PRIDES through the substitution of collateral that causes the number of these securities to fall below the applicable requirements for listing securities on the NYSE.

DELIVERY OF THE SECURITIES UNDER THE PLEDGE AGREEMENT IS SUBJECT TO POTENTIAL DELAY IF WE BECOME SUBJECT TO A BANKRUPTCY PROCEEDING.

Notwithstanding the automatic termination of the purchase contracts, if we become the subject of a case under the U.S. bankruptcy code, imposition of an automatic stay under Section 362 of the U.S. bankruptcy code may delay the delivery to you of your securities being held as collateral under the pledge arrangement and such delay may continue until the automatic stay has been lifted. The automatic stay will not be lifted until such time as the bankruptcy judge agrees to lift it and return your collateral to you.

WE MAY REDEEM THE NOTES UPON THE OCCURRENCE OF A TAX EVENT.

We have the option to redeem the notes, on not less than 30 days nor more than 60 days prior written notice, in whole but not in part, at any time if a tax event occurs and continues under the circumstances described in this prospectus supplement. If we exercise this option, we will redeem the notes at the redemption price (described later in this prospectus supplement) plus accrued and unpaid interest, if any. If we redeem the notes, we will pay the redemption price in cash to the holders of the notes. If the tax event redemption occurs prior to the successful remarketing of the notes, the redemption price payable to you as a holder of the Income PRIDES will be distributed to the collateral agent, who in turn will apply an amount equal to the redemption price to purchase a portfolio of zero-coupon U.S. Treasury securities on your behalf, and will remit the remainder of the redemption price, if any, to you, and the Treasury securities will be substituted for the notes as collateral to secure your obligations under the purchase contracts related to the Income PRIDES. If your notes are not components of Income PRIDES, you, rather than the collateral agent, will receive redemption payments. There can be no assurance as to the effect on the market prices for the Income PRIDES if we substitute the Treasury securities as collateral in place of any notes so redeemed. A tax event redemption will be a taxable event to the holders of the notes.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE FELINE PRIDES ARE UNCLEAR.

No statutory, judicial or administrative authority directly addresses the treatment of the FELINE PRIDES or instruments similar to the FELINE PRIDES for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the FELINE PRIDES are not entirely clear. In addition, because the notes will be treated as contingent payment debt instruments any gain on the disposition of a senior note prior to the date on which the interest rate on the senior note is reset generally will be treated as ordinary interest income; thus, the ability to offset such

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interest income with a loss, if any, on a purchase contract may be limited.

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BECAUSE THE NOTES WILL BE ISSUED WITH ORIGINAL ISSUE DISCOUNT, YOU WILL HAVE TO INCLUDE INTEREST IN YOUR TAXABLE INCOME BEFORE YOU RECEIVE CASH.

Because the notes will be treated as contingent payment debt instruments, original issue discount will accrue from the issue date of the notes and will be included in your gross income for U.S. federal income tax purposes before you receive a cash payment to which the income is attributable and in an amount greater than the interest payable on the notes prior to the date on which the interest rate on the notes is reset.

THE TRADING PRICE OF THE NOTES MAY NOT FULLY REFLECT THE VALUE OF THEIR ACCRUED BUT UNPAID INTEREST.

The notes may trade at a price that does not fully reflect the value of their accrued but unpaid interest. If you dispose of your notes between record dates for interest payments, you will be required to include in gross income the daily portions of original issue discount through the date of disposition in income as ordinary income, and to add this amount to your adjusted tax basis in the notes disposed of. To the extent the selling price is less than your adjusted tax basis, you will recognize a loss.

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### OTHER RISK FACTORS

OUR GROWTH STRATEGY DEPENDS UPON OUR MAKING NEW INVESTMENTS IN MID-SIZED ASSET MANAGEMENT FIRMS AS WELL AS CONTINUED GROWTH FROM OUR EXISTING AFFILIATES.

Our growth strategy includes acquiring ownership interests in mid-sized investment management firms. To date, we have invested in 17 such firms. We intend to continue this investment program in the future, assuming that we can find suitable firms to invest in and that we can negotiate agreements 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.

While historically our growth has come largely from making new investments, in recent periods the performance of our existing Affiliates has become increasingly important to our growth. We may not be successful in making new investments and the firms we invest in may fail to carry out their growth or management succession plans. As we continue to execute our business strategy, we may experience net losses in the future, which could have an adverse effect on our business, financial condition and results of operations.

WE EXPECT THAT WE WILL NEED TO RAISE ADDITIONAL CAPITAL IN THE FUTURE TO FUND INVESTMENTS IN NEW AND EXISTING AFFILIATES.

The acquisition of interests in new Affiliates is a primary element of our growth strategy. In addition, pursuant to our original investments in our Affiliates, we may be required to purchase additional equity interests in existing Affiliates. A large part of the purchase price we pay for the firms in which we invest usually consists of cash. 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. However, we expect that these sources of capital will not be sufficient to fund future investments in new and existing Affiliates. Therefore, we will need to raise capital by making additional long-term or short-term borrowings, or by selling shares of our stock or other equity or debt securities, including convertible securities, either publicly or privately, in order to complete further

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investments. This could increase our interest expense, decrease our net income or dilute the interests of our existing stockholders. Moreover, we may not be able to obtain financing for future investments on acceptable terms, if at all.

WE RELY, IN PART, ON OUR CREDIT FACILITY TO FUND INVESTMENTS AND WORKING CAPITAL NEEDS; THE CREDIT FACILITY IS SUBJECT TO RISKS ASSOCIATED WITH DEBT FINANCING.

Under our revolving credit facility, we had outstanding borrowings of approximately \$208 million as of November 30, 2001 and the ability to borrow up to an additional \$122 million. We have the option, with the consent of our lenders, to increase the facility by another \$70 million to a total of \$400 million. We can use borrowings under our credit facility for future investments and for our working capital needs only if we continue to meet the financial tests under the terms of our credit facility. We anticipate that we will borrow under the credit facility in the future when we invest in additional investment management firms and to fund our obligations to purchase additional equity interests in existing Affiliates. We also may use the credit facility to refinance other indebtedness, including the Liquid Yield Option Notes Due 2021 (Zero Coupon--Senior) (LYONs) that were issued in May 2001. This will subject us to the risks normally associated with debt financing.

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Our credit facility contains provisions for the benefit of our lenders which could operate in ways that restrict the manner in which we can conduct our business or may have an adverse impact on the interests of our stockholders. For example:

- Our borrowings under the credit facility are collateralized by pledges of all of our interests in our Affiliates, as well as and including all interests indirectly held through wholly-owned subsidiaries.
- Our credit facility contains, and future debt instruments may contain, restrictive covenants that could limit our ability to obtain additional debt financing and could adversely affect our ability to make future investments in investment management firms.
- Our credit facility prohibits us from paying dividends and other distributions to our stockholders and restricts us, our Affiliates and any other subsidiaries we may have from incurring indebtedness, incurring liens, disposing of assets and engaging in extraordinary transactions. We are also required to comply with the credit facility's financial covenants on an ongoing basis.
- We cannot borrow under our credit facility unless we comply with its requirements.

