July 19, 2004

Letter of Comment No: 65/9 File Reference: 1102-100

Ms. Suzanne Q. Bielstein Director of Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Dear Ms. Bielstein:

We appreciate the opportunity to comment on issues under consideration by the Financial Accounting Standards Board (FASB) in its deliberations on Proposed Statement of Financial Accounting Standard, *Share-Based Payment: an amendment of FASB Statements No. 123 and 95* (the Proposed Standard).

Affiliated Managers Group, Inc. (NYSE: AMG) is a publicly-traded asset management company that acquires interests in mid-sized investment firms. Our affiliated firms currently manage over \$100 billion of client assets. We typically acquire a majority interest in our firms, with the remaining equity retained by the firm's management. At times, we also transfer equity to Affiliate management after the closing of our initial investment. Management's equity contains contingent put rights to sell their interests to AMG (at designated times and, at times, for cash). The equity held by management of our affiliated firms is classified as equity under the criteria of FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity (FAS 150), as amended.

Our comments are focused on the Board's consideration of the interaction of FAS 150 and the Proposed Standard.

We support the FASB's goal to maintain consistency with FAS 150's definition of liabilities under the Proposed Standard. Specifically, we agree with the FASB's view that equity issued to employees under the Proposed Standard should be classified in the same manner as equity issued to third parties in a financing transaction (paragraph C117), under FAS 150. We believe that the consistent accounting treatment of similar instruments across applicable accounting standards improves the quality and clarity of public financial reporting.

We also support the FASB's decision to exclude from the scope of the Proposed Standard a reconsideration of the definition of a liability (paragraphs C85 and C120). We agree that this issue is more appropriately discussed in the FASB's broader Liabilities

and Equity project. We believe that the FASB has set forth a reasonable timeline and process and that any acceleration of the timeline would be counter to the principles of due process inherent in the current timeline and schedule.

We do believe that paragraph A25 of the Proposed Standard should be modified to clarify the FASB's views described above. Paragraph A25 states that "some awards of share-based compensation result in the entity's incurring a liability either because employees can compel the entity to settle in cash or other assets or because [the award meets the FAS 150 criteria]". This language is not clearly consistent with the FASB's views expressed in paragraphs C85 and C120, which suggests the definition of a liability has not been expanded beyond the current guidance in FAS 150 (and FAS 123). We believe that the FASB should revise paragraph A25 to clarify that it does not intend to revise the definition of a liability in accounting principles today.

We would appreciate the opportunity to discuss these issues with the FASB or Board members or, if desired, we would also be pleased to meet. Please feel free to call me at (617) 747-3308 or Dan Shea at (617) 747-3310 at any time.

Sincerely yours,

Darrell W. Crate

Executive Vice President and

Chief Financial Officer

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CC:

Daniel J. Shea, Affiliated Managers Group, Inc.
John Stadtler, PricewaterhouseCoopers LLP

Stefanie Tamulis, Financial Accounting Standards Board