Because indebtedness under our credit facility bears interest at variable rates, interest rate increases will increase our interest expense, which could adversely affect our cash flow and ability to meet our debt service obligations. Although we are currently a 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. Our credit facility matures in December 2002. We may not be able to obtain new financing at terms similar to our current facility, which may have the effect of increasing our interest expense or decreasing our net income.

THE FAILURE TO RECEIVE REGULAR DISTRIBUTIONS FROM OUR AFFILIATES WOULD ADVERSELY AFFECT US.

Because we are a holding company, we receive all of our cash from distributions made to us by our Affiliates. All of our Affiliates, other than

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The Managers Funds LLC, have entered into agreements with us under which they have agreed to pay to us a specified percentage of their gross revenues. In our agreements with our Affiliates, the distributions made to us by our Affiliates represent only a portion of our Affiliates' gross revenues. Our Affiliates use the portion of their revenues not required to be distributed to us to pay their operating expenses and distributions to their management teams. The payment of distributions to us by our Affiliates may be subject to the claims of our Affiliates' creditors and to limitations applicable to our Affiliates under state laws governing corporations, partnerships and limited liability companies, state and federal regulatory requirements for the securities industry and bankruptcy and insolvency laws. Additionally, we may defer the receipt of our share of an Affiliate's revenue to permit an Affiliate to fund its operating expenses. As a result, we cannot guarantee that we will always receive these distributions from our Affiliates.

OUR OBLIGATIONS TO PURCHASE ADDITIONAL EQUITY IN OUR AFFILIATES MAY ADVERSELY AFFECT US.

When we made our original investments in our Affiliates, we agreed to purchase the additional ownership interests in each Affiliate from the owners of these interests on pre-negotiated terms, which are subject to several conditions and limitations. Consequently, we will have to purchase some of these interests from time to time for cash, which we may have to borrow, or in exchange for newly issued shares of our common stock. These purchases are likely to be substantial and may result in us having more interest expense and less net income or in our existing stockholders experiencing a dilution of their ownership of us. In addition, because these pre-negotiated terms are generally based on trailing revenues, we cannot assure you that the value of the equity we purchased is equal to the purchase price we must pay. 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.

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WE ARE SUBJECT TO CHANGE IN CONTROL AND PURCHASE OBLIGATION PROVISIONS UNDER THE LYONS AND CHANGE IN CONTROL PROVISIONS UNDER OUR CREDIT FACILITY, WHICH COULD LIMIT OUR ABILITY TO SATISFY CERTAIN OBLIGATIONS.

In May of 2001 we issued Liquid Yield Option Notes Due 2021 (Zero Coupon--Senior) in a private placement. Upon the occurrence of specific kinds of change in control events occurring on or before May 7, 2006, we will be required to offer to repurchase all outstanding LYONs. However, it is possible that we will not have sufficient funds available at such time to make the required repurchase of the LYONs.

Beginning in May 2002, holders of LYONs may require us to purchase all or a portion of the notes at predetermined prices. We may choose to pay the purchase price in cash or common stock or a combination of cash and common stock. At such time, we may not have sufficient funds available to make the required repurchase, and the issuance of a significant number of shares of common stock may cause the price of our common stock to fall.

In addition, we are subject to change in control provisions with respect to our credit facility. Under that facility, specified change of control events 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.

WE HAVE SUBSTANTIAL INTANGIBLES ON OUR BALANCE SHEET; ANY RE-EVALUATION OF OUR INTANGIBLES COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS AND FINANCIAL

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POSITION.

At September 30, 2001, our total assets were \$948.6 million, of which \$648.8 million 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, these intangible assets on a straight-line basis over periods ranging from seven to 28 years in the case of acquired client relationships. Historically, we have also amortized goodwill on this basis over periods ranging from 15 to 35 years. However, as discussed below, as the result of new accounting rules this year, we will cease to amortize goodwill and certain other intangible assets after 2001. We evaluate each investment and establish appropriate amortization periods based on a number of factors including:

- the firm's historical and potential future operating performance and rate of attrition among clients;
- the stability and longevity of existing client relationships;
- the firm's recent, as well as long-term, investment performance;
- the characteristics of the firm's products and investment styles;
- the stability and depth of the firm's management team; and
- the firm's history and perceived franchise or brand value.

After making each investment, we reevaluate these and other factors on a regular basis to determine if the related intangible assets continue to be realizable and if the amortization period continues to be appropriate. Any future determination requiring the write-off of a significant portion of unamortized intangible assets could adversely affect our results of operations and financial position. In addition, we intend to invest in additional investment management firms in the future. While these firms may contribute additional revenue to us, they will also result in the recognition of additional intangible assets which will cause further increases in amortization expense.

In July 2001, the Financial Accounting Standards Board issued Financial Accounting Standard No. 141 ("FAS 141"), "Business Combinations," and Financial Accounting Standard No. 142

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("FAS 142"), "Goodwill and Other Intangible Assets." FAS 141 limits the method of accounting for business combinations to the purchase method and establishes new criteria for the recognition of other intangible assets. FAS 142 requires that goodwill and other intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually.

FAS 141 became effective as of July 1, 2001, except with regard to business combinations initiated prior to that date. While FAS 142 will generally become effective January 1, 2002, goodwill and any other intangible assets determined to have indefinite lives that are acquired in a purchase business combination completed after June 30, 2001 will not be amortized from the date of their acquisition.

Upon the effectiveness of FAS 142, FAS 141 requires that intangibles acquired in prior business combinations be reviewed for impairment. Any impairment loss will be measured as of the date of the adoption and recognized as a cumulative effect of a change in accounting principle in the first interim period. At this time, we do not expect that the adoption of these statements will result in any material reclassification of our goodwill or material

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impairment of our intangible assets. If our understanding of, and assumptions concerning, FAS 141 and FAS 142 are incorrect, it could have a material adverse effect on our reported earnings.

WE AND OUR AFFILIATES RELY ON CERTAIN KEY PERSONNEL AND CANNOT GUARANTEE THEIR CONTINUED SERVICE.

We depend on the efforts of William J. Nutt, our Chairman and Chief Executive Officer, Sean M. Healey, our President and Chief Operating Officer, and our other officers. Messrs. Nutt and Healey, in particular, play an important role in the growth of our existing Affiliates and in identifying additional suitable investment opportunities for us. Messrs. Nutt and Healey do not have employment agreements with us, although each of them has a significant equity interest in us, including options subject to vesting provisions.

In addition, our Affiliates depend heavily on the services of key principals, who in many cases have managed their firms for many years prior to our investment. These principals are primarily responsible for all investment decisions. Although the key principals generally have significant equity interests in their firms, and in many cases have entered into employment agreements, these arrangements are not a guarantee that such principals will remain with their firms.

Our loss of key management personnel or our inability to attract, retain and motivate sufficient numbers of qualified management personnel may adversely affect our business. The market for investment managers is extremely competitive and is increasingly characterized by frequent movement by investment managers among different firms. In addition, individual investment managers at our Affiliates often maintain a strong, personal relationship with their clients based on the clients' trust in individual managers. Therefore, the loss of a key investment manager at an Affiliate could jeopardize the Affiliate's relationships with its clients and lead to the loss of client accounts. Losing client accounts in these circumstances could have a material adverse effect on the results of our operations and our financial condition and that of our Affiliates. Although we use a combination of economic incentives, vesting provisions, and, in some instances, non-solicitation agreements and employment agreements in an attempt to retain key management personnel, we cannot guarantee that key managers will remain with us.

BECAUSE OUR AFFILIATES OFFER A BROAD RANGE OF INVESTMENT MANAGEMENT SERVICES AND UTILIZE A NUMBER OF DISTRIBUTION CHANNELS, CHANGING CONDITIONS IN THE FINANCIAL AND SECURITIES MARKETS DIRECTLY AFFECT OUR PERFORMANCE.

Prior to the year 2000, the investment management sector had been one of the fastest growing sectors in the financial services industry. As one example of this growth, the assets under management of mutual funds increased at a compound annual growth rate of 25% from 1995 to the end of 1999, to

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a total of \$6.8 trillion at the end of 1999, according to the Investment Company Institute. In 2000 and during the first eleven months of 2001, however, the investment management sector, like the financial services industry more broadly, experienced extraordinary volatility, as equity markets declined significantly. In 2000, the Dow Jones Industrial Average declined 6.2% and the NASDAQ Composite Index declined 39.3%, and from January 1, 2001 to November 30, 2001, the Dow Jones Industrial Average declined 8.7% and the NASDAQ Composite Index declined 21.8%.

Domestic and foreign economic conditions and general trends in business and finance, among other factors, affect the financial markets and businesses operating in the securities industry. Broader market performance may continue to

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be unfavorable in the future. A continued decline in the financial markets or a lack of sustained growth may result in a corresponding decline in our Affiliates' performance and may cause our Affiliates to experience declining assets under management and/or fees, which would reduce cash flow distributable to us.

Our Affiliates' investment management contracts provide for payment based on the market value of assets under management, although a portion also provide for payment based on investment performance. Because most of these contracts provide for payments based on market values of securities, fluctuations in securities prices will directly affect our consolidated results of operations and financial condition. Changes in our Affiliates' clients' investment patterns will also affect the total assets under management.

Investment management contracts at some of our Affiliates provide that fees are paid on the basis of investment performance. Fees based on investment performance are inherently dependent on investment results, and therefore may vary substantially from year to year. In particular, performance-based fees were of an unusual magnitude in 1998 and 1999, but were not as significant in 2000, and may not recur to even the same magnitude as in 2000 in 2001 or future years, if at all. To the extent contracts are concentrated within styles or sectors, they are subject to the continuing impact of fluctuating securities prices in those styles and sectors as well as the performance of the relevant Affiliates.

OUR AFFILIATES' INVESTMENT MANAGEMENT CONTRACTS ARE SUBJECT TO TERMINATION ON SHORT NOTICES.

Our Affiliates derive almost all of their revenues from investment management contracts. These contracts are typically terminable without penalty upon 60 days notice in the case of mutual fund clients or upon 30 days notice in the case of individual and institutional clients. As a result, our Affiliates' clients may withdraw funds from accounts managed by the Affiliates at their election. Moreover, some of our Affiliates' fees are higher than those of other investment managers for similar types of investment services. The ability of each of our Affiliates to maintain its fee levels in a competitive environment depends on its ability to provide clients with investment returns and services that are satisfactory to its clients. We cannot be certain that our Affiliates will be able to retain their existing clients or to attract new clients at their current fee levels. If our Affiliates' clients withdraw a substantial amount of funds, it could have a material adverse effect on us.

AFFILIATES' AUTONOMY EFFECTIVELY LIMITS OUR ABILITY TO ALTER THEIR MANAGEMENT PRACTICES AND POLICIES.

Although our agreements with our Affiliates give us the authority to control some types of business activities undertaken by them and we have voting rights with respect to significant decisions, our Affiliates manage their own day-to-day operations, including all 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 one of our Affiliates' non-compliance with a regulatory requirement as quickly as if we were involved in the day-to-day business of the Affiliate or we may not become aware of such non-compliance at all. In these situations, our financial

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condition and results of operations may be adversely affected by problems stemming from the day-to-day operations of our Affiliates.

WE MAY BE RESPONSIBLE FOR LIABILITIES INCURRED BY OUR AFFILIATES.

Some of our existing Affiliates are partnerships of which we are the general

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partner. Consequently, to the extent any of these Affiliates incurs liabilities or expenses which exceed its ability to pay for them, we are liable for their payment. In addition, with respect to all of our Affiliates we may be held liable in some circumstances as a control person for their acts as well as those of their employees. We and our Affiliates maintain errors and omissions and general liability insurance in amounts that we and they believe to be adequate to cover many potential liabilities. We cannot be certain, however, that we will not have claims which 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 or at a reasonable cost. A judgment against us or any of our Affiliates in excess of our available coverage could have a material adverse effect on us.

OUR INDUSTRY AND OUR AFFILIATES' INDUSTRY ARE HIGHLY COMPETITIVE.

We are an asset management company which acquires and holds mid-sized investment management firms. The market for partial or total 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, have significantly greater resources than us, and invest in or buy investment management firms. We cannot guarantee that we will be able to compete effectively with such competitors, that new competitors will not enter the market or that such competition will not make it more difficult or impracticable for us to make new investments in investment management firms.

Our Affiliates compete with a broad range of investment managers, including public and private investment advisers as well as firms associated with securities broker-dealers, banks, insurance companies and other entities. From time to time, our Affiliates may also compete with each other for clients. Many of our Affiliates' competitors have greater resources than do we and our Affiliates. In addition to competing directly for clients, competition may reduce the fees that our Affiliates can obtain for their services. We believe that each Affiliate's ability to compete effectively with other firms is dependent upon the Affiliate's products, level of investment performance and client service, as well as the marketing and distribution of its investment products. We cannot be certain that our Affiliates will be able to achieve favorable investment performance and retain their existing clients.

OUR INTERNATIONAL OPERATIONS ARE SUBJECT TO POLITICAL, REGULATORY, ECONOMIC AND CURRENCY RISKS.

Some of our affiliated investment management firms operate or advise clients outside of the United States. Furthermore, in the future we may invest in investment management firms that operate or advise clients outside of the United States and our existing Affiliates may expand their non-U.S. operations. Our Affiliates take risks inherent in doing business internationally, such as changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, longer payment cycles, difficulties in collecting investment advisory fees receivable, political instability, fluctuations in currency exchange rates, expatriation controls and potential adverse tax consequences. We cannot be certain that one or more of these risks will not have an adverse effect on us or our Affiliates, including investment management firms in which we may invest in the future, and, consequently, on our consolidated business, financial condition and results of operations.

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OUR AFFILIATES' BUSINESSES ARE HIGHLY REGULATED.

Many aspects of our Affiliates' businesses are subject to extensive

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regulation by various U.S. federal regulatory authorities, certain state regulatory authorities, and non-U.S. regulatory authorities. We cannot assure you that our Affiliates will fulfill all applicable regulatory requirements. The failure of any Affiliate to meet regulatory requirements could subject that Affiliate to sanctions which might materially impact the Affiliate's business and our business.

THE PRICE OF OUR COMMON STOCK HISTORICALLY HAS BEEN VOLATILE; WE HAVE NOT PAID DIVIDENDS ON OUR COMMON STOCK.

The market price of our common stock has historically experienced and may continue to experience high volatility. Our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us or our competitors could cause the market price of our common stock to fluctuate substantially. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. 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. We have never declared or paid a cash dividend on our common stock. We intend to retain earnings to repay debt and to finance the growth and development of our business and do not anticipate paying cash dividends on our common stock in the foreseeable future. Any declaration of cash dividends in the future will depend, among other things, upon our results of operations, financial condition and capital requirements as well as general business conditions. Our credit facility also prohibits us from making dividend payments to our stockholders.

A SUBSTANTIAL PORTION OF OUR COMMON STOCK IS HELD BY A SMALL NUMBER OF INVESTORS AND CAN BE RESOLD OR IS SUBJECT TO REGISTRATION RIGHTS.

If our stockholders sell substantial amounts of our common stock, including shares issued upon the exercise of outstanding options, in the public market, the market price of our common stock could fall. Such sales may also make it more difficult for us to sell equity or equity-related securities in the public market in the future at a time and at a price that we deem appropriate.

In addition, we have registered for resale the 3,250,000 shares of our common stock reserved for issuance under our stock option plan. As of November 30, 2001, options to purchase 2,853,908 shares of our common stock were outstanding and, upon exercise of these options, the underlying shares will be eligible for sale in the public market from time to time. The possible sale of a significant number of these shares may cause the price of our common stock to fall.

In addition, some of the managers of our Affiliates have the right under some circumstances to exchange portions of their interests in our Affiliates for shares of our common stock. Some of these managers also have the right to include these shares in a registration statement filed by us under the Securities Act of 1933. By exercising their registration rights and causing a large number of shares to be sold in the public market, these holders may cause the price of our common stock to fall. In addition, any demand to include shares in our registration statements could have an adverse effect on our ability to raise needed capital.

OUR HOLDING COMPANY STRUCTURE RESULTS IN SUBSTANTIAL STRUCTURAL SUBORDINATION AND MAY AFFECT OUR ABILITY TO MAKE PAYMENTS ON OUR DEBT OBLIGATIONS OR TO PAY DIVIDENDS OR DISTRIBUTIONS ON OTHER SECURITIES.

We are a holding company and, accordingly, receive substantially all of our cash, other than funds obtained through financings, from distributions and loans made to us by our Affiliates and subsidiaries. As a result, our cash flow and our ability to service our debt and to pay any dividends or other

distributions to our stockholders is dependent upon the earnings of our Affiliates and subsidiaries. In addition, we are dependent on the distribution of revenues by our Affiliates and subsidiaries to us.

Our Affiliates and subsidiaries are separate and distinct legal entities. We do not own 100% of the equity interests of our Affiliates, other than The Managers Funds LLC. Our Affiliates and subsidiaries have no obligation to pay amounts due on our debt obligations. Under the organizational documents of the Affiliates, the allocations and distributions of cash to us generally take priority over the allocations and distributions to the other owners of the Affiliates, but we cannot guarantee that our Affiliates will always make these distributions. The payment of distributions to us by our Affiliates may be subject to the claims of our Affiliates' creditors and to limitations applicable to our Affiliates under state laws governing corporations, partnerships and limited liability companies, state and federal regulatory requirements for the securities industry and bankruptcy and insolvency laws. Payments to us by our Affiliates and subsidiaries will also be contingent upon our Affiliates' and subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our Affiliates or subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of any debt instruments or other securities issued by us to participate in those assets, will be structurally subordinated to the claims of that Affiliate's or subsidiary's creditors, including trade 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 in the assets of our Affiliates or subsidiaries and any indebtedness of our Affiliates or subsidiaries senior to that held by us. In addition, our borrowings under our credit facility are collateralized by pledges of all of our interests in Affiliates, including all interests which are directly held by us, as well as all interests which are indirectly held by us through wholly-owned subsidiaries, which interests represent substantially all of our assets.

As of November 30, 2001, our Affiliates and subsidiaries had debt outstanding on a consolidated basis of approximately \$0.8 million, in addition to other liabilities, including trade payables, to which any of our debt obligations may be structurally subordinated as described above.

OUR CHARTER AND BY-LAWS AND DELAWARE LAW MAY IMPEDE TRANSACTIONS FAVORABLE TO OUR STOCKHOLDERS.

Several provisions of our amended and restated certificate of incorporation, our amended and restated by-laws and Delaware law may, together or separately, prevent a transaction which is beneficial to our stockholders from occurring. These provisions may discourage potential purchasers from presenting acquisition proposals, delay or prevent potential purchasers from acquiring a controlling interest in us, block the removal of incumbent directors or limit the price that potential purchasers might be willing to pay in the future for shares of our common stock. These provisions include the issuance, without further stockholder approval, of preferred stock with rights and privileges which could be senior to the common stock or other classes of preferred stock. We are also subject to Section 203 of the Delaware General Corporation Law which, subject to a few exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder.

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### FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain statements that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "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 investment in additional investment management firms;
- the availability of debt and equity financing to fund investments in firms;
- future borrowing 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.

We cannot assure the future results or outcome of the matters described in any of those statements, which 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 above under "Risk Factors" as well as the following:

- changes in the securities or financial markets or in general economic conditions;
- the availability of equity and debt financing;
- competition for acquisitions of interests in investment management firms;
- our ability to complete pending 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 promise to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

### ACCOUNTING TREATMENT

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The net proceeds from the sale of the FELINE PRIDES will be allocated between the purchase contracts and the notes in our financial statements based on the underlying fair value of each instrument.

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The purchase contracts are forward transactions in our common stock. Upon settlement of a purchase contract, we will receive \$25 on that purchase contract and will issue the requisite number of shares of our common stock. The \$25 we receive will be credited to stockholders' equity and allocated between our common stock and additional paid-in-capital accounts.

Before the issuance of shares of our common stock upon settlement of the purchase contracts, the purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts less the number of shares that could be purchased by us in the market, at the average market price during the period, using the proceeds receivable upon settlement. Consequently, we anticipate that there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above \$84.0650.

### USE OF PROCEEDS

The net proceeds to be received by us from this offering, after deducting the discount and estimated expenses are estimated to be approximately \$193.1 million (or approximately \$222.2 million if the underwriters exercise their overallotment option in full). The aggregate net proceeds from this offering of the FELINE PRIDES will be used to reduce the \$208 million of outstanding borrowings under our credit facility and for general corporate purposes. The outstanding borrowings under our credit facility currently bear interest at approximately 2.80%.

### RATIOS OF EARNINGS TO FIXED CHARGES

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

	PRO FORMA				
	NINE MONTHS ENDED SEPTEMBER 30, 2001		NINE MONTHS ENDED SEPTEMBER 30, 2001		YEAR ENDED DECEMBER 31, 1999
	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999
Ratios.....	6.7x	8.8x	8.8x	9.3x	15.4x
	YEAR ENDED DECEMBER 31, 1996 -----				
Ratios.....	2.3x				

For the purpose of computing the ratios of earnings to fixed charges,

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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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### CAPITALIZATION

The following table sets forth our actual capitalization as of September 30, 2001, and pro forma capitalization which gives effect to (i) our recent investments in Friess Associates, LLC and Welch & Forbes, LLC and (ii) this offering of our FELINE PRIDES and the anticipated application of the estimated net proceeds therefrom to reduce the indebtedness under our credit facility. From time to time, we may issue additional debt or equity securities. The following information should be read in conjunction with our consolidated financial statements, including the notes thereto, which are incorporated herein by reference. See "Where You Can Find More Information" in the accompanying prospectus.

	SEPTEMBER 30, 2001	
	ACTUAL	PRO FORMA
	(IN THOUSANDS)	
Long-term senior debt.....	\$277,603	\$ 442,503
Subordinated debt.....	800	800
	-----	-----
Total debt.....	\$278,403	\$ 443,303
	=====	=====
Stockholders' equity:		
Common stock.....	\$ 235	\$ 235
Additional paid-in-capital.....	409,588	405,088
Accumulated other comprehensive loss.....	(1,485)	(1,485)
Retained earnings.....	177,902	177,902
	-----	-----
Less treasury stock, at cost.....	(51,897)	(51,897)
	-----	-----
Total stockholders' equity.....	\$534,343	\$ 529,843
	-----	-----
Total capitalization.....	\$812,746	\$ 973,146
	=====	=====

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### SUMMARY SELECTED FINANCIAL DATA (IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth a summary of our historical financial data for the periods and as of the dates presented and is qualified in its entirety by, and should be read in conjunction with, the consolidated financial statements, the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" filed by us with the SEC which are incorporated in this prospectus supplement by reference. The financial data for each of the years ended December 31, 1996 through 2000 has been derived from our audited consolidated financial statements. The financial data for the nine

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months ended September 30, 2001 and September 30, 2000 has been derived from our unaudited consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of our financial position and operating results for these periods have been included. Historical results are not necessarily indicative of our future results and interim period results are not necessarily indicative of the results that may be expected for the full year.

(IN THOUSANDS, EXCEPT AS INDICATED AND PER SHARE DATA)	NINE MONTHS ENDED		YEAR ENDED		
	SEPTEMBER 30, 2001	SEPTEMBER 30, 2000	2000	1999	1998
(UNAUDITED)					
STATEMENT OF OPERATIONS DATA					
Revenues.....	\$297,722	\$343,898	\$458,708	\$518,726	\$230,000
Net income (loss) (1).....	37,389	41,870	56,656	72,188	2,000
Earnings per share--diluted.....	1.65	1.84	2.49	3.18	0.10
Average shares					
outstanding--diluted(2).....	22,684	22,763	22,749	22,693	1,000
OTHER FINANCIAL DATA					
EBITDA(3).....	96,805	106,023	142,378	166,801	7,000
Cash Net Income(4).....	62,399	64,858	87,676	98,318	4,000
Cash earnings per share--diluted(5)...	2.75	2.85	3.85	4.33	0.40

	AS OF		AS OF DECEMBER 31		
	SEPTEMBER 30, 2001	SEPTEMBER 30, 2000	2000	1999	1998
(UNAUDITED)					
BALANCE SHEET DATA					
Intangible assets(6).....	\$648,755	\$646,940	\$643,470	\$571,881	\$490,000
Total assets.....	948,565	814,628	793,730	909,073	605,000
Total debt.....	278,403	182,808	151,800	175,300	213,000
Stockholders' equity(2).....	534,343	487,624	493,910	477,986	313,000

(1) Net income for 1996 and 1997 reflect extraordinary items of \$1.0 million and \$10.0 million, respectively, related to the replacement of AMG's previous credit facilities with new facilities.

(2) In connection with our initial public offering in November 1997, we raised \$189 million from the sale of 8.7 million shares of common stock and 8.0 million shares of preferred stock converted to shares of common stock. In March 1999, we raised \$102.3 million from our sale of an additional 4.0 million shares of common stock.

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- (3) EBITDA represents earnings before interest expense, income taxes, depreciation and amortization and extraordinary items. We believe EBITDA may be useful to investors as an indicator of our ability to service debt, make new investments and meet working capital requirements. EBITDA is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA, as calculated by us, may not be consistent with computations of EBITDA by other companies.

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- (4) For these periods, Cash Net Income represents net income plus depreciation and amortization and extraordinary items. We believe that this measure may be useful to investors as another indicator of funds available to the Company, which may be used to make new investments, repay debt obligations, repurchase shares of Common Stock or pay dividends on Common Stock. Cash Net Income is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Cash Net Income, as calculated by us, may not be consistent with computations of Cash Net Income by other companies.
- (5) Cash earnings per share represents Cash Net Income divided by average shares outstanding.
- (6) Intangible assets have increased with each new investment in an Affiliate. From our inception through September 30, 2001, we made investments in fifteen Affiliates.

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### PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed and traded on the New York Stock Exchange under the symbol "AMG." The following table provides, for the calendar quarters indicated, the high and low closing prices per share on the New York Stock Exchange for the periods shown below as reported on the New York Stock Exchange Composite Tape.

PERIOD -----	HIGH -----	LOW -----
1999:		
First Quarter.....	\$33.06	\$24.00
Second Quarter.....	32.25	25.00
Third Quarter.....	31.38	24.88
Fourth Quarter.....	40.44	23.00
2000:		
First Quarter.....	\$50.00	\$33.00
Second Quarter.....	45.50	31.38
Third Quarter.....	64.25	42.50
Fourth Quarter.....	63.63	44.19
2001:		
First Quarter.....	\$62.00	\$44.00
Second Quarter.....	63.90	43.60
Third Quarter.....	71.90	55.01

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Fourth Quarter (through December 17, 2001).....

73.34

56.79

On December 17, 2001, the last reported sale price of our common stock on the NYSE was \$73.10. As of December 17, 2001, there were approximately 46 holders of record of our common stock.

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

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### DESCRIPTION OF THE FELINE PRIDES

We summarize below the principal terms of the units, which we refer to as the "FELINE PRIDES," and the purchase contracts and notes which comprise the FELINE PRIDES. The following description is not complete, and we refer you to the agreements which will govern your rights as a holder of FELINE PRIDES. See "Where You Can Find More Information" in the accompanying prospectus. In addition, to the extent that the following description is not consistent with those contained in the accompanying prospectus under "Description of Debt Securities" and "Description of Capital Stock," you should rely on this description.

We will issue the FELINE PRIDES under the purchase contract agreement between the purchase contract agent and us. The FELINE PRIDES initially will consist of 8,000,000 Income PRIDES (9,200,000 Income PRIDES if the underwriters exercise their overallotment option in full), each with a stated amount of \$25.

### OVERVIEW

Each FELINE PRIDES will have a stated amount of \$25. Each FELINE PRIDES will initially consist of a unit consisting of:

- (1) a purchase contract pursuant to which the holder will agree to purchase, and we will agree to sell, for \$25, a fraction of newly issued shares of our common stock on November 17, 2004, the number of which will be determined by the settlement rate described below, based on an average trading price of our common stock for a period preceding that date; and
- (2) either
  - a senior note with a principal amount of \$25, on which we will pay interest quarterly at the initial annual rate of 6%, or
  - following a successful remarketing of the notes on the third business day immediately preceding August 17, 2004, or the occurrence of a tax event redemption prior to November 17, 2004, the appropriate applicable ownership interest in a portfolio of zero-coupon U.S. Treasury securities, which we refer to as the Treasury portfolio.

"Applicable ownership interest" means, with respect to an Income PRIDES and the U.S. Treasury securities in the Treasury portfolio:

- a 1/40th, or 2.5%, undivided beneficial ownership interest in a \$1,000 principal or interest amount of a principal or interest strip in a U.S. Treasury security included in the Treasury portfolio that matures on or prior to November 15, 2004; and

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- for the scheduled interest payment date on the notes that occurs on November 17, 2004, in the case of a successful remarketing of the notes, or for each scheduled interest payment date on the notes that occurs after the tax event redemption date and on or before November 17, 2004, in the case of a tax event redemption, a 0.0375% undivided beneficial ownership interest in a \$1,000 principal or interest amount of a principal or interest strip in a U.S. Treasury security included in the Treasury portfolio that matures on or prior to that interest payment date.

The notes will initially be pledged to secure your obligations under the purchase contract. The purchase contracts, together with the pledged notes or, after a successful remarketing, the Treasury portfolio, are referred to in this prospectus supplement as "Income PRIDES." Each holder of Income PRIDES may elect to withdraw the pledged notes or the Treasury portfolio underlying the Income PRIDES by substituting, as pledged securities, specifically identified Treasury securities that will pay \$25 on November 17, 2004, the amount due on such date under each purchase contract. If a holder of Income PRIDES elects to substitute Treasury securities as pledged securities, the pledged notes or the

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Treasury portfolio will be released from the pledge agreement and delivered to the holder. The Income PRIDES would then become "Growth PRIDES." Holders of Growth PRIDES may recreate Income PRIDES by resubstituting the notes (or, after a successful remarketing, the Treasury portfolio) for the Treasury securities underlying the Growth PRIDES.

As a beneficial owner of the FELINE PRIDES, you will be deemed to have:

- irrevocably agreed to be bound by the terms of the purchase contract agreement, pledge agreement and purchase contract for so long as you remain a beneficial owner of such FELINE PRIDES; and
- appointed the purchase contract agent under the purchase contract agreement as your agent and attorney-in-fact to enter into and perform the purchase contract on your behalf.

In addition, as a beneficial owner of the FELINE PRIDES, you will be deemed by your acceptance of the FELINE PRIDES to have agreed, for all tax purposes, to treat yourself as the owner of the related notes, or the Treasury securities, as the case may be, and to treat the notes as our indebtedness.

At the closing of the offering of the FELINE PRIDES, the underwriters will purchase the FELINE PRIDES. The purchase price of each FELINE PRIDES will be allocated by us between the related purchase contract and the related senior note. The notes will then be pledged to the collateral agent to secure the obligations owed to us under the purchase contracts.

We will enter into:

- a purchase contract agreement with First Union National Bank, as purchase contract agent, governing the appointment of the purchase contract agent as the agent and attorney-in-fact for the holders of the FELINE PRIDES, the purchase contracts, the transfer, exchange or replacement of certificates representing the FELINE PRIDES and certain other matters relating to the FELINE PRIDES; and
- a pledge agreement with First Union National Bank, as collateral agent, custodial agent and securities intermediary creating a pledge and security interest for our benefit to secure the obligations of holders of the FELINE PRIDES under the purchase contracts.

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### CREATING GROWTH PRIDES AND RECREATING INCOME PRIDES

Each holder of Income PRIDES will have the ability to "strip" those Income PRIDES and take delivery of the pledged notes (or after a successful remarketing, the Treasury portfolio), creating "Growth PRIDES," and holders of Growth PRIDES will have the ability to recreate Income PRIDES from their Growth PRIDES by depositing notes (or after a successful remarketing, the Treasury portfolio) as described in more detail below. Holders who elect to create Growth PRIDES or recreate Income PRIDES will be responsible for any related fees or expenses.

CREATING GROWTH PRIDES. Unless the Treasury portfolio has replaced the notes as a component of the Income PRIDES as the result of a successful remarketing of the notes or a tax event redemption, each holder of Income PRIDES will have the right, at any time on or prior to the fifth business day immediately preceding November 17, 2004, to substitute for the related notes held by the collateral agent zero-coupon U.S. Treasury securities (CUSIP No. 912803AB9) maturing on November 15, 2004, which we refer to as Treasury securities, in a total principal amount at maturity equal to the aggregate principal amount of the notes for which substitution is being made. This substitution will create Growth PRIDES, and the applicable notes will be released to the holder.

Because Treasury securities are issued in multiples of \$1,000, holders of the Income PRIDES may make this substitution only in integral multiples of 40 Income PRIDES. If the Treasury portfolio has

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replaced the notes as a component of the Income PRIDES as the result of a successful remarketing of the notes or a tax event redemption, holders of Income PRIDES may make substitutions only in multiples of 8,000 Income PRIDES, at any time on or prior to the second business day immediately preceding November 17, 2004. In such a case, holders would also obtain the release of the appropriate applicable ownership interest in the Treasury portfolio rather than a release of the applicable notes.

Each Growth PRIDES will consist of a unit with a stated amount of \$25 and will contain two components:

- (1) a purchase contract pursuant to which
  - the holder will purchase from us no later than November 17, 2004, for the stated amount, a fraction of a newly issued share of our common stock equal to the settlement rate described below under "Description of the Purchase Contracts--Purchase of Common Stock," and
- (2) a 1/40th, or 2.5%, undivided beneficial ownership interest in a Treasury security that matures on November 15, 2004, and has a principal amount at maturity of \$1,000.

To create Growth PRIDES, you must:

- deposit with the collateral agent the Treasury securities described above, which will be substituted for the pledged notes or Treasury securities underlying your Income PRIDES and pledged with the collateral agent to secure your obligation to purchase our common stock under the purchase contract;
- transfer the Income PRIDES to the purchase contract agent; and

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- deliver a notice to the purchase contract agent stating that you have deposited the specified Treasury securities with the collateral agent and are requesting that the purchase contract agent instruct the collateral agent to release to you the pledged notes or Treasury securities underlying the Income PRIDES.

Upon that deposit and the receipt of an instruction from the purchase contract agent, the collateral agent will effect the release to the purchase contract agent of the underlying pledged notes or Treasury securities from the pledge under the pledge agreement free and clear of our security interest. The purchase contract agent will:

- cancel the Income PRIDES;
- transfer to you the underlying pledged notes or Treasury securities; and
- deliver to you the Growth PRIDES.

Any notes released to you will be tradable separately from the resulting Growth PRIDES. Interest on the notes will continue to be payable in accordance with their terms.

RECREATING INCOME PRIDES. Unless the Treasury portfolio has replaced the notes as a component of the Income PRIDES as the result of a successful remarketing of the notes or a tax event redemption, each holder of Growth PRIDES will have the right, at any time on or prior to the fifth business day immediately preceding November 17, 2004, to substitute for the related Treasury securities held by the collateral agent notes in an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury securities. This substitution would create Income PRIDES, and the applicable Treasury securities would be released to the holder.

Because Treasury securities are issued in integral multiples of \$1,000, holders of Growth PRIDES may make this substitution only in integral multiples of 40 Growth PRIDES. If the Treasury portfolio has replaced the notes as a component of the income PRIDES as the result of a successful remarketing of the notes or a tax event redemption, holders of the Growth PRIDES may make this substitution at

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any time on or prior to the second business day immediately preceding November 17, 2004, but using the appropriate applicable ownership interest in the Treasury portfolio instead of notes and only in integral multiples of 8,000 Growth PRIDES.

To recreate Income PRIDES from Growth PRIDES, you must:

- deposit with the collateral agent:
  - if the substitution occurs prior to the remarketing of the notes, notes having an aggregate principal amount equal to the aggregate stated amount of your Growth PRIDES; and
  - if the substitution occurs after the remarketing of the notes or the occurrence of a tax event redemption, the applicable Treasury securities then constituting a part of the Income PRIDES;
- transfer the Growth PRIDES to the purchase contract agent; and deliver a notice to the purchase contract agent stating that you have deposited the notes or Treasury securities with the collateral agent and are requesting that the purchase contract agent instruct the collateral

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agent to release to you the pledged Treasury securities underlying those Growth PRIDES.

The notes or Treasury securities will be substituted for the Treasury securities underlying your Growth PRIDES and will be pledged with the collateral agent to secure your obligation to purchase our common stock under your purchase contract.

Upon the deposit and receipt of an instruction from the purchase contract agent, the collateral agent will effect the release to the purchase contract agent of the underlying pledged Treasury securities from the pledge under the pledge agreement free and clear of our security interest. The purchase contract agent will:

- cancel the Growth PRIDES;
- transfer to you the underlying Treasury securities; and
- deliver to you the Income PRIDES.

### CURRENT PAYMENTS

If you hold Income PRIDES, you will receive payments consisting of quarterly interest payments on the notes at the annual rate of 6% of the principal amount of \$25 per senior note until a successful remarketing of the notes, and a quarterly payment on November 17, 2004 from specified pledged Treasury securities, at the same annual rate as was initially paid on the notes.

If you hold Growth PRIDES, you will not receive periodic payments on the Growth PRIDES. However, you will be required for U.S. federal income tax purposes to recognize original issue discount on the Treasury securities on a constant yield basis or acquisition discount on the Treasury securities when it is paid or accrues generally in accordance with your regular method of tax accounting.

If you hold notes separately from the FELINE PRIDES, you will only receive the interest payment on the notes. The notes, whether held separately or as part of the FELINE PRIDES, will initially pay interest at the annual rate of 6% of the principal amount of \$25 per senior note. The rate of interest on the notes will be reset for the quarterly payments payable on and after November 17, 2004, and interest payments on the notes will be made at the reset rate from the date the notes are successfully remarketed to maturity of the notes. However, if a reset rate meeting the requirements described in this prospectus supplement cannot be established, the interest rate will not be reset and will continue to be the initial annual rate of 6%, until a reset rate meeting the requirements described in this prospectus supplement can be established on a later remarketing date prior to November 17, 2004. If

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no remarketing occurs prior to that date, the initial rate will be the interest rate through maturity of the notes.

Interest payments on the notes payable for any period will be computed (1) for any full quarterly period on the basis of a 360-day year of twelve 30-day months and (2) for any period shorter than a full quarterly period, on the basis of a 30-day month and, for periods of less than a month, on the basis of the actual number of days elapsed per 30-day month. Interest on the notes will accrue from December 21, 2001 and will be payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, commencing February 17, 2002.

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Our obligations with respect to the notes will be unsecured and will rank equally with all our other unsecured and unsubordinated indebtedness. See "Description of the Notes" below and "Description of Debt Securities" in the accompanying prospectus.

### VOTING AND CERTAIN OTHER RIGHTS

Holders of purchase contracts forming part of the Income PRIDES or Growth PRIDES, in their capacities as such holders, will have no voting or other rights in respect of the common stock.

### LISTING OF THE SECURITIES

The Income PRIDES have been approved for listing on the NYSE under the symbol "AMGPrI" subject to official notice of issuance. Unless and until substitution has been made as described in "--Creating Growth PRIDES" or "--Recreating Income PRIDES," neither the note nor Treasury portfolio component of an Income PRIDES nor the Treasury security component of a Growth PRIDES will trade separately from Income PRIDES or Growth PRIDES. The note or Treasury portfolio component will trade as a unit with the purchase contract component of the Income PRIDES, and the Treasury security component will trade as a unit with the purchase contract component of the Growth PRIDES. If Growth PRIDES or notes are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we may endeavor to cause the Growth PRIDES or notes to be listed on the exchange on which the Income PRIDES are then listed.

### MISCELLANEOUS

We or our affiliates may from time to time, to the extent permitted by law, purchase any of the Income PRIDES, Growth PRIDES or notes which are then outstanding by tender, in the open market or by private agreement.

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### DESCRIPTION OF THE PURCHASE CONTRACTS

#### PURCHASE OF COMMON STOCK

Each purchase contract underlying a FELINE PRIDES, unless earlier terminated, or earlier settled at your option or upon specified mergers and other transactions described below, will obligate you to purchase, and us to sell, for \$25, on November 17, 2004 a number of newly issued shares of our common stock equal to the settlement rate.

The settlement rate, which is the number of newly issued shares of our common stock issuable upon settlement of a purchase contract on November 17, 2004, will, subject to adjustment under certain circumstances as described under "--Anti-dilution Adjustments" below, be as follows:

- If the "applicable market value" of our common stock, which is the average of the closing prices per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding November 17, 2004, is equal to or greater than the threshold appreciation price of \$84.0650, which is 15% above \$73.10, the settlement rate, which is equal to \$25 divided by \$84.0650, will be 0.2974 shares of our common stock per purchase contract.

Accordingly, if the market price for our common stock increases to an amount that is greater than \$84.0650 on the settlement date, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract, assuming that this market value is the same as the applicable market value of our common stock, will be greater than \$25, and if the market price equals

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\$84.0650, the aggregate market value of those shares, assuming that this market value is the same as the applicable market value of our common stock, will equal \$25.

- If the applicable market value of our common stock is less than \$84.0650 but greater than \$73.10, the settlement rate will be equal to \$25 divided by the applicable market value of our common stock per purchase contract. Accordingly, if the market price for our common stock increases but that market price is less than \$84.0650 on the settlement date, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract, assuming that this market value is the same as the applicable market value of our common stock, will equal \$25.
- If the applicable market value of our common stock is less than or equal to \$73.10, the settlement rate, which is equal to \$25 divided by \$73.10, will be 0.3420 shares of our common stock per purchase contract. Accordingly, if the market price for our common stock decreases to an amount that is less than \$73.10 on the settlement date, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract, assuming that the market value is the same as the applicable market value of our common stock, will be less than \$25, and if the market price equals \$73.10, the aggregate market value of those shares, assuming that this market value is the same as the applicable market value of our common stock, will equal \$25.

For purposes of determining the applicable market value for our common stock, the closing price of our common stock on any date of determination means the closing sale price or, if no closing price is reported, the last reported sale price of our common stock on the NYSE on that date. If our common stock is not listed for trading on the NYSE on any date, the closing price of our common stock on any date of determination means the closing sales price as reported in the composite transactions for the principal U.S. securities exchange on which our common stock is so listed, or if our common stock is not so listed on a U.S. national or regional securities exchange, as reported by the Nasdaq stock market, or, if our common stock is not so reported, the last quoted bid price for our common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization or, if that bid price is not available, the market value of our common stock on that date as

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determined by a nationally recognized independent investment banking firm retained by us for this purpose.

A trading day is a day on which our common stock (1) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (2) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of our common stock.

### SETTLEMENT

Settlement of the purchase contracts will occur on November 17, 2004, unless:

- you have settled the related purchase contract prior to November 17, 2004 through the early delivery of cash to the purchase contract agent, in the manner described in "--Early Settlement;"
- we are involved in a merger prior to November 17, 2004 in which at least 30% of the consideration for our common stock consists of cash or cash

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equivalents, and you have settled the related purchase contract through an early settlement as described in "--Early Settlement" and "--Early Settlement upon Cash Merger;" or

- an event described under "--Termination of Purchase Contracts" below has occurred.

The settlement of the purchase contracts on November 17, 2004 will occur as follows:

- in the case of Income PRIDES, unless the Treasury portfolio has replaced the notes as a component of the Income PRIDES as the result of a successful remarketing of the notes or a tax event redemption, we will exercise our rights as a secured party to dispose of the notes in accordance with applicable law; and
- in the case of Growth PRIDES or, in the event that the Treasury portfolio has replaced the notes as a component of the Income PRIDES as the result of a successful remarketing of the notes or a tax event redemption, in the case of Income PRIDES, the principal amount of the related Treasury securities, or the appropriate applicable ownership interest of the Treasury portfolio, as applicable, when paid at maturity, will automatically be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts.

In either event, our common stock will then be issued and delivered to you or your designee, upon payment of the applicable consideration, presentation and surrender of the certificate evidencing the FELINE PRIDES, if the FELINE PRIDES are held in certificated form, and payment by you of any transfer or similar taxes payable in connection with the issuance of our common stock to any person other than you.

Prior to the date on which shares of common stock are issued in settlement of purchase contracts, our common stock underlying the related purchase contracts will not be deemed to be outstanding for any purpose and you will have no rights with respect to the common stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on the common stock, by virtue of holding the purchase contracts.

No fractional shares of common stock will be issued by us pursuant to the purchase contracts. In place of fractional shares otherwise issuable, you will be entitled to receive an amount of cash equal to the fractional share, calculated on an aggregate basis in respect of the purchase contracts you are settling, times the applicable market value.

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### REMARKETING

Pursuant to the remarketing agreement and subject to the terms of the supplemental remarketing agreement among the remarketing agent, the purchase contract agent and us, unless a tax event redemption has occurred, the note of Income PRIDES holders will be remarketed on the third business day immediately preceding August 17, 2004.

The remarketing agent will use its reasonable efforts to remarket these notes at an aggregate price of approximately 100.5% of the Treasury portfolio purchase price described below. The portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase a Treasury portfolio consisting of:

- interest or principal strips of U.S. Treasury securities that mature on or

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prior to November 15, 2004 in an aggregate amount equal to the principal amount of the notes included in Income PRIDES, and

- interest or principal strips of U.S. Treasury securities that mature on or prior to November 15, 2004 in an aggregate amount equal to the aggregate interest payment that would be due on that date on the principal amount of the notes included in Income PRIDES if the interest rate on the notes was not reset as described in "Description of the Notes--Market Rate Reset."

The Treasury portfolio will be substituted for the notes and will be pledged to the collateral agent to secure the Income PRIDES holders' obligation to purchase our common stock under the purchase contracts.

In addition, the remarketing agent may deduct, as a remarketing fee, an amount not exceeding 25 basis points (0.25%) of the Treasury portfolio purchase price from any amount of the proceeds in excess of the Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders. Income PRIDES holders whose notes are remarketed will not otherwise be responsible for the payment of any remarketing fee in connection with the remarketing.

As used in this context, "Treasury portfolio purchase price" means the lowest aggregate price quoted by a primary U.S. government securities dealer in New York City to the quotation agent on the third business day immediately preceding August 17, 2004 for the purchase of the Treasury portfolio described above for settlement on August 17, 2004.

"Quotation Agent" means Merrill Lynch Government Securities, Incorporated or its successor or any other primary U.S. government securities dealer in New York City selected by us.

If (1) despite using its reasonable efforts, the remarketing agent cannot remarket the related notes, other than to us, at a price equal to or greater than 100% of the Treasury portfolio purchase price, or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case resulting in a failed remarketing, the note will continue to be a component of Income PRIDES, and another remarketing may be attempted as described below.

If the remarketing of the notes on the third business day preceding August 17, 2004 has resulted in a failed remarketing, and unless a tax event redemption has occurred, the notes of Income PRIDES holders who have failed to notify the purchase contract agent on or prior to the fifth business day immediately preceding November 17, 2004 of their intention to settle the related purchase contracts with separate cash will be remarketed on the third business day immediately preceding November 17, 2004.

The remarketing agent will then use its reasonable efforts to remarket these notes at a price of approximately 100.5% of the aggregate principal amount of the notes. The portion of the proceeds from this remarketing equal to the aggregate principal amount of the notes will be automatically applied to satisfy in full the Income PRIDES holders' obligations to purchase common stock.

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In addition, the remarketing agent may deduct, as a remarketing fee, an amount not exceeding 25 basis points (0.25%) of the aggregate principal amount of the remarketed notes from any amount of the proceeds in excess of the aggregate principal amount of the remarketed notes. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders. Income PRIDES holders whose notes are remarketed will not otherwise be responsible for the payment of any remarketing fee in connection with the

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remarketing.

If (1) despite using its reasonable efforts, the remarketing agent cannot remarket the related notes, other than to us, at a price equal to or greater than 100% of the aggregate principal amount of the notes, or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case resulting in a failed remarketing, we will exercise our rights as a secured party to dispose of the notes in accordance with applicable law and satisfy in full each holder's obligation to purchase common stock under the related purchase contracts.

We will cause a notice of any failed remarketing to be published on the second business day immediately preceding August 17, 2004 or November 17, 2004, as applicable, by publication in a daily newspaper in the English language of general circulation in The City of New York, which is expected to be The Wall Street Journal. In addition, we will request, not later than seven nor more than 15 calendar days prior to a remarketing date, that the depositary notify its participants holding notes, Income P